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

FORM 10-K

(Mark one)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1999

or

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

For the transition period from _____ to _____

Commission file number 0-20047

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

MARYLAND	23-2947217
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
8815 CENTRE PARK DRIVE, SUITE 400 COLUMBIA, MD	21045
(Address of principal executive offices)	(Zip Code)

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

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

(Title of Each Class)	(Name of Exchange on Which Registered)
COMMON SHARE OF BENEFICIAL INTEREST, $0.01 PAR VALUE	NEW YORK STOCK EXCHANGE
SERIES B CUMULATIVE REDEEMABLE PREFERRED SHARE OF BENEFICIAL INTEREST $0.01 PAR VALUE	NEW YORK STOCK EXCHANGE

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was $74,850,000 based on the closing price of such Shares on the New York Stock Exchange on March 14, 2000. At March 14, 2000 17,658,546 shares of the Registrant's Common Shares of Beneficial Interest, $0.01 par value, were outstanding.

Portions of the annual shareholder report for the year ended December 31, 1999 are incorporated by reference into Parts I and II of this report and portions of the proxy statement of the Registrant for its 2000 Annual Meeting of Shareholders to be filed within 120 days after the end of the fiscal year covered by this Form 10-K are incorporated by reference into Part III of this Form 10-K.

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PART I

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FORWARD-LOOKING STATEMENTS

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

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

PART I

ITEM 1. BUSINESS

OUR COMPANY

Corporate Office Properties Trust ("COPT") is a fully integrated and self-managed real estate investment trust ("REIT"). We focus principally on the ownership, management, leasing, acquisition and development of suburban office buildings located in select submarkets in the Mid-Atlantic region of the United States. As of December 31, 1999, we:

- - owned 77 suburban office properties in Maryland, Pennsylvania and New Jersey containing approximately 5.9 million rentable square feet,
- - owned two retail properties containing approximately 191,000 rentable square feet,
- - achieved a 97.5% occupancy rate on our properties,
- - had construction underway on five new buildings totaling approximately 407,000 square feet that were 49% pre-leased and redevelopment underway on a 57,000 square foot existing building that was 100% pre-leased, and
- - owned options to purchase 72 acres of land contiguous to certain of our office properties from related parties.

We conduct almost all of our operations through our Operating Partnership,

Corporate Office Properties, L.P., a Delaware limited partnership, for which we are the managing general partner. Our Operating Partnership owns real estate both directly and through subsidiaries. Interests in our Operating Partnership are in the form of Common and Preferred Units. As of December 31, 1999, we owned approximately 60% of the outstanding Common Units and approximately 70% of the outstanding Preferred Units. The remaining Common and Preferred Units in our Operating Partnership were owned by third parties, which included certain of our officers and trustees.

The Operating Partnership also owns the principal economic interest and, collectively with our Chief Executive Officer and Chief Operating Officer, 49.5% of the voting stock of Corporate Office Management, Inc. ("COMI"). COMI provides us with asset management and managerial, financial and legal support. COMI also has three subsidiaries: Corporate Realty Management, LLC ("CRM"), Corporate Development Services, LLC ("CDS") and Martin G. Knott and Associates, LLC ("MGK"). CRM manages approximately 16.6 million square feet for us and for third parties as of December 31, 1999 and also provides corporate facilities management. CDS provides construction and development services predominantly to us. MGK provides heating and air conditioning maintenance and repair services. COMI owns 75% of CRM, 100% of CDS and 80% of MGK.

We believe that we are organized and have operated in a manner that permits us to satisfy the requirements for taxation as a REIT under the Internal Revenue Code of 1986, as amended, and we intend to continue to operate in such a manner. If we qualify for taxation as a REIT, we generally will not be subject to federal income tax on our taxable income that is distributed to our shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it currently distribute to its shareholders at least 95% of its annual taxable income (excluding net capital gains).

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

SIGNIFICANT 1999 DEVELOPMENTS

During 1999, we acquired 29 suburban office properties. A summary of these acquisitions follows (dollars in thousands):

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

</TABLE>

(1) Does not include $400 allocated to projects under construction and $50 relating to land under a ground lease.
(2) Acquired 89% ownership interest from an officer and Trustee of ours.
(3) Does not include $1,973 allocated to projects under construction.
(4) Acquired 49% interest on September 15, 1999. Acquired remaining 51% interest on December 3, 1999.
(5) The Brown's Wharf property was sold on 6/24/99 and then contributed into the Operating Partnership by the purchaser on 12/21/99 (see Note 4 to the consolidated financial statements as of and for the year ended December 31, 1999 included in Exhibit 13.1 to this Form 10-K and incorporated by reference).

During 1999, we also acquired six parcels of land that are contiguous to certain of our operating properties and a 57,000 square foot warehouse facility located in South Brunswick, New Jersey that we are redeveloping into office space.

During 1999, we completed the construction of two office buildings totaling 202,219 square feet. The office buildings are located in Annapolis Junction, Maryland and Columbia, Maryland. Costs incurred on these properties through December 31, 1999 totaled $23.2 million. We also completed an expansion project that increased the rentable square footage of one of our properties by 6,350 square feet. As of December 31, 1999 we had construction underway on five new buildings and redevelopment underway on an existing building.

We sold nine properties during 1999 for $53.5 million, generating net proceeds after property level debt repayments, transaction costs and operating revenue and cost pro rations of $31.2 million. A summary of these sales follows (dollars in thousands):

<TABLE>
<CAPTION>

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

</TABLE>

(1) "R" indicates retail property; "O" indicates office property.
(2) The Brown's Wharf property was sold on 6/24/99 and then contributed into the Operating Partnership by the purchaser on 12/21/99 (see Note 4 to the consolidated financial statements as of and for the year ended December 31, 1999 included in Exhibit 13.1 to this Form 10-K and incorporated by reference).

A summary of our significant financing activities during 1999 follows:

- we completed the sale of 1,250,000 Series B Cumulative Redeemable Preferred Shares to the public at a price of $25.00 per share,
- we issued 974,662 Series C Preferred Units in our Operating Partnership valued at $25.00 per share,
- we issued 577,251 Common Units in our Operating Partnership,
- we received $165.2 million from new borrowing arrangements, and
- we obtained a $50.0 million line of credit with Prudential Securities Credit Corporation bearing an interest rate of LIBOR plus 1.5% on outstanding borrowings (no borrowings were made under this loan during 1999).

SUBSEQUENT EVENT

On February 10, 2000, we entered into a $6.9 million construction loan facility with Summit Bank to finance the redevelopment of a 57,000 square foot warehouse facility into office space. This loan bears interest at LIBOR plus 1.75%. The loan matures on February 28, 2001 and may be extended for a two-year period, subject to certain conditions.

OUR OPERATING STRATEGY

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

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

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

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

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

ACQUISITION STRATEGIES. We actively pursue the acquisition of suburban office properties through our three-part acquisition strategy. This strategy includes targeting: (i) entity acquisitions of significant portfolios along with their management to establish prominent ownership positions in new submarkets and enhance our management infrastructure and local expertise, (ii) portfolio purchases to enhance our existing submarket positions as well as enter selective new

submarkets, and (iii) opportunistic acquisitions of individual properties in our existing submarkets. We seek to make acquisitions at attractive yields and below replacement costs. We also look at each acquisition for opportunities to reposition the properties and achieve rental increases through re-leasing activities.

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

THIRD PARTY MANAGEMENT. In addition to operating and leasing our portfolio, we provide, through CRM, property management and a full-range of fee-based services to a wide variety of institutional owners. We believe this activity provides us with an additional source of stable income and gives us competitive advantages. These advantages include enhanced tenant satisfaction and property performance and lead to potential tenant expansions, acquisitions and build-to-suit development opportunities. Additionally, we believe CRM's established infrastructure has the capacity to support a larger asset base and will enhance our ability to expand our portfolio in existing and new submarkets without significantly increasing our overhead.

TENANT SERVICES. Our investment through COMI in CRM, CDS and MGK has played a vital role in maintaining our high levels of tenant satisfaction and retention. We believe that further expanding our tenant service capabilities will continue to contribute positively to the operations of our properties and become an additional source of revenue and earnings. During 2000, CRM acquired 100% of the interests in Corporate Realty Advisors, an entity that provides lease audit services. Other services we expect to begin providing in 2000 include energy management and concierge services.

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

FINANCING POLICY

We pursue a capitalization strategy aimed at maintaining a flexible capital structure in order to facilitate consistent growth and performance through all

real estate and economic market conditions. Key components of our policy include:

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

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

MORTGAGE LOANS PAYABLE

For information relating to future maturities of our mortgage loans payable, you should refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 7 to the Consolidated Financial Statements included in Exhibit 13.1 to this Form 10-K which is incorporated herein by reference.

INDUSTRY SEGMENTS

We have five segments: Baltimore/Washington Corridor office, Greater Philadelphia office, Northern/Central New Jersey office, Greater Harrisburg office and retail. For information relating to these segments, you should refer to Note 13 of our Consolidated Financial Statements included in Exhibit 13.1 to this Form 10-K which is incorporated herein by reference.

EMPLOYEES

We, together with COMI and its subsidiaries, employed 149 persons as of December 31, 1999.

COMPETITION

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

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

MAJOR TENANTS

As of December 31, 1999, ten tenants accounted for 45.0% of our annualized office rents. Two of these tenants accounted for approximately 23.3% of our total annualized office rents. Our largest tenant is the United States Federal government, two agencies of which lease space in 13 of our office properties. These leases represented approximately 15.5% of our total annualized office rents as of December 31, 1999. Generally, these government leases provide for one-year terms or provide for termination rights. The government may terminate its leases if, among other reasons, the Congress of the United States fails to provide funding. The Congress of the United States has appropriated funds for these leases through September of 2000. The second largest tenant, Unisys Corporation, represented 7.8% of our annualized office rents as of December 31, 1999 and 16.9% of our 1999 net operating income since Unisys pays all of its property operating expenses directly. Unisys occupies space in three of our office properties. If either the Federal government or Unisys fails to make rental payments to us, or if the Federal government elects to terminate several of its leases and the space cannot be re-leased on satisfactory terms, our financial performance and ability to make expected distributions to shareholders would be materially adversely affected.

GEOGRAPHICAL CONCENTRATION

All of our office properties are located in the Mid-Atlantic region of the United States, and 56.4% of our total revenues for the year ended December 31, 1999 was earned from our office properties located in the Baltimore/Washington Corridor. Consequently, we do not have a broad geographical distribution of our properties. As a result, a decline in the real estate market or economic conditions generally in the Mid-Atlantic region could have a material adverse affect on our operations.

DEVELOPMENT AND CONSTRUCTION ACTIVITIES

Although the majority of our investments are in currently leased properties, to a lesser extent we also develop properties, including some which are not fully pre-leased. When we develop properties, we run the risks that development costs will exceed our budgets, that we will experience construction and development delays and that project leasing will not occur.

ENVIRONMENTAL MATTERS

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

ITEM 2. PROPERTIES

The following table provides certain information about our office properties as of December 31, 1999:

<TABLE>
<CAPTION>

Property Location	Year Built/ Renovated	Rentable Square Feet	Percentage Occupied as of 12/31/99(1)	Total Rental Revenue(2)	Percentage of Total Rental Revenue (3)	Total Rental Revenue per Occupied Square Feet (4)	Major Tenants (10% or more Rentable Sq. Ft.)
<S> BALTIMORE/WASHINGTON CORRIDOR:	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ANNAPOLIS JUNCTION, MD							
2730 Hercules Road	1990	240,336	100.00%	$4,604,196	4.98%	$19.16	U.S. Department of Defense (100%)
134 National Business Pkwy	1999	93,482	100.00%	1,834,249	1.98%	19.62	Booz Allen Hamilton (74%)
							Ameritrade Holding Corporation (26%)
133 National Business Pkwy	1997	88,666	100.00%	1,737,667	1.87%	19.60	e.spire Communications (67%)
							Applied Signal Technology (33%)
141 National Business Pkwy	1990	86,964	98.42%	1,508,830	1.63%	17.63	ITT Industries (46%)
							J.G. Van Dyke & Associates (20%)
							Harris Data Services Corp (14%)
135 National Business Pkwy	1998	86,863	95.41%	1,566,286	1.69%	18.90	Credit Management Solutions (82%)
131 National							

Business Pkwy	1990	68,906	98.26%	1,275,170	1.38%	18.83	TASC (36%) e.spire Communications (35%) U.S. Department of Defense (15%) Intel Corporation (12%)
LINTHICUM, MD							
1306 Concourse Drive	1990	113,831	97.46%	2,218,864	2.39%	20.00	PricewaterhouseCoopers (33%) AT&T Local Services (26%) Quest Communications (13%)
900 Elkridge Landing Road	1982	97,139	100.00%	1,682,665	1.81%	17.32	First Annapolis Consulting (51%) Booz Allen Hamilton (38%)
1199 Winterson Road	1988	96,636	100.00%	1,534,245	1.65%	15.88	U.S. Department of Defense (100%)
1302 Concourse Drive	1996	84,607	86.41%	1,422,386	1.53%	19.46	AETNA US Healthcare (20%) Lucent Technologies (19%)
881 Elkridge Landing Road	1986	73,572	100.00%	866,280	0.93%	11.77	U.S. Department of Defense (100%)
1099 Winterson Road	1988	70,569	100.00%	1,139,244	1.23%	16.14	Preferred Health Network (63%)
1190 Winterson Road	1987	68,567	100.00%	1,148,775	1.24%	16.75	Chesapeake Appraisal (58%) U.S. Department of Defense (15%) Motorola (14%)
849 International Drive	1988	67,976	98.41%	1,158,983	1.25%	17.33	EMC Corporation (13%) Coca Cola Bottling (11%) U.S. Department of Defense (11%)
1201 Winterson Road	1985	67,903	100.00%	684,107	0.74%	10.07	Ciena Corporation (100%)
911 Elkridge Landing Road	1985	67,806	100.00%	1,104,649	1.19%	16.29	U.S. Department of Defense (79%) Nationwide Mutual Insurance (21%)
930 International Drive	1986	57,140	100.00%	626,072	0.68%	10.96	Ciena Corporation (100%)
900 International Drive	1986	57,140	100.00%	632,398	0.68%	11.07	Ciena Corporation (100%)
921 Elkridge Landing Road	1983	54,057	100.00%	861,935	0.93%	15.94	Aerotek (100%)
939 Elkridge Landing Road	1983	51,953	100.00%	796,952	0.86%	15.34	Agency Holding (68%) U.S. Department of Defense (24%)
800 International Drive	1988	50,612	100.00%	736,150	0.79%	14.54	Ciena Corporation (100%)
COLUMBIA, MD							
7200 Riverwood Drive	1986	160,000	100.00%	2,770,640	2.99%	17.32	U.S. Department of Defense (100%)
6940 Columbia Gateway Drive	1999	108,737	60.51%	1,428,314	1.54%	21.71	Magellan Behavioral Health (26%) Remedy Corporation (14%) Reliance Insurance (13%)
6950 Columbia Gateway Drive	1998	107,778	100.00%	2,214,159	2.39%	20.54	Magellan Behavioral Health (100%)
6740 Alexander Bell Drive	1989/1992	59,569	100.00%	1,355,651	1.46%	22.76	Johns Hopkins University (70%) Amtel Corporation (16%)

							Sky Alland Research (13%)
8815 Centre Park Drive	1987	53,635	100.00%	1,079,595	1.16%	20.13	Corporate Office Management (25%)

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built/ Renovated	Rentable Square Feet	Percentage Occupied as of 12/31/99(1)	Total Rental Revenue(2)	Percentage of Total Rental Revenue (3)	Total Rental Revenue per Occupied Square Feet (4)	Major Tenants (10% or more Rentable Sq. Ft.)
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
							Lipman, Frizzel & Mitchell (16%)
							Reap/REMAX (16%)
							Corporate Realty Management, LLC(13%)
							H.C. Copeland Associates (10%)
6716 Alexander Bell Drive	1989/1992	51,980	91.18%	827,504	0.89%	17.46	Sun Microsystems (87%)
6760 Alexander Bell Drive	1989/1992	37,248	100.00%	713,441	0.77%	19.15	Cadence Design Systems (65%)
HANOVER, MD							
7467 Ridge Road	1990	73,773	100.00%	1,532,909	1.65%	20.78	Travelers Casualty and Surety (55%)
7318 Parkway Drive	1984	59,204	100.00%	632,627	0.68%	10.69	U.S. Department of Defense (100%)
1340 Ashton Road	1989	46,400	100.00%	595,351	0.64%	12.83	Lockheed Martin Corporation (100%)
7321 Parkway Drive	1984	39,822	100.00%	657,063	0.71%	16.50	U.S. Department of Defense (100%)
1334 Ashton Road	1989	37,565	96.77%	557,687	0.60%	15.34	Science Applications International
							Corp. (60%)
							Merrill Corporation (37%)
1331 Ashton Road	1989	29,936	100.00%	388,490	0.42%	12.98	Booz Allen Hamilton (71%)
							Aerosol Monitoring (29%)
1350 Dorsey Road	1989	20,021	90.16%	253,713	0.27%	14.06	Aerotek (23%)
							Noodles (14%)
							Hunan Pagoda (12%)
							Electronic System (11%)
1344 Ashton Road	1989	16,865	100.00%	334,004	0.36%	19.80	Titan Systems (28%)
							Student Travel Services (23%)
							AMP Corporation (16%)
							Jani - King of Baltimore (14%)
							Citizens National Bank (12%)
1341 Ashton Road	1989	15,825	70.87%	114,484	0.12%	10.21	Supertots Childcare (71%)
1343 Ashton Road	1989	9,962	100.00%	120,753	0.13%	12.12	Nauticus Corporation (100%)
							Pepsi-Cola Bottling (17%)
LAUREL, MD							
14502 Greenview Drive	1988	71,873	100.00%	1,239,028	1.34%	17.24	Sky Alland Research (26%)
							Greenman-Pedersen (15%)
14504 Greenview Drive	1985	69,194	88.39%	1,058,220	1.14%	17.30	Great West Life & Annuity (17%)
							Laurel Consulting Group (16%)

							Moore USA (11%)
TIMONIUM, MD							
375 W. Padonia Road	1986	100,804	100.00%	1,579,559	1.70%	15.67	Deutsche Bank Alex. Brown (84%)
9690 Deerco Road	1988	132,819	91.10%	2,483,260	2.68%	20.52	Fireman's Fund Insurance (22%)
							AirTouch Paging of Virginia (12%)
OXON HILL, MD							
6009-6011 Oxon Hill Road	1990	181,236	100.00%	3,497,148	3.78%	19.30	U.S. Department of Treasury (47%)
							Constellation Real Estate (22%)
BALTIMORE, MD							
1615 - 1629 Thames Street	1989	103,670	100.00%	1,655,549	1.79%	15.97	Johns Hopkins University (37%)
							Lista's (14%)
Total Baltimore/Washington Corridor		3,332,641	97.08%	$56,229,252	60.64%	$17.38	
Greater Philadelphia:							
BLUE BELL, PA							
753 Jolly Road	1960/92-94	419,472	100.00%	$3,572,761	3.85%	$ 8.52	Unisys (100%)
785 Jolly Road	1970/1996	219,065	100.00%	2,618,611	2.82%	11.95	Unisys with 100% sublease to Merck
760 Jolly Road	1974/1994	208,854	100.00%	2,150,891	2.32%	10.30	Unisys (100%)
751 Jolly Road	1960/92-94	112,958	100.00%	962,095	1.04%	8.52	Unisys (100%)
Total Greater Philadelphia		960,349	100.00%	$9,304,358	10.03%	$ 9.69	

</TABLE>

<TABLE>
<CAPTION>

Property Location	Year Built/ Renovated	Rentable Square Feet	Percentage Occupied as of 12/31/99(1)	Total Rental Revenue(2)	Percentage of Total Rental Revenue (3)	Total Rental Revenue per Occupied Square Feet (4)	Major Tenants (10% or more Rentable Sq. Ft.)
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
GREATER HARRISBURG:							
HARRISBURG, PA							
2605 Interstate Drive	1990	84,268	100.00%	$1,200,468	1.30%	$14.25	Commonwealth of Pennsylvania (56%)
							Health Central (32%)
6345 Flank Drive	1989	69,443	100.00%	905,718	0.99%	13.04	Allstate Insurance (30%)
							First Health Services (24%)
							LWN Enterprises (15%)
							Coventry Health Care (13%)
6340 Flank Drive	1988	68,200	100.00%	690,578	0.74%	10.13	Lancaster Lebanon (73%)
							Merkert Enterprises (27%)
2601 Market Place	1989	67,753	100.00%	1,190,262	1.28%	17.57	Penn State Geisinger Systems (36%)
							Ernst & Young LLP (26%)
							Texas Eastern Pipeline Company (26%)
5035 Ritter Road	1988	56,556	100.00%	710,352	0.77%	12.56	Commonwealth of Pennsylvania (82%)
6400 Flank Drive	1992	52,439	100.00%	743,503	0.80%	14.18	PA Coalition Against Violence (51%)
							REM Organization (27%)

							Mellon Bank (16%)
6360 Flank Drive	1988	46,500	100.00%	634,091	0.68%	13.64	Ikon Office Solutions (20%)
							Health Spectrum Medical (15%)
							Sentage / Muth & Mumma (15%)
							Computer Applications (15%)
							First Industrial Realty Trust (12%)
6385 Flank Drive	1995	32,800	100.00%	421,094	0.45%	12.84	Cowles Enthusiast Media (34%)
							Orion Capital Companies (26%)
							Pitney Bowes (21%)
							Orion Consulting (11%)
5070 Ritter Road - Building A	1989	32,000	100.00%	466,700	0.50%	14.58	Maryland Casualty Company (100%)
6405 Flank Drive	1991	32,000	100.00%	433,156	0.47%	13.54	Cowles Enthusiast Media (100%)
6380 Flank Drive	1991	32,000	87.50%	388,691	0.42%	13.88	McCormick, Taylor & Associates (21%)
							Myers & Stauffer (17%)
							Critical Care System (13%)
							SV Research (12%)
5070 Ritter Road - Building B	1989	28,000	81.09%	258,284	0.28%	11.38	Coram (10%) Vale National Training Center (63%)
							Pennsylvania Trauma System
							Foundation (18%)
95 Shannon Road	1999	21,976	100.00%	282,071	0.30%	12.84	New World Pasta (100%)
75 Shannon Road	1999	20,887	81.45%	222,609	0.24%	13.09	McCormick, Taylor & Associates (81%)
85 Shannon Road	1999	12,863	100.00%	165,102	0.18%	12.84	New World Pasta (100%)
Total Greater Harrisburg		657,685	98.00%	$8,712,679	9.40%	$13.52	
Northern/Central New Jersey:							
SOUTH BRUNSICK, NJ							
431 Ridge Road	1958/1998	170,000	100.00%	$3,369,678	3.64%	$19.82	IBM with 84% sublease to AT&T Local
429 Ridge Road	1966/1996	142,385	100.00%	2,762,313	2.98%	19.40	AT&T Local Services (100%)
437 Ridge Road	1962/1996	30,000	100.00%	559,344	0.60%	18.64	IBM with 100% sublease to AT&T Local
							(100%)
CRANBURY, NJ							
19 Commerce	1989	65,277	100.00%	1,304,572	1.41%	19.99	The Associated Press (100%)
104 Interchange Plaza	1990	47,142	100.00%	1,046,886	1.13%	22.21	Turner Construction Company (24%)
							Utica Mutual Insurance Company (15%)
							Laborer's International Union (13%)
							Lanier Worldwide (12%)
							Somerset Real Estate Management (10%)
101 Interchange Plaza	1985	44,185	87.47%	874,400	0.94%	22.63	Ford Motor Credit Company (21%)
							Arquest (16%)
							Middlesex County Improvement Authority

</TABLE>

<TABLE>
<CAPTION>

	Year	Percentage Occupied	Total	Percentage of Total	Total Rental Revenue per Occupied

Property Location	Built/ Renovated	Rentable Square Feet	as of 12/31/99(1)	Rental Revenue(2)	Rental Revenue (3)	Square Feet (4)	Major Tenants (10% or more Rentable Sq. Ft.)
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
							(13%) Trans Union Corporation (11%)
47 Commerce	1992/1998	41,398	100.00%	483,603	0.52%	11.68	Somfy Systems (100%)
3 Centre Drive	1987	20,436	100.00%	372,219	0.40%	18.21	Matrix Development Group (100%)
7 Centre Drive	1989	19,466	100.00%	401,020	0.43%	20.60	Paradise Software (22%) System Freight (17%) Compugen (12%)
8 Centre Drive	1986	16,199	100.00%	348,249	0.38%	21.50	AON Risk Services (100%)
2 Centre Drive	1989	16,132	100.00%	418,438	0.45%	25.94	Summit Bancorp (100%)
FAIRFIELD, NJ							
695 Route 46	1990	158,348	83.59%	2,528,021	2.73%	19.10	Pearson (22%) United Healthcare Services (15%) The Museum Company (12%) Dean Witter Reynolds (12%)
710 Route 46	1985	101,791	94.28%	1,745,021	1.88%	18.18	Midsco (19%) Radian International, LLC (12%) Continental Casualty (12%) Lincoln Financial Group (11%)
MONMOUTH, NJ							
4301 Route 1	1986	61,300	100.00%	1,176,212	1.27%	19.19	Guest Supply (38%) eCOM Server (16%) Ikon Office Solutions (16%)
Total Northern/Central New Jersey		934,059	96.00%	$17,389,976	18.76%	$19.39	
TOTAL OFFICE PROPERTIES		5,884,734	97.49%	$91,636,265	98.83%	$15.97	

</TABLE>

(1) This percentage is based upon all occupied space as of December 31, 1999.
(2) Total rental revenue is the monthly contractual base rent as of December 31, 1999 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.
(3) This percentage represents the individual property's rental revenue to our total rental revenue as of December 31, 1999.
(4) This total rent per occupied square foot is the property's total rental revenue divided by that property's occupied square feet as of December 31, 1999.

The following table provides certain information about our retail properties as of December 31, 1999:

<TABLE>
<CAPTION>

Property Location	Year Built/ Renovated	Rentable Square Feet	Percentage Occupied as of 12/31/99(1)	Total Rental Revenue(2)	Percentage of Total Rental Revenue (3)	Total Rental Revenue per Occupied Square Feet (4)	Major Tenants (10% or more Rentable Sq. Ft.)
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
EASTON, MD							
322 Marlboro Street	1977/1997	145,203	95.69%	$771,626	0.83%	$5.55	Acme Markets (34%) Peebles (24%)
MINOT, ND							
2100 S. Broadway	1993	46,134	100.00%	312,211	0.34%	6.77	Nash-Finch Company (100%)

TOTAL RETAIL PROPERTIES	191,337	96.73%	$1,083,837	1.17%	$5.86
GRAND TOTAL	6,076,071		$92,720,102	100.00%	

</TABLE>

(1) This percentage is based upon all leases signed and tenants occupying as of December 31, 1999.

(2) Total rental revenue is the monthly contractual base rent as of December 31, 1999 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

(3) This percentage represents the individual property's rental revenue to our total rental revenue as of December 31, 1999.

(4) This total rent per occupied square foot is the property's total rental revenue divided by that property's occupied square feet as of December 31, 1999.

The following table provides a summary schedule of the lease expirations for leases in place as of December 31, 1999, assuming that none of the tenants exercise renewal options (dollars in thousands, except per square foot amounts):

OFFICE AND RETAIL LEASE EXPIRATION ANALYSIS BY YEAR

<TABLE>
<CAPTION>

Year of Expiration (2)	Number of Leases Expiring	Square Footage of Leases Expiring	Percentage of Total Occupied Square Feet	(1) Total Rental Revenue of Expiring Leases	Percentage of Total Rental Revenue Expiring	Total Rental Revenue of Expiring Leases per Occupied Square Foot
<S>	<C>	<C>	<C>	<C>	<C>	<C>
2000	106	772,476	13.0%	$13,576	14.64%	$17.57
2001	70	589,401	10.0%	8,687	9.37%	14.74
2002	76	888,996	15.0%	14,292	15.41%	16.08
2003	69	763,862	12.9%	13,490	14.55%	17.66
2004	53	577,316	9.7%	10,374	11.19%	17.97
2005	10	154,483	2.6%	2,640	2.85%	17.09
2006	6	199,118	3.4%	3,122	3.37%	15.68
2007	6	171,499	2.9%	2,516	2.71%	14.67
2008	11	569,186	9.6%	10,633	11.47%	18.68
2009	11	1,189,625	20.1%	13,078	14.10%	10.99
2010	0	--	0.0%	--	0.00%	0.00
2011	0	--	0.0%	--	0.00%	0.00
2012	0	--	0.0%	--	0.00%	0.00
2013	0	--	0.0%	--	0.00%	0.00
2014	1	46,134	0.8%	312	0.34%	6.77
Total/Weighted Avg.	419	5,922,096	100.0%	$92,720	100.00%	$16.14

</TABLE>

(1) Total rental revenue is the monthly contractual base rent as of December 31, 1999 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases.

(2) Many of our government leases are subject to certain early termination provisions which are customary to government leases. The year of lease expiration was computed assuming no exercise of such early terminations.

ITEM 3. LEGAL PROCEEDINGS

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

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

No matters were submitted to a vote of our security holders during the fourth quarter of 1999.

PART II

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

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

On December 21, 1999, we issued 974,662 Series C Preferred Units in our Operating Partnership in connection with a property acquisition. The issuance of these units is exempt from registration under Section 4 (2) of the Securities Act of 1933, as amended. These units are convertible, subject to certain restrictions, commencing December 21, 2000 into Common Units in the Operating Partnership on the basis of 2.381 Common Units for each Series C Preferred Unit, plus any accrued return. The Common Units would then be exchangeable for Common Shares, subject to certain conditions.

ITEM 6. SELECTED FINANCIAL DATA

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

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

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.

PART III

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

For the information required by Item 10, Item 11, Item 12 and Item 13, you should refer to our definitive proxy statement relating to the 2000 Annual Meeting of our Shareholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Form 10-K.

PART IV

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

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

1. FINANCIAL STATEMENTS. Audited consolidated balance sheets as of December 31, 1999 and 1998, and the related consolidated statements of operations, of shareholders' equity, and of cash flows for each of the three years in the period ended December 31, 1999 are included in Exhibit 13.1 to this Form 10-K and are incorporated by reference.

2. FINANCIAL STATEMENT SCHEDULE. Audited Schedule III - Real Estate and Accumulated Depreciation is included in Exhibit 13.2 to this Form 10-K and is incorporated by reference.

(b) We filed no Current Reports on Form 8-K in the last quarter of the year ended December 31, 1999.

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

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<S> <C>	<C>
2.1	Agreement and Plan of Merger, dated January 31, 1998, among the Registrant, the Maryland Company and the Company (filed with the Trust's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
2.2	Assignment of Partnership Interests, dated April 30, 1998, between Airport Square Limited Partnership, Airport Square Corporation, Camp Meade Corporation and COPT Airport Square One LLC and COPT Airport Square Two LLC. (filed with the Company's Current Report on Form 8-K on May 14, 1998 and incorporated herein by reference).
2.3	Assignment of Purchase and Sale Agreement, dated April 30, 1998, between Aetna Life Insurance Company and the Operating Partnership. (filed with the Company's Current Report on Form 8-K on May 14, 1998 and incorporated herein by reference).
2.4	Assignment of Loan Purchase and Sale Agreement, dated April 30, 1998, between Constellation Real Estate, Inc. and the Operating Partnership. (filed with the Company's Current Report on Form 8-K on May 14, 1998 and incorporated herein by reference).
2.5	Purchase and Sale Agreement, dated April 1, 1998, between Aetna Life Insurance Company and Airport Square Limited Partnership (filed with the Company's Current Report on Form 8-K on May 14, 1998 and incorporated herein by reference).
2.6.1	Loan Purchase and Sale Agreement, dated March 13, 1998, between Aetna Life Insurance Company and Constellation Real Estate, Inc. (filed with the Company's Current Report on Form 8-K on May 14, 1998 and incorporated herein by reference).
2.6.2	Amendment to Loan Purchase and Sale Agreement, dated April 16, 1998, between Aetna Life Insurance Company and Constellation Real Estate, Inc. (filed with the Company's Current Report on Form 8-K on May 14, 1998 and incorporated herein by reference).
2.7.1	Purchase and Sale Agreement, dated March 4, 1998, between 695 Rt. 46 Realty, LLC, 710 Rt. 46 Realty, LLC and COPT Acquisitions, Inc. (filed with the Company's Current Report on Form 8-K on June 10, 1998 and incorporated herein by reference).
2.7.2	Letter Amendment to Purchase and Sale Agreement, dated March 26, 1998, between 695 Rt. 46 Realty, LLC, 710 Rt. 46 Realty, LLC and COPT Acquisitions, Inc. (filed with the Company's Current Report on Form 8-K on June 10, 1998 and incorporated herein by reference).
2.8.1	Contribution Agreement between the Company and the Operating Partnership and certain Constellation affiliates

(filed as Exhibit A of the Company's Schedule 14A Information on

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<S> <C>	<C>
	June 26, 1998 and incorporated herein by reference).
2.8.2	First Amendment to Contribution Agreement, dated July 16, 1998, between Constellation Properties, Inc. and certain entities controlled by Constellation Properties, Inc. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.8.3	Second Amendment to Contribution Agreement, dated September 28, 1998, between Constellation Properties, Inc. and certain entities controlled by Constellation Properties, Inc. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.9	Service Company Asset Contribution Agreement between the Company and the Operating Partnership and certain Constellation affiliates (filed as Exhibit B of the Company's Schedule 14A Information on June 26, 1998 and incorporated herein by reference).
2.10.1	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 14A Information on June 26, 1998 and incorporated herein by reference).
2.10.2	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).
2.11.1	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 14A Information on June 26, 1998 and incorporated herein by reference).
2.11.2	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 14A Information on June 26, 1998 and incorporated herein by reference).
2.12	Option Agreement, dated September 28, 1998, between Jolly Acres Limited Partnership, Arbitrage Land Limited Partnership and the Operating Partnership (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.13	Right of First Refusal Agreement, dated September 28, 1998, between Constellation Properties, Inc. and the Operating Partnership (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.14	Right of First Refusal Agreement, dated September 28, 1998, between 257 Oxon, LLC and the Operating Partnership (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
2.15	Contribution Agreement, dated September 30, 1998, between COPT Acquisitions, Inc. and M.O.R. XXIX Associates Limited Partnership (filed with the Company's Current Report on Form 8-K on October 28, 1998 and incorporated herein by reference).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<S> <C>	<C>
2.16	Purchase and Sale Agreement, dated September 30, 1998, between New England Life Pension Properties II: A Real Estate Limited Partnership and COPT Acquisitions, Inc. (filed with the Company's Current Report on Form 8-K on October 28, 1998 and incorporated herein by reference).
2.17.1	Sale-Purchase Agreement, dated August 20, 1998 between South Middlesex Industrial Park Associates, L.P. and SM Monroe Associates and COPT Acquisitions, Inc. (filed with the Company's Current Report on Form 8-K on October 28, 1998 and incorporated herein by reference).
2.17.2	First Amendment to Sale-Purchase Agreement, dated October 30, 1998, between South Middlesex Industrial Park Associates, L.P. and SM Monroe Associates, L.P. and COPT Acquisitions, Inc. (filed with the Company's Current Report on Form 8-K on November 16, 1998 and incorporated herein by reference).
2.18	Contribution Agreement, dated December 31, 1998, between the Operating Partnership and M.O.R. 44 Gateway Associates L.P., RA & DM, Inc. and M.R.U. L.P. (filed with the Company's Current Report on Form 8-K on January 14, 1999 and incorporated herein by reference).
2.19.1	Purchase and Sale Agreement, dated December 31, 1998, between Metropolitan Life Insurance Company and Corporate Office Acquisitions, Inc. (filed with the Company's Current Report on Form 8-K on January 14, 1999 and incorporated herein by reference).
2.19.2	Amendment to Purchase and Sale Agreement, dated December 31, 1998, between Metropolitan Life Insurance Company, DPA/Gateway L.P., Corporate Office Acquisitions, Inc., COPT Gateway, LLC and the Operating Partnership (filed with the Company's Current Report on Form 8-K on January 14, 1999 and incorporated herein by reference).
2.20	Contribution Agreement, dated February 24, 1999, between the Operating Partnership and John Parsinen, John D. Parsinen, Jr., Enterprise Nautical, Inc. and Vernon Beck (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
2.21	Agreement to Sell Partnership Interests, dated August 12, 1999, between Gateway Shannon Development Corporation, Clay W. Hamlin, III and COPT Acquisitions, Inc. (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
2.22	Agreement of Purchase and Sale, dated July 21, 1999, between First Industrial Financing Partnership, L.P. and COPT Acquisitions, Inc. (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
2.23	Contribution Agreement, dated December 21, 1999, between United Properties Group, Incorporated and COPT Acquisitions, Inc.
3.1	Amended and Restated Declaration of Trust of Registrant (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
3.2	Bylaws of Registrant (filed with the Registrant's Registration Statement on Form S-4

</TABLE>

<TABLE>
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EXHIBIT NO.	DESCRIPTION
<S> <C>	<C>
	(Commission File No. 333-45649) and incorporated herein by reference).
4.1	Form of certificate for the Registrant's Common Shares of Beneficial Interest, $0.01 par value per share (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
4.2	Amended and Restated Registration Rights Agreement, dated March 16, 1998, for the benefit of certain shareholders of the Company (filed with the Company's Quarterly Report on Form 10-Q on August 12, 1998 and incorporated herein by reference).
4.3	Articles Supplementary of Corporate Office Properties Trust Series A Convertible Preferred Shares, dated September 28, 1998 (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
4.4.1	Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated December 7, 1999.
4.4.2	First Amendment to Second Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated December 21, 1999.
4.5	Articles Supplementary of Corporate Office Properties Trust Series B Convertible Preferred Shares, dated July 2, 1999 (filed with the Company's Current Report on Form 8-K on July 7, 1999 and incorporated herein by reference).
10.1	Employment Agreement, dated December 16, 1999, between Corporate Office Management, Inc., COPT and Clay W. Hamlin, III.
10.2	Employment Agreement, dated December 16, 1999, between Corporate Office Management, Inc., COPT and Randall M. Griffin.
10.3	Employment Agreement, dated December 16, 1999, between Corporate Office Management, Inc., COPT and Roger A. Waesche, Jr.
10.4	Employment Agreement, dated December 16, 1999, between Corporate Development Services, LLC, COPT and Dwight Taylor.
10.5	Employment Agreement, dated December 16, 1999, between Corporate Realty Management, LLC, COPT and Michael D. Kaiser.
10.6	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Randall M. Griffin.
10.7	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Roger A. Waesche, Jr.
10.8	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Dwight Taylor.
10.9	Restricted Share Agreement, dated December 16, 1999, between Corporate Office Properties Trust and Michael D. Kaiser.

</TABLE>

<TABLE>
<CAPTION>

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

10.10	Management agreement between Registrant and Glacier Realty, LLC (filed with the Company's Current Report on Form 8-K on October 29, 1997, and incorporated herein by reference).
10.11	Senior Secured Credit Agreement, dated October 13, 1997, (filed with the Company's Current Report on Form 8-K on October 29, 1997, and incorporated herein by reference).
10.12.1	Corporate Office Properties Trust 1998 Long Term Incentive Plan (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
10.12.2	Amendment No. 1 to Corporate Office Properties Trust 1998 Long Term Incentive Plan (filed with the Company's Quarterly Report on Form 10-Q on August 13, 1999 and incorporated herein by reference).
10.13	Stock Option Plan for Directors (filed with Royale Investments, Inc.'s Form 10-KSB for the year ended December 31, 1993 (Commission File No. 0-20047) and incorporated herein
10.14	Lease Agreement between Blue Bell Investment Company, L.P. and Unisys Corporation dated March 12, 1997 with respect to lot A (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
10.15	Lease Agreement between Blue Bell Investment Company, L.P. and Unisys Corporation, dated March 12, 1997, with respect to lot B (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
10.16	Lease Agreement between Blue Bell Investment Company, L.P. and Unisys Corporation, dated March 12, 1997, with respect to lot C (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
10.17	Senior Secured Revolving Credit Agreement, dated May 28, 1998, between the Company, the Operating Partnership, Any Mortgaged Property Subsidiary and Bankers Trust Company (filed with the Company's Current Report on Form 8-K on June 10, 1998 and incorporated herein by reference).
10.18	Consulting Services Agreement, dated April 28, 1998, between the Company and Net Lease Finance Corp., doing business as Corporate Office Services (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
10.19	Project Consulting and Management Agreement, dated September 28, 1998, between Constellation Properties, Inc. and COMI (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
10.20	Promissory Note, dated October 22, 1998, between Teachers Insurance and Annuity Association of America and the Operating Partnership (filed with the Company's Quarterly Report on Form 10-Q on November 13, 1998 and incorporated herein by reference).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION
<S> <C>	<C>
10.21	Indemnity Deed of Trust, Assignment of Leases and Rents and Security Agreement, dated October 22, 1998, by affiliates of the Operating Partnership for the benefit of Teachers Insurance and Annuity Association of America (filed with the Company's Quarterly Report on Form 10-Q on November 13, 1998 and incorporated herein by reference).

	10.22	Agreement for Services, dated September 28, 1998, between the Company and Corporate Office Management, Inc. (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.23.1	Lease Agreement, dated September 28,1998, between St. Barnabas Limited Partnership and Constellation Properties, Inc. (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.23.2	First Amendment to Lease, dated December 31, 1998, between St. Barnabas, LLC and Constellation Properties, Inc. (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.24.1	Lease Agreement, dated August 3, 1998, between Constellation Real Estate, Inc. and Constellation Properties, Inc. (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.24.2	First Amendment to Lease, dated December 30, 1998, between Three Centre Park, LLC and Constellation Properties, Inc. (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.25.1	Lease Agreement, dated April 27, 1993, between Constellation Properties, Inc. and Baltimore Gas and Electric Company (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.25.2	First Amendment to Lease, dated December 9, 1998, between COPT Brandon, LLC and Baltimore Gas and Electric Company (filed with the Company's Quarterly Report on Form 10-Q on May 14, 1999 and incorporated herein by reference).
	10.26	Underwriting Agreement, dated June 29, 1999, between Corporate Office Properties Trust and the underwriters of the Series B Preferred Shares (filed with the Company's Current Report on Form 8-K on July 7, 1999 and incorporated herein by reference).
	10.27	Contribution Rights Agreement, dated June 23, 1999, between the Operating Partnership and United Properties Group, Incorporated (filed with the Company's Quarterly Report on Form 10-Q on August 13, 1999 and incorporated herein by reference).
	10.28	Promissory Note, dated September 30, 1999, between Teachers Insurance and Annuity Association of America and the Operating Partnership (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).
	10.29	Indemnity Deed of Trust, Assignment of Leases and Rents and Security Agreement, dated September 30, 1999, by affiliates of the Operating Partnership for the benefit of Teachers Insurance and Annuity Association of America (filed with the Company's Quarterly Report on Form 10-Q on November 8, 1999 and incorporated herein by reference).

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	EXHIBIT NO.	DESCRIPTION
<S>	<C>	<C>
	10.30	Revolving Credit Agreement, dated December 29, 1999, between Corporate Office Properties, L.P. and Prudential Securities Credit Corp.
	10.31	Option agreement, dated March 1998, between Corporate Office Properties, L.P. and Blue Bell Land, L.P.
	10.32	Option agreement, dated March 1998, between Corporate Office Properties, L.P. and Comcourt Land, L.P.

13.1	Portions of the Annual Report of Corporate Office Properties Trust as of and for the year ended December 31, 1999.
13.2	Schedule III - Real Estate and Accumulated Depreciation as of December 31, 1999.
21.1	Subsidiaries of Registrant.
23.1	Consent of Independent Accountants.
27	Financial Data Schedule.

</TABLE>

SIGNATURES

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

CORPORATE OFFICE PROPERTIES TRUST

Date: March 16, 2000 By: /s/ Randall M. Griffin

Randall M. Griffin
President and Chief Operating Officer

Date: March 16, 2000 By: /s/ Roger A. Waesche, Jr.

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

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

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Signatures	Title	Date
<S> <C>	<C>	<C>
/s/ Jay H. Shidler (Jay H. Shidler)	Chairman of the Board and Trustee	March 16, 2000
/s/ Clay W. Hamlin, III (Clay W. Hamlin, III)	Chief Executive Officer and Trustee	March 16, 2000
/s/ Randall M. Griffin (Randall M. Griffin)	President and Chief Operating Officer	March 16, 2000
/s/ Roger A. Waesche, Jr. (Roger A. Waesche)	Senior Vice President and Chief Financial Officer	March 16, 2000
/s/ Betsy Z. Cohen (Betzy Z. Cohen)	Trustee	March 16, 2000
/s/ Kenneth D. Wethe (Kenneth D. Wethe)	Trustee	March 16, 2000
/s/ Robert L. Denton (Robert L. Denton)	Trustee	March 16, 2000
/s/ William H. Walton (William H. Walton)	Trustee	March 16, 2000

/s/ Kenneth S. Sweet, Jr. (Kenneth S. Sweet, Jr.)	Trustee	March 16, 2000
/s/ Steven D. Kesler (Steven D. Kesler)	Trustee	March 16, 2000
/s/ Edward A. Crooke (Edward A. Crooke)	Trustee	March 16, 2000

</TABLE>

Exhibit 2.23

CONTRIBUTION AGREEMENT

Between

COPT ACQUISITIONS, INC.

And

UNITED PROPERTIES GROUP, INCORPORATED

Dated as of December 3, 1999

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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THIS CONTRIBUTION AGREEMENT (this "AGREEMENT") is made and entered into as of the 3rd day of December, 1999 (the "CONTRACT DATE"), by and among UNITED PROPERTIES GROUP, INCORPORATED, a New York corporation ("CONTRIBUTOR"), the other

parties, if any, identified on the signature page hereto (collectively, together with Contributor, the "LP UNIT RECIPIENTS") and COPT ACQUISITIONS, INC., a Delaware corporation ("ACQUIROR").

BACKGROUND

A. Contributor is the owner of (i) one hundred percent (100%) of the limited liability company member interests in 9690 Deereco Road LLC, a Maryland limited liability company ("DEERECO"), (ii) one hundred percent (100%) of the limited liability company member interests of Atrium Building LLC, a Maryland limited liability company ("ATRIUM"), and (iii) one hundred percent (100%) of the limited liability company member interests in Brown's Wharf, LLC, a Maryland limited liability company ("BROWN'S WHARF"). Deereco, Atrium and Brown's Wharf shall be referred to, from time to time, individually as an "Owner" and collectively as the "OWNERS". Each Owner is the record and beneficial owner of its respective Project (as defined below) identified on EXHIBIT A.

B. Each Project includes that certain building (the "BUILDING"), containing the number of rentable square feet identified on EXHIBIT A, and is located at and known as the address set forth on EXHIBIT A. Each Building is leased by its Owner to tenants ("TENANTS") for office purposes. In this Agreement, the term "PROJECT" shall mean: (i) each parcel of land described on EXHIBIT A attached hereto (the "LAND"), together with all rights, easements and interests appurtenant thereto, including any streets or other public ways adjacent to the Land and any water or mineral rights owned by, or leased to,

Contributor or Owner; (ii) all improvements located on the Land, including the Building, and all other structures, systems, and utilities associated with, and utilized by, Contributor or Owner in the ownership and operation of the Building (all such improvements being collectively referred to herein as the "IMPROVEMENTS"), but excluding improvements, if any, owned by Tenants; (iii) all personal property of every nature and description owned by Contributor or Owner (excluding Inventory (as defined below)) and either (A) located on or in the Land or Improvements, or (B) used in connection with the operation and maintenance of the Project (collectively, the "PERSONAL PROPERTY"), including all (if any) personal property listed on EXHIBIT B attached hereto; (iv) all building materials, supplies, hardware, carpeting and other inventory owned by Contributor or Owner and maintained in connection with Contributor's or Owner's ownership and operation of the Land and/or Improvements (collectively, the "INVENTORY"); (v) all intangible property owned by Contributor or Owner used or useful in connection with the foregoing including all trademarks, tradenames, development rights, entitlements, contract rights, tenant improvement loans, guarantees, licenses, permits and warranties (collectively, the "INTANGIBLE PERSONAL PROPERTY"); and (vi) Contributor's or Owner's interest in all leases (including all amendments and guarantees related thereto) and other agreements to occupy all or any portion of the Land and/or Improvements in effect on the Contract Date or into which such Contributor or Owner enters

after the Contract Date but prior to the Closing (as defined below) pursuant to the express terms of this Agreement (collectively, the "LEASES").

C. Contributor and Acquiror desire to enter into this Agreement relating to the contribution and conveyance of all of the limited liability company member interests in Deereco, Atrium and Brown's Wharf (collectively, the "CONTRIBUTED INTERESTS") in exchange for LP Units (as defined below) and, if Acquiror so elects, the assumption of the Assumed Indebtedness (as defined below).

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties agree as follows:

10 DEFINITIONS.

All terms which are not otherwise defined in this Agreement shall have the meaning set forth in this Section 1.

1.1. "ACCREDITED INVESTOR" shall have the meaning set forth in Regulation D promulgated under the Securities Act of 1933, as amended.

1.2. "ACQUIROR" shall have the meaning set forth in the opening paragraph of this Agreement.

1.3. "ACQUIROR INDEMNIFIED PARTY" shall have the meaning set forth 20.3.1.

1.4. "ADVERSE TAX CONSEQUENCE" shall have the meaning set forth in Section 5.3.2.

1.5. "AFFILIATE(S)" shall have the meaning set forth in Section 21.

1.6. "AMENDMENT"shall have the meaning set forth in Section 4.1.1.

1.7. "ASSET VALUE"shall have the meaning set forth in Section 3.1.

1.8. "ASSIGNED CONTRACTS" shall have the meaning set forth in Section 16.1.4.

1.9. "ASSUMED INDEBTEDNESS" shall mean all of the indebtedness of the Owners as of the Closing Date with respect to the Projects, the outstanding principal balance of which (and other pertinent information) is described on SCHEDULE 10.13 attached hereto, such indebtedness being the only indebtedness that may, at Acquiror's election, be assumed by Acquiror in connection with the transaction contemplated hereby. The Assumed Indebtedness is evidenced and secured by the Existing Loan Documents.

1.10. "ATRIUM" shall have the meaning set forth in the recitals to this Agreement.

1.11. "BROWN'S WHARF" shall have the meaning set forth in the recitals to this Agreement.

1.12. "BUILDING" shall have the meaning set forth in the recitals to this Agreement.

1.13. "CASH COMPONENT"shall have the meaning set forth in Section 3.1.3.

1.14. "CLOSING" or "CLOSING DATE" shall have the meaning set forth in Section 6 below.

1.15. "CLOSING STATEMENT" shall have the meaning set forth in Section 16.1.12.

1.16. "CODE" shall have the meaning set forth in Section 5.3.1.

1.17. "COMMON UNITS" shall mean common units in the UPREIT.

1.18. "CONTRACT DATE" shall have the meaning set forth in the opening paragraph to this Agreement.

1.19. "CONTRIBUTED INTERESTS" shall have the meaning set forth in the recitals to this Agreement.

1.20. "CONTRIBUTION CONSIDERATION" shall have the meaning set forth in Section 3.1.

1.21. "CONTRIBUTOR" shall have the meaning set forth in the opening paragraph to this Agreement.

1.22. "CONTRIBUTOR'S DELIVERIES" shall have the meaning set forth in Section 7.

1.23. "CONVERSION SHARES" shall have the meaning set forth in Section 4.1.4.

1.24. "DAMAGE" shall have the meaning set forth in Section 19.

1.25. "DEERECO" shall have the meaning set forth in the recitals to this Agreement.

1.26. "EMINENT DOMAIN" shall have the meaning set forth in Section 19.

1.27. "EXCHANGE" shall have the meaning set forth in Section 5.4.

1.28. "EXISTING LOAN DOCUMENTS" shall mean the documents evidencing or securing the Assumed Indebtedness, as described on SCHEDULE 10.13.

1.29. "GOVERNMENTAL AUTHORITY/AUTHORITIES" shall mean any agency, commission, department or body of any municipal, township, county, local, state or federal governmental or quasi-governmental regulatory unit, entity or authority having jurisdiction or authority over all or any portion of any Project or the management, operation, use or improvement thereof.

1.30. "HAZARDOUS SUBSTANCE" shall have the meaning set forth in Section 10.12 below.

1.31. "IMPROVEMENTS" shall have the meaning set forth in the recitals to this Agreement.

1.32. "INFORMATIONAL MATERIALS" shall have the meaning set forth in Section 11.1.4 below.

1.33. "INTEREST HOLDER(S)" shall mean any direct shareholders of Contributor.

1.34. "INTANGIBLE PERSONAL PROPERTY" shall have the meaning set forth in the recitals to this Agreement.

1.35. "INVESTOR MATERIALS" shall have the meaning set forth in Section 4.1.3.

1.36. "INVENTORY" shall have the meaning set forth in the recitals to this Agreement.

1.37. "LAND" shall have the meaning set forth in the recitals to this Agreement.

1.38. "LEASES" shall have the meaning set forth in the recitals to this Agreement.

1.39. "LENDER'S APPROVALS" shall have the meaning set forth in Section 14.1.3.

1.40. "LOCK-UP PERIOD," as to the LP Units issued at the Closing, shall mean the period equal to the longer of (a) one (1) year following the Closing, and (b) the date on which a registration statement filed in respect of such LP Units issued to the LP Unit Recipients pursuant to the Registration Rights Agreement is declared effective. The foregoing notwithstanding, in no event shall the Lock-Up Period extend more than two (2) years following Closing hereunder.

1.41. "LOSSES" shall have the meaning set forth in Section 20.3.1.

1.42. "LP UNITS" shall mean the Common Units and the Preferred Units collectively.

1.43. "LP UNIT AMOUNT" shall have the meaning set forth in Section 3.1.1.

1.44. "LP UNIT RECIPIENTS" shall have the meaning set forth in the opening paragraph to this Agreement.

1.45. "MAXIMUM AMOUNT" shall have the meaning set forth in Section 5.1.2.

1.46. "NON-RECOGNITION CODE PROVISIONS" shall have the meaning set forth in Section 5.1.1.

1.47. "NON-TAXABLE DISPOSITION PERIOD" shall mean the seven (7) year period commencing on the Closing Date and ending on the seventh anniversary of the Closing Date, as such period may be sooner terminated in accordance with Section 5.

1.48. "OWNER(S)" shall have the meaning set forth in the recitals to this Agreement.

1.49. "PARTNERSHIP AGREEMENT" shall mean the agreement of limited partnership of the UPREIT, as amended from time to time prior to and including the Contract Date.

1.50. "PERMITTED EXCEPTIONS" shall have the meaning set forth in Section 9.1.

1.51. "PERSONAL PROPERTY" shall have the meaning set forth in the recitals to this Agreement.

1.52. "PREFERRED UNITS" shall mean convertible preferred units in the UPREIT.

1.53. "PREFERRED UNIT PRICE" shall mean $25.00.

1.54. "PROHIBITED EXCEPTIONS" shall have the meaning set forth in Section 9.1.

1.55. "PROJECT" shall have the meaning set forth in the recitals to this Agreement.

1.56. "PROJECT CONTACTS" shall mean the individuals or entitles designated on SCHEDULE 5.2.

1.57. "RECORDS" shall mean all books, records, tax returns, correspondence, financial data, leases, and all other documents and matters, public or private, maintained by Contributor, the Owners or their agents, relating to receipts and expenditures pertaining to any Owner or any Project for the three most recent full calendar years (or such shorter time period as Contributor shall have owned the Contributed Interests) and the current calendar year and all contracts, rental agreements and all other documents and matters, public or private, maintained by Contributor, the Owners or their agents, relating to operations of any Project.

1.58. "REGISTRATION RIGHTS AGREEMENT" shall mean the Registration Rights Agreement dated March 16, 1998 (which is attached to the Partnership Agreement as Exhibit 3), the benefits of which shall be conferred upon the LP Unit Recipients at the Closing.

1.59. "REGULATORY VIOLATION NOTICE" shall have the meaning set forth in Section 4.1.3.

1.60. "REIT" means Corporate Office Properties Trust, a publicly traded Maryland real estate investment trust.

1.61. "SCHEDULES" shall have the meaning set forth in Section 10.

1.62. "SEC" shall mean the Securities and Exchange Commission.

1.63. "SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

1.64. "SPOKESPERSON" shall have the meaning set forth in Section 5.3.2.

1.65. "TAX RELATED EVENT" and "TAX RELATED NOTICE" shall have the meanings set forth in Section 5.3.1.

1.66. "TENANTS" shall have the meaning set forth in the recitals to this Agreement.

1.67. "TITLE COMPANY" shall mean Chicago Title Insurance Company.

1.68. "TITLE REPORT" shall have the meaning set forth in Section 9.2.

1.69. "UPREIT" means Corporate Office Properties, L.P., a Delaware limited partnership.

References to this "Agreement" shall mean this Agreement, including all amendments, modifications and supplements hereto and any exhibits or schedules to any of the foregoing, and shall refer to this Agreement as the same may be in effect at the time such reference becomes operative. The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole, including the exhibits and schedules hereto, as the same may from time to time be amended, modified, restated or supplemented, and not to any particular article, section, subsection or clause contained in this Agreement. The term "including" shall be interpreted to mean "including without limitation." Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter.

20 CONTRIBUTION.

2.1. ASSIGNMENT TO THE UPREIT. Immediately prior to the Closing, Acquiror shall assign its entire right, title and interest in, to and under this Agreement to the UPREIT, and the sole general partner of the UPREIT shall be the REIT. Simultaneously with such assignment, the UPREIT shall assume all of Acquiror's obligations and responsibilities under this Agreement.

2.2. CONTRIBUTION. At the Closing, Contributor agrees to contribute and convey to the UPREIT, and Acquiror agrees to cause the UPREIT to accept and take from Contributor, on the terms and conditions set forth in this Agreement, all of Contributor's right, title and interest in and to the Contributed Interests.

30 CONTRIBUTION CONSIDERATION.

3.1. PAYMENT OF CONTRIBUTION CONSIDERATION. In consideration of the contribution of the Contributed Interests, and subject to the terms of this Agreement, at the Closing, the UPREIT shall pay to Contributor a sum equal to the aggregate undepreciated book

value of the Projects (calculated by Contributor in accordance with GAAP as of the Closing Date) (the "ASSET VALUE"). The Asset Value shall be paid in the following manner:

3.1.1. The UPREIT shall issue up to 1,000,000 Preferred Units, at the Preferred Unit Price, having an aggregate value equal to the lesser of (a) the Asset Value less the Assumed Indebtedness, or (b) $25,000,000. In no event, however, shall the LP Unit Amount be less than $23,861,633.30 (as applicable, the "LP UNIT AMOUNT").

3.1.2. Subject to Section 3.1.3 below, the UPREIT may, in its sole and absolute discretion, assume the Assumed Indebtedness (as such amount is updated on the Closing Date from the amount shown SCHEDULE 10.13).

3.1.3. The UPREIT shall pay in cash to Contributor the balance of the Asset Value (e.g., the amount determined by subtracting the LP Unit Amount and the Assumed Indebtedness from the Asset Value) (the "CASH COMPONENT"); provided, however, that the UPREIT may, in its sole and absolute discretion, direct Contributor to cause the Assumed Indebtedness to be paid off at the Closing, in which case the Cash Component shall be increased by the amount of the Assumed Indebtedness on the Closing Date. The Cash Component shall be further adjusted by the positive or negative adjustments and prorations described in Section 17 below, all of which shall be adjusted as of the Closing Date.

The payment of the Cash Component, the assumption of the Assumed Indebtedness and the issuance of the LP Units described in this Section 3.1 shall be collectively referred to herein as the "CONTRIBUTION CONSIDERATION".

3.2. INTENTIONALLY OMITTED.

3.3. ASSUMPTION FEES, ETC. Contributor acknowledges and agrees that Contributor shall be solely responsible for any and all fees and costs imposed by the holder of the Assumed Indebtedness in connection with the UPREIT's assumption of the Assumed Indebtedness (such as, but not limited to, assumption fees, costs and expenses of the holder or servicer of the Existing Loan Documents, etc.).

3.4. FRACTIONAL NUMBER OF LP UNITS. If the above-described calculation of Contribution Consideration would result in a fractional number of LP Units to be delivered to Contributor, the UPREIT shall round that fraction up or down, as the case may be, to the nearest whole number of LP Units.

3.5. PREFERRED UNITS. The Preferred Units shall be entitled to an annual preferred return of (a) 9% for each of the ten (10) years following the Closing Date, (b) 10.5% for each of the next five years, and (c) 12% for each subsequent year, such preferred return to be

paid, in each case, quarterly in arrears. Each of the Preferred Units shall be entitled to a liquidation preference of $25.00 per unit, plus all accrued but unpaid dividends. The Preferred Units shall be entitled to anti-dilution protection to the same extent as the Warrants as set forth in the Warrant Agreement annexed as EXHIBIT G. Each of the Preferred Units may be converted into 2.381 Common Units on or after the date which is one (1) year after the date the Preferred Units are issued to an LP Unit Recipient pursuant to this Agreement. The UPREIT shall have the right to redeem for cash all outstanding Preferred Units after the tenth (10th) anniversary of the Closing Date by giving the holder(s) thereof not less than sixty (60) days' prior written notice.

3.6. WARRANTS. On the Closing Date, the UPREIT shall issue to Contributor ten-year detachable warrants exercisable for additional Common Units pursuant to a warrant agreement in substantially the form of EXHIBIT G.

40 LP UNITS; INVESTOR MATERIALS.

4.1. LP UNITS GENERALLY.

4.1.1. Subject to Section 3.5 above, the Preferred Units shall be convertible into Common Units and the Common Units shall be redeemable for shares of common stock of the REIT or cash (or a combination thereof) in accordance with the procedures described herein and in the Partnership Agreement. Contributor acknowledges that the LP Units are not certificated and that, therefore, the issuance of the LP Units shall be evidenced by the execution and delivery of an amendment to the Partnership Agreement substantially in the form of EXHIBIT H, which amendment shall be executed and delivered by the REIT at the Closing (the "AMENDMENT").

4.1.2. Contributor hereby directs the UPREIT to deliver the LP Units at the Closing issued in the names of, and for distribution to, those LP Unit Recipients set forth on SCHEDULE 4.1.2 attached hereto. Each LP Unit Recipient shall receive the number and type of LP Units set forth on said Schedule.

4.1.3. Contributor has delivered to Acquiror, and has caused its Interest Holders and any other LP Unit Recipient to deliver to Acquiror, or to any other party designated by Acquiror, a completed representation letter in substantially the form set forth in EXHIBIT C attached hereto, providing, among other things, information concerning each Contributor's, each Interest Holder's and each LP Unit Recipient's status as an

Accredited Investor. Contributor shall provide or cause to be provided to Acquiror, or to any other party designated by Acquiror, such other information and documentation as may reasonably be requested by Acquiror in furtherance of the issuance of the LP Units as contemplated hereby (together with the information provided on EXHIBIT C, the "INVESTOR MATERIALS"). Notwithstanding anything contained in this Agreement to the contrary, in the event that, in the reasonable opinion of Acquiror, based on

advice of its securities counsel, (x) any such person or entity providing Investor Materials is not considered an Accredited Investor, (y) the proposed issuance of LP Units hereunder might not qualify for the exemption from the registration requirements of Section 5 of the Securities Act, or (z) the proposed issuance of LP Units hereunder would violate any applicable federal or state securities laws, rules or regulations, any agreement to which the REIT or the UPREIT is privy, or any tax related or other legal rules, agreements or constraints applicable to Acquiror, the REIT or the UPREIT, Acquiror shall so advise Contributor, in writing (the "REGULATORY VIOLATION NOTICE") within five (5) business days after such determination is made. In the event a Regulatory Violation Notice is delivered for the reason set forth in clause (x) above, the interest of each and every person or other entity with respect to which Acquiror delivers a Regulatory Violation Notice shall be redeemed by Contributor (or Contributor shall otherwise cause such person or other entity to no longer have a direct or indirect interest in Contributor), at no cost to any or all of Acquiror, the REIT and the UPREIT, at least two business days prior to the Closing Date. In the event of any such redemption, SCHEDULE 4.1.2 shall be revised to reflect the updated list of LP Unit Recipients and the revised ownership percentages in the Projects resulting from such redemption. In the event a Regulatory Violation Notice is delivered for another reason, this Agreement shall terminate and no party shall have any further liability hereunder except (i) as otherwise expressly set forth in this Agreement and (ii) to the extent a breach of this Agreement gives rise to, or becomes the basis for, the Regulatory Violation Notice.

4.1.4. Contributor hereby covenants and agrees that it shall deliver or shall cause each of its partners, shareholders, members and any other LP Unit Recipients to deliver to Acquiror, or to any other party designated by Acquiror, any documentation that may be required under the Partnership Agreement or any charter document of the REIT, and such other information and documentation as may reasonably be requested by Acquiror, at such time as any LP Units are redeemed for shares of common stock of the REIT ("CONVERSION SHARES"). The preceding covenant shall survive the Closing.

4.2. CERTAIN INFORMATIONAL MATERIALS. Contributor and the other LP Unit Recipients hereby acknowledge and agree that the ownership of LP Units by them and their respective rights and obligations as limited partners of the UPREIT (including their right to transfer, encumber, pledge and exchange LP Units) shall be subject to all of the express limitations, terms, provisions and restrictions set forth in this Agreement and in the Partnership Agreement. In that regard, Contributor and each of the other LP Unit Recipients hereby covenants and agrees that, at the Closing, it shall execute any and all documentation reasonably required by the UPREIT and the REIT to formally memorialize the foregoing. Contributor and each of the other LP Unit Recipients acknowledges that it has received and reviewed, prior to the Contract Date, (i) the Partnership Agreement, (ii) the charter documents and bylaws of the REIT, (iii) the REIT's Form 10-K for the year ended December 31, 1998, (iv) all Form 10-Qs and Form 8-Ks that have been filed by the REIT with the SEC since December 31, 1998, and (v) copies of all material press releases, proxy statements and reports to shareholders issued since December

31, 1998, and has otherwise had an opportunity to conduct a due diligence review of the affairs of the UPREIT and the REIT and has been afforded the opportunity to ask questions of, and receive additional information from, the REIT regarding the business, operations, conditions (financial or otherwise) and the current prospects of the REIT and the UPREIT.

4.3. LOCK-UP PERIOD. Each of the LP Unit Recipients agrees that for the Lock-Up Period, it shall not, in any way or to any extent, redeem (pursuant to the Partnership Agreement or otherwise), sell, transfer, assign, pledge or encumber, or otherwise convey any or all of the LP Units delivered to it in connection with this transaction and, if applicable, any Conversion Shares.

4.4. TRANSFER REQUIREMENTS. After the Lock-Up Period, each LP Unit Recipient may only sell, transfer, assign, pledge or encumber, or otherwise convey any or all of the LP Units delivered to it and, if applicable, any Conversion Shares, in strict compliance with this Agreement, the Partnership Agreement, the charter documents of the REIT, the registration and other

provisions of the Securities Act (and the rules promulgated thereunder), any state securities laws, the rules of the New York Stock Exchange and the Registration Rights Agreement, in each case as may be applicable. A legend may be placed on the face of the certificates evidencing the Conversion Shares to notify the holder of the restrictions on transfer under applicable federal or state securities laws. The provisions of this Section 4.4 shall survive the Closing.

4.5. VOLUME RESTRICTION. From and after the expiration of the Lock-Up Period, the aggregate amount of common stock of the REIT that the LP Unit Recipient may sell (i) during any 10-trading day period shall not exceed 30 percent (30%) of the average of the daily trading volume of such stock (as reported in The Wall Street Journal) for the thirty (30) trading days immediately preceding the date on which the first sale of such stock during any such 10-day period occurs, and (ii) during any calendar year shall not exceed one-third of the Conversion Shares issuable upon redemption of the aggregate amount of Common Units issued (including those issued in connection with any conversion of Preferred Units) to such LP Unit Recipient at the Closing.

50 PARTNERSHIP LIABILITIES AND SALES OF REAL PROPERTY.

5.1. DISPOSITION OBLIGATIONS. Subject to this Section 5.1 and the provisions of Section 5.2 hereof, the UPREIT shall use its good faith, reasonable and diligent efforts:

5.1.1. Not to sell or otherwise voluntarily dispose of any Project in a taxable transaction on or before the expiration of the Non-Taxable Disposition Period unless such sale or other voluntary disposition (other than through a deed in lieu of foreclosure, a foreclosure action, or an act of eminent domain) of any Project (and all assets received in

exchange for such Project in which the REIT or the UPREIT has an adjusted tax basis substituted from that of such Project) qualifies for non-recognition of gain under the Code (for example, by means of exchanges contemplated under Code Sections 351, 354, 355, 368, 721, 1031 (but only if there is no "boot") or 1033), in such manner as the Code provides from time to time (the "NON-RECOGNITION CODE PROVISIONS"); provided, however, that the foregoing shall not require the REIT and UPREIT, in their sole and absolute discretion, to sell, or otherwise dispose of, or prevent the REIT and UPREIT, in their sole and absolute discretion, from selling or otherwise disposing of any Project in a transaction that would result in a loss for federal income tax purposes;

5.1.2. To maintain, on a continuous basis, an amount of indebtedness for which Contributor (including, for this purpose, the Interest Holders in Contributor or transferees of Contributor, collectively) bears, or is deemed to bear, the "economic risk of loss" within the meaning of Treasury Regulation Section 1.752-2(a) (including through the use of guarantee arrangements or arrangements providing for the imposition of a deficit restoration obligation on Contributor pursuant to an amendment to the Partnership Agreement) or which is allocated to Contributor pursuant to Treasury Regulation Section 1.752-3(a) equal to not less than $3,000,000 (the "MAXIMUM AMOUNT");

5.1.3. To avoid a distribution of property that would cause Contributor to recognize income or gain pursuant to the provisions of either or both of Code Sections 704(c)(1)(B) and 737;

5.1.4. To avoid a termination of the UPREIT pursuant to the provisions of Code Section 708(b)(1)(B); and

5.1.5. As long as Contributor remains as a partner of the UPREIT, the REIT and/or UPREIT agree to utilize the "traditional method," without curative allocations (as contemplated for in the Partnership Agreement), of allocating gain and depreciation under Code Section 704(c) for the Projects.

The provisions of this Section 5.1 shall survive the Closing.

5.2. LIMITATION ON DISPOSITION OBLIGATIONS. Notwithstanding the provisions of Section 5.1, the obligation of the UPREIT to undertake those activities set forth in Sections 5.1.1-5.1.4 hereof shall, in all events, be subject to, and otherwise interpreted consistent with, the REIT's fiduciary and statutory obligations to all partners (both present and future) in the UPREIT, and to its stockholders, both present and future. Further, for purposes of this Section 5 and except as otherwise provided in Section 5.3, the LP Unit Recipients agree that neither the REIT nor the UPREIT shall be required to obtain any approval, consent or waiver from, or take direction from, or otherwise communicate with, any person or representative or entity concerning

any Project, other than those certain persons (the "PROJECT CONTACTS") designated on SCHEDULE 5.2 attached hereto (and at the addresses set forth therein). Notification of the Project Contacts for any Project shall constitute sufficient and effective notification to all Interest Holders associated with the applicable Project, and written communications from the Project Contacts for such Project shall bind all Interest Holders associated with, related to, or having an interest in, such Project. The provisions of this Section 5.2 shall survive the Closing.

5.3. NOTICE OF CERTAIN TRANSACTIONS.

5.3.1. In the event, on or before the expiration of the Non-Taxable Disposition Period, the UPREIT expects any of the following (each, a "TAX-RELATED EVENT") to occur: (A) a post-Closing sale of any Project; (B) a reduction in the amount of indebtedness allocable to Contributor (including, for this purpose, the Interest Holders in Contributor, or transferees of Contributor, collectively) in a manner consistent with Section 5.1.2 hereof, to an amount that is less than the Maximum Amount (other than by regularly or other scheduled principal payments); or (C) an attempt by the UPREIT to effect a transfer of any Project as permitted by Section 5.1.1 above, but the terms of Section 1031 of the Internal Revenue Code of 1986, as amended (the "CODE") or the regulations promulgated thereunder have changed such that the mechanics for implementing a tax-deferred exchange of real estate are materially and adversely altered (whether with respect to the timing required to identify and close upon an exchange property or otherwise) from those mechanics in place as of the Contract Date, then the UPREIT shall give written notice of such Tax-Related Event (a "TAX-RELATED NOTICE") to the Project Contacts as soon as practicable after the occurrence of such event becomes reasonably likely, or, if later, on the date on which the UPREIT is, in the reasonable judgment of its securities counsel, legally permitted, under applicable federal and state securities laws and regulations, and the rules and regulations of the New York Stock Exchange, to disseminate such Tax-Related Notice to the Project Contacts.

5.3.2. Upon their receipt of a Tax-Related Notice, the Project Contacts shall designate a single spokesperson from among them to represent the Interest Holders in connection with the Tax-Related Event that triggered the delivery of such Tax-Related Notice (the "SPOKESPERSON"). Each LP Unit Recipient hereby irrevocably appoints any Spokesperson so designated as their attorney-in-fact, with full power to grant in the name of and on behalf of such LP Unit Recipient, any and all consents, waivers, approvals, and to execute any and all documents required or appropriate to be executed, whether with respect to this Agreement, the Partnership Agreement or otherwise; provided, however, that such attorney-in-fact may only act within the scope necessitated by the Tax-Related Event giving rise to the appointment of such Spokesperson. The UPREIT and the REIT shall be entitled to rely on the first written notice either of them receives that designates a Spokesperson with respect to a given Tax-Related Event, and shall be under no obligation to deal with any person other than the Spokesperson so designated in connection with the subject Tax-Related Event as it relates to any LP Unit

Recipient. The UPREIT and the REIT shall have no obligation to deal with any person or entity whatsoever in connection with a Tax-Related Event unless and until a Spokesperson is properly designated. The UPREIT and the REIT, and their respective independent accountants, attorneys and other representatives and advisors, shall cooperate with the Spokesperson in order to consider strategies proposed by or through the Spokesperson (it being understood that neither the REIT nor the UPREIT shall have any obligation whatsoever to propose any such strategies), on behalf of any affected LP Unit Recipient, which strategies are designed or intended to defer or mitigate any recognition of gain under the Code by any LP Unit Recipient or any shareholder or partner in any LP Unit Recipient (any such gain recognition being referred to herein as an "ADVERSE TAX CONSEQUENCE") that may result from a Tax-Related Event, whether such strategies involve any or all of the LP Unit Recipients (including Contributor) on a basis independent of the REIT and UPREIT, or in conjunction with the REIT or the UPREIT. Each party shall pay its own fees and expenses incurred in connection with the procedure delineated in this Section 5.3.2. Under this Section 5.3.2, the UPREIT and the REIT are only obligated to cooperate with the Spokesperson on behalf of any LP Unit Recipient (or any partner, shareholder or member of any LP Unit Recipient) who may be facing an Adverse Tax Consequence, in connection with such LP Unit Recipient's determination of the efficacy of tax-deferral or tax-mitigation alternatives proposed by or through the Spokesperson that may involve the REIT or the UPREIT. In no event shall either the REIT or the UPREIT be required to incur any expense (other than the cost of professional fees and expenses and administrative expenses incurred in complying with this Section 5.3) in connection with its cooperation under this Section 5.3, nor shall any transaction duly approved by the Board of Directors of the REIT that results in a Tax-Related Event be required to be suspended, postponed, impeded or otherwise adversely affected by virtue of any potential Adverse Tax Consequence. The provisions of this Section 5.3 shall survive the Closing.

5.4. 721 EXCHANGE. The parties acknowledge that Contributor intends to treat the contribution and conveyance of the Contributed Interests in exchange for LP Units (the "EXCHANGE") as a tax-free partnership contribution pursuant to Section 721 of the Code. Acquiror, the UPREIT and the REIT shall cooperate in all reasonable respects with Contributor to effectuate such Exchange; provided, however, that:

5.4.1. The Closing shall not be extended or delayed by reason of such Exchange, unless Acquiror has breached its obligations to Contributor under this Agreement;

5.4.2. None of Acquiror, the UPREIT or the REIT shall be required to incur any additional extraordinary (as opposed to a normal, customary and recurring) cost or expense as a result of such Exchange, other than the cost of Acquiror's counsel in connection with the preparation of this Agreement and the other documents contemplated by this Agreement. Notwithstanding anything to the contrary in the foregoing sentence, the UPREIT and the REIT shall be responsible for costs associated with any IRS audit made directly of either or both of the

UPREIT and the REIT relating to their respective operations (as opposed to an audit that is ancillary to an audit made of any or all of the entities comprising Contributor). Contributor hereby covenants and agrees that it shall, promptly on demand, reimburse Acquiror, the UPREIT or the REIT for any additional extraordinary cost or expense (as opposed to a normal, customary and recurring cost or expense, such as the analysis or computation related to the manner in which depreciation and built-in gain are allocated amongst the LP Unit Recipients), including reasonable attorneys' fees (e.g. those in excess of the cost of Acquiror's counsel in connection with the preparation of this Agreement and the other documents contemplated by this Agreement), actually incurred by any or all of Acquiror, the UPREIT and the REIT (i) as a result of the characterization of the contribution of the Projects pursuant to this Agreement as a tax-free partnership contribution pursuant to Section 721 of the Code, or (ii) which is directly attributable to the Exchange;

5.4.3. Subject to the UPREIT's and the REIT's performance and fulfillment in all material respects of the express covenants and conditions contained in this Agreement, none of Acquiror, the UPREIT or the REIT warrant, nor shall any of them be responsible for, the federal, state or local tax consequences to Contributor, any or all of the Interest Holders and any or all of the LP Unit Recipients resulting from either (i) the transactions contemplated by this Agreement or (ii) the allocation, if any, of losses and liabilities of the UPREIT to Contributor or any of the Interest Holders in Contributor under the Partnership Agreement, the Code or Treasury Regulations promulgated under the Code; and

5.4.4. Except as otherwise expressly set forth in this Agreement and in the documents executed and delivered by Acquiror at the Closing, none of Acquiror, the UPREIT nor the REIT shall incur any liability under any document or agreement required to be executed or delivered in connection with such Exchange.

The provisions of this Section 5.4 shall survive the Closing.

6. CLOSING. Except as otherwise provided in this Agreement, the closing of the transaction contemplated by this Agreement (the "CLOSING") shall take place on the date (the "CLOSING DATE") mutually agreed upon by the parties, provided that the Closing Date shall occur no sooner than fifteen (15) days after the Contract Date and no later than thirty (30) days after the Contract Date. The Closing shall take place at the offices of Morgan, Lewis & Bockius LLP, 1701 Market Street, Philadelphia, Pennsylvania 19103, at such other place as may be mutually agreed upon by the parties, or in escrow at the offices of the Title Company if mutually agreed upon by the parties.

7. CONTRIBUTOR'S DELIVERIES. Contributor shall cause each Project's managing agent to make available to Acquiror, from and after the Contract Date, at reasonable times and upon reasonable notice, all documents, contracts, information, Records and exhibits

that are in the possession of, or under the control of, Contributor that are pertinent to the transaction that is the subject of this Agreement, including without limitation the documents listed as "Contributor's Deliveries" on EXHIBIT D attached hereto.

8. PROJECT INSPECTION.

8.1. BASIC PROJECT INSPECTION. From and after the Contract Date, at reasonable times and upon reasonable notice (subject to the Leases and the rights of the Tenants), Acquiror, its agents and representatives shall be entitled to conduct inspections of any Project, which will include the rights to: (i) enter upon the Land and Improvements to perform inspections and tests of any Project, including inspection, evaluation and testing of the heating, ventilation and air-conditioning systems and all components thereof, all structural and mechanical systems within the Improvements, including sprinkler systems, power lines and panels, air lines and compressors, automatic doors, tanks, pumps, plumbing and all equipment, vehicles, and Personal Property; (ii) examine and copy any and all Records; (iii) make investigations with regard to zoning, environmental (including an environmental assessment as specified in Section 8.2, which includes, but is not limited to, an analysis of the presence of any asbestos, chlordane, formaldehyde or other Hazardous Substance in, under or upon any Project, or any underground storage tanks on, or under, the Land), building, code, regulatory and other legal or governmental requirements; and (iv) make or obtain market studies and real estate tax analyses. Without limitation of the foregoing, Acquiror or its designated independent or other accountants may audit the Financial Statements (as defined in EXHIBIT D attached hereto), and Contributor shall supply such documentation as Acquiror or its accountants may reasonably request in order to complete such audit.

8.2. ENVIRONMENTAL ASSESSMENT. From and after the Contract Date, at reasonable times and upon reasonable notice (subject to the Leases and the rights of the Tenants), Acquiror or Acquiror's agent(s) shall have the right to employ one or more environmental consultants or other professional(s) to perform or complete such environmental inspections and assessments of any Project as Acquiror deems necessary or desirable; provided, however, that Acquiror shall not perform a "Phase II" environmental assessment or undertake any other invasive physical tests at any Project without first obtaining Contributor's approval to do so, which approval shall not be unreasonably withheld or delayed; and provided further that prior to any such entry onto any Project, Acquiror and its agent(s) shall furnish to Contributor certificates of insurance for such coverage and in such amounts and with such carriers as shall be reasonably acceptable to Contributor. Acquiror and its consultants shall also have the right to undertake or complete a technical review of all documentation, reports, plans, studies and information in possession or control of Contributor, or its past or present environmental consultants, concerning or in any way related to the environmental condition of any Project. In order to facilitate the assessments and technical review, at reasonable times and upon reasonable notice (subject to the Leases and the rights of the Tenants), Contributor shall extend its reasonable cooperation (but

without third party expense to Contributor) to Acquiror and its environmental consultants, including providing access to all files and fully and completely answering all questions (to the best of its knowledge).

8.3. ACQUIROR'S UNDERTAKING. Acquiror hereby covenants and agrees that it shall cause all studies, investigations and inspections performed at any Project pursuant to this Section 8 to be performed in a manner that does not materially or unreasonably disturb or disrupt the tenancies at or business operations of any Project. In the event that, as a result of Acquiror's exercise of its rights under Sections 8.1 and 8.2, physical damage occurs to any Project, then Acquiror shall promptly repair such damage, at Acquiror's sole cost and expense, so as to return the applicable Project to substantially the same condition as exists on the Contract Date. Acquiror hereby indemnifies, protects, defends and holds Contributor harmless from and against any and all losses, damages, claims, causes of action, judgments, damages, costs and expenses that Contributor actually suffers or incurs as a direct result of any physical damage caused to, in, or at any Project during the course of, or as a result of, any or all of the studies, investigations and inspections that Acquiror elects to perform (or causes to be performed) pursuant to this Section 8.

8.4. CONFIDENTIALITY. Each party agrees to maintain in confidence, and not to disclose to any Tenant or its employees, the information contained in this Agreement or pertaining to the transaction contemplated hereby and the information and data furnished or made available by Contributor to Acquiror, its agents and representatives in connection with Acquiror's investigation of any Project and the transactions contemplated by this Agreement; provided, however, that each party, its agents and representatives may disclose such information and data (i) to such party's accountants, attorneys, existing or prospective lenders, investment bankers, accountants, underwriters, ratings agencies, partners, shareholders, consultants and other advisors in connection with the transactions contemplated by this Agreement to the extent that such representatives reasonably need to know (in the disclosing party's reasonable discretion) such information and data in order to assist, and perform services on behalf of, the disclosing party; (ii) to the extent required by or appropriate under any applicable statute, law, regulation or Governmental Authority (including the requirement to prepare and file Form 8-K and other reports and filings required by the SEC and other regulatory entities, as described in EXHIBIT E attached hereto) or by the New York Stock Exchange in

connection with the listing of the Conversion Shares; (iii) in connection with any litigation that may arise between the parties in connection with the transactions contemplated by this Agreement or otherwise relating to any Project or any of them; (iv) to the extent such disclosure is required or appropriate in connection with any securities offering or other capital markets or financing transaction undertaken by the REIT; (v) to the extent such information and data become generally available to the public other than as a result of disclosure by the disclosing party or its agents or representatives; (vi) to the extent such information and data become available to the disclosing party or its agents or representatives from a third party who, insofar as is known to the disclosing party, is not subject to a confidentiality obligation to the other party hereunder; and (vii) to the extent necessary in

order to comply with each party's respective covenants, agreements and obligations under this Agreement. In the event the transactions contemplated by this Agreement shall not be consummated, such confidentiality shall be maintained indefinitely. Furthermore, Contributor and Acquiror acknowledge that, notwithstanding any contrary term of this Section 8.4, Acquiror shall have the right to issue a press release upon the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, and Contributor shall have the right to disclose this Agreement to Contributor's parent, who may disclose it to its shareholders.

9. TITLE AND SURVEY MATTERS

9.1. TITLE. At the Closing, each Owner's title to the Projects shall be free and clear of any mortgage liens, judgments and security interests, except the Assumed Indebtedness if Acquiror elects to assume the same ("PROHIBITED EXCEPTIONS"). Acquiror acknowledges and agrees, however, that Acquiror has agreed to accept the Contributed Interests and title to the Projects subject to any and all covenants, restrictions, easements, rights of way, Leases and other encumbrances and all encroachments and boundary disputes, if there be any, excepting only Prohibited Exceptions, as aforesaid (all such permitted title exceptions shall be the "PERMITTED EXCEPTIONS"). Acquiror shall promptly cause Title Company to issue and deliver to Contributor a title insurance report ("TITLE REPORT") for each of the Projects. If the Title Report contains any Prohibited Exceptions, Contributor agrees to take the necessary steps to remove such matters from record title to the Projects. In the event Contributor fails to remove any or all of the Prohibited Exceptions prior to Closing, Acquiror shall have the rights contained in Section 9.4. Any expenses incurred in obtaining the Title Report (including, without limitation, expenses incurred by an attorney in conducting the necessary title search) shall solely be borne by Acquiror. The title insurance premium for the title policy (inclusive of Acquiror's requested endorsements) shall also be solely borne by Acquiror.

9.2. Notwithstanding anything to the contrary that may be stated herein, excluding mortgage liens, judgments, security interests or other encumbrances that were intended to be discharged of record upon Contributor's acquisition, no mortgage lien, judgment, security interest or other encumbrance in existence immediately preceding Contributor's acquisition of the Contributed Interests, shall constitute a "Prohibited Encumbrance".

9.3. INTENTIONALLY OMITTED.

9.4. FAILURE REGARDING TITLE. In the event that as of Closing, title to the Projects shall be other than in accordance with the provisions of this Agreement, then Acquiror shall have the option, exercisable by written notice to Contributor at or prior to Closing, of (1) accepting at Closing such title as Contributor is able to convey and waiving any unsatisfied condition precedent, with no deduction from or adjustment of the Purchase Price, except to the extent of liens of a fixed or ascertainable amount not exceeding the Cash Component, unless the

lien was created voluntarily by Contributor, or (2) declining to proceed to Closing. In the latter event, except as expressly set forth herein, all obligations, liabilities and rights of the parties under this Agreement shall terminate.

10. REPRESENTATIONS AND WARRANTIES AS TO THE CONTRIBUTED INTERESTS AND THE REAL PROPERTY. Except (a) as otherwise set forth in the written schedules attached to this Agreement (the "SCHEDULES") which set forth the exceptions to the representations and warranties contained in this Section 10 and certain other information called for by this Agreement (unless otherwise specified, (i) each reference in this Agreement to any numbered schedule is a reference to that numbered schedule which is included in the Schedules and (ii) no disclosure made in any particular numbered schedule of the Schedules shall be deemed made in any

other numbered schedule of the Schedules unless expressly made therein (by cross-reference or otherwise)), and (b) as disclosed in any document delivered to Acquiror by Contributor or by any other information discovered by or known to Acquiror or disclosed in writing to Acquiror by Contributor prior to the Closing, Contributor, for itself and each of the Owners, represents and warrants to Acquiror that the following matters are true and correct as of the Contract Date and shall be true and correct as of the Closing Date:

10.1. CONTRIBUTOR'S AUTHORITY. Contributor is a corporation duly organized and validly existing and in good standing under the laws of the State of New York and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder and to carry on its business as now conducted and to control the ownership, leasing and operation of the Projects.

10.2. OWNER'S AUTHORITY. Each Owner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland and has all requisite power and authority to carry on its business as now conducted and to own, lease and operate its properties and assets now owned or leased or operated by it. To the best of Contributor's actual knowledge, no Project is encumbered by any mortgages, collateral or conditional assignments, pledges, hypothecations, security interests and other encumbrances (except for the Assumed Indebtedness), and each Owner holds good and marketable title to its Project.

10.3. OWNERSHIP. Contributor holds one hundred percent (100%) of the membership interests in each of the Owners, free and clear of all mortgages, collateral or conditional assignments, pledges, hypothecations, security interests and other encumbrances (except for the Assumed Indebtedness). Each Owner, in turn, holds fee simple title to its Project, free and clear of any Prohibited Exceptions.

10.4. NO CONFLICT. To the best of Contributor's actual knowledge, the execution and delivery of this Agreement and the consummation of the transactions contemplated

hereunder on the part of Contributor do not and will not conflict with or result in the breach of any material terms or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, or encumbrance upon, any of the Contributed Interests or other assets of Contributor or upon the Projects by reason of the terms of any contract, mortgage, lien, lease, agreement, indenture, instrument or judgment to which Contributor or any Owner is a party or which is or purports to be binding upon Contributor or any Owner or which otherwise affects Contributor or any Owner, which will not be discharged, assumed or released at Closing.

10.5. NO CONDEMNATION. Except as set forth in SCHEDULE 10.5, to the best of Contributor's actual knowledge, no Owner has received any written notice of any pending or contemplated condemnation, eminent domain or similar proceeding with respect to all or any portion of its Project.

10.6. COMPLIANCE. Except as set forth in SCHEDULE 10.6, to the best of Contributor's actual knowledge, no Owner has received written notice of any existing violations of any federal, state, county or municipal laws, ordinances, orders, codes, regulations, or requirements affecting its Project which have not been cured.

10.7. LITIGATION. Except as set forth in SCHEDULE 10.7, to the best of Contributor's actual knowledge, there is no material action, suit or proceeding pending or threatened against the Projects, or arising out of the ownership, management or operation of the Projects, this Agreement or the transactions contemplated hereby.

10.8. FIRPTA. Contributor is not a "foreign person" as defined in Section 1445(f)(3) of the Internal Revenue Code.

10.9. LEASES. There are no leases or occupancy agreements currently in effect which affect the Projects other than the Leases listed on the Rent Roll (as defined on EXHIBIT D), and to the best of Contributor's actual knowledge, Contributor has paid in full all expenses connected with the negotiation, execution and delivery of the Leases which are due and owing as of the Agreement Date, including without limitation brokers' commissions, leasing fees and recording fees (but excluding (i) any such commissions or fees, if any, attributable to the term of the relevant Lease from and after the date of Closing, (ii) any such commissions or fees, if any, attributable to extension, renewal or expansion options executed after the date of Closing and (iii) any tenant improvement allowance or credit which is not yet due and payable). No Owner has received from any of its Tenants any written notices alleging any breach or default by such Owner, as landlord, which remain uncured as of the Contract Date, and no Owner has delivered to any of its Tenants written notices alleging any breach or default by such Tenants which remain uncured as of the

Contract Date, except as set forth in SCHEDULE 10.9.

10.10. CONTRACTS. There are no construction, management, leasing, service, equipment, supply, maintenance or concession agreements in effect with respect to the Projects other than those Contracts (as defined in EXHIBIT D) set forth on SCHEDULE 10.10. No Owner has received from any contracting parties under the Contracts any written notices alleging any breach or default by such Owner which remain uncured as of the Contract Date, and no Owner has delivered to such contracting parties written notices alleging any breach or default by such contracting parties which remain uncured as of the Contract Date, except as set forth in SCHEDULE 10.10.

10.11. WARRANTIES. There are no guaranties or warranties relating to the design or construction of the Improvements or the installation, use or repair of any Personal Property other than those Warranties set forth in SCHEDULE 10.11.

10.12. ENVIRONMENTAL MATTERS. To the best of Contributor's actual knowledge, except as set forth in SCHEDULE 10.12:

(a) There has not been placed or located on any of the Projects by Contributor or any Owner, and there will not be placed or located on any of the Projects prior to Closing by Contributor or any Owner, any Hazardous Substance (as used herein, "HAZARDOUS SUBSTANCE" means any substance deemed hazardous, toxic or dangerous, or other substance required to be disclosed, reported, treated, removed, disposed of or cleaned-up by any applicable federal, state or local law, ordinance, code or regulation in effect on the date hereof, and includes, without limitation, lead paint, polychlorinated biphenyls, petroleum-based products and asbestos); and

(b) There has not been manufactured, stored or deposited by Contributor or any Owner on any of the Projects, any Hazardous Substance, and neither Contributor nor any Owner has received written notice of any proceeding or inquiry by any governmental authority with respect to the possible presence of any Hazardous Substance on any of the Projects, including the migration of any Hazardous Substances onto any of the Projects .

10.13. EXISTING LOAN DOCUMENTS. SCHEDULE 10.13 attached hereto sets forth a true, correct and complete listing of all of the promissory notes, mortgages and other loan documents evidencing or securing the Assumed Indebtedness (the "EXISTING LOAN DOCUMENTS"), and Contributor has delivered true, correct and complete copies of the Existing Loan Documents to Acquiror prior to the date hereof as part of Contributor's Deliveries. Contributor has complied with (and, prior to the Closing, shall continue to comply with) the terms of, and all notices or correspondence received from the holder of the Existing Loan Documents. Contributor has paid (and, at all times prior to the Closing, shall pay) all sums due under the Existing Loan Documents. The Existing Loan Documents are in full force and effect. Contributor is not in default under the Existing Loan Documents beyond any applicable notice, grace or cure period,

and there has not occurred any event which, with the giving of notice and/or the passage of time, or both, would constitute a default by Contributor thereunder. The outstanding principal amount of the Assumed Indebtedness is accurately set forth on SCHEDULE 10.13. Following Acquiror's assumption thereof, Acquiror will be entitled to prepay the Assumed Indebtedness by the payment of the outstanding principal amount and the accrued interest as of the date of prepayment without premium or penalty, or any fees and expenses due to the holder or servicer of the Assumed Indebtedness.

10.14. Notwithstanding anything to the contrary that may be stated herein, Acquiror may not invoke as a failure of a condition precedent to Acquiror's obligation to close hereunder, the inaccuracy of a representation or warranty of Contributor if the inaccuracy derives directly from a specific fact or circumstance actually known to Acquiror prior to the date hereof which was in existence on or prior to the date Contributor acquired the Contributed Assets.

11. REPRESENTATIONS AS TO SECURITIES AND RELATED MATTERS.

11.1. CONTRIBUTOR AND LP UNIT RECIPIENTS. Contributor represents and warrants to Acquiror that the following matters are true and correct as of the Contract Date and shall be true and correct as of the Closing Date; and each LP Unit Recipient represents and warrants (but only as to itself) to Acquiror that the matters set forth in Sections 11.1.1 and 11.1.4 are true and correct as of the Contract Date and shall be true and correct as of the Closing Date and covenant as follows:

11.1.1. Intentionally Omitted.

11.1.2. Intentionally Omitted.

11.1.3. Intentionally Omitted.

11.1.4. Each LP Unit Recipient represents that its LP Units are being acquired by it with the present intention of holding such LP Units for purposes of investment, and not with a view towards sale or any other distribution. Each LP Unit Recipient recognizes that it may be required to bear the economic risk of an investment in the LP Units for an indefinite period of time. Contributor and each LP Unit Recipient is an Accredited Investor. Contributor and each LP Unit Recipient has such knowledge and experience in financial and business matters so as to be fully capable of evaluating the merits and risks of an investment in the LP Units. No LP Units will be issued, delivered or distributed to any person or entity who is other than an Accredited Investor with respect to whom there has been delivered to Acquiror satisfactory Investor Materials confirming the status of such person or entity as an Accredited Investor. Each LP Unit Recipient has been furnished with the informational materials described in Section 4.2 above (collectively, the "INFORMATIONAL MATERIALS"), and has read and reviewed

the Informational Materials and understands the contents thereof. The LP Unit Recipients have been afforded the opportunity to ask questions of those persons they consider appropriate and to obtain any additional information they desire in respect of the LP Units and the business, operations, conditions (financial and otherwise) and current prospects of the UPREIT and the REIT. The LP Unit Recipients have consulted their own financial, legal and tax advisors with respect to the economic, legal and tax consequences of delivery of the LP Units and have not relied on the Informational Materials, Acquiror, the UPREIT, the REIT or any of their officers, directors, affiliates or professional advisors for such advice as to such consequences. Each of Contributor and its Interest Holders is an Accredited Investor under Regulation D promulgated under the Securities Act of 1933, as amended. No Contributor or LP Unit Recipient requires the consent of any Interest Holder in order to consummate the transactions contemplated by this Agreement, including to amend any partnership agreement, operating agreement, charter or other governing document of Contributor or any LP Unit Recipient. SCHEDULE 11.1.4 accurately sets forth (a) the direct ownership interest of Contributor and each LP Unit Recipient, and (b) the residence or, in the case of non-individual LP Unit Recipient or Contributor, state in which it was formed.

11.2. ACQUIROR. Acquiror represents and warrants to Contributor that the following matters are true and correct as of the Contract Date and shall be true and correct as of the Closing Date:

11.2.1. The UPREIT is a limited partnership duly authorized and validly existing under Delaware law. The performance of this Agreement by the UPREIT has been duly authorized by the REIT in accordance with the Partnership Agreement, and, upon the assignment of this Agreement to the UPREIT, this Agreement will be binding on the UPREIT and enforceable against it in accordance with its terms. The UPREIT has been at all times, and presently intends to continue to be, classified as a partnership or a publicly traded partnership taxable as a partnership for federal income tax purposes and not an association taxable as a corporation or a publicly traded partnership taxable as a corporation.

11.2.2. Acquiror is a corporation duly authorized and validly existing under Delaware law. The execution and delivery of this Agreement by Acquiror, and the performance of this Agreement by Acquiror, has been duly authorized by Acquiror, and this Agreement is binding on Acquiror and enforceable against it in accordance with its terms. No consent of any creditor, investor, partner, shareholder, judicial or administrative body, Governmental Authority, or other governmental body or agency, or other party to such execution, delivery and performance by Acquiror is required. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in a breach of, default under, or acceleration of, any agreement to which Acquiror is a party or by which Acquiror is bound; or (ii) violate any restriction, court order, agreement or other legal obligation to which Acquiror is subject.

11.2.3. The REIT is a real estate investment trust duly authorized and validly existing under Maryland law. The performance of this Agreement by the REIT, as general partner of the UPREIT, has been duly authorized by the REIT, and this Agreement is binding on the REIT, as general partner of the UPREIT, and enforceable against it, as general partner of the UPREIT, in accordance with its terms.

11.2.4. LITIGATION. To the best of Acquiror's actual knowledge, there is no material action, suit or proceeding pending or threatened against Acquiror, the UPREIT or the REIT which is expected to have a material adverse affect on Acquiror, the UPREIT or the REIT, or impair the ability of Acquiror to complete the transactions contemplated hereby.

12. COVENANTS OF CONTRIBUTOR. Effective from the execution of this Agreement until the Closing or termination of this Agreement, Contributor, for

itself and each Owner, hereby covenants with Acquiror as follows:

12.1. LEASES. No Owner shall amend in any material respect or terminate any Lease, nor shall any Owner execute any new lease, license, or other agreement affecting the ownership or operation of all or any portion of any Project or for personal property, equipment, or vehicles, without in each case Acquiror's prior written approval, which approval shall not be unreasonably withheld or delayed.

12.2. NEW CONTRACTS. No Owner shall enter into any contract with respect to the ownership and operation of all or any portion of any Project that will survive the Closing, or that would otherwise affect the use, operation or enjoyment of the applicable Project, without Acquiror's prior written approval, which approval may granted or denied in Acquiror's reasonable discretion, except for service contracts entered into in the ordinary course of business that are terminable, without charge or penalty, on not more than 30 days' notice, for which no approval shall be required.

12.3. OPERATION OF PROJECT. Each Owner shall operate and manage its Project in the same manner as presently operated and managed, maintaining present services (including pest control), and shall maintain the Project in its present repair and order, normal wear and tear excepted; shall keep on hand sufficient materials, supplies, equipment and other Personal Property for the efficient operation and management of the Project in its present manner; and shall perform, when due, all of its obligations under the Existing Loan Documents, Leases, Contracts, Governmental Approvals (as defined on EXHIBIT D) and other agreements relating to the Project and otherwise in accordance with applicable laws, ordinances, rules and regulations affecting the Project. None of the Personal Property, fixtures or Inventory shall be removed from any Project, unless replaced by personal property, fixtures or inventory of equal or greater utility and value.

12.4. PRE-CLOSING EXPENSES. Each Owner has paid or will pay or cause to be paid in full, prior to the Closing, all bills and invoices received prior to the Closing Date for labor, goods, material and services of any kind relating to its Project and utility charges for the period prior to the Closing. Contributor shall pay to Acquiror promptly upon demand all bills and invoices received after the Closing Date for labor, goods, material and services of any kind relating to any Project and utility charges for the period prior to the Closing. Except as disclosed in SCHEDULE 12.4, any alterations, installations, decorations and other work required to be performed on or prior to the Closing under any and all agreements affecting any Project have been or will, by the Closing, be completed and paid for in full.

12.5. GOOD FAITH. All actions required pursuant to this Agreement that are necessary to effectuate the transaction contemplated herein will be taken promptly and in good faith by Contributor, each Owner and Acquiror, and each party shall furnish the other with such documents or further assurances as the requesting party may reasonably require.

12.6. NO ASSIGNMENT. After the Contract Date and prior to the Closing, neither Contributor nor any Owner shall assign, alienate, lien, encumber or otherwise transfer all or any part of its Project or any interest therein.

12.7. AVAILABILITY OF RECORDS, AUDIT REPRESENTATION LETTER.

12.7.1. If the Closing Date occurs after March 31, 2000, then upon Acquiror's reasonable request, for a period of two years after the Closing, Contributor shall (i) make the Records available to Acquiror for inspection, copying and audit by Acquiror's designated accountants; and (ii) cooperate with Acquiror (without any third party expense to Contributor) in obtaining any and all permits, licenses, authorizations, and other Governmental Approvals necessary for the operation of the Project. Without limitation of the foregoing in this Section 12.7, if the Closing Date occurs after March 31, 2000, then Contributor agrees to abide by the terms of EXHIBIT E attached hereto. If the Closing Date occurs after March 31, 2000, then at any time before or within two years after the Closing, Contributor further agrees to provide to the Acquiror's designated independent auditor, upon the reasonable request of Acquiror or such auditor, (x) access (to the same extent to which Acquiror would be entitled to such access) to the books and records of the Projects and all related information (including the information listed on EXHIBIT E) regarding the period for which Acquiror is required to have the Projects audited under the regulations of the SEC, and (y) a representation letter delivered by Contributor regarding the books and records of the Project, in substantially the form as attached hereto as EXHIBIT F.

12.7.2. In addition, if the Closing Date occurs after March 31, 2000, then during such two year period Contributor shall provide, and cooperate in all reasonable respects in providing, Acquiror with copies of, or access to, such factual information as may be reasonably

requested by Acquiror, and in the possession or control of Contributor, to enable the REIT to issue one or more press releases concerning the transaction that is the subject of this Agreement, to file a Current Report on Form 8-K (as specified on EXHIBIT E attached hereto), if, as and when such filing may be required by the SEC and to make any other filings that may be required by any Governmental Authority. The obligation of Contributor to cooperate in providing Acquiror with such information for Acquiror to file its Current Report on Form 8-K shall survive the Closing.

12.8. CHANGE IN CONDITIONS. Contributor shall promptly notify Acquiror of any change in any condition with respect to any Project or of the occurrence of any event or circumstance that makes any representation or warranty of Contributor to Acquiror under this Agreement untrue or misleading, or any covenant of Acquiror under this Agreement incapable or less likely of being performed, it being understood that Contributor's obligation to provide notice to Acquiror under this Section 12.8 shall in no way relieve Contributor of any liability for a breach by Contributor of any of its representations, warranties or covenants under this Agreement.

12.9. CORPORATE STRUCTURE. From the Contract Date through and including the Closing Date, Contributor shall maintain the same composition of its direct shareholders as exists on the Contract Date, unless otherwise expressly provided in this Agreement or consented to by Acquiror in writing.

12.10. CURE OF VIOLATIONS. On or before the Closing Date, Contributor shall cure (or escrow sufficient funds at the Closing with the Title Company to cure) all violation(s) of law, code, ordinance or regulation that arise and are the subject of any written notice issued by a Governmental Authority with respect to any Project during the period of Contributor's ownership of the Contributed Interests.

13. INTENTIONALLY OMITTED

14. ADDITIONAL CONDITIONS PRECEDENT TO CLOSING.

14.1. ACQUIROR'S ADDITIONAL CONDITIONS PRECEDENT. In addition to the other conditions enumerated in this Agreement, the following shall be conditions precedent to Acquiror's obligation to close hereunder:

14.1.1. PHYSICAL CONDITION. The physical condition of Project shall be substantially the same on the Closing Date as on the Contract Date, reasonable wear and tear excepted, unless the alteration of said physical condition is the result of Damage. Without limiting the generality of the foregoing, the parties acknowledge and agree that the failure by

Contributor to cure any violation described in Section 12.10 shall be a failure of this condition precedent.

14.1.2. PENDING ACTIONS. At the Closing, there shall be no administrative agency, litigation or governmental proceeding of any kind whatsoever, pending or threatened with respect to the Project, (i) that, after the Closing, would, in Acquiror's reasonable discretion, materially and adversely affect the value or marketability of the Project or the ability of Acquiror to operate the Project in the manner it is being operated on the Contract Date, or (ii) for the purpose of enjoining or preventing, or which questions the validity or legality of, the transactions contemplated hereby.

14.1.3. ASSUMED INDEBTEDNESS. Contributor shall provide to Acquiror a letter from the holder of the Existing Loan Documents that relates to Assumed Indebtedness (if Acquiror elects to assume the same in accordance with Section 3.1) dated no earlier than ten (10) days prior to the Closing Date, (i) approving the transfer of the applicable Contributed Interests to the UPREIT subject to the Assumed Indebtedness, (ii) setting forth the amount of principal and interest outstanding on the Closing Date and confirming either (a) that there are no other amounts due thereunder, or (b) if any other amounts are due, stating the amount and nature thereof (which amounts shall in any event be paid by Contributor), and (iii) confirming, to the knowledge of such holders, the absence of any defaults under the Existing Loan Documents. Such letter shall be referred to as the "LENDER'S APPROVALS."

14.1.4. OWNERS. The direct shareholders of Contributor on the Closing Date shall be the same as on the Contract Date.

14.1.5. BANKRUPTCY. As of the Closing Date, neither Contributor, any Owner, nor any Project shall be the subject of any bankruptcy proceeding for which approval of this transaction has not been given and issued by the applicable bankruptcy court.

14.1.6. REPRESENTATIONS AND WARRANTIES TRUE. The representations and warranties of Contributor contained in this Agreement that are qualified by materiality shall be true and correct as of the Closing Date, and the other representations and warranties of Contributor contained in this

Agreement shall be true and correct as of the Closing Date in all material respects; provided, however, that if any representation or warranty is not true and correct as of the Closing Date, the same shall not constitute a failure of this condition precedent unless the same was willfully caused by Contributor.

14.1.7. COVENANTS PERFORMED. All covenants of Contributor required to be performed on or prior to the Closing Date shall have been performed in all material respects.

14.2. CONTRIBUTOR'S ADDITIONAL CONDITIONS PRECEDENT. In addition to the other conditions enumerated in this Agreement, including the condition set forth in Section 2.1, the following shall be conditions precedent to Contributor's obligation to close hereunder:

14.2.1. REPRESENTATIONS AND WARRANTIES. The representations and warranties of Acquiror contained in this Agreement that are qualified by materiality shall be true and correct as of the Closing Date, and the other representations and warranties of Contributor contained in this Agreement shall be true and correct as of the Closing Date in all material respects.

14.2.2. COVENANTS. All material covenants of Acquiror required to be performed on or prior to the Closing Date shall have been performed.

14.2.3. PENDING ACTIONS. At the Closing, there shall be no administrative agency, litigation or governmental proceeding of any kind whatsoever, pending or threatened, for the purpose of enjoining or preventing, or which questions the validity or legality of, the transactions contemplated hereby.

14.2.4. BANKRUPTCY. As of the Closing Date, neither Acquiror, the REIT nor the UPREIT shall be the subject of any bankruptcy proceeding for which approval of this transaction has not been given and issued by the applicable bankruptcy court.

14.2.5. NO MATERIAL ADVERSE CHANGE. There shall have occurred no material adverse change in the business, operations, condition (financial or otherwise), properties or assets of the REIT or the UPREIT since the Contract Date.

15. INTENTIONALLY OMITTED.

16. CLOSING DELIVERIES.

16.1. CONTRIBUTOR'S DELIVERIES. At the Closing (or such other times as may be specified below), Contributor shall deliver or cause to be delivered to Acquiror the following, each in form and substance reasonably acceptable to Contributor and Acquiror and their respective counsel:

16.1.1. ASSIGNMENT OF CONTRIBUTED INTERESTS. An assignment by Contributor of the Contributed Interest and its certificate of its withdrawal from Deereco, Atrium and Brown's Wharf.

16.1.2. RELEASE. A release from Contributor releasing each Owner and the UPREIT from any obligations and liabilities with respect to any matter arising from business done, transactions entered into or events occurring prior to the Closing Date.

16.1.3. LENDER'S APPROVALS. The Lender's Approvals from the holders of all of the Assumed Indebtedness in conformity with SECTION 14.1.3.

16.1.4. KEYS. Keys to all locks located at the Project (to the extent in Contributor's possession or control);

16.1.5. AFFIDAVIT OF TITLE AND ALTA STATEMENT. As to each Project, an Affidavit of Title (or comparable document) limited solely to status of parties in possession, absence of outstanding contracts of sale and mechanics' and/or materialman liens and such additional affidavits as the Title Company shall reasonably require in order to issue an owner's policy of title insurance (or any appropriate endorsement, including without limitation "non-imputation" and "same as survey" endorsements (if available), to any Owner's existing policy of title insurance, if any, insuring the Owner's title as of the Closing Date and in the amount of the applicable portion of the Asset Value) free of any Prohibited Exceptions;

16.1.6. LETTER TO TENANTS. A letter executed by the applicable Owner and, if applicable, its management agent, addressed to each Tenant, in form reasonably acceptable to Acquiror, notifying each Tenant of the transfer of its Project and directing payment of all rents accruing after the

Closing Date to be made to Acquiror or at its direction;

16.1.7. INTENTIONALLY OMITTED.

16.1.8. ORIGINAL DOCUMENTS. To the extent not previously delivered to Acquiror, originals of the Leases, Assigned Contracts and Governmental Approvals that are in Contributor's possession or control (or, if the originals have been lost or destroyed, copies that are in Contributor's possession or control certified by Contributor as true, correct and complete);

16.1.9. CLOSING STATEMENT. A closing statement conforming to the proration and other relevant provisions of this Agreement (the "CLOSING STATEMENT") duly executed by Contributor;

16.1.10. PLANS AND SPECIFICATIONS. All plans and specifications relating to the Project in Contributor's possession or control;

16.1.11. TAX BILLS. Copies of the most currently available Tax Bills to the extent not previously delivered to Acquiror;

16.1.12. ENTITY TRANSFER CERTIFICATE. Entity transfer certifications confirming that Contributor is a "United States Person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended;

16.1.13. RENT ROLL. An updated Rent Roll, prepared as of the Closing Date, certified by Contributor to be true, complete and correct through the Closing Date;

16.1.14. PARTNERSHIP DELIVERIES; WARRANT AGREEMENT. The documents that are referred to in the Partnership Agreement (as amended) in connection with the admission of an additional limited partner (including the Amendment) and the warrant agreement contemplated by Section 3.6 above, each of such documents to be duly executed by Contributor or other person or entity receiving LP Units hereunder;

16.1.15. LP UNITS SCHEDULE. The LP Units Schedule set forth on SCHEDULE 4.1.2, duly executed by Contributor;

16.1.16. CLOSING CERTIFICATE. A certificate, signed by Contributor and the LP Unit Recipients, certifying to the UPREIT that (a) the representations and warranties of Contributor contained in this Agreement that are qualified by materiality are true and correct as of the Closing Date and the other representations and warranties of Contributor contained in this Agreement are true and correct as of the Closing Date in all material respects, and (b) all material covenants required to be performed by Contributor prior to the Closing Date have been performed;

16.1.17. OTHER. Such other documents and instruments as may reasonably be required by Acquiror (including those of Contributor's Deliveries in Contributor's possession or control that have not previously been delivered to Acquiror), its (or its underwriters' or lenders') counsel or the Title Company and that may be necessary to consummate the transactions that are the subject of this Agreement and to otherwise give effect to the agreements of the parties hereto. After the Closing, Contributor shall, without cost to Contributor, execute and deliver to Acquiror such further documents and instruments as Acquiror shall reasonably request to effect these transactions and otherwise effect the agreements of the parties hereto.

16.2. ACQUIROR'S DELIVERIES. Unless previously delivered to Contributor, at the Closing (or such other times as may be specified below), Acquiror shall cause to be delivered to Contributor the following, each in form and substance reasonably acceptable to Contributor and Acquiror and their respective counsel:

16.2.1. REGISTRATION CONFIRMATION. A certificate from the UPREIT certifying as to the registration of the LP Units in the books and records of the UPREIT and the

ownership by Contributor of such LP Units, together with a copy of such books and records showing such ownership;

16.2.2. PARTNERSHIP AGREEMENT. A copy of the Partnership Agreement, duly certified by the secretary of the REIT as true, complete and correct;

16.2.3. AMENDMENT; WARRANT AGREEMENT. The Amendment and the warrant agreement contemplated by Section 3.6 above, duly executed by the REIT;

16.2.4. ORGANIZATIONAL DOCUMENTS. A copy certified by the Secretary of State of the State of Delaware and Maryland, respectively, of

the Articles of Incorporation of Acquiror and the REIT and a good standing certificate for Acquiror and the REIT; (ii) a copy certified by the Secretary of State of the State of Delaware of the certificate of limited partnership of the UPREIT and a good standing certificate for the UPREIT; and (iii) a copy, certified by the secretary of the REIT, of the resolutions of the REIT's board of trustees, authorizing the transactions described herein;

16.2.5. CLOSING STATEMENT. The Closing Statement, duly executed by the UPREIT;

16.2.6. REGISTRATION RIGHTS CONFIRMATION. An acknowledgment by the REIT that Contributor is entitled to the benefits of the Registration Rights Agreement as a result of its admission as a limited partner in the UPREIT;

16.2.7. ASSIGNMENT. The assignment by Acquiror of its rights and obligations hereunder to the UPREIT;

16.2.8. LP UNITS SCHEDULE. The LP Units Schedule set forth on SCHEDULE 4.1.2, duly executed by the UPREIT;

16.2.9. TENANTS LETTER. A letter to Tenants described in Section 16.1.6 above, duly executed by the UPREIT; and

16.2.10. CLOSING CERTIFICATE. A certificate, signed by Acquiror, certifying to the Contributor that (a) the representations and warranties of Acquiror contained in this Agreement that are qualified by materiality are true and correct as of the Closing Date and the other representations and warranties of Acquiror contained in this Agreement are true and correct as of the Closing Date in all material respects, and (b) all material covenants required to be performed by Acquiror prior to the Closing Date have been performed;

16.2.11. OTHER. Such other documents and instruments as may reasonably be required by Contributor, the LP Unit Recipient or its or their respective counsel or the Title Company and that are necessary to consummate the transactions which are the subject of this Agreement and to otherwise effect the agreements of the parties hereto. After Closing, the UPREIT shall, without cost to the UPREIT, execute and deliver to Contributor such further documents and instruments as Contributor shall reasonably request to effect these transactions and otherwise effect the agreements of the parties hereto.

16.2.12. RELEASE. A release from the UPREIT and each Owner releasing Contributor from any obligations and liabilities with respect to any matter arising from business done, transactions entered into or events occurring after the Closing Date.

17. PRORATIONS AND ADJUSTMENTS. The following shall be prorated and adjusted between Contributor and Acquiror as of the Closing Date, except as otherwise specified:

Except to the extent otherwise expressly provided in this Agreement, with respect to apportionments hereunder for the Deereco and Atrium Projects, all matters that were described in the contract of sale for the Deereco and Atrium Projects by which Contributor acquired the limited liability company interests in Deereco and Atrium (the "DEERECO/ATRIUM CONTRACT") as matters to be apportioned between the seller and purchaser at the Closing under the Deereco/Atrium Contract, shall be similarly apportioned between Contributor and Acquiror at the closing hereunder in accordance with the provisions of the Deereco/Atrium Contract. Except to the extent otherwise expressly provided in this Agreement, with respect to apportionments hereunder for the Brown's Wharf Project, all matters that were described in the contract of sale for the Brown's Wharf Project by which Contributor acquired the limited liability company interests in Brown's Wharf (the "BROWN'S WHARF CONTRACT") as matters to be apportioned between the seller and purchaser at the closing under the Brown's Wharf Contract, shall be similarly apportioned between Contributor and Acquiror at the Closing hereunder in accordance with the provisions of the Brown's Wharf Contract.

17.1. Distributions in respect of the LP Units acquired by the LP Unit Recipients shall begin to accrue from and after the Closing Date (notwithstanding the fact that such date may not be the applicable Record Date under the Partnership Agreement), and the amount of distributions paid or to be paid to the LP Unit Recipients for any quarter shall be prorated accordingly;

17.2. Such other items that are customarily prorated in transactions of this nature shall be ratably prorated.

For purposes of calculating prorations, Acquiror shall be deemed to be in title to the Project, and therefore entitled to the income therefrom and responsible for the expenses thereof,

for the entire Closing Date. All such prorations shall be made on the basis of the actual number of days of the year and month that shall have elapsed as of the Closing Date. Bills received after the Closing that relate to expenses incurred, services performed or other amounts allocable to the period prior to the Closing Date shall be paid, in cash, by Contributor, to the extent due and owing. Bills received by Contributor after the Closing Date that relate to expenses incurred, services performed or other amounts allocable to the period on or after the Closing Date, shall be paid, in cash, by the Acquiror, to the extent due and owing.

18. CLOSING EXPENSES. Unless the Assumed Indebtedness is assumed by Acquiror (in which case the provisions of Section 3.3 shall apply), Contributor will pay the entire cost of all release fees, prepayment fees and any other fees in connection with the payoff, release and satisfaction of the Assumed Indebtedness and all fees imposed by its accountants and attorneys in connection with this Agreement and the transaction contemplated hereunder. The provisions of this Section 18 shall survive the Closing without time limitation.

19. DESTRUCTION, LOSS OR DIMINUTION OF REAL PROPERTY. If, prior to the Closing, all or any portion of any Project is damaged by fire or other natural casualty (collectively, "DAMAGE"), or is taken or made subject to condemnation, eminent domain or other governmental acquisition proceedings (collectively, "EMINENT DOMAIN"), then the following procedures shall apply:

19.1. Acquiror shall close and take the Project in question as diminished by the Damage or Eminent Domain, as the case may be, subject to a reduction in the Contribution Consideration otherwise due at the Closing, in the amount set forth in Section 19.2 below.

19.2. At the Closing, Contributor shall assign or pay over to Acquiror all proceeds of Contributor's casualty insurance proceeds in the case of any Damage (or condemnation awards in the case of any Eminent Domain). In addition, in the case of any Damage, to the extent such amounts are insufficient to pay for the full cost of the repair or replacement of the Project (whether by reason of a deductible, uninsured amount or otherwise), Acquiror shall proceed to close on all of the Projects subject to a reduction in the Contribution Consideration equal to the difference between (a) the amount assigned or paid over to Acquiror, and (b) the amount required to pay for the full cost of the repair or replacement of the Project. Contributor shall fully cooperate with Acquiror in the adjustment and settlement of the insurance claim or governmental acquisition proceeding and if, as of the Closing, the insurance proceeds (or condemnation award) assignable to Acquiror shall not have been collected from the insurer or Governmental Authority, then a cash credit in the amount thereof shall be given to Acquiror, to be repaid to Contributor out of and upon Acquiror's actual receipt of insurance proceeds (or condemnation award). The proceeds and benefits under any rent loss or business interruption policies attributable to the period following the Closing shall likewise be transferred and paid over (and, if applicable, likewise credited on an interim basis) to Acquiror.

19.3. In the event of a dispute between Contributor and Acquiror with respect to the full cost of repair and/or replacement with respect to the matters set forth in this Section 19, an engineer designated by Contributor and an engineer designated by Acquiror shall select an independent engineer licensed to practice in the jurisdiction where the Project in question is located who shall resolve such dispute. All fees, costs and expenses of such third engineer so selected shall be shared equally by Acquiror and Contributor.

20. DEFAULT; INDEMNITY.

20.1. DEFAULT BY CONTRIBUTOR. In the event that the express conditions of Contributor's obligations under this Agreement have been satisfied (or have been waived or deemed waived), and Acquiror has complied with all material terms and conditions set forth in this Agreement to be complied with by Acquiror prior to or at Closing, and Contributor is unwilling or otherwise fails to consummate Closing, then Contributor shall promptly reimburse Acquiror for Acquiror's actual, documented, out-of-pocket expenses incurred in anticipation of consummating the Closing, up to Twenty-Five Thousand Dollars ($25,000), and thereupon Contributor shall, except as expressly provided in this Agreement, have no further obligation or liability to Acquiror under this Agreement, and this Agreement shall be null and void. In the alternative, and the foregoing notwithstanding, Acquiror shall have the right to seek specific performance of Contributor's obligation to contribute the Contributed Interests and complete the Closing hereunder. The foregoing enumerated remedies shall be Acquiror's sole and exclusive remedies hereunder at law or in equity.

20.2. DEFAULT BY ACQUIROR. In the event that the express conditions of Acquiror's obligations under this Agreement have been satisfied (or have been waived or deemed waived), and Contributor has complied with all material terms and conditions set forth in this Agreement to be complied with by Contributor prior to or at Closing, and Acquiror is unwilling or otherwise fails

to consummate Closing, then Acquiror shall promptly reimburse Contributor for Contributor's actual, documented, out-of-pocket expenses incurred in anticipation of consummating the Closing, up to Twenty-Five Thousand Dollars ($25,000), and thereupon Acquiror shall, except as expressly provided in this Agreement, have no further obligation or liability to Contributor under this Agreement, and this Agreement shall be null and void. In the alternative, and the foregoing notwithstanding, Contributor shall have the right to seek specific performance of Acquiror's obligation to acquire the Contributed Interests, pay the Contribution Consideration and complete Closing hereunder. The foregoing enumerated remedies shall be Contributor's sole and exclusive remedies hereunder at law or in equity.

20.3. INDEMNIFICATION.

20.3.1. ACQUIROR, THE REIT AND THE UPREIT. Contributor and each LP Unit Recipient, jointly and severally, agree to and do hereby indemnify, defend and hold harmless Acquiror, the UPREIT and the REIT, each of their respective Affiliates, partners, members, officers, directors, shareholders, agents and the employees of any of them, and each of their respective successors and assigns (collectively, the "ACQUIROR INDEMNIFIED PARTIES"), from and against any and all claims, losses, demands, liabilities, suits, administrative proceedings, causes of action, costs and damages suffered by any Acquiror Indemnified Party, but excluding consequential damages, and reasonable attorneys' fees of counsel selected by any Acquiror Indemnified Party and other costs of defense, incurred, arising against, or suffered by any Acquiror Indemnified Party, both known and unknown, present and future, at law or in equity (collectively, "LOSSES"), arising out of, by virtue of or related in any way to, a breach of any representation, warranty or covenant of Contributor set forth in this Agreement, whether discovered before or after the Closing.

20.3.2. CONTRIBUTOR AND THE LP UNIT RECIPIENTS. Acquiror agrees to and does hereby indemnify, defend and hold harmless Contributor and the LP Unit Recipients and each of their respective partners, officers, directors, shareholders, agents and employees, and each of their successors and assigns, from and against any and all Losses arising out of, by virtue of or related in any way to, a breach of any representation, warranty or covenant of Acquiror set forth in this Agreement, whether discovered before or after the Closing.

20.3.3. LIMITATIONS.

20.3.3.1 All representations and warranties set forth in this Agreement shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, regardless of any investigation made by the parties hereto or their representatives, for a period ending on the date which is one year after the Closing Date; PROVIDED, HOWEVER, that any claim based on a representation or warranty actually known by the indemnifying person to be untrue, without any affirmative duty of investigation, shall survive without limit; PROVIDED FURTHER, HOWEVER, that no claim for breach of a representation or warranty may be brought under this Agreement unless written notice of such claim (stating the date of discovery thereof and the factual basis therefor in reasonable detail) shall have been given on or prior to the last day of the survival period (in which event each such representation and warranty shall survive until such claim is finally resolved and all obligations with respect thereto are fully satisfied). With respect to any claim validly alleging a breach of a representation or warranty hereunder filed within the period set forth above, the obligation to indemnify pursuant to this Section 20.3 shall survive without limit. All covenants, agreements and undertakings hereunder shall survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, regardless of any investigation made by the parties hereto or their representatives, without limit (except to the extent expressly provided herein).

20.3.3.2 To the extent that any Contributor's representation or warranty hereunder relates to a specific fact or circumstance which occurred on or prior to Contributor's acquisition of the Contributed Interests, the survival period applicable to such representation or warranty hereunder shall expire contemporaneously with the expiration of the survival period for the corresponding representation or warranty in the Deereco/Atrium Contract or the Brown's Wharf Contract, as the case may be.

20.3.3.3 The indemnification obligations hereunder shall be limited to claims made prior to the last date of survival of the applicable representation, warranty or covenant referred to in this Agreement.

20.3.3.4 The amount of the indemnifying party's liability under this Agreement shall be determined taking into account (A) any applicable insurance proceeds actually received by the indemnified

party, and (B) any other savings realized in connection with such liability that actually reduce the overall impact of the Losses upon the indemnified party.

20.3.3.5 Each indemnified party shall give reasonably prompt notice to each indemnifying party of any action or proceeding commenced against the indemnified party in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party (i) shall not relieve it from any liability which it may have under any indemnity provided herein unless and to the extent it did not otherwise learn of such action and the lack of notice by the indemnified party results in the forfeiture by the indemnifying party of substantial rights and defenses and (ii) shall not, in any event, relieve the indemnifying party from any obligations to any indemnified party hereunder other than its indemnification obligation. If the indemnifying party so elects within a reasonable time after receipt of such notice, the indemnifying party may assume the defense of such action or proceeding at such indemnifying party's own expense with counsel chosen by the indemnifying party and reasonably acceptable to the indemnified party. If an indemnifying party does not assume such defense, after having received the notice referred to in the first sentence of this Section 20.3.3.5, the indemnifying party or parties will pay the reasonable fees and expenses of counsel for the indemnified party or parties. In such event however, no indemnifying party will be liable for any settlement effected without the written consent of such indemnifying party. Except as specific in this Section 20.3.3.5, if an indemnifying party is entitled to assume, and assumes, the defense of such action or proceeding in accordance with this Section, such indemnifying party shall not be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action or proceeding.

21. SUCCESSORS AND ASSIGNS. The terms, conditions and covenants of this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective nominees, successors, beneficiaries and permitted assigns. Neither party hereto shall have any right to assign this Agreement or its rights hereunder; provided, however, subject to the

provisions of Section 2.1 hereof, Acquiror shall prior to Closing assign its right, title and interest under this Agreement to the UPREIT (or a successor partnership) but shall not otherwise assign any of its rights hereunder.

22. LITIGATION. In the event of litigation between the parties with respect to the Project, this Agreement, the performance of their respective obligations hereunder or the effect of a termination under this Agreement, the losing party shall pay all costs and expenses incurred by the prevailing party in connection with such litigation, including reasonable attorneys' fees of counsel selected by the prevailing party. The parties hereby further acknowledge and agree that in the event of litigation between them, as contemplated above, and the resolution of that litigation through compromise, settlement, or partial judgment, the court before which such litigation is initially brought shall have the right to allocate responsibility, between Contributor and Acquiror, for all costs and expenses (including attorneys' reasonable fees) incurred by both Contributor and Acquiror in the pursuit of that litigation resolved through compromise, settlement or partial judgment. Notwithstanding any provision of this Agreement to the contrary, the obligations of the parties under this Section 22 shall survive termination of this Agreement and the Closing, if applicable.

23. NOTICES. Any notice, demand or request which may be permitted, required or desired to be given in connection therewith shall be given in writing and directed to Contributor and Acquiror as follows:

Contributor:	United Properties Group, Incorporated 305 W. Grand Avenue, Suite 100 Montvale, New Jersey 07645 Attention: Joseph S. Thompson Telephone: (201) 505-4080 Facsimile: (201) 505-0481
With a copy to its attorneys:	LeBoeuf, Lamb, Greene & MacRae, L.L.P. 125 West 55th Street New York, New York 10019-5389 Attention: James Verscaj, Esquire Telephone: (212) 424-8000 Facsimile: (212) 424-8500
Acquiror:	COPT ACQUISITIONS, INC. c/o Corporate Office Properties Trust 8815 Centre Park Drive, Suite 400 Columbia, MD 21045

Attention: John H. Gurley, Esq.
Telephone: (410) 730-9092

Facsimile: (410) 740-1174

With a copy to its attorneys:

MORGAN, LEWIS & BOCKIUS LLP
1701 Market Street
Philadelphia, PA 19103
Attention: Eric L. Stern, Esquire
Telephone: (215) 963-5000
Facsimile: (215) 963-5299

Notices shall be deemed properly delivered and received when and if either (i) personally delivered, including via confirmed facsimile; (ii) on the first business day after deposit with a commercial overnight courier for delivery on the next business day; or (iii) five (5) days after having be sent via registered or certified first class mail, postage prepaid, return receipt requested. Any party may change its address for delivery of notices by properly notifying the others pursuant to this Section 23.

24. BENEFIT. This Agreement is for the benefit only of the parties hereto and their nominees, successors, beneficiaries and assignees as permitted in Section 21 above and no other person or entity shall be entitled to rely hereon, receive any benefit herefrom or enforce against any party hereto any provision hereof.

25. LIMITATION OF LIABILITY. All liabilities and obligations of Acquiror under this Agreement shall be those of Acquiror only. Subject to the consummation of the Assignment, Contributor shall not, under any circumstances, look to any person or entity other than Acquiror, including any Affiliate of Acquiror, for performance or satisfaction of Acquiror's obligations and liabilities in connection with this Agreement. Without limiting the foregoing, none of the REIT or any Affiliate of Acquiror or their respective members, partners and shareholders shall incur any liability under any document or agreement required in connection with this Agreement, and Acquiror shall not be required (in connection with this Agreement) to execute any document or agreement. that does not expressly exculpate and release such parties and their respective successors, assigns, affiliates, officers, shareholders, partners, employees, agents and representatives from any liability or obligation arising out of, or in connection with, this Agreement. Except as otherwise specifically provided in this Agreement, none of the UPREIT, the REIT and Acquiror shall assume or discharge any debts, obligations, liabilities or commitments of Contributor, whether accrued now or hereafter, fixed or contingent, known or unknown.

26. BROKERAGE. Acquiror and Contributor each represents to the other that it has not dealt with any broker or agent in connection with this transaction Each party hereby indemnifies and holds harmless the other party from all loss, cost and expense (including reasonable attorneys' fees) arising out of a breach of its representation or undertaking set forth in this Section 26. The provisions of this Section 26 shall survive Closing or the termination of this Agreement.

27. REASONABLE EFFORTS. Contributor and Acquiror shall use their reasonable, diligent and good faith efforts, and shall cooperate with and assist each other in their efforts, to obtain any and all consents and approvals of third parties (including governmental authorities) to the transaction contemplated hereby, and to otherwise perform as may be necessary or otherwise reasonably requested by the other party to effectuate the transfer of the Project to Acquiror in accordance with, and to otherwise carry out the purposes of, this Agreement.

28. MISCELLANEOUS.

28.1. ENTIRE AGREEMENT. This Agreement constitutes the entire understanding between the parties with respect to the transaction contemplated herein, and all prior or contemporaneous oral agreements, understandings, representations and statements, and all prior written agreements, understandings, letters of intent and proposals are merged into this Agreement. Neither this Agreement nor any provisions hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

28.2. TIME OF THE ESSENCE. Time is of the essence of this Agreement. If any, date herein set forth for the performance of any obligations by Contributor or Acquiror or for the delivery of any instrument or notice as herein provided should be on a Saturday, Sunday or legal holiday, the compliance with such obligations or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or legal holiday. As used herein, the term "legal holiday" means any state or federal holiday for which financial institutions or post offices are generally closed in the State of Maryland for observance thereof.

28.3. CONDITIONS PRECEDENT. The obligations of the parties to consummate the transactions contemplated hereby are subject to the express conditions precedent set forth in this Agreement, each of which is for the sole benefit of the applicable party and may be waived at any time by written notice thereof from such party to the other. The waiver of any particular condition precedent shall not constitute the waiver of any other.

28.4. CONSTRUCTION. This Agreement shall not be construed more strictly against one party than against the other merely by virtue of the fact that it may have been prepared by counsel for one of the parties, it being recognized that both Contributor and Acquiror have contributed substantially and materially to the preparation of this Agreement. The headings of various Sections in this Agreement are for convenience only, and are not to be utilized in construing the content or meaning of the substantive provisions hereof.

28.5. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

28.6. PARTIAL INVALIDITY. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any one provision shall not affect the validity of enforceability of any other provision hereof.

28.7. EXPENSES. Except and to the extent as otherwise expressly provided to the contrary herein, Acquiror and Contributor shall each bear its own respective costs and expenses relating to the transactions contemplated hereby, including fees and expenses of legal counsel or other representatives for the services used, hired or connected with the proposed transactions mentioned above.

28.8. CERTAIN SECURITIES MATTERS. No sale of LP Units is intended by the parties by virtue of their execution of this Agreement. Any sale of LP Units referred to in this Agreement will occur, if at all, upon the Closing.

28.9. CERTAIN SCHEDULES. Schedules 10.5, 10.6, 10.7, 10.9, 10.10, 10.11 and 10.12 hereto which are incomplete as of June 23, 1999 shall be prepared by Contributor and appended hereto prior to the Contract Date. Contributor shall not knowingly create or suffer the creation of matters which shall be the subject of such disclosure schedules and shall use reasonable efforts to notify Acquiror as promptly as possible once Contributor acquires knowledge of any such matters.

28.10. COUNTERPARTS. This Agreement may be executed in any number of identical counterparts, any of which may contain the signatures of less than all parties, and all of which together shall constitute a single agreement.

[SIGNATURE PAGE FOLLOWS THIS PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Contribution Agreement the day and year first above written

CONTRIBUTOR AND LP UNIT RECIPIENT:

UNITED PROPERTIES GROUP, INCORPORATED,
a New York corporation

By: /s/ Joseph S. Thompson

Name: Joseph S. Thompson
Its: Vice President

ACQUIROR:

COPT ACQUISITIONS, INC., a Delaware corporation

By: /s/ John Harris Gurley

Name: John Harris Gurley
Its: Vice President

LISTING AND LEGAL DESCRIPTION OF EACH PROJECT

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OWNER	PROJECT STREET ADDRESS	COUNTY	STATE	RSF.
<S>	<C>	<C>	<C>	<C>
Deereco	9690 Deereco Road	Baltimore	MD	132,819
Atrium	375 Padonia Road West	Baltimore	MD	100,804
Brown's Wharf	1615, 1625 & 1629 Thames Street	Baltimore	MD	103,670

</TABLE>

[LEGAL DESCRIPTIONS TO BE ATTACHED]

CORPORATE OFFICE PROPERTIES, L.P.

SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS PURSUANT TO A REGISTRATION OR EXEMPTION THEREFROM.

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CORPORATE OFFICE PROPERTIES, L.P.

SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

The undersigned, being the sole general partner and the initial Limited Partners of CORPORATE OFFICE PROPERTIES, L.P. (the "Partnership"), a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act, do hereby enter into this Second Amended and Restated Partnership Agreement as of this ____ day of December, 1999.

R E C I T A L S:

A. The Partnership was formed pursuant to a Certificate of Limited Partnership filed on October 10, 1997 with the Secretary of State of the State of Delaware under the name "FCO, L.P." following the execution of a Limited Partnership Agreement dated October 14, 1997 (the "Original Partnership Agreement") among the General Partner's predecessor and the Initial Limited Partners.

B. The Partnership changed its name to Corporate Office Properties, L.P. as of January 1, 1998.

C. The General Partner was reformed as a Maryland real estate investment trust on March 16, 1998.

D. The General Partner, the Limited Partners and the Preferred Limited Partners amended and restated the Original Partnership Agreement on March 16, 1998 (the "First Amended and Restated Partnership Agreement").

E. The General Partner, the Limited Partners and the Preferred Limited Partners desire to set forth the understandings and agreements, including certain rights and obligations, among the Partners (as hereinafter defined) with respect to the Partnership. This Agreement amends, restates and supersedes the First Amended and Restated Partnership Agreement in its entirety.

ARTICLE I - - INTERPRETIVE PROVISIONS

SECTION 1.1 CERTAIN DEFINITIONS. The following terms have the definitions hereinafter indicated whenever used in this Agreement with initial capital letters:

ACT: The Delaware Revised Uniform Limited Partnership Act, Sections 17-101 to 17-1111 of the Delaware Code, Title 6, as amended from time to time.

ADDITIONAL LIMITED PARTNER/PREFERRED LIMITED PARTNER: A Person admitted to the Partnership as a Limited Partner or Preferred Limited Partner in accordance with Section 8.7

hereof and who is shown as such on the books and records of the Partnership in such Person's capacity as a limited partner of the Partnership.

ADJUSTED CAPITAL ACCOUNT: With respect to any Partner, such Partner's Capital Account maintained in accordance with Section 4.4 hereof, as of the end of the relevant Fiscal Year of the Partnership, after giving effect to the following adjustments:

(A) Credit to such Capital Account such Partner's share of Partnership Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(g)(1) and such Partner's share of Partner Minimum Gain determined in accordance with Treasury Regulations Section 1.7042(i)(5).

(B) Debit to such Capital Account the items described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of "Adjusted Capital Account" is intended to comply with the provisions of Treasury Regulations Sections 1.704-1(b)(2)(ii) and 1.704-2 and shall be interpreted consistently therewith.

ADJUSTED CAPITAL ACCOUNT DEFICIT: With respect to any Partner, the deficit balance, if any, in that Partner's Adjusted Capital Account as of the end of the relevant Fiscal Year of the Partnership.

AFFILIATE: With respect to any referenced Person, (i) a member of such Person's immediate family; (ii) any Person who directly or indirectly owns, controls or holds the power to vote ten percent (10%) or more of the outstanding voting interests or securities of the Person in question; (iii) any Person ten percent (10%) or more of whose outstanding interests or securities are directly or indirectly owned, controlled, or held with power to vote by the Person in question; (iv) any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with the Person in question; (v) if the

Person in question is a corporation, any executive officer or director of such Person or of any corporation directly or indirectly controlling such Person; and (vi) if the Person in question is a partnership, any general partner of the partnership or any limited partner owning or controlling ten percent (10%) or more of either the capital or profits interest in such partnership. As used herein, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

AGREED VALUE: In the case of any (i) Contributed Property acquired pursuant to a Contribution Agreement, the value of such Contributed Property as set forth in or determined pursuant to such Contribution Agreement or, if no such value is set forth or determined for such Contributed Property, the portion of the consideration provided for under such Contribution Agreement allocable to such Contributed Property, as determined by the General Partner in its reasonable discretion, (ii) Contributed Property acquired other than pursuant to a Contribution Agreement, the fair market value of such property at the time of contribution, as determined by the General Partner using such method of valuation as it may adopt in its reasonable discretion

and (iii) property distributed to a Partner by the Partnership, the Partnership's Book Value of such property at the time such property is distributed without taking into account, in the case of each of (i), (ii) and (iii), the amount of any related indebtedness assumed by the Partnership (or the Partner in the case of clause (iii)) or to which the Contributed Property is taken subject.

AGREEMENT: This Second Amended and Restated Limited Partnership Agreement and all Exhibits attached hereto, as the same may be amended or restated and in effect from time to time which are hereby incorporated by reference and made a part of this Agreement.

ASSIGNEE: Any Person to whom one or more Partnership Units or Preferred Units have been Transferred as permitted under this Agreement but who has not become a Substituted Limited Partner/Preferred Limited Partner in accordance with the provisions hereof.

BANKRUPTCY: Either (i) a referenced Person's making an assignment for the benefit of creditors, (ii) the filing by a referenced Person of a voluntary petition in bankruptcy, (iii) a referenced Person's being adjudged insolvent or having entered against such referenced Person an order for relief in any bankruptcy or insolvency proceeding, (iv) the filing by a referenced Person of an answer seeking any reorganization, composition, readjustment, liquidation, dissolution, or similar relief under any law or regulation, (v) the filing by a referenced Person of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such referenced Person in any proceeding of reorganization, composition, readjustment, liquidation, dissolution, or for similar relief under any statute, law or regulation or (vi) a referenced Person's seeking, consenting to, or acquiescing in the appointment of a trustee, receiver or liquidator for all or substantially all of such referenced Person's property (or court appointment of such trustee, receiver or liquidator). The foregoing is intended to supersede the events listed in Section 17-402(a)(4) and (5) of the Act.

BOOK-TAX DISPARITY: With respect to any item of Contributed Property, or property the Book Value of which has been adjusted in accordance with Section 4.4(D), as of the date of determination, the difference between the Book Value of such property and the adjusted basis of such property for federal income tax purposes.

BOOK VALUE: With respect to any Contributed Property, the Agreed Value of such property reduced (but not below zero) by all Depreciation with respect to such property properly charged to the Partners' Capital Accounts and with respect to any other asset, the asset's adjusted basis for federal income tax purposes; PROVIDED, HOWEVER, (a) the Book Value of all Partnership Assets shall be adjusted in the event of a revaluation of Partnership Assets in accordance with Section 4.4(D) hereof, (b) the Book Value of any Partnership Asset distributed to any Partner shall be the fair market value of such asset on the date of distribution as determined by the General Partner and (c) such Book Value shall be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

CAPITAL ACCOUNT: The account maintained by the Partnership for each Partner described in Section 4.4 hereof.

CAPITAL CONTRIBUTION: The total amount of cash or cash equivalents and the Agreed Value (reduced to take into account the amount of any related indebtedness assumed by the Partnership, or to which the Contributed Property is subject) of Contributed Property which a Partner contributes or is deemed to contribute to the Partnership pursuant to the terms of this Agreement.

CASH PAYMENT: The payment to a Redeeming Party of a cash amount determined by multiplying (i) the number of Partnership Units tendered for redemption by such Redeeming Party pursuant to a validly proffered Redemption Notice by (ii) the Unit Value with respect to such Partnership Units.

CERTIFICATE: The Partnership's Certificate of Limited Partnership filed in the office of the Secretary of State of the State of Delaware, as amended from time to time.

CODE: The Internal Revenue Code of 1986, as amended from time to time.

CONSENT: Either the written consent of a Person or the affirmative vote of such Person at a meeting duly called and held pursuant to this Agreement, as the case may be, to do the act or thing for which the consent or vote is required or solicited, or the act of granting such consent or vote, as the context may require.

CONSTELLATION AGREEMENTS: Those certain agreements, dated May 14, 1998, by and among the General Partner, the Partnership and the Constellation Real Estate Group, Inc., and certain partnerships and other entities, pursuant to which certain real property, partnership and membership interests in certain entities which hold real property or mortgages secured by real property, and certain other assets were contributed to the General Partner in exchange for REIT Shares.

CONSTELLATION ASSETS: Properties contributed to the General Partner in exchange for REIT Shares, pursuant to the Constellation Agreements.

CONTRIBUTED PROPERTY: Each property or other asset (excluding cash and cash equivalents) contributed or deemed contributed to the Partnership (whether as a result of a Code Section 708 termination or otherwise). For the avoidance of doubt, the properties and assets held by the partnership constituting the Contributed Interests (as defined in the Formation Agreement) shall constitute Contributed Properties to the extent the Contributed Interests are acquired by the Partnership.

CONTRIBUTION AGREEMENTS: Those certain agreements among one or more Persons and the Partnership pursuant to which, INTER ALIA, such Persons directly or indirectly contributed property to the Partnership in exchange for Partnership Units or Preferred Units or are to contribute property to the Partnership in exchange for Partnership Units or Preferred Units including, without limitation, the Formation Agreement.

CONVERSION COMMENCEMENT DATE: The date when Preferred Units which are convertible into Partnership Units first become convertible.

CONVERSION FACTOR: The number of Partnership Units issuable upon the conversion of each Preferred Unit of a class or series which are convertible into Partnership Units.

CONVERSION NOTICE: A Notice to the General Partner by a converting Preferred Limited Partner, substantially in the form attached as EXHIBIT 2, pursuant to which such Preferred Limited Partner requests the conversion of Preferred Units in accordance with Section 9.8 hereof.

COPT: Corporate Office Properties Trust, a Maryland real estate investment trust.

DEPRECIATION: For each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Book Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be adjusted as necessary so as to be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to the beginning adjusted tax basis; PROVIDED, HOWEVER, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation for such year or other period shall be determined with reference to such beginning Book Value using any reasonable method approved by the General Partner.

DISTRIBUTABLE CASH: With respect to any period, and without

duplication:

(i) all cash receipts of the Partnership during such period from all sources;

(ii) LESS all cash disbursements of the Partnership during such period, including, without limitation, disbursements for operating expenses, taxes, debt service (including, without limitation, the payment of principal, premium and interest), redemption of Partnership Interests and capital expenditures;

(iii) LESS amounts added to reserves in the reasonable discretion of the General Partner;

(iv) PLUS amounts withdrawn from reserves in the reasonable discretion of the General Partner.

DISTRIBUTION PERIOD: With respect to any series of Preferred Units issued to the General Partner pursuant to Section 4.2(B) of this Agreement, the Distribution Period shall correspond to the distribution period of the related issuance of securities by the General Partner as provided in Section 4.2(B) of this Agreement. With respect to Preferred Units issued by the

Partnership to Persons other than the General Partner, the Distribution Period shall be set forth on the Addendum to EXHIBIT 1 hereto or otherwise set forth in an amendment to this Agreement.

DISTRIBUTION PERIOD COMMENCEMENT DATE: The date which begins any Distribution Period.

ERISA: The Employee Retirement Income Security Act of 1976, as amended from time to time.

FISCAL YEAR: The calendar year or such other twelve (12) month period designated by the General Partner.

FORMATION AGREEMENT: The Formation/Contribution Agreement dated as of September 7, 1997 by and among Royale, H/SIC Corporation, Strategic Facility Investors, Inc., South Brunswick Investment Company, LLC, Comcourt Investment Corporation, Gateway Shannon Development Corporation, Crown Advisors, Inc., Vernon R. Beck and John Parsinen, as the same has heretofore been and hereafter may at any time be amended, modified and supplemented and in effect.

GENERAL PARTNER: COPT, and its respective successor(s) who or which become Successor General Partner(s) in accordance with the terms of this Agreement, in its capacity as general partner of the Partnership.

GENERAL PARTNER INTEREST: A Partnership Interest held by the General Partner that is a general partner interest. A General Partner Interest may be expressed as a number of Partnership Units.

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.

INVOLUNTARY WITHDRAWAL: As to any (i) individual shall mean such individual's death, incapacity or final, unappealable adjudication of incompetence, (ii) corporation shall mean its dissolution or revocation of its charter (unless such revocation is promptly corrected upon notice thereof), (iii) partnership shall mean the dissolution and commencement of winding-up of its affairs, (iv) trust shall mean the termination of the trust (but not the substitution of trustees), (v) estate shall mean the distribution by the fiduciary of the estate's complete interest in the Partnership and (vi) Partner shall mean the Bankruptcy of such Partner.

IRS: The Internal Revenue Service, which administers the internal revenue laws of the United States.

JUNIOR PREFERRED UNITS: Preferred Units which rank junior to the Senior Preferred Units, and prior and senior to the Partnership Units, in the payment of Priority Return Amounts and Liquidation Preferences. Junior Preferred Units shall be identified on the Addendum to EXHIBIT 1 hereto or otherwise set forth in an amendment to this Agreement. Each class or series of Preferred Units which is denominated Junior Preferred Units shall be entitled to

allocations and distributions with respect to Priority Return Amounts and Liquidation Preferences on a PARI PASSU basis with each other class or series of Junior Preferred Units. If after their due date the full amount of all accrued Priority Return Amounts have not been distributed with respect to all Junior Preferred Units pursuant to Article V, no distribution shall be made to the holders of Partnership Units pursuant to that Article. Until the holders of Junior Preferred Units have been paid Liquidation Preferences and all Priority Return Amounts in connection with the liquidation of the Partnership pursuant to Section 10.2, no distribution shall be made to the holders of Partnership Units in connection with such liquidation pursuant to that Section.

LIMITED PARTNER: Those Persons listed as holding Partnership Units on EXHIBIT 1 attached hereto and made a part hereof, as such Exhibit may be amended from time to time, including any Person who becomes a Substituted Limited Partner or an Additional Limited Partner in accordance with the terms of this Agreement in such Person's capacity as a limited partner of the Partnership; PROVIDED, HOWEVER, that such term shall not include the Preferred Limited Partners.

LIMITED PARTNER INTEREST: A Partnership Interest held by a Limited Partner that is a limited partner interest. A Limited Partner Interest may be expressed as a number of Partnership Units.

LIQUIDATION PREFERENCE: The amount of the liquidation preference, if any, of each class or series of Preferred Units determined by the General Partner in accordance with Section 4.2(A) or (B), whichever is applicable, and identified on the Addendum to EXHIBIT 1 hereto or otherwise set forth in an amendment to this Agreement.

NONRECOURSE LIABILITY: A liability as defined in Treasury Regulations Section 1.704-2(b)(3).

NOTICE: A writing containing the information required by this Agreement to be communicated to a Person and delivered to such Person in accordance with Section 12.4; PROVIDED, HOWEVER, that any written communication containing such information actually received by such Person shall constitute Notice for all purposes of this Agreement.

PARTNER MINIMUM GAIN: The gain (regardless of character) which would be realized by the Partnership if property of the Partnership subject to a partner nonrecourse debt (as such term is defined in Treasury Regulations Section 1.704-2(b)(4)) were disposed of in full satisfaction of such debt on the relevant date. The adjusted basis of property subject to more than one partner nonrecourse debt shall be allocated in a manner consistent with the allocation of basis for purposes of determining Partnership Minimum Gain hereunder. Partner Minimum Gain shall be computed hereunder using the Book Value, rather than the adjusted tax basis, of the Partnership property in accordance with Treasury Regulations Section 1.704-2(d)(3).

PARTNER NONRECOURSE DEDUCTIONS: With respect to any partner nonrecourse debt (as such term is defined in Treasury Regulations Section 1.704-2(b)(4)), the increase in Partner Minimum Gain during the tax year plus any increase in Partner Minimum Gain for a prior tax

year which has not previously generated a Partner Nonrecourse Deduction hereunder. The determination of which Partnership items constitute Partner Nonrecourse Deductions shall be made in a manner consistent with the manner in which Partnership Nonrecourse Deductions are determined hereunder.

PARTNERS: The General Partner, the Preferred Limited Partners and the Limited Partners as a group. The term "Partner" shall mean a General Partner, a Preferred Limited Partner or a Limited Partner. Such terms shall be deemed to include such other Persons who become Partners pursuant to the terms of this Agreement.

PARTNERSHIP: The Delaware limited partnership referred to herein as CORPORATE OFFICE PROPERTIES, L.P., as such partnership may from time to time be constituted.

PARTNERSHIP ASSETS: At any particular time, any assets or property (real or personal, tangible or intangible, choate or inchoate, fixed or contingent) owned by the Partnership.

PARTNERSHIP INTEREST OR INTEREST: As to any Partner, such Partner's ownership interest in the Partnership and including such Partner's right to distributions under this Agreement and any other rights or benefits which such Partner has in the Partnership, together with any and all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Partnership Units or Preferred Units.

PARTNERSHIP MINIMUM GAIN: The aggregate gain (regardless of character) which would be realized by the Partnership if all of the property of the Partnership subject to nonrecourse debt (other than partner nonrecourse debt as such term is defined in Treasury Regulations Section 1.704-2(b)(4)) were disposed of in full satisfaction of such debt and for no other consideration on the relevant date. In the case of any Nonrecourse Liability of the Partnership which is not secured by a mortgage with respect to any specific property of the Partnership, any and all property of the Partnership to which the holder of said liability has recourse shall be treated as subject to such Nonrecourse Liability for purposes of the preceding sentence. Partnership Minimum Gain shall be computed separately for each Nonrecourse Liability of the Partnership. For this purpose, the adjusted basis of property subject to two or more liabilities of equal priority shall be allocated among such liabilities in proportion to the outstanding balance of such liabilities, and the adjusted basis of property subject to two or more liabilities of unequal priority shall be allocated to the liability of inferior priority only to the extent of the excess, if any, of the adjusted basis of such property over the outstanding balance of the liability of superior priority. Partnership Minimum Gain shall be computed hereunder using the Book Value, rather than the adjusted tax basis, of the Partnership property in accordance with Treasury Regulations Section 1.704-2(d)(3).

PARTNERSHIP NONRECOURSE DEDUCTIONS: The amount of Partnership deductions equal to the increase, if any, in the amount of the aggregate Partnership Minimum Gain during the tax year (plus any increase in Partnership Minimum Gain for a prior tax year which has not

previously generated a Partnership Nonrecourse Deduction) reduced (but not below zero) by the aggregate distributions made during the tax year of the proceeds of a Nonrecourse Liability of the Partnership which are attributable to an increase in Partnership Minimum Gain within the meaning of Treasury Regulations Section 1.704-2(d). The Partnership Nonrecourse Deductions for a Partnership tax year shall consist first of depreciation or cost recovery deductions with respect to each property of the Partnership giving rise to such increase in Partnership Minimum Gain on a PRO RATA basis to the extent of each such increase, with any excess made up PRO RATA of all items of deduction.

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.

PERCENTAGE INTEREST: As to any Partner (other than the Preferred Limited Partners), the percentage in the Partnership, as determined by dividing the Partnership Units then owned by such Partner by the total number of Partnership Units then outstanding, as the same may be automatically adjusted from time to time to reflect the issuance and redemption of Partnership Units in accordance with this Agreement, without requiring the amendment of EXHIBIT 1 to reflect any such issuance or redemption.

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

PREFERRED LIMITED PARTNER: Those Persons listed as holding Preferred Units 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 Preferred Limited Partner or the General Partner that represents a unit of preferred interest in the Partnership as identified on EXHIBIT 1 to this Agreement or the Addendum to EXHIBIT 1 (or otherwise set forth in an amendment to this Agreement) 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) hereof.

PRIORITY RETURN AMOUNT: For each Distribution Period, for each Partner holding any class or series of Preferred Units, the Priority Return Percentage times the Liquidation Preference times the number of Preferred Units held by such Partner as set forth on the Addendum to EXHIBIT 1 (or otherwise set forth in an amendment to this Agreement). 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.

PRIORITY RETURN PERCENTAGE: That percentage set forth on the Addendum to Exhibit 1 (or otherwise set forth in an amendment to this Agreement) used to calculate the Priority Return Amount.

PROFITS AND LOSSES: For each Fiscal Year or other period, an amount equal to the Partnership's taxable income or loss (as the case may be) for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(ii) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition, shall be subtracted from such taxable income or loss;

(iii) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of notwithstanding that the adjusted tax basis of such property differs from such Book Value;

(iv) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of "Depreciation" herein; and

(v) In the event that any item of income, gain, loss or deduction that has been included in the initial computation of Profit or Loss is subject to the special allocation rules of Sections 5.2(C) and 5.2(D), Profit or Loss shall be recomputed without regard to such item.

REDEEMING PARTY: A Limited Partner or Assignee (other than the General Partner) who tenders Partnership Units for redemption pursuant to a Redemption Notice.

REDEMPTION DATE: The date for redemption of Partnership Units as set forth in Section 9.2.

REDEMPTION NOTICE: A Notice to the General Partner by a Redeeming Party, substantially in the form attached as EXHIBIT 2, pursuant to which the Redeeming Party requests the redemption of Partnership Units in accordance with Article IX.

REDEMPTION OBLIGATION: The obligation of the Partnership to redeem the Partnership Units as set forth in Section 9.1(A).

REDEMPTION PERIOD: The 45-day period immediately following the filing with the SEC by the General Partner of an annual report of the General Partner on Form 10-K or a quarterly report of the General Partner on Form 10-Q or such other period or periods as the General Partner may otherwise determine from time to time.

REDEMPTION RESTRICTION: A restriction on the ability of the Partnership to redeem the Partnership Units as set forth in Section 9.1(A).

REDEMPTION RIGHTS: The rights of redemption, if any, applicable to Preferred Units. With respect to any series of Preferred Units issued to the General Partner pursuant to Section 4.2(B) of this Agreement, the Redemption Rights shall correspond to the redemption rights of the related issuance of securities by the General Partner as provided in Section 4.2(B) of this Agreement. With respect to Preferred Units issued by the Partnership to Persons other than the General Partner, the Redemption Rights with respect to such Preferred Units shall be set forth on the Addendum to EXHIBIT 1 hereto or otherwise set forth in an amendment to this Agreement.

REGISTRATION RIGHTS AGREEMENT: An Amended and Restated Registration Rights Agreement, substantially in the form of EXHIBIT 3 hereto, as the same may have heretofore or may hereafter be amended or restated and in effect from time

to time, pursuant to which COPT agrees, among other things, to register under the Securities Act of 1933, as amended, REIT Shares issued in connection with Share Payments made under Article IX hereof.

REIT: A real estate investment trust, as defined in Code Section 856.

REIT CHARTER: The Amended and Restated Declaration of Trust of COPT filed with the State Department of Assessments and Taxation of Maryland on March 3, 1998, as the same may have been heretofore or may hereafter be amended or restated and in effect from time to time.

REIT SHARE: A common share of beneficial interest representing an ownership interest in the General Partner.

REIT SHARE RIGHTS: Rights to acquire additional REIT Shares issued to all holders of REIT Shares, whether in the form of rights, options, warrants or convertible or exchangeable securities, to the extent the same have been issued without additional consideration after the initial acquisition of such REIT Shares.

SEC: The Securities and Exchange Commission.

SENIOR PREFERRED UNITS: Preferred Units which rank prior and senior to the Junior Preferred Units and the Partnership Units with respect to the payment of Priority Return Amounts and Liquidation Preferences. Senior Preferred Units shall be identified on the Addendum to EXHIBIT 1 (or otherwise set forth in an amendment to this Agreement). Each class or series of Preferred Units which are denominated as Senior Preferred Units shall be entitled to

allocations and distributions with respect to Priority Return Amounts and Liquidation Preferences on a PARI PASSU basis with each other class or series of Senior Preferred Units. If after their due date the full amount of all accrued Priority Return Amounts have not been distributed with respect to all Senior Preferred Units pursuant to Article V, no distribution shall be made to the holders of Junior Preferred Units or Partnership Units pursuant to that Article. Until the holders of Senior Preferred Units have been paid Liquidation Preferences and all Priority Return Amounts in connection with the liquidation of the Partnership pursuant to Section 10.2, no distribution shall be made to the holders of Junior Preferred Units or Partnership Units in connection with such liquidation pursuant to that Section.

SERIES A PREFERRED REIT SHARES: Series A Convertible Preferred Shares of Beneficial Interest in the General Partner, issued pursuant to Articles Supplementary of COPT, dated September 29, 1998.

SERIES A PREFERRED UNIT: One of the Preferred Units 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"

SHARE PAYMENT: The payment to a Redeeming Party of a number of REIT Shares determined by multiplying (i) the number of Partnership Units tendered for redemption by such Redeeming Party pursuant to a validly proffered Redemption Notice by (ii) the Conversion Factor. In the event the General Partner grants any REIT Share Rights on or after the date of this Agreement and prior to such payment, any Share Payment shall include for the Redeeming Party such Redeeming Party's ratable share of such REIT Share Rights other than REIT Share Rights which have expired.

SUBSIDIARY: With respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

SUBSTITUTED LIMITED PARTNER/PREFERRED LIMITED PARTNER: That Person or those Persons admitted to the Partnership as a substitute Limited Partner or substitute Preferred Limited Partner, in accordance with the provisions of this Agreement, in such Person's capacity as a limited partner of the Partnership. A Substituted Limited Partner or Substituted Preferred Limited Partner, upon admission as such, shall succeed to the rights, privileges and liabilities of the predecessor in interest as a Limited Partner or Preferred Limited Partner.

SUCCESSOR GENERAL PARTNER: Any Person who is admitted to the Partnership as substitute General Partner pursuant to this Agreement, in its capacity as a general partner of the Partnership. A Successor General Partner, upon its admission as such, shall succeed to the rights, privileges and liabilities of its predecessor in interest as General Partner, in accordance with the provisions of the Act.

TAX MATTERS PARTNER: The General Partner or such other Partner who

becomes Tax Matters Partner pursuant to the terms of this Agreement.

TERMINATING CAPITAL TRANSACTION: The sale or other disposition of all or substantially all of the Partnership Assets or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the Partnership Assets.

TRANSFER: With respect to any Partnership Interest shall mean a transaction in which a Partner assigns his Partnership Interest to another Person and includes any sale, assignment, gift, exchange or other disposition by law or otherwise; PROVIDED, HOWEVER, the redemption or conversion of any Partnership Interest pursuant to Article IX hereof shall not constitute a "transfer" for purposes hereof. "Transfers," "Transferring" and "Transferred" shall have correlative meanings.

TREASURY REGULATIONS: The Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time.

UNIT VALUE: With respect to any Partnership Unit, the average of the daily market price for a REIT Share for the ten (10) consecutive trading days immediately preceding the date of receipt of a Redemption Notice by the General Partner multiplied by the Conversion Factor. If the REIT Shares are traded on a securities exchange or the NASDAQ Small Cap Market or National Market System, the market price for each such trading day shall be the reported last sale price on such day or, if no sales take place on such day, the average of the closing bid and asked prices on such day. If the REIT Shares are not traded on a securities exchange or the NASDAQ Small Cap Market or National Market System, the market price for each such trading day shall be determined by the General Partner using any reasonable method of valuation. If a Share Payment would include any REIT Share Rights, the value of such REIT Share Rights shall be determined by the General Partner using any reasonable method of valuation, taking into account the Unit Value determined hereunder and the factors used to make such determination and the value of such REIT Share Rights shall be included in the Unit Value.

SECTION 1.2 RULES OF CONSTRUCTION. The following rules of construction shall apply to this Agreement:

(A) All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

(B) All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and VICE VERSA, as the context may require.

(C) Each provision of this Agreement shall be considered severable from the rest, and if any provision of this Agreement or its application to any Person or circumstances shall be held invalid and contrary to any existing or future law or unenforceable to any extent, the remainder of this Agreement and the application of any other provision to any Person or circumstances shall not be affected thereby and shall be interpreted and enforced to the greatest extent permitted by law so as to give effect to the original intent of the parties hereto.

(D) Unless otherwise specifically and expressly limited in the context, any reference herein to a decision, determination, act, action, exercise of a right, power or

privilege, or other procedure by the General Partner shall mean and refer to the decision, determination, act, action, exercise or other procedure by the General Partner in its sole and absolute discretion.

ARTICLE II - CONTINUATION

SECTION 2.1 CONTINUATION. The Partners hereby continue the Partnership as a limited partnership under the Act and the Persons listed on EXHIBIT 1 as Partners shall continue as Partners in the Partnership. The General Partner shall take all action required by law to perfect and maintain the Partnership as a limited partnership under the Act and under the laws of all other jurisdictions in which the Partnership may elect to conduct business, including

but not limited to the filing of amendments to the Certificate with the Delaware Secretary of State, and qualification of the Partnership as a foreign limited partnership in the jurisdictions in which such qualification shall be required, as determined by the General Partner. The General Partner shall also promptly register the Partnership under applicable assumed or fictitious name statutes or similar laws.

SECTION 2.2 NAME. The name of the Partnership is CORPORATE OFFICE PROPERTIES, L.P. The General Partner may adopt such assumed or fictitious names as it deems appropriate in connection with the qualifications and registrations referred to in Section 2.1.

SECTION 2.3 PLACE OF BUSINESS; REGISTERED OFFICE; REGISTERED AGENT. The principal office of the Partnership is located at 8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045-2272, which office may be changed to such other place as the General Partner may from time to time designate. The Partnership may establish offices for the Partnership within or without the State of Delaware as may be determined by the General Partner. The address of the Partnership's initial registered office and the initial registered agent for the Partnership in the State of Delaware is The Corporation Trust Company, whose address is c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The Partnership's registered office and agent may be changed by the General Partner.

ARTICLE III - BUSINESS PURPOSE

SECTION 3.1 BUSINESS. The business of the Partnership shall be (i) conducting any business that may be lawfully conducted by a limited partnership pursuant to the Act including, without limitation, acquiring, owning, managing, developing, leasing, marketing,

operating and, if and when appropriate, selling, commercial, industrial, office and net leased retail properties, (ii) entering into any partnership, joint venture or other relationship to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing, (iii) making loans, guarantees, indemnities or other financial accommodations and borrowing money and pledging its assets to secure the repayment thereof, (iv) doing any of the foregoing with respect to any Affiliate or Subsidiary and (v) doing anything necessary or incidental to the foregoing; PROVIDED, HOWEVER, that business of the Partnership shall be limited so as to permit the General Partner to elect and maintain its status as a REIT (unless the General Partner determines no longer to qualify as a REIT).

SECTION 3.2 AUTHORIZED ACTIVITIES. In carrying out the purposes of the Partnership, but subject to all other provisions of this Agreement, the Partnership is authorized to engage in any kind of lawful activity, and perform and carry out contracts of any kind, necessary or advisable in connection with the accomplishment of the purposes and business of the Partnership described herein and for the protection and benefit of the Partnership; PROVIDED that the General Partner shall not be obligated to cause the Partnership to take, or refrain from taking, any action which, in the judgment of the General Partner, (i) could adversely affect the ability of the General Partner to qualify and continue to qualify as a REIT, (ii) could subject the General Partner to additional taxes under Code Section 857 or 4981 or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner or its securities.

ARTICLE IV - CAPITAL CONTRIBUTION

SECTION 4.1 CAPITAL CONTRIBUTIONS.

(A) Upon the contribution to the Partnership of property in accordance with a Contribution Agreement, Partnership Units and/or Preferred Units shall be issued in accordance with, and as contemplated by, such Contribution Agreement, and the Persons receiving such Partnership Units and/or Preferred Units shall become Partners and shall be deemed to have made a Capital Contribution. EXHIBIT 1 sets forth the number of Partnership Units and Preferred Units owned by each Partner. Except as set forth in Section 4.2 (regarding issuance of additional Partnership Units) or Section 7.6 (regarding withholding obligations) hereof, no Partner shall be required under any circumstances to contribute to the capital of the Partnership any amount beyond that sum required pursuant to this Article IV.

(B) Anything in the foregoing Section 4.1(A) or elsewhere in this Agreement notwithstanding, the Partnership Units held by the General Partner shall, at all times, be deemed to be general partner interests in the Partnership and shall constitute the General Partner Interests.

SECTION 4.2 ADDITIONAL PARTNERSHIP INTERESTS.

(A) The Partnership may issue additional Limited Partner Interests in

the form of Partnership Units or Preferred Units for any Partnership purpose at any time or from time to time to any Partner or other Person (other than the General Partner, except in accordance with Section 4.2(B) below).

(B) The Partnership also may from time to time issue to the General Partner additional Partnership Interests in such classes and having such designations, preferences and relative rights (including preferences and rights senior to the existing relative Limited Partner Interests) as shall be determined by the General Partner in accordance with the Act and governing law. Except as provided in Article IX, any such issuance of Partnership Units, Preferred Units or Partnership Interests to the General Partner shall be conditioned upon (i) the undertaking by the General Partner of a related issuance of its shares of beneficial interest (with such shares having designations, rights and preferences such that the economic rights of the holders of such shares of beneficial interest are substantially similar to the rights of the additional Partnership Interests issued to the General Partner) and the General Partner making a Capital Contribution (a) in an amount equal to the net proceeds raised in the issuance of such shares of beneficial interest, in the event such shares of beneficial interest are sold for cash or cash equivalents or (b) of the property received in consideration for such shares of beneficial interest, in the event such shares of beneficial interest are issued in consideration for other property or (ii) the issuance by the General Partner of shares of beneficial interest under any stock option or bonus plan and the General Partner making a Capital Contribution in an amount equal to the exercise price of the option exercised pursuant to such stock option or other bonus plan.

(C) Except as contemplated by Article IX (regarding redemptions) or Section 4.2(B), the General Partner shall not issue any (i) additional REIT Shares, (ii) rights, options or warrants containing the right to subscribe for or purchase REIT Shares (other than options granted under the General Partner's Stock Option Plan for Non-Employee Directors, 1998 Long Term Incentive Plan, as amended or as may be amended, or any stock option or similar plan for officers, directors and employees of the General Partner or any of its Affiliates) or (iii) securities convertible or exchangeable into REIT Shares (collectively, "Additional REIT Securities") other than to all holders of REIT Shares, PRO RATA, unless (x) the Partnership issues to the General Partner (i) Partnership Interests, (ii) rights, options or warrants containing the right to subscribe for or purchase Partnership Interests or (iii) securities convertible or exchangeable into Partnership Interests such that the General Partner receives an economic interest in the Partnership substantially similar to the economic interest in the General Partner represented by the Additional REIT Securities and (y) the General Partner contributes to the Partnership the net proceeds from, or the property received in consideration for, the issuance of the Additional REIT Securities and the exercise of any rights contained in any Additional REIT Securities.

SECTION 4.3 NO THIRD PARTY BENEFICIARIES. The provisions of this Agreement, including the foregoing provisions of this Article IV, are not intended to be for the benefit of any creditor of the Partnership or other Person to whom any debts, liabilities or obligations are owed by (or who otherwise has any claim against) the Partnership or any of the Partners and no such creditor or other Person shall obtain any right under any such provision against the Partnership or any of the Partners by reason of any debt, liability or obligation (or otherwise).

SECTION 4.4 CAPITAL ACCOUNTS.

(A) The Partnership shall establish and maintain a separate Capital Account for each Partner in accordance with Code Section 704 and Treasury Regulations Section 1.704-1(b)(2)(iv). The Capital Account of each Partner shall be credited with:

(1) the amount of all Capital Contributions made to the Partnership by such Partner in accordance with this Agreement; plus

(2) all income and gain of the Partnership computed in accordance with this Section 4.4 and allocated to such Partner pursuant to Article V (including for purposes of this Section 4.4(A), income and gain exempt from tax);

and shall be debited with the sum of:

(1) all losses or deductions of the Partnership computed in accordance with this Section 4.4 and allocated to such Partner pursuant to Article V;

(2) such Partner's distributive share of expenditures of the Partnership described in Code Section 705(a)(2)(B); and

(3) all cash and the Agreed Value (reduced to take into account the amount of any related indebtedness assumed by the Partner, or to which the distributed property is subject) of any property actually distributed or deemed distributed by the Partnership to such Partner pursuant to the terms of this Agreement.

Any reference in any section or subsection of this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above.

(B) For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of each such item shall be the same as its determination, recognition and classification for federal income tax purposes, determined in accordance with Code Section 703(a), with the following adjustments:

(1) any income, gain or loss attributable to the taxable disposition of any Partnership Asset shall be determined by treating the adjusted basis of such property as of the date of such disposition as equal to the Book Value of such property as of such date;

(2) the computation of all items of income, gain, loss and deduction shall be made without regard to any Code Section 754 election that may be made by the Partnership, except to the extent required in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(m);

(3) in lieu of depreciation, amortization and other cost recovery

deductions taken into account in computing Profit and Loss, there shall be taken into account Depreciation for such Fiscal Year; and

(4) in the event the Book Value of any Partnership Asset is adjusted pursuant to Section 4.4(D) below, the amount of such adjustment shall be treated as gain or loss from the disposition of such asset.

(C) Any transferee of a Partnership Interest shall succeed to a PRO RATA portion of the transferor's Capital Account transferred unless such Transfer causes a Code Section 708 termination of the Partnership, in which case the Book Value of all Partnership Assets shall be adjusted immediately prior to the deemed distribution pursuant thereto as provided in Section 4.4(D).

(D) Consistent with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(f), (i) immediately prior to the acquisition of an additional Partnership Interest by any new or existing Partner in connection with the contribution of money or other property (other than a DE MINIMIS amount) to the Partnership, (ii) immediately prior to the distribution by the Partnership to a Partner of Partnership property (other than a DE MINIMIS amount) as consideration for a Partnership Interest and (iii) immediately prior to the liquidation of the Partnership as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(g), the Book Value of all Partnership Assets shall be revalued upward or downward to reflect the fair market value of each such Partnership Asset as determined by the General Partner using such reasonable method of valuation as it may adopt unless the General Partner shall determine that such revaluation is not necessary to maintain Capital Accounts in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv).

(E) The foregoing provisions of this Section 4.4 are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the General Partner shall determine that it is prudent to modify the manner in which the Partners' Capital Accounts are computed hereunder in order to comply with such Treasury Regulations, the General Partner may make such modification if such modification is not likely to have a material effect on the amount or timing of any distribution to any Partner under the terms of

this Agreement and the General Partner notifies the other Partners in writing of such modification prior to making such modification.

SECTION 4.5 RETURN OF CAPITAL ACCOUNT; INTEREST. Except as otherwise specifically provided in this Agreement, (i) no Partner shall have any right to withdraw or reduce its Capital Contributions or Capital Account, or to demand and receive property other than cash from the Partnership in return for its Capital Contributions or Capital Account; (ii) no Partner shall have any priority over any other Partners as to the return of its Capital Contributions or Capital Account; (iii) any return of Capital Contributions or Capital Accounts to the Partners shall be solely from the Partnership Assets, and no Partner shall be personally liable for any such return; and (iv) no interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

SECTION 4.6 PREEMPTIVE RIGHTS. No Person shall have any preemptive or similar rights with respect to the issuance or sale of additional Partnership Units or Preferred Units.

ARTICLE V - ALLOCATIONS AND DISTRIBUTIONS

SECTION 5.1 LIMITED LIABILITY. For bookkeeping purposes, the Profits of the Partnership shall be shared, and the Losses of the Partnership shall be borne, by the Partners as provided in Section 5.2 below; PROVIDED, HOWEVER, that except as required by the Act or as expressly provided in this Agreement, neither any Limited Partner (in its capacity as a Limited Partner) nor any Preferred Limited Partner (in its capacity as a Preferred Limited Partner) shall be personally liable for losses, costs, expenses, liabilities or obligations of the Partnership in excess of its Capital Contribution required under Article IV hereof.

SECTION 5.2 PROFITS, LOSSES AND DISTRIBUTIVE SHARES

(A) Profits. After giving effect to the special allocations, if any, provided in Section 5.2(C) and (D), Profits in each Fiscal Year shall be allocated in the following order:

(1) First, to the General Partner until the cumulative Profits allocated to the General Partner under this Section 5.2(A)(1) equal the cumulative Losses allocated to such Partner under Section 5.2(B)(4);

(2) Second, to the Preferred Limited Partners in the proportion to the cumulative Losses allocated to such Partners under Section 5.2(B)(3), until the cumulative Profits allocated to such Partners under this Section 5.2(A)(2) equal the cumulative Losses allocated to such Partners under Section 5.2(B)(3);

(3) Third, to each Partner in proportion to the cumulative Losses allocated to such Partner under Section 5.2(B)(2), until the cumulative Profits allocated to such Partner under this Section 5.2(A)(3) equal the cumulative Losses allocated to such Partner under Section 5.2(B)(2);

(4) Fourth, to each Partner in proportion to the cumulative Losses allocated to such Partner under Section 5.2(B)(1), until the cumulative Profits allocated to such Partner under this Section 5.2(A)(4) equal the cumulative Losses allocated to such Partner under Section 5.2(B)(1);

(5) Fifth, to the Preferred Limited Partners in an amount equal to the excess of (x) the Priority Return Amount for each Distribution Period or portion thereof that ends on or prior to the close of the Fiscal Year over (y) the cumulative Profits previously allocated under this Section 5.2(B)(5); and

(6) Then, the balance, if any, to the Partners (other than the Preferred Limited Partners, with respect to their Preferred Units) in accordance with their

respective Percentage Interests.

The allocation of Profits to any Preferred Limited Partner under Section 5.2(A)(5) shall be appropriately prorated in the case of Preferred Units that are outstanding for less than all of any Distribution Period.

(B) Losses. After giving effect to the special allocations, if any, provided in Section 5.2(C) and (D), Losses in each Fiscal Year shall be allocated in the following order of priority:

(1) First, to the Partners (other than the Preferred Limited Partners, with respect to their Preferred Units), in accordance with their respective Percentage Interests, but not in excess of the positive Capital Account balance of any Partner prior to the allocation provided for in this Section 5.2(B)(1);

(2) Second, to the Partners (other than the Preferred Limited Partners, with respect to their Preferred Units) with positive Adjusted Capital Account balances prior to the allocation provided for in this Section 5.2(B)(2), in proportion to the amount of such balances until all such balances are reduced to zero;

(3) Third, to the Preferred Limited Partners in proportion to their Adjusted Capital Account balances until their Adjusted Capital Accounts are reduced to zero; and

(4) Thereafter, to the General Partner;

PROVIDED, HOWEVER, that this Section 5.2(B) shall control, notwithstanding any reallocation or adjustment of taxable income, loss or other items by the Internal Revenue Service or any other taxing authority.

(C) Special Allocations. Except as otherwise provided in this Agreement, the following special allocations will be made in the following order and priority:

(1) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article V, if there is a net decrease in Partnership Minimum Gain during any tax year or other period for which allocations are made, each Partner will be specially allocated items of Partnership income and gain for that tax year or other period (and, if necessary, subsequent periods) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during such tax year or other period determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the preceding sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.2(C)(1) is intended to comply with the minimum gain chargeback requirements set forth in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith, including the exceptions to the minimum gain chargeback requirement set forth in Treasury Regulations Section 1.704-2(f) and -(3). If the General Partner concludes, after consultation with tax counsel, that the Partnership

meets the requirements for a waiver of the minimum gain chargeback requirement as set forth in Treasury Regulations Section 1.704-2(f)(4), the General Partner may take steps reasonably necessary or appropriate in order to obtain such waiver.

(2) Partner Nonrecourse Debt Minimum Gain Chargeback. Notwithstanding any other provision of this Section (other than Section 5.2(C)(1) which shall be applied before this Section 5.2(C)(2)), if there is a net decrease in Partner Minimum Gain during any tax year or other period for which allocations are made, each Partner with a share of Partner Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(i)(5) shall be specially allocated items of Partnership income and gain for that period (and, if necessary, subsequent periods) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(i)(4). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii). This Section 5.2(C)(2) is intended to comply with the minimum gain chargeback requirements of Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith, including the exceptions set forth in Treasury Regulations Section 1.704-2(f)(2) and (3) to the extent such exceptions apply to Treasury Regulations Section 1.704-2(i)(4). If the General Partner concludes, after consultation with tax counsel, that the Partnership meets the requirements for a waiver of the Partner Minimum Gain chargeback requirement set forth in Treasury Regulations Section 1.704-2(f), but only to the extent such exception applies to Treasury Regulations Section 1.704-2(i)(4), the General Partner may take steps necessary or appropriate to obtain such waiver.

(3) Qualified Income Offset. A Partner who unexpectedly receives any adjustment, allocation or distribution described in Treasury

Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) will be specially allocated items of Partnership income and gain in an amount and manner sufficient to eliminate, to the extent required by Treasury Regulations Section 1.704-1(b)(2)(ii)(d), the Adjusted Capital Account Deficit of the Partner as quickly as possible; PROVIDED that an allocation pursuant to this Section 5.2(C)(3) shall be made if and only to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.2(C)(3) were not contained in this Agreement.

(4) Partnership Nonrecourse Deductions. Partnership Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated among the Partners in proportion to their respective Partnership Interests in the Partnership.

(5) Partner Nonrecourse Deductions. Notwithstanding anything to the contrary in this Agreement, any Partner Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated to the Partner who bears the economic risk of loss with respect to the liability to which the Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

(6) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset under Code Section 734(b) or

743(b) is required to be taken into account in determining Capital Accounts under Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or (4), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset), and the gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(7) Depreciation Recapture. In the event there is any recapture of Depreciation or investment tax credit, the allocation thereof shall be made among the Partners in the same proportion as the deduction for such Depreciation or investment tax credit was allocated.

(8) Interest in Partnership. Notwithstanding any other provision of this Agreement, no allocation of Profit or Loss (or item of Profit or Loss) will be made to a Partner if the allocation would not have "economic effect" under Treasury Regulations Section 1.704-1(b)(2)(ii)(a) or otherwise would not be in accordance with the Partner's interest in the Partnership within the meaning of Treasury Regulations Section 1.704-1(b)(3).

(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 be distributed with respect to such converted Preferred Units pursuant to Sections 5.3(A), 9.8(A) and 9.8(B).

(D) Curative Allocations. The allocations set forth in Section 5.2(C)(1) through (8) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations may not be consistent with the manner in which the Partners intend to divide Partnership distributions. Accordingly, the General Partner is authorized to further allocate Profits, Losses, and other items among the Partners in a reasonable manner so as to prevent the Regulatory Allocations from distorting the manner in which Partnership distributions would be divided among the Partners under Section 5.3, but for application of the Regulatory Allocations. In general, the reallocation will be accomplished by specially allocating other Profits, Losses and items of income, gain, loss and deduction, to the extent they exist, among the Partners so that the net amount of the Regulatory Allocations and the special allocations to each Partner is zero. The General Partner may accomplish this result in any reasonable manner that is consistent with Code Section 704 and the related Treasury Regulations.

(E) Tax Allocations.

(1) Except as otherwise provided in Section 5.2(E)(2), each item of income, gain, loss and deduction shall be allocated for federal income tax purposes in the same manner as each correlative item of income, gain, loss or deduction is allocated for book

purposes pursuant to the provisions of Section 5.2 hereof.

(2) Notwithstanding anything to the contrary in this Article V, in an attempt to eliminate any Book-Tax Disparity with respect to a Contributed Property, items of income, gain, loss or deduction with respect to each such property shall be allocated for federal income tax purposes among the Partners as follows:

(a) DEPRECIATION, AMORTIZATION AND OTHER COST RECOVERY ITEMS. In the case of each Contributed Property with a Book-Tax Disparity, any item of depreciation, amortization or other cost recovery allowance attributable to such property shall be allocated as follows: (x) first, to Partners (the "Non-Contributing Partners") other than the Partners who contributed such property to the Partnership (or are deemed to have contributed the property pursuant to Section 4.1(A) (the "Contributing Partners") in an amount up to the book allocation of such items made to the Non-Contributing Partners pursuant to Section 5.2 hereof, PRO RATA in proportion to the respective amount of book items so allocated to the Non-Contributing Partners pursuant to Section 5.2 hereof; and (y) any remaining depreciation, amortization or other cost recovery allowance to the Contributing Partners in proportion to their Percentage Interests. In no event shall the total depreciation, amortization or other cost recovery allowance allocated hereunder exceed the amount of the Partnership's depreciation, amortization or other cost recovery allowance with respect to such property.

(b) GAIN OR LOSS ON DISPOSITION. In the event the Partnership sells or otherwise disposes of a Contributed Property with a Book-Tax Disparity, any gain or loss recognized by the Partnership in connection with such sale or other disposition shall be allocated among the Partners as follows: (x) first, any gain or loss shall be allocated to the Contributing Partners in proportion to their Percentage Interests to the extent required to eliminate any Book-Tax Disparity with respect to such property; and (y) any remaining gain or loss shall be allocated among the Partners in the same manner that the correlative items of book gain or loss are allocated among the Partners pursuant to Section 5.2 hereof.

(3) In the event the Book Value of a Partnership Asset (including a Contributed Property) is adjusted pursuant to Section 4.4(D) hereof, and such asset has not been deemed contributed to a new partnership, with the contributing partnership then being liquidated pursuant to Code Section 708 subsequent thereto, all items of income, gain, loss or deduction in respect of such property shall be allocated for federal income tax purposes among the Partners in the same manner as provided in Section 5.2(E)(2) hereof to take into account any variation between the fair market value of the property, as determined by the General Partner using such reasonable method of valuation as it may adopt, and the Book Value

of such property, both determined as of the date of such adjustment.

(4) The General Partner shall have the authority to elect alternative methods to eliminate the Book-Tax Disparity with respect to one or more Contributed Properties, as permitted by Treasury Regulations Sections 1.704-3 and 1.704-3T, and such election shall be binding on all of the Partners.

(5) The Partners hereby intend that the allocation of tax items pursuant to this Section 5.2(E) comply with the requirements of Code Section 704(c) and Treasury Regulations Sections 1.704-3 and 1.704-3T.

(6) The allocation of items of income, gain, loss or deduction pursuant to this Section 5.2(E) are solely for federal, state and local income tax purposes, and the Capital Account balances of the Partners shall be adjusted solely for allocations of "book" items in respect of Partnership Assets pursuant to Section 5.2(A), (B), (C), (D) and (F) hereof.

(F) Other Allocation Rules. The following rules will apply to the calculation and allocation of Profits, Losses and other items:

(1) Except as otherwise provided in this Agreement, all Profits, Losses and other items allocated to the Partners will be allocated among them in proportion to their Percentage Interests.

(2) For purposes of determining the Profits, Losses or any other item allocable to any period, Profits, Losses and other items will be determined on a daily, monthly or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the related Treasury Regulations.

(3) Except as otherwise provided in this Agreement, all items of Partnership income, gain, loss and deduction, and other allocations not provided for in this Agreement will be divided among the Partners in the same proportions as they share Profits and Losses; PROVIDED that any credits shall be allocated in accordance with Treasury Regulations Section 1.704-1(b)(4)(ii).

(4) For purposes of Treasury Regulations Section 1.752-3(a), the Partners hereby agree that any nonrecourse liabilities of the Partnership in excess of the sum of (i) the Partnership Minimum Gain and (ii) the aggregate amount of taxable gain that would be allocated to the Partners under Section 704(c) (or in the same manner as Section 704(c) in connection with a revaluation of Partnership property) if the Partnership disposed of (in a taxable transaction) all Partnership property subject to one or more nonrecourse liabilities of the Partnership in full satisfaction of such liabilities and for no other consideration, shall be allocated among the Partners in accordance with their respective shares of Profits. The General Partner shall have discretion in any Fiscal Year to allocate such excess nonrecourse liabilities among the Partners (a) in a manner reasonably consistent with allocations (that have substantial economic effect) of some other significant item of Partnership income or gain or (b) in accordance with the manner in which it is reasonably expected that the deductions attributable to the excess nonrecourse liabilities will be allocated.

(G) Partner Acknowledgment. The Partners agree to be bound by the provisions of this Section 5.2 in reporting their shares of Partnership income, gain, loss, deduction and credit for income tax purposes.

(H) Regulatory Compliance. The foregoing provisions of this Section 5.2 relating to the allocation of Profits, Losses and other items for federal income tax purposes are intended to comply with Treasury Regulations Sections 1.704-1(b), 1.704-2, 1.704-3 and 1.704-3T and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

SECTION 5.3 DISTRIBUTIONS.

(A) Distributable Cash for each Fiscal Year shall be distributed in the following order of priority:

(1) First, the General Partner shall cause the Partnership to distribute to the holder of each Preferred Unit an amount in cash equal to the cumulative undistributed Priority Return Amount on December 31, March 31, June 30 and September 30 of each year, commencing on March 31, 1998 (or in the case of a Preferred Unit with an issuance date after March 31, 1998, on the first such distribution date following the applicable issuance date); PROVIDED that, if any such distribution date shall be a Saturday, Sunday or day on which banking institutions in the State of New York are authorized or obligated by law to close, or a day which is declared a national or New York State holiday (any of the foregoing, a "Non-business Day"), then such distribution shall be made on the next succeeding day which is not a Non-business Day. In any case in which a Preferred Unit is outstanding for less than all of one or more Distribution Periods, the amount distributable to the Preferred Limited Partner in respect of such Unit shall be appropriately adjusted on the basis of a 360-day year consisting of twelve 30-day months.

(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 prorated 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.

(3) Third, there shall be distributed to each holder of a Limited Partner Interest an amount equal to (x) the product of the taxable income and gain allocated to such holder for the Fiscal Year under Section 5.2(E) and the maximum federal income tax rate plus 7% reduced by (y) the distributions received by such holder under Section 5.3(A)(2) during the Fiscal Year. To the extent practicable, distributions under this paragraph shall be made in sufficient time to permit Limited Partners to pay required installments of estimated tax and the

final tax payment for the taxable year.

(B) After giving effect to Section 5.3(A), the General Partner shall have the authority to cause the Partnership to make other distributions from time to time as it determines, including without limitation, distributions that are sufficient to enable the General Partner to (i) maintain its status as a REIT, (ii) avoid the imposition of any tax under Code Section 857 and (iii) avoid the imposition of any excise tax under Code Section 4981.

(C) Distributions pursuant to Section 5.3(B) shall be made PRO RATA among the Partners of record on the Record Date established by the General Partner for the distribution, in accordance with their respective Percentage Interests, without regard to the length of time the record holder has been such. Notwithstanding the foregoing, the General Partner may pro rate any distributions pursuant to Section 5.3(A)(2) appropriately in the case of Partnership Units that are outstanding for less than all of any Distribution Period.

(D) The General Partner shall use its reasonable efforts to make distributions to the Partners so as to preclude any distribution or portion thereof from being treated as part of a sale of property to the Partnership by a Partner under Section 707 of the Code or the Treasury Regulations thereunder; PROVIDED that the General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any distribution to a Partner being so treated.

SECTION 5.4 DISTRIBUTIONS UPON LIQUIDATION. Notwithstanding any other provision hereof, proceeds of a Terminating Capital Transaction and other distributions following dissolution of the Partnership shall be distributed to the Partners in accordance with Section 10.2.

SECTION 5.5 AMOUNTS WITHHELD. All amounts withheld pursuant to the Code or any provision of state or local tax law and Section 7.6 of this Agreement with respect to any allocation, payment or distribution to the General Partner, the Preferred Limited Partners, the Limited Partners or Assignees shall be treated as amounts distributed to such General Partner, the Preferred Limited Partners, the Limited Partners or Assignees, as applicable, pursuant to Section 5.3 of this Agreement.

SECTION 5.6 RESTRICTED DISTRIBUTIONS. Notwithstanding any provision to the contrary contained in this Agreement, the Partnership, and the General Partner on behalf of the Partnership, shall not make a distribution to a Partner on account of its interest in the Partnership if such distribution would violate Section 17-607 of the Act or other applicable law.

SECTION 5.7 PREFERRED LIMITED PARTNER PRIORITY. Allocations and distributions in connection with this Article V to Preferred Limited Partners holding Senior Preferred Units and/or Junior Preferred Units shall be made first to Preferred Limited Partners with respect to classes or series of Preferred Units which are Senior Preferred Units, and thereafter to Preferred Limited Partners with respect to classes or series of Preferred Units which are Junior Preferred Units. After distribution of all accrued but unpaid Priority Return Amounts,

the Preferred Limited Partner shall be entitled to no further payment under Article V of the Agreement with respect to such Preferred Unit.

ARTICLE VI - PARTNERSHIP MANAGEMENT

SECTION 6.1 MANAGEMENT AND CONTROL OF PARTNERSHIP BUSINESS

(A) Except as otherwise expressly provided or limited by the provisions of this Agreement, the General Partner shall have full, exclusive and complete discretion to manage the business and affairs of the Partnership, to make all decisions affecting the business and affairs of the Partnership and to take all such action as it deems necessary or appropriate to accomplish the purposes of the Partnership as set forth herein. Except as set forth in this Agreement, neither the Limited Partners nor the Preferred Limited Partners shall have any authority, right, or power to bind the Partnership, or to manage, or to participate in the management of the business and affairs of the Partnership in any manner whatsoever. Such management shall in every respect be the full and complete responsibility of the General Partner alone as herein provided.

(B) In carrying out the purposes of the Partnership, the General Partner shall be authorized to take all actions it deems necessary and appropriate to carry on the business of the Partnership. The Limited Partners and the Preferred Limited Partners, by execution hereof, agree that the General Partner is authorized to execute, deliver and perform any agreement and/or transaction on behalf of the Partnership, without their further Consent, unless this Agreement expressly provides otherwise.

(C) The General Partner and its Affiliates may acquire Limited Partner Interests or Preferred Units from Limited Partners or Preferred Limited Partners who agree so to Transfer Limited Partner Interests or Preferred Units acquired from the Partnership in accordance with Section 4.2(A). Any Limited Partner Interest or Preferred Limited Partner Interest acquired by the General Partner shall be automatically converted into a General Partner Interest. Upon acquisition of any Limited Partner Interest or Preferred Limited Partner Interest by an Affiliate of the General Partner, such Affiliate shall have all the rights of a Limited Partner or Preferred Limited Partner, as the case may be.

SECTION 6.2 NO MANAGEMENT BY LIMITED PARTNERS; LIMITATION OF LIABILITY. Neither the Limited Partners, in their capacity as Limited Partners, nor the Preferred Limited Partners, in their capacity as Preferred Limited Partners, shall take part in the day-to-day management, operation or control of the business and affairs of the Partnership or have any right, power, or authority to act for or on behalf of or to bind the Partnership or transact any business in the name of the Partnership. Neither the Limited Partners, in their capacity as Limited Partners, nor the Preferred Limited Partners, in their capacity as Preferred Limited Partners, shall have any rights other than those specifically provided herein or granted by law where consistent with a valid provision hereof. Any approvals rendered or withheld by the Limited Partners or the Preferred Limited Partners pursuant to this Agreement shall be deemed as consultation with or

advice to the General Partner in connection with the business of the Partnership and, in accordance with the Act, shall not be deemed as participation by the Limited Partners or the Preferred Limited Partners in the business of the Partnership and are not intended to create any inference that the Limited Partners or the Preferred Limited Partners should be classified as general partners under the Act.

(A) Neither any Limited Partner nor any Preferred Limited Partner shall have any liability under this Agreement except with respect to withholding under Section 7104 of the Code, in connection with any express provision of this Agreement by such Limited Partner or Preferred Limited Partner or as provided in the Act.

(B) The General Partner shall not take any action which would subject a Limited Partner (in its capacity as Limited Partner) or a Preferred Limited Partner (in its capacity as a Preferred Limited Partner) to liability as a general partner.

(C) No Partner shall take any action that would result in the Partnership being treated as an association taxable as a corporation, or as a corporation, for federal income tax purposes.

SECTION 6.3 LIMITATIONS ON PARTNERS. No Partner or Affiliate of a Partner shall have any authority to perform (i) any act in violation of any applicable law or regulation thereunder, (ii) any act prohibited by Section 6.2(C), or (iii) any act which is required to be Consented to or ratified pursuant to this Agreement without such Consent or ratification.

(A) No action shall be taken by a Partner if it would cause the Partnership to be treated as an association taxable as a corporation for federal income tax purposes or, without the Consent of the General Partner, as a publicly traded partnership within the meaning of Section 7.6 of the Code. A determination of whether such action will have the above-described effect shall be based upon a declaratory judgment or similar relief obtained from a court of competent jurisdiction, a favorable ruling from the IRS or the receipt of a

written opinion of counsel.

SECTION 6.4 BUSINESS WITH AFFILIATES. The General Partner, in its discretion, may cause the Partnership to transact business with any Partner or its Affiliates for goods or services reasonably required in the conduct of the Partnership's business; PROVIDED that any such transaction shall be effected only on terms competitive with those that may be obtained in the marketplace from unaffiliated Persons. The foregoing proviso shall not apply to transactions between the Partnership and its Subsidiaries. In addition, neither the General Partner nor any Affiliate of the General Partner may sell, transfer or otherwise convey any property to, or purchase any property from, the Partnership, except (i) on terms competitive with those that may be obtained in the marketplace from unaffiliated Persons or (ii) where the General Partner determines, in its sole judgment, that such sale, transfer or conveyance confers benefits on the General Partner or the Partnership in respect of matters of tax or corporate or financial structure; PROVIDED, in the case of this clause (ii), such sale, transfer or conveyance is not being effected for the purpose of materially disadvantaging the Limited Partners.

(A) In furtherance of Section 6.4(A), the Partnership may lend or contribute to its Subsidiaries on terms and conditions established by the General Partner.

SECTION 6.5 COMPENSATION; REIMBURSEMENT OF EXPENSES. In consideration for the General Partner's services to the Partnership in its capacity as General Partner, the Partnership shall pay on behalf of or reimburse to the General Partner all expenses of the General Partner incurred in connection with the management of the business and affairs of the Partnership, including all employee compensation of employees of the General Partner related to services performed for the Partnership and indemnity or other payments made pursuant to agreements entered into in furtherance of the Partnership's business. Except as otherwise set forth in this Agreement, the General Partner shall be fully and entirely reimbursed by the Partnership for any and all direct and indirect costs and expenses incurred in connection with the formation and continuation of the Partnership pursuant to this Agreement. In addition, the General Partner shall be reimbursed by the Partnership for all expenses incurred by the General Partner in connection with issuance of additional Partnership Interests.

SECTION 6.6 LIABILITY FOR ACTS AND OMISSIONS. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or any of the other Partners for any act or omission performed or omitted in good faith on behalf of the Partnership and in a manner reasonably believed to be (i) within the scope of the authority granted by this Agreement and (ii) in the best interests of the Partnership or the shareholders of the General Partner. In exercising its authority hereunder, the General Partner may, but shall not be under any obligation to, take into account the tax consequences to any Partner of any action it undertakes on behalf of the Partnership. Neither the General Partner nor the Partnership shall have any liability as a result of any income tax liability incurred by a Partner as a result of any action or inaction of the General Partner hereunder in good faith and, by their execution of this Agreement, the Limited Partners and the Preferred Limited Partners acknowledge the foregoing.

(A) Unless otherwise prohibited hereunder, the General Partner shall be entitled to exercise any of the powers granted to it and perform any of the duties required of it under this Agreement directly or through any agent. The General Partner shall not be responsible for any misconduct or negligence on the part of any agent; PROVIDED that the General Partner selected or appointed such agent in good faith.

(B) The General Partner acknowledges that it owes fiduciary duties both to its shareholders and to the Limited Partners and the Preferred Limited Partners and it shall use its reasonable efforts to discharge such duties to each; PROVIDED, HOWEVER, that in the event of a conflict between the interests of the shareholders of the General Partner and the interests of the Limited Partners or the Preferred Limited Partners, the Limited Partners and the Preferred Limited Partners agree that the General Partner shall discharge its fiduciary duties to the Limited Partners and the Preferred Limited Partners by acting in the best interests of the General Partner's shareholders. Nothing contained in the preceding sentence shall be construed as entitling the General Partner to realize any profit or gain from any transaction between the General Partner and the Partnership (except in connection with a distribution in accordance with this Agreement), including from the lending of money by the General Partner to the Partnership or the contribution of property by the General Partner to the Partnership, it being understood

that in any such transaction the General Partner shall be entitled to cost recovery only.

The provisions of this Agreement, to the extent that they restrict the duties and liabilities of the General Partner otherwise existing at law or in equity, are agreed by the Partners to replace such other duties and liabilities of the General Partner.

SECTION 6.7 INDEMNIFICATION. The Partnership shall indemnify the General Partner and each director, officer and shareholder of the General Partner and each Person (including any Affiliate) designated as an agent by the General Partner in its reasonable discretion (each, an "Indemnified Party") to the fullest extent permitted under the Act (including any procedures set forth therein regarding advancement of expenses to such Indemnified Party) from and against any and all losses, claims, damages, liabilities, expenses (including reasonable attorneys' fees), judgments, fines, settlements and any other amounts out of or in connection with any claims, demands, actions, suits or proceedings (civil, criminal or administrative) relating to or resulting (directly or indirectly) from the operations of the Partnership, in which such Indemnified Party becomes involved, or reasonably believes it may become involved, as a result of the capacity referred to above.

(A) The Partnership shall have the authority to purchase and maintain such insurance policies on behalf of the Indemnified Parties as the General Partner shall determine, which policies may cover those liabilities the General Partner reasonably believes may be incurred by an Indemnified Party in connection with the operation of the business of the Partnership. The right to procure such insurance on behalf of the Indemnified Parties shall in no way mitigate or otherwise affect the right of any such Indemnified Party to indemnification pursuant to Section 6.7(A) hereof.

(B) The provisions of this Section 6.7 are for the benefit of the Indemnified Parties, their heirs, executors, guardians, conservators, successors, assigns and administrators and shall not be deemed to create any rights in or benefit to any other Person.

ARTICLE VII - ADMINISTRATIVE, FINANCIAL AND TAX MATTERS

SECTION 7.1 BOOKS AND RECORDS. The General Partner shall maintain at the office of the Partnership full and accurate books of the Partnership showing all receipts and expenditures, assets and liabilities, profits and losses, names and current addresses of Partners, and all other records necessary for recording the Partnership's business and affairs. Each Limited Partner and Preferred Limited Partner shall have, upon written demand and at such Limited Partner's or Preferred Limited Partner's expense, as the case may be, the right to receive true and complete information regarding Partnership matters to the extent required (and subject to the limitations) under Delaware law.

SECTION 7.2 ANNUAL AUDIT AND ACCOUNTING. The books and records of the Partnership shall be kept for financial and tax reporting purposes on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"). The

accounts of the Partnership shall be audited annually by a nationally recognized accounting firm of independent public accountants selected by the General Partner (the "Independent Accountants").

SECTION 7.3 PARTNERSHIP FUNDS. The General Partner shall have responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in its direct or indirect possession or control. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signatures as the General Partner may from time to time determine.

SECTION 7.4 REPORTS AND NOTICES. The General Partner shall provide all Partners with the following reports no later than the dates indicated or as soon thereafter as circumstances permit:

(A) By March 31 of each year, IRS Form 1065 and Schedule K-1, or similar forms as may be required by the IRS, stating each Partner's allocable share of income, gain, loss, deduction or credit for the prior Fiscal Year;

(B) Within ninety (90) days after the end of each of the first three (3) fiscal quarters, as of the last day of the fiscal quarter, a report containing unaudited financial statements of the Partnership, or of the General Partner if such statements are prepared on a consolidated basis with the General Partner, and such other information as may be legally required or determined to be appropriate by the General Partner; and

(C) Within one hundred twenty (120) days after the end of each Fiscal Year, as of the close of the Fiscal Year, an annual report containing audited financial statements of the Partnership, or of the General Partner if such statements are prepared on a consolidated basis with the General Partner, presented in accordance with GAAP and certified by the Independent Accountants.

SECTION 7.5 TAX MATTERS. The General Partner shall be the Tax Matters Partner of the Partnership for federal income tax matters pursuant to Code Section 6231(a)(7)(A). The Tax Matters Partner is authorized and required to represent the Partnership (at the expense of the Partnership) in connection with all examinations of the affairs of the Partnership by any federal, state, or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Partnership for professional services and costs associated therewith. The Tax Matters Partner shall deliver to the Limited Partners and Preferred Limited Partners within ten (10) business days of the receipt thereof a copy of any notice or other communication with respect to the Partnership received from the IRS (or other governmental tax authority), or any court, in each case with respect to any administrative or judicial proceeding involving the Partnership. The Partners agree to cooperate with each other in connection with the conduct of all proceedings pursuant to this Section 7.5(A).

(A) The Tax Matters Partner shall receive no compensation for its services in such capacity. If the Tax Matters Partner incurs any costs related to any tax audit,

declaration of any tax deficiency or any administrative proceeding or litigation involving any Partnership tax matter, such amount shall be an expense of the Partnership and the Tax Matters Partner shall be entitled to full reimbursement therefor.

(B) The General Partner shall cause to be prepared all federal, state and local income tax returns required of the Partnership at the Partnership's expense.

(C) Except as set forth herein, the General Partner shall determine whether to make (and, if necessary, revoke) any tax election available to the Partnership under the Code or any state tax law; PROVIDED, HOWEVER, upon the request of any Partner, the General Partner shall make the election under Code Section 754 and the Treasury Regulations promulgated thereunder. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership in accordance with the provisions of Code Section 709.

SECTION 7.6 WITHHOLDING. Each Partner hereby authorizes the Partnership to withhold from or pay to any taxing authority on behalf of such Partner any tax that the General Partner determines the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Partner. Any amount paid to any taxing authority which does not constitute a reduction in the amount otherwise distributable to such Partner shall be treated as a loan from the Partnership to such Partner, which loan shall bear interest at the "prime rate" as published from time to time in THE WALL STREET JOURNAL plus two (2) percentage points, and shall be repaid within ten (10) business days after request for repayment from the General Partner. The obligation to repay any such loan shall be secured by such Partner's Partnership Interest and each Partner hereby grants the Partnership a security interest in his Partnership Interest for the purposes set forth in this Section 7.6, this Section 7.6 being intended to serve as a security agreement for purposes of the Uniform Commercial Code with the Partnership having in respect hereof all of the remedies of a secured party under the Uniform Commercial Code. Each Partner agrees to take such reasonable actions as the General Partner may request to perfect and continue the perfection of the security interest granted hereby. In the event any Partner fails to repay any deemed loan pursuant to this Section 7.6, the Partnership shall be entitled to avail itself of any rights and remedies it may have. Furthermore, upon the expiration of ten (10) business days after demand for payment, the General Partner shall have the right, but not the obligation, to make the payment to the Partnership on behalf of the defaulting Partner and thereupon be subrogated to the rights of the Partnership with respect to such defaulting Partner.

SECTION 8.1 TRANSFER BY GENERAL PARTNER. The General Partner may not voluntarily withdraw or, except as provided in Section 8.2, Transfer all or any portion of its General Partner Interest. Notwithstanding the foregoing, the General Partner may pledge its General Partner Interest in furtherance of the Partnership's business (including, without

limitation, in connection with a loan agreement under which the Partnership is a borrower) without the Consent of any Partner.

SECTION 8.2 OBLIGATIONS OF A PRIOR GENERAL PARTNER. Upon an Involuntary Withdrawal of the General Partner, the General Partner's Interest may be transferred to a successor with the Consent of the holders of a majority of each of the Partnership Units and the Preferred Units, voting separately. The transferring General Partner shall (i) remain liable for all obligations and liabilities (other than Partnership liabilities payable solely from Partnership Assets) incurred by it as General Partner before the effective date of such event and (ii) pay all costs associated with the admission of its Successor General Partner. However, such General Partner shall be free of and held harmless by the Partnership against any obligation or liability incurred on account of the activities of the Partnership from and after the effective date of such event, except as provided in this Agreement.

SECTION 8.3 SUCCESSOR GENERAL PARTNER. A successor to all of a General Partner's General Partner Interest who has been approved in accordance with Section 8.2 shall be admitted as the Successor General Partner, effective immediately prior to the Transfer. Any such Successor shall carry on the business of the Partnership without dissolution. In addition, the following conditions must be satisfied:

(A) The Person shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner;

(B) An amendment to this Agreement evidencing the admission of such Person as a General Partner shall have been executed by all General Partners and an amendment to the Certificate shall have been filed as required by the Act; and

(C) Any Consent required under Section 11.1(A) hereof shall have been obtained.

SECTION 8.4 RESTRICTIONS ON TRANSFER AND WITHDRAWAL BY LIMITED PARTNER.

(A) Subject to the provisions of Section 8.4(D), no Limited Partner or Preferred Limited Partner may Transfer all or any portion of its Partnership Interest without first obtaining the Consent of the General Partner, which Consent may be granted or withheld in the sole and absolute discretion of the General Partner. Any such purported Transfer undertaken without such Consent shall be considered to be null and void AB INITIO and shall not be given effect.

(B) No Limited Partner or Preferred Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer (i.e., a Transfer consented to as contemplated by clause (A) above or clause (D) below or a Transfer pursuant to clause (C) below) of all of such Limited Partner's Partnership Units or such Preferred Limited Partner's Preferred Units pursuant to this Article VIII or pursuant to a redemption or exchange of all of

such Limited Partner's or Preferred Limited Partner's Partnership Units pursuant to Article IX. Upon the permitted Transfer or redemption of all of a Limited Partner's or Preferred Limited Partner's Partnership Interests, such Limited Partner or Preferred Limited Partner shall cease to be a Limited Partner or Preferred Limited Partner, as the case may be.

(C) Upon the Involuntary Withdrawal of any Limited Partner or Preferred Limited Partner (which shall under no circumstance in and of itself cause the dissolution of the Partnership), the executor, administrator, trustee, guardian, receiver or conservator of such Limited Partner's or Preferred Limited Partner's estate shall become a Substituted Limited Partner or Substituted Preferred Limited Partner upon compliance with the provisions of Section

8.5(A)(1)-(3).

(D) Subject to clause (E) below, a Limited Partner or Preferred Limited Partner may Transfer, with the Consent of the General Partner, all or a portion of such Limited Partner's or Preferred Limited Partner's Partnership Interests to (a) a parent or parents, spouse, natural or adopted descendant or brother or sister, or a trust created by such Limited Partner or Preferred Limited Partner for the benefit of such Limited Partner or Preferred Limited Partner and/or any such Person(s), of which trust such Limited Partner or Preferred Limited Partner or any such Person(s) is a trustee, (b) a corporation controlled by a Person or Persons named in (a) above, (c) if the Limited Partner or Preferred Limited Partner is an entity, its beneficial owners, or (d) a family limited partnership comprised of members of the family of a Limited Partner or a Preferred Limited Partner, and the General Partner shall grant its Consent to any Transfer pursuant to this Section 8.4(D) unless such Transfer, in the reasonable judgment of the General Partner, would cause (or have the potential to cause) the General Partner to fail to qualify for taxation as a REIT, in which case the General Partner shall have the sole and absolute discretion to refuse to permit such Transfer, and any purported Transfer in violation of this Section 8.4(D) shall be null and void AB INITIO and shall not be given effect.

(E) No Transfer of Limited Partnership Interests or Preferred Limited Partner Partnership Interests shall be made if such Transfer would (i) in the opinion of Partnership counsel, cause the Partnership to be terminated for federal income tax purposes or to be treated as an association taxable as a corporation (rather than a partnership) for federal income tax purposes; (ii) be effected through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 and the Treasury Regulations thereunder; (iii) in the opinion of Partnership counsel, violate the provisions of applicable securities laws; (iv) violate the terms of (or result in a default or acceleration under) any law, rule, regulation, agreement or commitment binding on the Partnership; (v) cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(e) of the Code); (vi) in the opinion of counsel to the Partnership, cause any portion of the underlying assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; or (vii) result in a deemed distribution to any Partner attributable to a failure to meet the requirements of Treasury Regulations Section 1.752-2(d)(1), unless such Partner consents thereto.

(F) Prior to the consummation of any Transfer under this Section 8.4, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

SECTION 8.5 SUBSTITUTED LIMITED PARTNER.

(A) No transferee shall become a Substituted Limited Partner or Substituted Preferred Limited Partner in place of its assignor unless and until the following conditions have been satisfied:

(1) The assignor and transferee file a Notice or other evidence of Transfer and such other information reasonably required by the General Partner, including, without limitation, names, addresses and telephone numbers of the assignor and transferee;

(2) The transferee executes, adopts and acknowledges this Agreement, or a counterpart hereto, and such other documents as may be reasonably requested by the General Partner, including without limitation, all documents necessary to comply with applicable tax and/or securities rules and regulations; and

(3) The assignor or transferee pays all costs and fees incurred or charged by the Partnership to effect the Transfer and substitution.

(B) If a transferee of a Limited Partner or Preferred Limited Partner does not become a Substituted Limited Partner or Substituted Preferred Limited Partner pursuant to Section 8.5(A), such transferee shall be an Assignee and shall not have any rights to require any information on account of the Partnership's business, to inspect the Partnership's books or to vote or otherwise take part in the affairs of the Partnership (such Partnership Interests being deemed to have been voted in the same proportion as all other Partnership Interests held by Limited Partners or Preferred Limited Partners, as the case may be, have been voted). Such Assignee shall be entitled, however, to all the rights of an assignee of a limited partner interest under the Act. Any Assignee wishing to Transfer the Partnership Units acquired shall be subject to the restrictions set forth in this Article VIII.

SECTION 8.6 TIMING AND EFFECT OF TRANSFERS. Unless the General Partner agrees otherwise, Transfers under this Article VIII may only be made as of the first day of a fiscal quarter of the Partnership. Upon any Transfer of a Partnership Interest in accordance with this Article VIII or redemption of a Partnership Interest in accordance with Article IX, the Partnership shall allocate all items of Profit and Loss between the assignor and the transferee in accordance with Section 5.2(F)(2) hereof. The assignor shall have the right to receive all distributions as to which the Record Date precedes the date of Transfer and the transferee shall have the right to receive all distributions thereafter.

SECTION 8.7 ADDITIONAL LIMITED PARTNERS. Other than in accordance with the transactions specified in the Contribution Agreements, after the initial execution of this Agreement and the admission to the Partnership of the Initial Limited Partners, any Person making a Capital Contribution to the Partnership in accordance herewith shall be admitted as an Additional Limited Partner or Additional Preferred Limited Partner only (i) with the Consent of

the General Partner and (ii) upon execution, adoption and acknowledgment of this Agreement, or a counterpart hereto, and such other documents as may be reasonably requested by the General Partner, including, without limitation, the power of attorney required under Section 12.3. Upon satisfaction of the foregoing requirements, such Person shall be admitted as an Additional Limited Partner or Additional Preferred Limited Partner effective on the date upon which the name of such Person is recorded on the books of the Partnership.

SECTION 8.8 AMENDMENT OF AGREEMENT AND CERTIFICATE. Upon any admission of a Person as a Partner to the Partnership, the General Partner shall make any necessary amendment to this Agreement to reflect such admission and, if required by the Act, to cause to be filed an amendment to the Certificate.

SECTION 8.9 PLEDGES. No Limited Partner or Preferred Limited Partner may pledge, mortgage, hypothecate or encumber any Limited Partnership Interest or Preferred Limited Partner Partnership Interest, without first obtaining the Consent of the General Partner, which Consent may be granted or withheld in the sole and absolute discretion of the General Partner. Any such purported pledge, mortgage, hypothecation or encumbrance undertaken without such Consent shall be considered null and void AB INITIO and shall not be given effect.

ARTICLE IX - REDEMPTION AND CONVERSION

SECTION 9.1 RIGHT OF REDEMPTION.

(A) Subject to compliance with (v) the Act, (w) the terms and conditions of the REIT Charter, (x) all requirements under the Code applicable to real estate investment trusts, (y) Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, or any other law as in effect from time to time and (z) any applicable rule or policy of any stock exchange or self-regulatory organization (a "Redemption Restriction"), except if prohibited by other contractual obligations, during each Redemption Period each Redeeming Party shall have the right to exercise its Redemption Rights by providing the General Partner with a Redemption Notice. A Limited Partner may invoke its rights under this Article IX with respect to one or more Partnership Units or all of the Partnership Units held by such Limited Partner. Upon the General Partner's receipt of a Redemption Notice from a Redeeming Party, the Partnership shall be obligated (subject to the existence of any Redemption Restriction) to redeem the Partnership Units from such Redeeming Party (the "Redemption Obligation").

(B) Upon receipt of a Redemption Notice from a Redeeming Party, the General Partner shall either (i) cause the Partnership to redeem the Partnership Units tendered in the Redemption Notice, (ii) assume the Redemption Obligation, as set forth in Section 9.4, or (iii) provide written Notice to the Redeeming Party of each applicable Redemption Restriction.

SECTION 9.2 TIMING OF REDEMPTION. The Redemption Obligation (or the obligation to provide Notice of an applicable Redemption Restriction, if one exists) shall mature

on the date which is seven (7) business days after the receipt by the General

Partner of a Redemption Notice from the Redeeming Party (the "Redemption Date").

SECTION 9.3 REDEMPTION PRICE. On or before the Redemption Date, the Partnership (or the General Partner if it elects pursuant to Section 9.4) shall deliver to the Redeeming Party, in the sole and absolute discretion of the General Partner, either (i) a Share Payment or (ii) a Cash Payment; PROVIDED, HOWEVER, that a Share Payment shall not be made, and a Cash Payment shall instead be made in all cases, if, in the sole and absolute discretion of the General Partner, the making of a Share Payment would result in a material risk of termination of the General Partner's status as a REIT under the Code. In order to enable the Partnership to effect a redemption by making a Share Payment pursuant to this Section 9.3, the General Partner in its sole and absolute discretion may issue to the Partnership the number of REIT Shares required to make such Share Payment in exchange for the issuance to the General Partner of Partnership Units equal in number to the quotient of the number of REIT Shares issued and the Conversion Factor. Any such Partnership Unit redeemed by the Partnership shall be deemed canceled.

SECTION 9.4 ASSUMPTION OF REDEMPTION OBLIGATION. Upon receipt of a Redemption Notice, the General Partner, in its sole and absolute discretion, shall have the right to assume the Redemption Obligation of the Partnership. In such case, the General Partner shall be substituted for the Partnership for all purposes of this Article IX and, upon acquisition of the Partnership Units tendered by the Redeeming Party pursuant to the Redemption Notice shall be treated for all purposes of this Agreement as the owner of such Partnership Units. Such Partnership Units shall constitute General Partner Interests. Such exchange transaction shall be treated for federal income tax purposes by the Partnership, the General Partner and the Redeeming Party as a sale by the Redeeming Party as seller to the General Partner as purchaser.

SECTION 9.5 FURTHER ASSURANCES; CERTAIN REPRESENTATIONS. Each party to this Agreement agrees to execute any documents deemed reasonably necessary by the General Partner to evidence the of issuance of any Share Payment to a Redeeming Party. Each Limited Partner and Preferred Limited Partner, by executing this Agreement, shall be deemed to have represented to the General Partner and the Partnership that (i) its acquisition of its Partnership Interest is or will be made as a principal for its own account, for investment purposes only and not with a view to the resale or distribution of such Partnership Interest and (ii) if it shall receive REIT Shares pursuant to this Article IX other than pursuant to an effective registration statement under the Securities Act of 1933, as amended, that its acquisition of such REIT Shares is or will be made as a principal for its own account, for investment purposes only and not with a view to the resale or distribution of such REIT Shares and agrees that such REIT Shares may bear a legend to the effect that such REIT Shares have not been so registered and may not be sold other than pursuant to such a registration statement or an exemption from the registration requirements of such Act.

SECTION 9.6 EFFECT OF REDEMPTION. Upon the satisfaction of the Redemption Obligation by the Partnership or the General Partner, as the case may be, the Redeeming Party shall have no further right to receive any Partnership distributions in respect of the Partnership Units so redeemed and shall be deemed to have represented to the Partnership

and the General Partner that the Partnership Units tendered for redemption are not subject to any liens, claims or encumbrances.

SECTION 9.7 REGISTRATION RIGHTS. In the event a Limited Partner receives REIT Shares in connection with a redemption of Partnership Units pursuant to this Article IX, such Limited Partner shall be entitled to have such REIT Shares registered under the Securities Act of 1933, as amended, as provided in the Registration Rights Agreement.

SECTION 9.8 CONVERSION.

(A) (1) Each Limited Partner holding Preferred Units which are convertible into Partnership Units under the terms of this Agreement shall have the right, at any time or from time to time, to convert after the Conversion Commencement Date applicable to such Preferred Units some or all of such 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, each Preferred Unit which is 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 equal to the applicable Conversion Factor plus an amount of cash equal to the accrued Priority Return Amount in respect of such Preferred Unit. With respect to any series of Preferred Units issued to the General Partner pursuant to Section 4.2(B) of this Agreement, the Conversion Commencement Date and the applicable

Conversion Factor shall be the conversion commencement date and conversion factor of the related issuance of securities by the General Partner as provided in Section 4.2(B) of this Agreement. With respect to preferred units issued by the Partnership to Persons other than the General Partner, the Conversion Commencement Date and the Conversion Factor shall be set forth on the Addendum to EXHIBIT 1 hereto or otherwise set forth in an amendment to this Agreement. In any case in which the conversion into Partnership Units would result in the issuance of a fractional Partnership Unit, the General Partner shall pay the converting Limiting Partner cash in lieu of issuance of a fractional Partnership Unit, with the value of such fractional interest being determined by the Unit Value applicable on the date of conversion.

(2) 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.

(3) 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.

(4) 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.

(B) In any case in which there is an unpaid Priority Return Amount with respect to a Preferred Unit that is converted pursuant to paragraph (A) of this Section, the converting Partner shall continue to have the right to distributions (and allocations) under Article V and Section 10.2 of this Agreement as if the converting Partner continued to hold the converted Preferred Unit until the unpaid distributions (and related allocations) have been paid (or allocated). 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 9.8(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.

SECTION 9.9 REDEMPTION RESTRICTION.

(A) The General Partner shall not take, or cause to be taken, any action which would cause a Redemption Restriction to exist or continue.

(B) The General Partner shall, at its cost and expense, take, or cause to be taken, all such actions that may be necessary or desirable to mitigate the existence or effect of any Redemption Restriction and to facilitate and make effective the rights of redemption and conversion provided in this Article IX.

SECTION 9.10 SPECIAL EVENT

(A) Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of a Special Event (whether before or after September 1, 1998), each Redeeming Party shall immediately have the unconditional right (irrespective of whether a Redemption Restriction exists or could thereby be created other than a Redemption Restriction under the Act) to require the Partnership to redeem all or a portion of the Partnership Units held by such Redeeming Party by providing the General Partner with a Redemption Notice. A Limited Partner may invoke its rights under this Section 9.10 with respect to one or more Partnership Units or all of the Partnership Units held by such Limited Partner. Any such redemption shall otherwise be governed by and effected and implemented pursuant to this Article IX as if no Redemption Restriction existed.

(B) Notwithstanding any provision of this Agreement to the contrary, upon the occurrence of a Special Event (whether before or after October 1, 1999), each Preferred Limited Partner shall have the right effective

upon the happening of such Special Event, at any

time or from time to time, to convert some or all of its Preferred Units into Limited Partner Interests by providing the General Partner with a Conversion Notice. Any such conversion shall otherwise be governed by and effected and implemented pursuant to this Article IX.

(C) "Special Event" means the occurrence of any of the following:

(1) any person or group (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) other than the Permitted Holders, directly or indirectly, makes an offer to purchase or commences a tender offer for REIT Shares such that, after acquiring all such REIT Shares offered to be acquired or tendered for, such person or group would then be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 20% or more of the total number of REIT Shares then issued and outstanding; or

(2) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in clause (C)(1) above, except that for purposes of this clause (II) such person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 20% of the total voting power represented by all the REIT Shares then outstanding; or

(3) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Trustees of COPT (together with any new directors whose election by such Board of Trustees or whose nomination for election by the shareholders of COPT was approved by a vote of 66 2/3% of the directors of COPT then still in office who were either trustees at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Trustees of COPT then in office; or

the merger or consolidation of COPT with or into another Person or the merger or consolidation of another Person with or into COPT, or the sale of all or substantially all the assets of COPT to another Person (other than a Person that is controlled by the Permitted Holders in the aggregate), and, in the case of any such merger or consolidation, the securities of COPT that are outstanding immediately prior to such transaction and which represent 100% of the aggregate voting power of the REIT Shares are changed into or exchanged for cash, securities or property.

(D) "Permitted Holders" means Jay H. Shidler, Clay W. Hamlin III, Westbrook Real Estate Fund I, L.P. and Westbrook Real Estate Co. Investment Partnership I, L.P. and any corporation, partnership, trust, estate or other legal entity controlled by any of the foregoing Persons (or jointly controlled by Messrs. Shidler and Hamlin).

ARTICLE X - DISSOLUTION AND LIQUIDATION

SECTION 10.1 TERM AND DISSOLUTION. The Partnership commenced as of October 10, 1997, and shall continue until October 31, 2096, at which time the Partnership shall dissolve, or until dissolution occurs prior to that date at any time there are no Limited Partners of the Partnership and for any one of the following reasons:

(A) An Involuntary Withdrawal or a voluntary withdrawal, even though in violation of this Agreement, of the General Partner or any other event that causes the General Partner to cease to be a general partner under the Act (other than a Transfer to a Successor General Partner in accordance with Article VIII) unless, within ninety (90) days after such event, a majority of the Limited Partners remaining agree in writing to the continuation of the Partnership and to the appointment, effective as of the date of such event, of a Successor General Partner;

(B) Entry of a decree of judicial dissolution of the Partnership under the Act;

(C) The sale, exchange or other disposition of all or substantially all of the Partnership Assets; or

(D) The affirmative vote of the holders of not less than two-thirds of the Limited Partner Interests.

For purposes of this Section 10.1 and Section 10.2, Preferred Units shall be treated as if they have been converted on the date of any such vote into Limited Partner Interests pursuant to Section 9.8 and the Preferred Limited Partners holding such Preferred Units shall be treated as Limited Partners.

SECTION 10.2 LIQUIDATION OF PARTNERSHIP ASSETS

(A) Subject to Section 10.2(E), in the event of dissolution pursuant to Section 10.1, the Partnership shall continue solely for purposes of winding up the affairs of, achieving a final termination of, and satisfaction of the creditors of, the Partnership. The General Partner (or, if there is no General Partner remaining, any Person elected by a majority in interest of the Limited Partners (the "Liquidator")) shall be responsible for oversight of the winding-up and termination of the Partnership. The Liquidator shall obtain a full accounting of the assets and liabilities of the Partnership and such Partnership Assets shall be liquidated (including, at the discretion of the Liquidator, in exchange, in whole or in part, for REIT Shares) as promptly as the Liquidator is able to do so without any undue loss in value, with the proceeds therefrom applied and distributed in the following order:

(1) First, to creditors, including partners who are creditors, in satisfaction of liabilities of the Partnership (whether by payment or the making of reasonable

provision for payment thereof), other than liabilities for distributions to Partners and former Partners;

(2) Second, to the Preferred Limited Partners holding Preferred Units entitled to a Liquidation Preference in amounts equal to the Liquidation Preference;

(3) Third, to the Preferred Limited Partners holding Preferred Units entitled to Priority Return Amounts in amounts equal to any unpaid Priority Return Amounts;

(4) Fourth, to Partners and former Partners in satisfaction of liabilities for distributions; and

(5) The balance, if any, to the Partners in accordance with their positive Capital Accounts after giving effect to all contributions, distributions (including, without limitation, distributions pursuant to Section 10.2(A)(2)) and allocations for all periods; provided, however, that after distribution of the Liquidation Preference and Priority Return Amounts, a Preferred Limited Partner shall be entitled to no further payment pursuant to this Section with respect to such Preferred Unit.

Distributions made pursuant to this Section 10.2(A) to Preferred Limited Partners holding Senior Preferred Units and/or Junior Preferred Units shall be made first to the Preferred Limited Partners with respect to classes or series of Preferred Units which are Senior Preferred Units, and thereafter to Preferred Limited Partners with respect to classes or series of Preferred Units which are Junior Preferred Units.

(B) In accordance with Section 10.2(A), the Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership Assets; PROVIDED, HOWEVER, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership Assets would cause undue loss to the Partners, the Liquidator may defer the liquidation except (i) to the extent provided by the Act or (ii) as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners.

(C) If, in the sole and absolute discretion of the Liquidator, there are Partnership Assets that the Liquidator will not be able to liquidate, or if the liquidation of such assets would result in undue loss to the Partners, the Liquidator may distribute such Partnership Assets to the Partners in kind, in lieu of cash, as tenants-in-common in accordance with the priorities set forth in Section 10.2(A). The foregoing notwithstanding, such in-kind distributions shall only be made if in the Liquidator's good faith-judgment that is in the best interest of the Partners.

(D) Upon the complete liquidation and distribution of the Partnership Assets, the Partners shall cease to be partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by law to terminate the Partnership. Upon the

dissolution of the Partnership pursuant to Section 10.1, the Liquidator shall cause to be prepared, and shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership. Promptly following the complete liquidation and

distribution of the Partnership Assets, the Liquidator shall furnish to each Partner a statement showing the manner in which the Partnership Assets were liquidated and distributed.

(E) Notwithstanding the foregoing provisions of this Section 10.2, in the event that the Partnership shall dissolve as a result of the type expiration of the term provided for herein or as a result of the occurrence of an event of the type described in Section 10.1(B) or (C), then each Limited Partner shall be deemed to have delivered a Redemption Notice on the date of such dissolution. In connection with each such Redemption Notice, the General Partner shall have the option, subject to the Act, of either (i) complying with the redemption procedures contained in Article IX or (ii) at the request of any Limited Partner, delivering to such Limited Partner Partnership property approximately equal in value (after taking into account the liabilities herein referred to) to the amount otherwise distributable to such Partner under Section 10.2(A)(4) hereof upon the assumption by such Limited Partner of such Limited Partner's proportionate share of the Partnership's liabilities and payment by such Limited Partner (or the Partnership) of any excess (or deficiency) of the value of the property so delivered over the amount otherwise distributable to such Partner under Section 10.2(A)(4). In lieu of requiring such Limited Partner to assume its proportionate share of Partnership liabilities, the General Partner may, subject to the Act, deliver to such Limited Partner unencumbered Partnership property approximately equal in value to the amount otherwise distributable to such Partner under Section 10.2(A)(4). In furtherance of the foregoing, a Partner may be compelled to accept a distribution of any asset in kind from the Partnership despite the fact that the percentage of the assets distributed to such Partner, exceeds the percentage of that asset which is equal to the percentage in which he shares in distributions from the Partnership.

SECTION 10.3 EFFECT OF TREASURY REGULATIONS.

(A) In the event the Partnership is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) and there has been a dissolution of the Partnership under Section 10.1 hereof, distributions shall be made pursuant to this Article X to the General Partner, the Limited Partners, and the Preferred Limited Partners who have positive Capital Accounts in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2). If any Partner has a deficit balance in its Capital Account (after giving effect to all contributions (without regard to this Section 10.3(A)), distributions and allocations), such Partner shall have no obligation to make any contribution to the capital of the Partnership. Any deficit restoration obligation pursuant to the provisions hereof shall be for the benefit of creditors of the Partnership or any other Person to whom any debts, liabilities, or obligations are owed by (or who otherwise has any claim against) the Partnership or the General Partner, in its capacity as general partner of the Partnership.

(B) In the event the Partnership is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) but there has been no dissolution of the Partnership under Section 10.1 hereof, then the Partnership Assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. In the event of such a liquidation there shall be deemed to have been a distribution of Partnership Assets in kind to the Partners in accordance with their respective Capital Accounts followed by a recontribution of the Partnership Assets by the Partners also in accordance with

their respective Capital Accounts.

SECTION 10.4 TIME FOR WINDING-UP. Anything in this Article X notwithstanding, a reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of the Partnership Assets in order to minimize any potential for losses as a result of such process. During the period of winding-up, this Agreement shall remain in full force and effect and shall govern the rights and relationships of the Partners INTER SE.

ARTICLE XI - AMENDMENTS AND MEETINGS

SECTION 11.1 AMENDMENT PROCEDURE.

(A) Amendments to this Agreement may be proposed by the General Partner. An amendment proposed at any time when the General Partner holds less than 90% of all Partnership Units will be adopted and effective only if it receives the Consent of the holders of a majority of each of the Partnership Units and Preferred Units, voting separately, not then held by the General Partner and an amendment proposed at any time when the General Partner holds 90% or more of all Partnership Units and Preferred Units may be made by the General Partner without the Consent of any Limited Partner or Preferred Limited Partner; PROVIDED, HOWEVER, no amendment shall be adopted if it would (i) convert a Limited Partner's Partnership Interest or Preferred Limited Partner's Preferred Units into a general partner interest, (ii) increase the liability of a Limited Partner or a Preferred Limited Partner under this Agreement, (iii) except as otherwise permitted in this Agreement, alter the amount or the Partner's rights to distributions set forth in Article V or X, or the allocations set forth in Article IV, (iv) alter or modify any aspect of the Partner's rights with respect to redemption of Partnership Units or conversion of Preferred Units, (v) cause the early termination of the Partnership (other than pursuant to the terms hereof) or (vi) amend this Section 11.1(A), in each case without the Consent of each Partner adversely affected thereby. In connection with any proposed amendment of this Agreement requiring Consent, the General Partner shall either call a meeting to solicit the vote of the Partners or seek the written vote of the Partners to such amendment. In the case of a request for a written vote, the General Partner shall be authorized to impose such reasonable time limitations for response, but in no event less than ten (10) days, with the failure to respond being deemed a vote consistent with the vote of the General Partner.

(B) Notwithstanding the foregoing, Amendments may be made to this Agreement by the General Partner, without the Consent of any Limited Partner or Preferred Limited Partner, to (i) add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner herein; (ii) cure any ambiguity, correct or supplement any provision herein which may be inconsistent with any other provision herein or make any other provisions with respect to matters or questions arising hereunder which will not be inconsistent with any other provision hereof; (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); or (iv) satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law. The General Partner shall reasonably promptly notify the Limited Partners and Preferred Limited Partners whenever it exercises its authority pursuant to this Section 11.1(B).

(C) Within ten (10) days of the making of any proposal to amend this Agreement, the General Partner shall give all Partners Notice of such proposal (along with the text of the proposed amendment and a statement of its purposes).

SECTION 11.2 MEETINGS AND VOTING.

(A) Meetings of Partners may be called by the General Partner. The General Partner shall give all Partners Notice of the purpose of such proposed meeting not less than seven (7) days nor more than thirty (30) days prior to the date of the meeting. Meetings shall be held at a reasonable time and place selected by the General Partner. Whenever the vote or Consent of Partners is permitted or required hereunder, such vote or Consent shall be requested by the General Partner and may be given by the Partners in the same manner as set forth for a vote with respect to an amendment to this Agreement in Section 11.1(A).

(B) Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written Consent setting forth the action to be taken is signed by the Partners owning Percentage Interests required to vote in favor of such action, which Consent may be evidenced in one or more instruments (for this purpose Preferred Units and Preferred Limited Partners shall be treated as provided in Section 10.1(D) in the case of a vote pursuant to such Section). Consents need not be solicited from any other Partner if the written Consent of a sufficient number of Partners has been obtained to take the action for which such solicitation was required.

(C) Each Limited Partner and each Preferred Limited Partner may authorize any Person or Persons, including without limitation the General Partner, to act for him by proxy on all matters on which a Limited Partner or a

Preferred Limited Partner may participate. Every proxy (i) must be signed by the Limited Partner, the Preferred Limited Partner or their attorney-in-fact, (ii) shall expire eleven (11) months from the date thereof unless the proxy provides otherwise and (iii) shall be revocable at the discretion of the Limited Partner or Preferred Limited Partner granting such proxy.

ARTICLE XII - MISCELLANEOUS PROVISIONS

SECTION 12.1 TITLE TO PROPERTY. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership

as an entity, and no Partner, individually, shall have any ownership of such property. The Partnership may hold any of its assets in its own name or in the name of its nominee, which nominee may be one or more individuals, corporations, partnerships, limited liability companies, trusts or other entities.

SECTION 12.2 OTHER ACTIVITIES OF LIMITED PARTNERS AND PREFERRED LIMITED PARTNERS. Except as expressly provided otherwise in this Agreement or in any other agreement entered into by a Limited Partner or a Preferred Limited Partner or any Affiliate of a Limited Partner or a Preferred Limited Partner and the Partnership, the General Partner or any Subsidiary of the Partnership or the General Partner, any Limited Partner or Preferred Limited Partner or any Affiliate of any Limited Partner or Preferred Limited Partner may engage in, or possess an interest in, other business ventures of every nature and description, independently or with others, including, without limitation, real estate business ventures, whether or not such other enterprises shall be in competition with any activities of the Partnership, the General Partner or any Subsidiary of the Partnership or the General Partner; and neither the Partnership, the General Partner, any such Subsidiary nor the other Partners shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits derived therefrom.

SECTION 12.3 POWER OF ATTORNEY.

(A) Each Partner hereby irrevocably appoints and empowers the General Partner (which term shall include the Liquidator, in the event of a liquidation, for purposes of this Section 12.3) and each of their authorized officers and attorneys-in-fact with full power of substitution as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead to:

(1) make, execute, acknowledge, publish and file in the appropriate public offices (a) any duly approved amendments to the Certificate pursuant to the Act and to the laws of any state in which such documents are required to be filed; (b) any certificates, instruments or documents as may be required by, or may be appropriate under, the laws of any state or other jurisdiction in which the Partnership is doing or intends to do business; (c) any other instrument which may be required to be filed by the Partnership under the laws of any state or by any governmental agency, or which the General Partner deems advisable to file; (d) any documents which may be required to effect the continuation of the Partnership, the admission, withdrawal or substitution of any Partner pursuant to Article VIII, dissolution and termination of the Partnership pursuant to Article X, or the surrender of any rights or the assumption of any additional responsibilities by the General Partner; (e) any document which may be required to effect an amendment to this Agreement, to the extent such amendment is permitted by Section 11.1; and (f) all instruments (including this Agreement and amendments and restatements hereof) relating to the determination of the rights, preferences and privileges of any class or series of Partnership Interests issued pursuant to Section 4.2(B) of this Agreement; and

(2) sign, execute, swear to and acknowledge all voting ballots,

Consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole discretion of the General Partner, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement and appropriate or necessary, in the sole discretion of the General Partner, to effectuate the terms or intent of this Agreement.

(B) Nothing herein contained shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XI or as may be otherwise expressly provided for in this Agreement.

(C) The foregoing grant of authority (i) is a special power of attorney, coupled with an interest, and it shall survive the disability or Involuntary Withdrawal of any Partner and shall extend to such Partner's heirs, executors, guardians, conservators, successors, assigns and personal representatives; (ii) may be exercised by the General Partner for each and every Partner acting as attorney-in-fact for each and every Partner; and (iii) shall survive the Transfer by a Limited Partner or Preferred Limited Partner of all or any portion of its Partnership Interest and shall be fully binding upon such transferee; except that the power of attorney shall survive such assignment with respect to the assignor Limited Partner or Preferred Limited Partner for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect the admission of the transferee as a Substituted Limited Partner or Substituted Preferred Limited Partner. Each Partner hereby agrees to be bound by any representations made by the General Partner acting in good faith pursuant to such power of attorney. Each Partner shall execute and deliver to the General Partner, within fifteen (15) days after receipt of the General Partner's request therefor, such further designations, powers of attorney and other instruments as the General Partner deems necessary to effectuate this Agreement and the purposes of the Partnership.

SECTION 12.4 NOTICES. All Notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery, (i) if to a Limited Partner or a Preferred Limited Partner, at the most current address given by such Limited Partner or Preferred Limited Partner to the General Partner by means of a Notice given in accordance with the provisions of this Section 12.4, which address initially is the address contained in the records of the General Partner or the Partnership, or (ii) if to the General Partner or the Partnership, Corporate Office Properties Trust, 8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045-2272, Attn: President.

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

SECTION 12.5 FURTHER ASSURANCES. The parties agree to execute and deliver all such documents, provide all such information and take or refrain from taking any action as may be necessary or desirable to achieve the purposes of this Agreement and the Partnership.

SECTION 12.6 TITLES AND CAPTIONS. All article or section titles or captions in this Agreement are solely for convenience and shall not be deemed to be part of this Agreement or otherwise define, limit or extend the scope or intent of any provision hereof.

SECTION 12.7 APPLICABLE LAW. This Agreement, and the application or interpretation thereof, shall be governed exclusively by its terms and by the laws of the State of Delaware, without regard to its principles of conflicts of laws.

SECTION 12.8 BINDING AGREEMENT. This Agreement shall be binding upon the parties hereto, their heirs, executors, personal representatives, successors and assigns.

SECTION 12.9 WAIVER OF PARTITION. Each of the parties hereto irrevocably waives during the term of the Partnership any right that it may have to maintain any action for partition with respect to any property of the Partnership.

SECTION 12.10 COUNTERPARTS AND EFFECTIVENESS. This Agreement may be executed in several counterparts, which shall be treated as originals for all purposes, and all so executed shall constitute one agreement, binding on all of the parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against each Person who executed it. The execution of this Agreement and delivery thereof by facsimile shall be sufficient for all purposes, and shall be binding upon any party who so executes.

SECTION 12.11 SURVIVAL OF REPRESENTATIONS. All representations and warranties herein shall survive the dissolution and final liquidation of the Partnership.

SECTION 12.12 ENTIRE AGREEMENT. This Agreement (and all Exhibits

hereto) contains the entire understanding among the parties hereto and supersedes all prior written or oral agreements among them respecting the within subject matter, unless otherwise provided herein. There are no representations, agreements, arrangements or understandings, oral or written, among the Partners hereto relating to the subject matter of this Agreement which are not fully expressed herein and in said Exhibits.

SECTION 12.13 Authorization and Consent. The General Partner, each Limited Partner and each Preferred Limited Partner hereby authorizes the General Partner, in the name and on behalf of the Partnership, to execute, deliver and perform the Senior Secured Credit Agreement dated as of September 30, 1997, and all amendments thereto ("Credit Agreement") between Royale Investments, Inc. ("Royale"), the Partnership, FCO Holdings, Inc., Blue Bell Investment Company, L.P., South Brunswick Investors, L.P., Comcourt Investors, L.P. and 6385 Flank Drive, L.P., as Loan parties, and Bankers Trust Company, as Banker, and each of the Security Documents (as defined in the Credit Agreement) to which it is to be a party or by which it is to be bound and to execute and deliver in the name and on behalf of the Partnership such instruments, agreements and documents and to take or refrain from taking all such action as it in its sole discretion shall deem necessary, desirable or advisable in connection with the foregoing and in connection with the Formation Agreement.

SECTION 12.14 MERGER. The Partnership may merge with, or consolidate into, another business entity (as defined in Section 17-211(a) of the Act) upon approval by the General Partner and the Consent of the holders of a majority of each of the Partnership Units and the Preferred Units, voting separately. In accordance with Section 17-211 of the Act (including Section 17-211(g)), notwithstanding anything to the contrary contained in this Agreement, an agreement of merger or consolidation approved by the General Partner and Consented to by the holders of a majority of each of the Partnership Units and the Preferred Units, voting separately, may (A) effect any amendment to this Agreement, or (B) effect the adoption of a new partnership agreement for the Partnership if it is the surviving or resulting limited partnership of the merger or consolidation. Any amendment to this Agreement or adoption of a new partnership agreement made pursuant to the foregoing sentence shall be effective at the effective time or date of the merger or consolidation. The provisions of this Section shall not be construed to limit the accomplishment of a merger or of any of the matters referred to herein by any other means otherwise permitted by law.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Randall M. Griffin

Name: Randall M. Griffin
Title: President

Shidler Equities, L.P.

By: /s/ Illegible

Name:
Title:

LBCW LIMITED PARTNERSHIP

By: /s/ Clay W. Hamlin, III

Name: Clay W. Hamlin, III
Title: General Partner

CHLB PARTNERSHIP

By: /s/ Clay W. Hamlin, III

Name: Clay W. Hamlin, III
Title: General Partner

JUNE Y.I. ITO TRUST

By:

Name:
Title:

FREDERICK K. ITO TRUST

By:

Name:
Title:

TIGER SOUTH BRUNSWICK, L.L.C.

By:

Name:
Title:

M.O.R. COMMONS LIMITED PARTNERSHIP

By:

Name:
Title:

WESTBROOK REAL ESTATE FUND I, L.P.

WESTBROOK REAL ESTATE

INVESTMENT PARTNERSHIP I, L.P.

By: _____
Name:
Title:

By: _____
Name:
Title:

M.O.R. XXIX ASSOCIATES
LIMITED PARTNERSHIP

By: _____
Name:
Title:

M.O.R. 44 GATEWAY ASSOCIATES
LIMITED PARTNERSHIP

By: _____
Name:
Title:

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

ENTERPRISE NAUTICAL, INC.

By: _____
Name:
Title:

NEW PARKWAY DOMAIN
GROUP ENTERPRISES, LLC

By: _____
Name:
Title:

/s/ Jay H. Shidler
- _____
Jay H. Shidler

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

/s/ Robert L. Denton
- _____
Robert L. Denton

/s/ James K. Davis
_____
James K. Davis

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

_____
Henry D. Bullock

/s/ Denise J. Liszewski
- _____
Bernice Reger

_____
Denise J. Liszewski

/s/ David P. Hartsfield
- _____
Samuel Tang

_____
David P. Hartsfield

- _____
Lawrence J. Taff

_____
Kimberly F. Acquino

/s/ John Parsinen
- _____
John Parsinen

_____
John Edward De Burgh Blockey

- _____
John D. Parsinen, Jr.

_____
Sanda Juanita Blockey

Exhibit 1

SCHEDULE OF PARTNERS

<TABLE>
<CAPTION>

	Partnership Units	Series A Preferred Partnership Units	Series B Preferred Partnership Units
<S>	<C>	<C>	<C>

GENERAL PARTNER			
Corporate Office Properties Trust	15,503,088	984,308	1,250,000
LIMITED PARTNERS AND PREFERRED LIMITED PARTNERS			
Jay H. Shidler	452,878		
Shidler Equities, L.P.	2,217,182		
Clay W. Hamlin, III	417,138		
LBCW Limited Partnership	3,246,007		
CHLB Partnership	212,316		
Robert L. Denton	434,910		
James K. Davis	51,589		
John E. De B. Blockey, Trustee of the John E. de B. Blockey Living Trust dated 9/12/88	300,625		
Henry D. Bullock	116,553		
Frederick K. Ito Trust	29,140		
June Y.I. Ito Trust	29,135		
Bernice Reger	268,671		
Tiger South Brunswick, L.L.C.	6,778		
Westbrook Real Estate Fund I, L.P.	792,279		
Westbrook Real Estate Co. Investment Partnership I, L.P.	78,488		
Denise J. Liszewski	34,333		
Samuel Tang	22,889		
David P. Hartsfield	30,519		
Lawrence J. Taff	13,733		
Kimberly F. Acquino	5,874		
M.O.R. XXIX Associates Limited Partnership	148,381		
M.O.R. 44 Gateway Associates Limited Partnership	1		
Enterprise Nautical, Inc.	100,000		
John Parsinen	90,000		
John D. Parsinen, Jr.	10,000		
New Parkway Domain Group Enterprises, LLC	326,768		
M.O.R. Commons Limited Partnership	7		
John Edward De Burgh Blockey and Sanda Juanita Blockey	50,476		
	24,989,758	984,308	1,250,000

</TABLE>

Exhibit 1 Addendum

<TABLE>
<CAPTION>

Series Preferred Units	Preferred Limited Partner	No. of Units	Liquidation Preference	Priority Return Percentage*	Priority	Conversion Factor	Conversion Commencement Date
- -----	----------	------	----------	----------	------	------	- ----

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
A	General Partner	984,308	$25	1.375%	Senior	1.8748	**
B	General Partner	1,250,000	$25	2.50%	Senior	None	N/A

</TABLE>

* Priority Return Percentage is expressed as a percentage of the Liquidation Preference per Distribution Period.

CORPORATE OFFICE PROPERTIES TRUST L.P.

EXHIBIT 2

TO

LIMITED PARTNERSHIP AGREEMENT

FORM OF REDEMPTION OR CONVERSION NOTICE

REDEMPTION [CONVERSION] NOTICE

The undersigned hereby irrevocably (i) elects to exercise its [redemption] [conversion] rights contained in ARTICLE IX of the Limited Partnership Agreement of Corporate Office Properties, L.P. (the "Partnership Agreement") with respect to an aggregate of _____ [Partnership Units] [Preferred Units], (ii) surrenders such [Partnership Units] [Preferred Units] and all right, title and interest therein and (iii) directs that the [REIT Shares (or applicable cash amount if so determined by the General Partner in accordance with the Partnership Agreement)] [Units of Limited Partner Interest] deliverable upon [redemption] [conversion] of such [Partnership Units] [Preferred Units] be delivered to the address specified below. Terms used above which are defined in the Partnership Agreement are used herein are defined therein.

Dated:

Name of Limited Partner or Preferred Limited Partner:

Social Security or Federal Employer ID Number:

(Signature of Limited Partner or Preferred Limited Partner)

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

CORPORATE OFFICE PROPERTIES TRUST, L.P.

EXHIBIT 3

TO

LIMITED PARTNERSHIP AGREEMENT

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

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

THIS FIRST AMENDMENT (the "Amendment") to the Second 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 December 21, 1999, by the undersigned.

RECITALS

A. The Partnership is a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act and governed by that certain Seconded Amended and Restated Limited Partnership Agreement dated as of December 7, 1999 (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. Pursuant to Section 11.1(B) of the Partnership Agreement, the General Partner desires to correct certain provisions of the Partnership Agreement which are ambiguous and conflict with other provisions of the Partnership Agreement.

NOW THEREFORE, the General Partner, intending to be legally bound, hereby amends 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. Capitalized terms used in this Amendment not defined herein shall have the meaning set forth in the Partnership Agreement.

2. Section 1.1 of the Partnership Agreement is amended by (i) deleting the term "Redemption Rights," which such term was erroneously included in the Partnership Agreement, (ii) adding the defined term "Redemption Ratio," initially equal to 1.0 and subject to anti-dilution adjustment, for the purpose of redeeming Partnership Units for REIT Shares, which such concept was erroneously deleted from the Partnership Agreement, and (iii) amending and restating the terms "Share Payment" and "Unit Value" in order to (A) substitute the new term "Redemption Ratio" for the incorrectly used term "Conversion Factor" and (B) correct the "Share Payment" term by adding a fractional share provision, as follows:

> "REDEMPTION RATIO: The ratio (carried out to four decimal places) applied when redeeming Partnership Units for REIT Shares, which shall initially be 1.0. In the event that on or after the date of this Agreement the General Partner (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a
>
> distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Redemption Ratio shall be adjusted by multiplying the Redemption Ratio by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, subdivision or combination. In the event that the Partnership (a) declares or pays a distribution on the outstanding Partnership Units or makes a distribution to all Partners in Partnership Units, (b) subdivides the outstanding Partnership Units or (c) combines the outstanding Partnership Units into a smaller number of Partnership Units, the Redemption Ratio shall be adjusted by multiplying the Redemption Ratio by a fraction, the numerator of which shall be the actual number of Partnership Units issued and outstanding on the record date (determined without giving effect to such dividend, distribution, subdivision or combination), and the denominator of which shall be the actual member of Partnership Units (determined after giving effect to such dividend, distribution, subdivision or combination) issued and outstanding on such record date. Any adjustment to

the Redemption Ratio shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

SHARE PAYMENT: The payment to a Redeeming Party of a number of REIT Shares determined by multiplying (i) the number of Partnership Units tendered for redemption by such Redeeming Party pursuant to a validly proffered Redemption Notice by (ii) the Redemption Ratio. In the event the General Partner grants any REIT Share Rights on or after the date of this Agreement and prior to such payment, any Share Payment shall include for the Redeeming Party such Redeeming Party's ratable share of such REIT Share Rights other than REIT Share Rights which have expired. In any case in which the Share Payment would result in the issuance of a fractional REIT Share, the General Partner shall pay the converting Redeeming Party cash in lieu of issuance of a fractional REIT Share, with the value of such fractional interest being determined by reference to the Unit Value applicable on the Redemption Date.

UNIT VALUE: With respect to any Partnership Unit, the average of the daily market price for a REIT Share for the ten (10) consecutive trading days immediately preceding the date of receipt of a Redemption Notice by the General Partner multiplied by the Redemption Ratio. If the REIT Shares are traded on a securities exchange or the NASDAQ Small Cap Market or National Market System, the market price for each such trading day shall be the reported last sale price on such day or, if no sales take place on such day, the average of the closing bid and asked prices on such day. If the REIT Shares are not traded on a securities exchange or the NASDAQ Small Cap Market or National Market System, the market price for each such trading day shall be determined by the

General Partner using any reasonable method of valuation. If a Share Payment would include any REIT Share Rights, the value of such REIT Share Rights shall be determined by the General Partner using any reasonable method of valuation, taking into account the Unit Value determined hereunder and the factors used to make such determination and the value of such REIT Share Rights shall be included in the Unit Value."

3. Section 9.1(A) of the Partnership Agreement is amended and restated in order to delete the sole use in the Partnership Agreement of the term "Redemption Rights," as follows:

"(A) Subject to compliance with (v) the Act, (w) the terms and conditions of the REIT Charter, (x) all requirements under the Code applicable to real estate investment trusts, (y) Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, or any other law as in effect from time to time and (z) any applicable rule or policy of any stock exchange or self-regulatory organization (a "Redemption Restriction"), except if prohibited by other contractual obligations, during each Redemption Period each Redeeming Party shall have the right to redeem its Partnership Units by providing the General Partner with a Redemption Notice. A Limited Partner may invoke its rights under this Article IX with respect to one or more Partnership Units or all of the Partnership Units held by such Limited Partner. Upon the General Partner's receipt of a Redemption Notice from a Redeeming Party, the Partnership shall be obligated (subject to the existence of any Redemption Restriction) to redeem the Partnership Units from such Redeeming Party (the "Redemption Obligation")."

4. Section 9.3 of the Partnership Agreement is amended and restated in order to delete the incorrect use of the term "Conversion Ratio," as follows:

"SECTION 9.3 REDEMPTION PRICE. On or before the Redemption Date, the Partnership (or the General Partner if it elects pursuant to Section 9.4) shall deliver to the Redeeming Party, in the sole and absolute discretion of the General Partner, either (i) a Share Payment or (ii) a Cash Payment; provided, however, that a Share Payment shall not be made, and a Cash Payment shall instead be made in all cases, if, in the sole and absolute discretion of the General Partner, the making of a Share Payment would result in a material risk of termination of the General Partner's status as a REIT under the Code. In order to enable the Partnership to effect a redemption by making a Share Payment pursuant to this Section 9.3, the

General Partner in its sole and absolute discretion may issue to the Partnership the number of REIT Shares required to make such Share Payment in exchange for the issuance to the General Partner of Partnership Units equal in number to the quotient of the number of REIT Shares issued divided by the Redemption Ratio. Any such Partnership Unit redeemed by the Redeeming Party shall be deemed canceled."

In witness whereof, the General Partner has executed this Amendment as of the day and year first above written.

CORPORATE OFFICE PROPERTIES TRUST, a
Maryland Real Estate Investment Trust

By: /s/ ROGER A. WAESCHE, JR.

Name: Roger A. Waesche, Jr.
Its: Senior Vice President

Exhibit 10.1

EMPLOYMENT AGREEMENT
CLAY W. HAMLIN, III

This Employment Agreement (this "Agreement"), is made and entered into as of the 16th day of December, 1999, by and between Corporate Office Management, Inc., a Maryland corporation (the "Employer"), and Corporate Office Properties Trust, a Maryland business trust ("COPT"), and Clay W. Hamlin, III (the "Executive").

RECITALS

A. The Executive and the predecessor general partner of COPT executed an agreement effective as of October 14, 1997 providing for the employment of the Executive by the Employer upon the terms and conditions therein stated (the "Prior Agreement").

B. The Employer and COPT wish to terminate the Prior Agreement and to renegotiate a new agreement to assure itself of the continued services of the Executive for the period provided in this Agreement and the Executive is willing to continue in the employ of the Employer on a full-time basis for said period, and upon the other terms and conditions hereinafter provided.

C. The Employer recognizes that circumstances may arise in which a change of control of the Employer or COPT, 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.

D. COPT has agreed to become a party to this Agreement for the purpose of assuming the liabilities, obligations and duties of the Employer to the extent provided herein.

E. It is the intention of the Employer and the Executive that, notwithstanding the date of execution hereof, the Prior Agreement shall be terminated and this Agreement shall become effective as of July 1, 1999.

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. TERMINATION OF PRIOR AGREEMENT. The Prior Agreement is hereby terminated and this Agreement shall become effective as of July 1, 1999 (the "Effective Date").

2. POSITION AND DUTIES. As of the Effective Date, the Employer hereby employs the Executive as the Chief Executive 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.

3. 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 annualized rate of One Hundred Thousand Dollars ($100,000) 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 Board and Compensation Committee of COPT ("Compensation Committee") during the term hereof, in accordance with the established compensation policies of the Compensation Committee.

(b) PERFORMANCE BONUS. The Executive shall be entitled to an annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer the amount (if any) of which shall be determined by the Board based upon the recommendation of the Compensation

Committee.

(c) 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 or the Compensation Committee, and which Perquisite Policy is hereby incorporated by reference, as amended by the Board or the Compensation Committee 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 the Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a one thousand dollar ($1,000.00) per month automobile allowance; and

(ii) eight thousand five hundred dollars ($8,500) per year for personal financial planning and personal income tax preparation.

(d) 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.

4. TERM AND TERMINATION.

(a) BASIC TERM. The Executive's employment hereunder shall be for a basic term commencing as of the Effective Date and terminating on December 31, 2000. The Executive's term of employment shall automatically be extended for a continuous self-renewing one (1) year term without further action of the parties unless either party shall have served written notice on the other prior to the expiration of the Basic Term or any renewal term of its intention that this Agreement shall terminate prior to the end of the Basic Term or any renewal term.

(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, termination upon disability in accordance with the provisions of paragraph (f) of this Section 4, or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 4, 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 "Termination Payment" equal to the sum of: (w) two (2) times the rate of annualized Base Salary then payable to the Executive, 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 Bonus that the Executive has theretofore received from the Employer. For purposes of calculating the Termination Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on July 1, 1999. In the event of a termination governed by this subparagraph (b) of Section 4, the Employer shall also: (y) 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 (y) 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) and (y) above by the Employer shall not be offset against or diminish any other compensation or benefits accrued as of the date of termination.

(ii) Any cash payments to the Executive under this Section 4(b) will be made monthly over twelve (12) months, unless otherwise 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 4, 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 Sections 5 and 6 hereof. The Executive shall in such event be entitled to a Termination Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Perquisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 4.

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 as set forth in Section 2 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) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (ii) 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 (iii) 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. In the event the Employer terminates the Executive's employment "for cause" the Executive shall be entitled only to the Base Salary through the date of the termination of the Executive's employment "for cause" and any other additional benefit in accordance with applicable plans, programs or agreements with the Employer.

(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 long-term disability program of the Employer then covering the Executive 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 11 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) 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 Termination Payment equal to the sum of: (w) three (3) times the rate of annualized Base Salary then payable to the Executive ; 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 continue for the Executive the Post-Termination Perquisites and Benefits for the same period and to the same extent as provided in paragraph (b) of this Section 4. 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 fifty percent (50%) 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 COPT or the Employer of: (1) a merger or consolidation of COPT or 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 fifty percent (50%) 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 indirectly by the stockholders of COPT or 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 to 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.

(h) VOLUNTARY TERMINATION. In the event of a termination of employment by the Executive on his own initiative, other than a termination due to death, disability or a Constructive Discharge, the Executive shall have the same entitlements as provided in paragraph (d) of this Section 4 for a termination "for-cause."

5. 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.

6. 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 3 and 4 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 5 and 6 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 11 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

7. 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.

8. 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.

9. 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 9, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs, personal representatives, 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 9, 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.

10. ASSUMPTION BY COPT. By its execution of this Agreement, COPT agrees to be secondarily liable to the Executive, and shall assume the liabilities, obligations and duties of the Employer as contained in this Agreement in the event the Employer can not or refuses to honor such obligations.

11. 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. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than his rights to compensation and benefits, which may be transferred only by will or by operation of law.

(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 6, 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 6.

(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.

"Employer"	"Executive"
Corporate Office Management, Inc., a Maryland corporation	
By: _____	_____
	Clay W. Hamlin, III
Corporate Office Properties Trust, a Maryland business trust	
By: _____	

Exhibit 10.2

EMPLOYMENT AGREEMENT
RANDALL M. GRIFFIN

This Employment Agreement (this "Agreement"), is made and entered into as of the 16th day of December, 1999, by and between Corporate Office Management, Inc., a Maryland corporation (the "Employer"), and Corporate Office Properties Trust, a Maryland business trust ("COPT"), and Randall M. Griffin (the "Executive").

RECITALS

A. The Executive and Employer executed an agreement effective as of September 28, 1998 providing for the employment of the Executive by the Employer upon the terms and conditions therein stated (the "Prior Agreement").

B. The Employer wishes to terminate the Prior Agreement and to renegotiate a new agreement to assure itself of the continued services of the Executive for the period provided in this Agreement and the Executive is willing to continue in the employ of the Employer on a full-time basis for said period, and upon the other terms and conditions hereinafter provided.

C. The Employer recognizes that circumstances may arise in which a change of control of the Employer or COPT, 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.

D. COPT has agreed to become a party to this Agreement for the purpose of assuming the liabilities, obligations and duties of the Employer to the extent provided herein.

E. It is the intention of the Employer and the Executive that, notwithstanding the date of execution hereof, the Prior Agreement shall be terminated and this Agreement shall become effective as of July 1, 1999.

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. TERMINATION OF PRIOR AGREEMENT. The Prior Agreement is hereby terminated and this Agreement shall become effective as of July 1, 1999 (the "Effective Date").

2. POSITION AND DUTIES. As of the Effective Date, 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.

3. 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 annualized rate of Three Hundred Fifty Thousand dollars ($350,000) 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 Board and Compensation Committee of COPT ("Compensation Committee") during the term hereof, in accordance with the established compensation policies of the Compensation Committee.

(b) PERFORMANCE BONUS. The Executive shall be entitled to an annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer the amount (if any) of which shall be determined by the Board based upon the recommendation of the Compensation Committee.

(c) STOCK OPTION/RESTRICTED SHARES. Executive shall be entitled to stock options and/or restricted shares 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 or the Compensation Committee, and which Perquisite Policy is hereby incorporated by reference, as amended by the Board or the Compensation Committee 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 the Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a one thousand dollar ($1,000.00) per month automobile allowance;

(ii) four thousand dollars ($4,000) per year for personal financial planning and personal income tax preparation; and

(iii) the Employer shall pay to the Executive 25% of the amount includible in income of the Executive upon the vesting of restricted shares granted to the Executive, plus 25% of all taxes with respect to such grossing up amount.

(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.

4. TERM AND TERMINATION.

(a) BASIC TERM. The Executive's employment hereunder shall be for a five (5) year basic term, commencing as of the Effective Date. After the third year of the basic term, the Executive's term of employment shall automatically be extended for a continuous self-renewing three (3) year term without further action of the parties unless either party shall have served written notice on the other prior to the expiration of the third year of the Basic Term of its intention that this Agreement shall terminate at the end of the five (5) year basic term. Subject to the foregoing and other applicable terms of this Agreement, this Agreement may be 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, termination upon disability in accordance with the provisions of paragraph (f) of this Section 4, or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 4, 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 "Termination Payment" equal to the sum of: (w) three (3) times the rate of annualized Base Salary then payable to the Executive, plus (x) 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 fewer than three (3) years, than 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. For purposes of calculating the Termination Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on July 1, 1999. In the event of a termination governed by this subparagraph (b) of Section 4, the Employer shall also: (y) allow a period of eighteen (18) months following the termination of employment for the

Executive (but in no event beyond the expiration of any option term or period specified in the option agreement with the Executive) to exercise any options granted under any stock option or share incentive plan

established by Employer or COPT ("Stock Plan"); 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) Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (b) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(iii) Any cash payments to the Executive under this Section 4(b) will be made monthly over twelve (12) months, unless otherwise 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 4, 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 Sections 5 and 6 hereof. The Executive shall in such event be entitled to a Termination Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Perquisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 4.

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 as set forth in Section 2 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) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (ii) 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 (iii) 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. In the event the Employer terminates the Executive's employment "for cause" the Executive shall be entitled only to the Base Salary through the date of the termination of the Executive's employment "for cause" and any other additional benefit in accordance with applicable plans, programs or agreements with the Employer.

(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. Notwithstanding the vesting schedule otherwise applicable in the event of a termination governed by this subparagraph (e) of Section 4, all of options and restricted shares granted to the Executive under any Stock Plan or similar program shall be fully vested.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the long-term disability program of the Employer then covering the Executive 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 11 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. Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (f) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) 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 Termination Payment equal to the sum of: (w) the rate of annualized Base Salary then payable to the Executive multiplied by the number of years then remaining in the contract term (but not less than three (3) years); plus (x) the average of the three (3) most recent Performance Bonuses that the Executive received (or if less, the average of the annual Performance Bonuses that the Executive has theretofore received from the Employer) multiplied by the number of years then remaining in the contract term (but not less than three (3) years). The Employer shall also continue for the Executive the Post-Termination Perquisites and Benefits as provided in paragraph (b) of this Section 4; provided, however, that notwithstanding the vesting schedule otherwise applicable, immediately following a Change in Control (whether or not the Executive's employment is terminated), the Executive shall be fully vested in all of Executive's options and restricted shares outstanding under any Stock Plan or similar program and shall be allowed a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options. 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 fifty percent (50%) 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 COPT or the Employer of: (1) a merger or consolidation of COPT or 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 fifty percent (50%) 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 indirectly by the stockholders of COPT or 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 to 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.

(h) VOLUNTARY TERMINATION. In the event of a termination of employment by the Executive on his own initiative, other than a termination due to death, disability or a Constructive Discharge, the Executive shall have the same entitlements as provided in paragraph (d) of this Section 4 for a termination "for-cause."

5. 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.

6. 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 3 and 4 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 5 and 6 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 11 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

7. 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.

8. 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.

9. 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 9, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs, personal representatives, 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 9, 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.

10. ASSUMPTION BY COPT. By its execution of this Agreement, COPT agrees to be secondarily liable to the Executive, and shall assume the liabilities, obligations and duties of the Employer as contained in this Agreement in the event the Employer can not or refuses to honor such obligations.

11. 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. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than his rights to compensation and benefits, which may be transferred only by will or by operation of law.

(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 6, 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 6.

(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.

"Employer"	"Executive"
Corporate Office Management, Inc., a Maryland corporation	
By: _____	_____
Clay W. Hamlin, III, CEO	Randall M. Griffin

Corporate Office Properties Trust, a Maryland business trust

By: _____
Clay W. Hamlin, III, CEO

Exhibit 10.3

EMPLOYMENT AGREEMENT
ROGER A. WAESCHE, JR.

This Employment Agreement (this "Agreement"), is made and entered into as of the 16th day of December, 1999, by and between Corporate Office Management, Inc., a Maryland corporation (the "Employer"), and Corporate Office Properties Trust, a Maryland business trust ("COPT"), and Roger A. Waesche, Jr. (the "Executive").

RECITALS

A. The Executive and Employer executed an agreement effective as of September 28, 1998 providing for the employment of the Executive by the Employer upon the terms and conditions therein stated (the "Prior Agreement").

B. The Employer wishes to terminate the Prior Agreement and to renegotiate a new agreement to assure itself of the continued services of the Executive for the period provided in this Agreement and the Executive is willing to continue in the employ of the Employer on a full-time basis for said period, and upon the other terms and conditions hereinafter provided.

C. The Employer recognizes that circumstances may arise in which a change of control of the Employer or COPT, 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.

D. COPT has agreed to become a party to this Agreement for the purpose of assuming the liabilities, obligations and duties of the Employer to the extent provided herein.

E. It is the intention of the Employer and the Executive that, notwithstanding the date of execution hereof, the Prior Agreement shall be terminated and this Agreement shall become effective as of July 1, 1999.

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. TERMINATION OF PRIOR AGREEMENT. The Prior Agreement is hereby terminated and this Agreement shall become effective as of July 1, 1999 (the "Effective Date").

2. POSITION AND DUTIES. As of the Effective Date, the Employer hereby employs the Executive as Senior Vice-President and Chief Financial 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.

3. 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 annualized rate of One Hundred Seventy-Five Thousand Dollars ($175,000) 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 Board and Compensation Committee of COPT ("Compensation Committee") during the term hereof, in accordance with the established compensation policies of the Compensation Committee.

(b) PERFORMANCE BONUS. The Executive shall be entitled to an

annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer the amount (if any) of which shall be determined by the Board based upon the recommendation of the Compensation Committee.

(c) STOCK OPTION/RESTRICTED SHARES. Executive shall be entitled to stock options and/or restricted shares 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 or the Compensation Committee, and which Perquisite Policy is hereby incorporated by reference, as amended by the Board or the Compensation Committee 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 the Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a six hundred twenty-five dollar ($625.00) per month automobile allowance; and

(ii) the Employer shall pay to the Executive 25% of the amount includible in income of the Executive upon the vesting of restricted shares granted to the Executive, plus 25% of all taxes with respect to such grossing up amount.

(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.

4. TERM AND TERMINATION.

(a) BASIC TERM. The Executive's employment hereunder shall be for a continuous 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, termination upon disability in accordance with the provisions of paragraph (f) of this Section 4, or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 4, 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 "Termination Payment" equal to the sum of: (w) three (3) times the rate of annualized Base Salary then payable to the Executive, 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. For purposes of calculating the Termination Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on July 1, 1999. In the event of a termination governed by this subparagraph (b) of Section 4, the Employer shall also: (y) allow a period of eighteen (18) months following the termination of employment for the Executive (but in no event beyond the expiration of any option term or period specified in the option agreement with the Executive) to exercise any options granted under any stock option or share incentive plan established by Employer or COPT ("Stock Plan"); 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) Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (b) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(iii) Any cash payments to the Executive under this Section 4(b) will be made monthly over twelve (12) months, unless otherwise 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 4, 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 Sections 5 and 6 hereof. The Executive shall in such event be entitled to a Termination Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Perquisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 4.

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 as set forth in Section 2 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) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (ii) 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 (iii) 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. In the event the Employer terminates the Executive's employment "for cause" the Executive shall be entitled only to the Base Salary through the date of the termination of the Executive's employment "for cause" and any other additional benefit in accordance with applicable plans, programs or agreements with the Employer.

(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. Notwithstanding the vesting schedule otherwise applicable in the event of a termination governed by this subparagraph (e) of Section 4, all of options and restricted shares granted to the Executive under any Stock Plan or similar program shall be fully vested.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the long-term disability program of the Employer then covering the Executive 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 11 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. Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (f) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) 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 Termination Payment equal to the sum of: (w) three (3) times the rate of annualized Base Salary then payable to the Executive, 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 continue for the Executive the Post-Termination Perquisites and Benefits for the same period and to the same extent as provided in paragraph (b) of this Section 4; provided, however, that notwithstanding the vesting schedule otherwise applicable, immediately following a Change in Control (whether or not the Executive's employment is terminated), the Executive shall be fully vested in all of Executive's options and restricted shares outstanding under any Stock Plan or similar program and shall be allowed a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options. 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 fifty percent (50%) 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 COPT or the Employer of: (1) a merger or consolidation of COPT or 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 fifty percent (50%) 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 indirectly by the stockholders of COPT or 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 to 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.

(h) VOLUNTARY TERMINATION. In the event of a termination of employment by the Executive on his own initiative, other than a termination due to death, disability or a Constructive Discharge, the Executive shall have the same entitlements as provided in paragraph (d) of this Section 4 for a

termination "for-cause."

5. 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.

6. 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 3 and 4 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 5 and 6 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 11 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

7. 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.

8. 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.

9. 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 9, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs, personal representatives, 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 9, 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.

10. ASSUMPTION BY COPT. By its execution of this Agreement, COPT agrees to be secondarily liable to the Executive, and shall assume the liabilities, obligations and duties of the Employer as contained in this Agreement in the event the Employer can not or refuses to honor such obligations.

11. 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. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than his rights to compensation and benefits, which may be transferred only by will or by operation of law.

(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 6, 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 6.

(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.

"Employer"	"Executive"
Corporate Office Management, Inc., a Maryland corporation	
By: /s/ CLAY W. HAMLIN, III, CEO	/s/ ROGER A. WAESCHE, JR.
Clay W. Hamlin, III, CEO	Roger A. Waesche, Jr.
Corporate Office Properties Trust, a Maryland business trust	
By: /s/ CLAY W. HAMLIN, III, CEO	
Clay W. Hamlin, III, CEO	

Exhibit 10.4

EMPLOYMENT AGREEMENT
DWIGHT TAYLOR

This Employment Agreement (this "Agreement"), is made and entered into as of the 16th day of December, 1999, by and between Corporate Development Services, LLC, a Maryland limited liability company (the "Employer"), and Corporate Office Properties Trust, a Maryland business trust ("COPT"), and Dwight Taylor (the "Executive").

RECITALS

A. The Employer wishes to employ the Executive and to assure itself of the services of the Executive for the period provided in this Agreement and the Executive is willing to continue in the employ of the Employer on a full-time basis for said period, and upon the other terms and conditions hereinafter provided.

B. The Employer recognizes that circumstances may arise in which a change of control of the Employer or COPT, 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.

C. COPT has agreed to become a party to this Agreement for the purpose of assuming the liabilities, obligations and duties of the Employer to the extent provided herein.

D. It is the intention of the Employer and the Executive that, notwithstanding the date of execution hereof, this Agreement shall become effective as of September 15, 1999.

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. EFFECTIVE DATE. This Agreement shall become effective as of September 15, 1999 (the "Effective Date").

2. POSITION AND DUTIES. As of the Effective Date, the Employer hereby employs the Executive as 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 Directors or other governing body 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.

3. 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 annualized rate of One Hundred 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 Board and Compensation Committee of COPT ("Compensation Committee") during the term hereof, in accordance with the established compensation policies of the Compensation Committee.

(b) PERFORMANCE BONUS. The Executive shall be entitled to an annual cash "Performance Bonus," payable within ninety (90) days after the end of the fiscal year of the Employer the amount (if any) of which shall be determined by the Board based upon the recommendation of the Compensation Committee.

(c) STOCK OPTION/RESTRICTED SHARES. Executive shall be

entitled to stock options and/or restricted shares 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 or the Compensation Committee, and which Perquisite Policy is hereby incorporated by reference, as amended by the Board or the Compensation Committee 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 the Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a seven hundred fifty dollar ($750.00) per month automobile allowance; and

(ii) the Employer shall pay to the Executive 25% of the amount includible in income of the Executive upon the vesting of restricted shares granted to the Executive, plus 25% of all taxes with respect to such grossing up amount.

(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.

4. 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, termination upon disability in accordance with the provisions of paragraph (f) of this Section 4, or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 4, 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 "Termination Payment" equal to the sum of: (w) three (3) times the rate of annualized Base Salary then payable to the Executive, 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 theretofore received from the Employer. For purposes of calculating the Termination Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on September 15, 1999. In the event of a termination governed by this subparagraph (b) of Section 4, the Employer shall also: (y) allow a period of eighteen (18) months following the termination of employment for the Executive (but in no event beyond the expiration of any option term or period specified in the option agreement with the Executive) to exercise any options granted under any stock option or share incentive plan established by Employer or COPT ("Stock Plan"); 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) Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (b) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(iii) Any cash payments to the Executive under this Section 4(b) will be made monthly over twelve (12) months, unless otherwise 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 4, 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 Sections 5 and 6 hereof. The Executive shall in such event be entitled to a Termination Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Perquisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 4.

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 as set forth in Section 2 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) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (ii) 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 (iii) 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. In the event the Employer terminates the Executive's employment "for cause" the Executive shall be entitled only to the Base Salary through the date of the termination of the Executive's employment "for cause" and any other additional benefit in

accordance with applicable plans, programs or agreements with the Employer.

(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. Notwithstanding the vesting schedule otherwise applicable in the event of a termination governed by this subparagraph (e) of Section 4, all of options and restricted shares granted to the Executive under any Stock Plan or similar program shall be fully vested.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the long-term disability program of the Employer then covering the Executive 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 11 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. Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (f) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) 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 Termination Payment equal to the sum of: (w) three times the rate of annualized Base Salary then payable to the executive, plus (x) three 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 continue for the Executive the Post-Termination Perquisites and Benefits for the same period and to the same extent as provided in paragraph (b) of this Section 4; provided, however, that notwithstanding the vesting schedule otherwise applicable, immediately following a Change in Control (whether or not the Executive's employment is terminated), the Executive shall be fully vested in all of Executive's options and restricted shares outstanding under any Stock Plan or similar program and shall be allowed a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options. 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 fifty percent (50%) 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 COPT or the Employer of: (1) a merger or consolidation of COPT or 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 fifty percent (50%) 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 indirectly by the stockholders of COPT or 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 to 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.

(h) VOLUNTARY TERMINATION. In the event of a termination of employment by the Executive on his own initiative, other than a termination due to death, disability or a Constructive Discharge, the Executive shall have the same entitlements as provided in paragraph (d) of this Section 4 for a termination "for-cause."

5. 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.

6. 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 3 and 4 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 5 and 6 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 11 of this Agreement, which decision, if rendered adverse to the

Executive, may include permanent injunctive relief to be granted by the court.

7. 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.

8. 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.

9. 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 9, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs, personal representatives, 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 9, 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.

10. ASSUMPTION BY COPT. By its execution of this Agreement, COPT agrees to be secondarily liable to the Executive, and shall assume the liabilities, obligations and duties of the Employer as contained in this Agreement in the event the Employer can not or refuses to honor such obligations.

11. 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. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than his rights to compensation and benefits, which may be transferred only by will or by operation of law.

(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 6, 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 6.

(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.

"Employer"	"Executive"
Corporate Development Services, LLC, a Maryland limited liability company	
By: /s/ Randall M. Griffin	/s/ Dwight Taylor
Randall M. Griffin, CHRM	Dwight Taylor

Corporate Office Properties Trust, a Maryland business trust

By: /s/ Randall M. Griffin

Randall M. Griffin, President & CEO

Exhibit 10.5

EMPLOYMENT AGREEMENT
MICHAEL D. KAISER

This Employment Agreement (this "Agreement"), is made and entered into as of the 16th day of December, 1999, by and between Corporate Realty Management, LLC, a Maryland limited liability company (the "Employer"), and Corporate Office Properties Trust, a Maryland business trust ("COPT"), and Michael D. Kaiser (the "Executive").

RECITALS

A. The Executive and Employer executed an agreement effective as of September 28, 1998 providing for the employment of the Executive by the Employer upon the terms and conditions therein stated (the "Prior Agreement").

B. The Employer wishes to terminate the Prior Agreement and to renegotiate a new agreement to assure itself of the continued services of the Executive for the period provided in this Agreement and the Executive is willing to continue in the employ of the Employer on a full-time basis for said period, and upon the other terms and conditions hereinafter provided.

C. The Employer recognizes that circumstances may arise in which a change of control of the Employer or COPT, 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.

D. COPT has agreed to become a party to this Agreement for the purpose of assuming the liabilities, obligations and duties of the Employer to the extent provided herein.

E. It is the intention of the Employer and the Executive that, notwithstanding the date of execution hereof, the Prior Agreement shall be terminated and this Agreement shall become effective as of July 1, 1999.

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. TERMINATION OF PRIOR AGREEMENT. The Prior Agreement is hereby terminated and this Agreement shall become effective as of July 1, 1999 (the "Effective Date").

2. POSITION AND DUTIES. As of the Effective Date, 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 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.

3. 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 annualized rate of One Hundred Thirty-Eight Thousand Dollars ($138,000) 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 Board and Compensation Committee of COPT ("Compensation Committee") during the term hereof, in accordance with the established compensation policies of the Compensation Committee.

(b) PERFORMANCE BONUS. The Executive shall be entitled to an annual cash "Performance Bonus," payable within ninety (90) days after the end

of the fiscal year of the Employer the amount (if any) of which shall be determined by the Board based upon the recommendation of the Compensation Committee.

(c) STOCK OPTION/RESTRICTED SHARES. Executive shall be entitled to stock options and/or restricted shares 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 or the Compensation Committee, and which Perquisite Policy is hereby incorporated by reference, as amended by the Board or the Compensation Committee 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 the Compensation Committee. Executive shall also receive additional benefits as follows:

(i) a seven hundred fifty dollar ($750.00) per month automobile allowance; and

(ii) the Employer shall pay to the Executive 25% of the amount includible in income of the Executive upon the vesting of restricted shares granted to the Executive, plus 25% of all taxes with respect to such grossing up amount.

(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.

4. 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, termination upon disability in accordance with the provisions of paragraph (f) of this Section 4, or a "for-cause" termination in accordance with the provisions of paragraph (d) of this Section 4, 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 "Termination Payment" equal to the sum of: (w) three (3) times the rate of annualized Bonus Salary then payable to the Executive; 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 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 theretofore received from the Employer. For purposes of calculating the Termination Payment amounts due, the Executive's employment with the Employer shall be agreed to have commenced on July 1, 1999. In the event of a termination governed by this subparagraph (b) of Section 4, the Employer shall also: (y) allow a period of eighteen (18) months following the termination of employment for the Executive (but in no event beyond the expiration of any option term or period specified in the option agreement with the Executive) to exercise any options granted under any stock option or share incentive plan established by Employer or COPT ("Stock Plan"); 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) Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (b) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(iii) Any cash payments to the Executive under this Section 4(b) will be made monthly over twelve (12) months, unless otherwise 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 4, 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 Sections 5 and 6 hereof. The Executive shall in such event be entitled to a Termination Payment of Base Salary and Performance Bonus compensation as well as all of the Post-Termination Perquisites and Benefits, as if such termination of his employment had been effectuated pursuant to paragraph (b) of this Section 4.

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 as set forth in Section 2 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) a material violation by the Executive of any applicable material law or regulation respecting the business of the Employer; (ii) 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 (iii) 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. In the event the Employer terminates the Executive's employment "for cause" the Executive shall be entitled only to the Base Salary through the date of the termination of the Executive's employment "for cause" and any other additional benefit in accordance with applicable plans, programs or agreements with the Employer.

(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. Notwithstanding the vesting schedule otherwise applicable in the event of a termination governed by this subparagraph (e) of Section 4, all of options and restricted shares granted to the Executive under any Stock Plan or similar program shall be fully vested.

(f) TERMINATION UPON DISABILITY. The Employer may terminate the Executive's employment after the Executive is determined to be disabled under the long-term disability program of the Employer then covering the Executive 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 11 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.

Notwithstanding the vesting schedule otherwise applicable, in the event of a termination governed by this subparagraph (f) of Section 4, the Executive shall be fully vested in all of the Executive's options and restricted shares under any Stock Plan or similar program.

(g) TERMINATION UPON CHANGE OF CONTROL.

(i) In the event of a Change in Control (as defined below) 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 Termination Payment equal to the sum of (w) three (3) times the rate of annualized Base Salary then payable to the Executive, 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, than 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 continue for the Executive the Post-Termination Perquisites and Benefits for the same period and to the same extent as provided in paragraph (b) of this Section 4; provided, however, that notwithstanding the vesting schedule otherwise applicable, immediately following a Change in Control (whether or not the Executive's employment is terminated), the Executive shall be fully vested in all of Executive's options and restricted shares outstanding under any Stock Plan or similar program and shall be allowed a period of eighteen (18) months following the termination of employment of the Executive for the Executive's exercise of such options. 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 fifty percent (50%) 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 COPT or the Employer of: (1) a merger or consolidation of COPT or 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 fifty percent (50%) 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 indirectly by the stockholders of COPT or 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 to 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.

(h) VOLUNTARY TERMINATION. In the event of a termination of employment by the Executive on his own initiative, other than a termination due to death, disability or a Constructive Discharge, the Executive shall have the same entitlements as provided in paragraph (d) of this Section 4 for a termination "for-cause."

5. 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.

6. 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 3 and 4 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 5 and 6 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 11 of this Agreement, which decision, if rendered adverse to the Executive, may include permanent injunctive relief to be granted by the court.

7. 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.

8. 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.

9. 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 9, the Employer shall defend, hold harmless and indemnify the Executive (and his heirs, personal representatives, 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 9, 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.

10. ASSUMPTION BY COPT. By its execution of this Agreement, COPT agrees to be secondarily liable to the Executive, and shall assume the liabilities, obligations and duties of the Employer as contained in this Agreement in the event the Employer can not or refuses to honor such obligations.

11. 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. No rights or obligations of the Executive under this Agreement may be assigned or transferred by the Executive other than his rights to compensation and benefits, which may be transferred only by will or by operation of law.

(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 6, 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 6.

(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.

"Employer"
Corporate Realty Management, LLC, a
Maryland limited liability company

By: /s/ Randall M. Griffin

Randall M. Griffin, CHRM

"Executive"

/s/ Michael D. Kaiser

Michael D. Kaiser

Corporate Office Properties Trust, a Maryland
business trust

By: /s/ Clay W. Hamlin, III

Clay W. Hamlin, III, CEO

Exhibit 10.6

[1999 GRANT]

RESTRICTED SHARE AGREEMENT

AGREEMENT made as of the 16th day of December, 1999, between Corporate Office Properties Trust, a Maryland business trust (the "Company"), and Randall M. Griffin ("Employee").

1. AWARD.

(a) SHARES. Pursuant to the Corporate Office Properties Trust 1998 Long Term Incentive Plan (the "Plan"), 300,000 common shares (the "Restricted Shares") of beneficial interest, $0.01 par value per share, of the Company, shall be issued as hereinafter provided in Employee's name subject to certain restrictions thereon. The date of this award shall be December 16, 1999 (the "Grant Date").

(b) ISSUANCE OF RESTRICTED SHARES. The Restricted Shares shall be issued upon acceptance hereof by Employee and upon satisfaction of the conditions of this Agreement.

(c) PLAN INCORPORATED. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement.

2. RESTRICTED SHARES. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) FORFEITURE RESTRICTIONS. The Restricted Shares shall be subject to the Forfeiture Restrictions (as hereinafter defined) from the date of this Agreement through December 31, 2004 (the "Restricted Period"). The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of during the Restricted Period to the extent then subject to the Forfeiture Restrictions. To the extent the Forfeitures Restrictions have not lapsed at the end of the Restricted Period as provided in subparagraph (b) of this Paragraph 2, Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation for forfeit and surrender Restricted Shares to the Company are herein referred to as "Forfeiture Restrictions." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) LAPSE OF FORFEITURE RESTRICTIONS. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the following schedule provided that Employee has

been continuously employed by the Company or a Subsidiary or Affiliate from the date of this Agreement through the lapse date. On January 1, 2000 the Forfeiture Restrictions shall lapse as to 15,625 Restricted Shares without regard to any performance criteria. Thereafter, Forfeiture Restrictions shall lapse according to the following schedule provided that annual performance targets are achieved:

<TABLE>
<CAPTION>

Year	Total Number of Restricted Shares as to Which Forfeiture Restrictions Lapse
<S>	<C>
2000	29,924
2001	44,901
2002	44,901
2003	74,836
2004	89,803

</TABLE>

For the purpose of the foregoing, annual performance targets will be achieved only upon the Company's achievement of at least an annual 10% year over year growth in Funds from Operations (FFO) or an annual 15% total shareholder return. Annual growth in FFO and annual shareholder return shall be cumulative over the Restricted Period such that performance goals will be considered achieved for any year during the Restricted Period if the annual growth in FFO or annual shareholder return in such year meets the annual targets after taking into account the annual growth in FFO or annual shareholder return in any prior or

subsequent year during the Restricted Period. An example of the manner in which the foregoing performance standards are intended to operate is attached hereto as Exhibit A. To the extent annual performance targets are not achieved by the end of the Restricted Period, the Employee shall forfeit to the Company the Restricted Shares for which the Forfeiture Restrictions have not lapsed by that date.

Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares on the earlier of (i) the occurrence of a Change of Control (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company, its Subsidiaries and Affiliates is terminated for any reason other than a termination by the Employee's employer for "Cause" or a voluntary termination by the Employee. In the event Employee's employment is terminated for any reason, the Compensation Committee of the Board (the "Committee"), may, in the Committee's sole discretion, approve the lapse of Forfeiture Restrictions as to any or all Restricted Shares still subject to such restrictions, such lapse to be effective on the date of such approval or Employee's termination date, if later.

To the extent that any Restricted Shares are vested solely as a result of the Employee's termination of employment pursuant to the foregoing, such shares shall be subject to a right of first refusal in favor of the Company with respect to all (but not less than all) of such shares in the event the Employee proposes to sell or otherwise transfer such shares to any other person. The Employee shall notify the Company prior to any such transfer

(and in the absence of such prior notice any such transfer shall be void). The Company's right of repurchase shall be exercisable with respect to such shares within the thirty (30) day period following the date the Employee gives notice to the Company of the proposed transfer. The purchase price of the shares repurchased by the Company hereunder shall be "Fair Market Value" (as defined in the Plan). If the Company exercises its right of first refusal, the sale shall be consummated within five (5) days of the date the Company elects to exercise its right.

(c) DIVIDENDS AND VOTING RIGHTS. The Employee shall be entitled to receive any dividends paid with respect to shares of Restricted Shares that become payable during the Restricted Period; provided however, that no dividends shall be payable to or for the benefit of the Employee with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares. The Employee shall be entitled to vote the Restricted Shares during the Restricted Period to the same extent as would have been applicable to the Employee if the Employee was then vested in the shares; provided, however, that the Employee shall not be entitled to vote the shares with respect to record dates for such voting rights arising prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares.

(d) CERTIFICATES. A certificate evidencing the Restricted Shares shall be issued by the Company in Employee's name, or at the option of the Company, in the name of a nominee of the Company, pursuant to which Employee shall have voting rights and shall be entitled to receive all dividends as hereinabove stated unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Committee or its delegate, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend in the name of Employee for the shares upon which forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

3. WITHHOLDING OF TAX. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt

or lapse, as the case may be, such amount of money or shares of unrestricted Shares as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is authorized to withhold from any cash or Share remuneration then or thereafter payable to Employee any tax required to be withheld by reason of such resulting compensation income.

4. STATUS OF SHARES. Employee agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which could constitute a violation of any applicable federal or state securities laws. Employee also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the share transfer records of the Company if such proposed transfer would be in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to is transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. EMPLOYMENT RELATIONSHIP. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, any successor entity or a Subsidiary or Affiliate as defined in the Plan) of the Company or any successor. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

6. COMMITTEE'S POWERS. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

7. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

8. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

EMPLOYEE

/s/ Randall M. Griffin
Randall M. Griffin

CORPORATE OFFICE
PROPERTIES TRUST

By: /s/ Illegible

EXHIBIT A

RESTRICTED SHARES

- - Year 2000 FFO increases by 11% but total shareholder return is 13% in which case the year 2000 forfeiture restrictions lapse because the FFO target is achieved.

- - Year 2001 FFO increases by 8% but total shareholder return is 20% in which case the year 2001 forfeiture restrictions lapse because the total shareholder return target is achieved with 20% and cumulatively exceeds 30% (15%x2) even though annual and cumulative FFO target is not achieved.

- - Year 2002 FFO increases by 8% and total shareholder return is 7% in which case the forfeiture restrictions do not lapse because neither the FFO or total shareholder targets have cumulatively been achieved.

- - Year 2003 FFO increases by 16% and total shareholder return is 7% in which case the forfeiture restrictions for both 2002 and 2003 lapse because the FFO target has been achieved on a cumulative basis (43% versus 40% target).

- - Year 2004 FFO decreased 10% and total shareholder return decreased 5%. Forfeiture restrictions for 2004 do not lapse because neither target is achieved on a cumulative basis. However, there is no impact on the lapse of

the forfeiture restrictions for years prior to 2004.

Exhibit 10.7

RESTRICTED SHARE AGREEMENT

AGREEMENT made as of the 16th day of December, 1999, between Corporate Office Properties Trust, a Maryland business trust (the "Company"), and Roger A. Waesche, Jr. ("Employee").

1. AWARD.

(a) SHARES. Pursuant to the Corporate Office Properties Trust 1998 Long Term Incentive Plan (the "Plan"), 78,125 common shares (the "Restricted Shares") of beneficial interest, $0.01 par value per share, of the Company, shall be issued as hereinafter provided in Employee's name subject to certain restrictions thereon. The date of this award shall be December 16, 1999 (the "Grant Date").

(b) ISSUANCE OF RESTRICTED SHARES. The Restricted Shares shall be issued upon acceptance hereof by Employee and upon satisfaction of the conditions of this Agreement.

(c) PLAN INCORPORATED. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement.

2. RESTRICTED SHARES. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) FORFEITURE RESTRICTIONS. The Restricted Shares shall be subject to the Forfeiture Restrictions (as hereinafter defined) from the date of this Agreement through December 31, 2004 (the "Restricted Period"). The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of during the Restricted Period to the extent then subject to the Forfeiture Restrictions. To the extent the Forfeitures Restrictions have not lapsed at the end of the Restricted Period as provided in subparagraph (b) of this Paragraph 2, Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation for forfeit and surrender Restricted Shares to the Company are herein referred to as "Forfeiture Restrictions." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) LAPSE OF FORFEITURE RESTRICTIONS. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the following schedule provided that Employee has been continuously employed by the Company or a Subsidiary or Affiliate from the date of this Agreement through the lapse date. On January 1, 2000 the Forfeiture Restrictions shall lapse as to 5% of the Restricted Shares without regard to any

performance criteria. Thereafter, Forfeiture Restrictions shall lapse according to the following schedule provided that annual performance targets are achieved:

<TABLE>
<CAPTION>

Year	Percentage of Total Number of Restricted Shares as to Which Forfeiture Restrictions Lapse
<S>	<C>
2000	10%
2001	15%
2002	15%
2003	25%
2004	30%

</TABLE>

For the purpose of the foregoing, annual performance targets will be achieved only upon the Company's achievement of at least an annual 10% year over year growth in Funds from Operations (FFO) or an annual 15% total shareholder return. Annual growth in FFO and annual shareholder return shall be cumulative over the Restricted Period such that performance goals will be considered achieved for any year during the Restricted Period if the annual growth in FFO or annual shareholder return in such year meets the annual targets after taking into account the annual growth in FFO or annual shareholder return in any prior or subsequent year during the Restricted Period. An example of the manner in which the foregoing performance standards are intended to operate is attached hereto

as Exhibit A. To the extent annual performance targets are not achieved by the end of the Restricted Period, the Employee shall forfeit to the Company the Restricted Shares for which the Forfeiture Restrictions have not lapsed by that date.

Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares on the earlier of (i) the occurrence of a Change of Control (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company, its Subsidiaries and Affiliates is terminated for any reason other than a termination by the Employee's employer for "Cause" or a voluntary termination by the Employee. In the event Employee's employment is terminated for any reason, the Compensation Committee of the Board (the "Committee"), may, in the Committee's sole discretion, approve the lapse of Forfeiture Restrictions as to any or all Restricted Shares still subject to such restrictions, such lapse to be effective on the date of such approval or Employee's termination date, if later.

To the extent that any Restricted Shares are vested solely as a result of the Employee's termination of employment pursuant to the foregoing, such shares shall be subject to a right of first refusal in favor of the Company with respect to all (but not less than all) of such shares in the event the Employee proposes to sell or otherwise transfer such shares to any other person. The Employee shall notify the Company prior to any such transfer (and in the absence of such prior notice any such transfer shall be void). The Company's right of repurchase shall be exercisable with respect to such shares within the thirty (30) day period following the date the Employee gives notice to the Company of the proposed

transfer. The purchase price of the shares repurchased by the Company hereunder shall be "Fair Market Value" (as defined in the Plan). If the Company exercises its right of first refusal, the sale shall be consummated within five (5) days of the date the Company elects to exercise its right.

(c) DIVIDENDS AND VOTING RIGHTS. The Employee shall be entitled to receive any dividends paid with respect to shares of Restricted Shares that become payable during the Restricted Period; provided however, that no dividends shall be payable to or for the benefit of the Employee with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares. The Employee shall be entitled to vote the Restricted Shares during the Restricted Period to the same extent as would have been applicable to the Employee if the Employee was then vested in the shares; provided, however, that the Employee shall not be entitled to vote the shares with respect to record dates for such voting rights arising prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares.

(d) CERTIFICATES. A certificate evidencing the Restricted Shares shall be issued by the Company in Employee's name, or at the option of the Company, in the name of a nominee of the Company, pursuant to which Employee shall have voting rights and shall be entitled to receive all dividends as hereinabove stated unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Committee or its delegate, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend in the name of Employee for the shares upon which forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

3. WITHHOLDING OF TAX. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money or shares of unrestricted Shares as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is authorized to withhold from

any cash or Share remuneration then or thereafter payable to Employee any tax required to be withheld by reason of such resulting compensation income.

4. STATUS OF SHARES. Employee agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which could constitute a violation of any applicable federal or state securities laws. Employee also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the share transfer records of the Company if such proposed transfer would be in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to is transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. EMPLOYMENT RELATIONSHIP. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, any successor entity or a Subsidiary or Affiliate as defined in the Plan) of the Company or any successor. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

6. COMMITTEE'S POWERS. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

7. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

8. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

EMPLOYEE	CORPORATE OFFICE PROPERTIES TRUST
/s/ Roger A. Waesche, Jr.	/s/ Illegible
- ----------	By:----------
Roger A. Waesche, Jr.	

EXHIBIT A

RESTRICTED SHARES

- - Year 2000 FFO increases by 11% but total shareholder return is 13% in which case the year 2000 forfeiture restrictions lapse because the FFO target is achieved.

- - Year 2001 FFO increases by 8% but total shareholder return is 20% in which case the year 2001 forfeiture restrictions lapse because the total shareholder return target is achieved with 20% and cumulatively exceeds 30% (15%x2) even though annual and cumulative FFO target is not achieved.

- - Year 2002 FFO increases by 8% and total shareholder return is 7% in which case the forfeiture restrictions do not lapse because neither the FFO or total shareholder targets have cumulatively been achieved.

- - Year 2003 FFO increases by 16% and total shareholder return is 7% in which case the forfeiture restrictions for both 2002 and 2003 lapse because the FFO target has been achieved on a cumulative basis (43% versus 40% target).

- - Year 2004 FFO decreased 10% and total shareholder return decreased 5%. Forfeiture restrictions for 2004 do not lapse because neither target is achieved on a cumulative basis. However, there is no impact on the lapse of the forfeiture restrictions for years prior to 2004.

Exhibit 10.8

RESTRICTED SHARE AGREEMENT

AGREEMENT made as of the 16th day of December, 1999, between Corporate Office Properties Trust, a Maryland business trust (the "Company"), and Dwight Taylor ("Employee").

1. AWARD.

(a) SHARES. Pursuant to the Corporate Office Properties Trust 1998 Long Term Incentive Plan (the "Plan"), 43,750 common shares (the "Restricted Shares") of beneficial interest, $0.01 par value per share, of the Company, shall be issued as hereinafter provided in Employee's name subject to certain restrictions thereon. The date of this award shall be December 16, 1999 (the "Grant Date").

(b) ISSUANCE OF RESTRICTED SHARES. The Restricted Shares shall be issued upon acceptance hereof by Employee and upon satisfaction of the conditions of this Agreement.

(c) PLAN INCORPORATED. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement.

2. RESTRICTED SHARES. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) FORFEITURE RESTRICTIONS. The Restricted Shares shall be subject to the Forfeiture Restrictions (as hereinafter defined) from the date of this Agreement through December 31, 2004 (the "Restricted Period"). The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of during the Restricted Period to the extent then subject to the Forfeiture Restrictions. To the extent the Forfeitures Restrictions have not lapsed at the end of the Restricted Period as provided in subparagraph (b) of this Paragraph 2, Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation for forfeit and surrender Restricted Shares to the Company are herein referred to as "Forfeiture Restrictions." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) LAPSE OF FORFEITURE RESTRICTIONS. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the following schedule provided that Employee has been continuously employed by the Company or a Subsidiary or Affiliate from the date of this Agreement through the lapse date. On December 31, 1999 the Forfeiture Restrictions shall lapse as to 5% of the Restricted Shares without regard to any

performance criteria. Thereafter, Forfeiture Restrictions shall lapse according to the following schedule provided that annual performance targets are achieved:

<TABLE>
<CAPTION>

Year	Percentage of Total Number of Restricted Shares as to Which Forfeiture Restrictions Lapse
<S>	<C>
2000	10%
2001	15%
2002	15%
2003	25%
2004	30%

</TABLE>

For the purpose of the foregoing, annual performance targets will be achieved only upon the Company's achievement of at least an annual 10% year over year growth in Funds from Operations (FFO) or an annual 15% total shareholder return. Annual growth in FFO and annual shareholder return shall be cumulative over the Restricted Period such that performance goals will be considered achieved for any year during the Restricted Period if the annual growth in FFO or annual shareholder return in such year meets the annual targets after taking into account the annual growth in FFO or annual shareholder return in any prior or subsequent year during the Restricted Period. An example of the manner in which

the foregoing performance standards are intended to operate is attached hereto as Exhibit A. To the extent annual performance targets are not achieved by the end of the Restricted Period, the Employee shall forfeit to the Company the Restricted Shares for which the Forfeiture Restrictions have not lapsed by that date.

Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares on the earlier of (i) the occurrence of a Change of Control (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company, its Subsidiaries and Affiliates is terminated for any reason other than a termination by the Employee's employer for "Cause" or a voluntary termination by the Employee. In the event Employee's employment is terminated for any reason, the Compensation Committee of the Board (the "Committee"), may, in the Committee's sole discretion, approve the lapse of Forfeiture Restrictions as to any or all Restricted Shares still subject to such restrictions, such lapse to be effective on the date of such approval or Employee's termination date, if later.

To the extent that any Restricted Shares are vested solely as a result of the Employee's termination of employment pursuant to the foregoing, such shares shall be subject to a right of first refusal in favor of the Company with respect to all (but not less than all) of such shares in the event the Employee proposes to sell or otherwise transfer such shares to any other person. The Employee shall notify the Company prior to any such transfer (and in the absence of such prior notice any such transfer shall be void). The Company's right of repurchase shall be exercisable with respect to such shares within the thirty (30) day period following the date the Employee gives notice to the Company of the proposed

transfer. The purchase price of the shares repurchased by the Company hereunder shall be "Fair Market Value" (as defined in the Plan). If the Company exercises its right of first refusal, the sale shall be consummated within five (5) days of the date the Company elects to exercise its right.

(c) DIVIDENDS AND VOTING RIGHTS. The Employee shall be entitled to receive any dividends paid with respect to shares of Restricted Shares that become payable during the Restricted Period; provided however, that no dividends shall be payable to or for the benefit of the Employee with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares. The Employee shall be entitled to vote the Restricted Shares during the Restricted Period to the same extent as would have been applicable to the Employee if the Employee was then vested in the shares; provided, however, that the Employee shall not be entitled to vote the shares with respect to record dates for such voting rights arising prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares.

(d) CERTIFICATES. A certificate evidencing the Restricted Shares shall be issued by the Company in Employee's name, or at the option of the Company, in the name of a nominee of the Company, pursuant to which Employee shall have voting rights and shall be entitled to receive all dividends as hereinabove stated unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Committee or its delegate, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend in the name of Employee for the shares upon which forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

3. WITHHOLDING OF TAX. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money or shares of unrestricted Shares as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is authorized to withhold from

any cash or Share remuneration then or thereafter payable to Employee any tax required to be withheld by reason of such resulting compensation income.

4. STATUS OF SHARES. Employee agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which could constitute a violation of any applicable federal or state securities laws. Employee also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the share transfer records of the Company if such proposed transfer would be in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to is transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. EMPLOYMENT RELATIONSHIP. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, any successor entity or a Subsidiary or Affiliate as defined in the Plan) of the Company or any successor. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

6. COMMITTEE'S POWERS. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

7. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

8. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

EMPLOYEE	CORPORATE OFFICE PROPERTIES TRUST
/s/ Dwight Taylor	By:
- ----------	----------
Dwight Taylor	

EXHIBIT A

RESTRICTED SHARES

- - Year 2000 FFO increases by 11% but total shareholder return is 13% in which case the year 2000 forfeiture restrictions lapse because the FFO target is achieved.

- - Year 2001 FFO increases by 8% but total shareholder return is 20% in which case the year 2001 forfeiture restrictions lapse because the total shareholder return target is achieved with 20% and cumulatively exceeds 30% (15%x2) even though annual and cumulative FFO target is not achieved.

- - Year 2002 FFO increases by 8% and total shareholder return is 7% in which case the forfeiture restrictions do not lapse because neither the FFO or total shareholder targets have cumulatively been achieved.

- - Year 2003 FFO increases by 16% and total shareholder return is 7% in which case the forfeiture restrictions for both 2002 and 2003 lapse because the FFO target has been achieved on a cumulative basis (43% versus 40% target).

- - Year 2004 FFO decreased 10% and total shareholder return decreased 5%. Forfeiture restrictions for 2004 do not lapse because neither target is achieved on a cumulative basis. However, there is no impact on the lapse of the forfeiture restrictions for years prior to 2004.

Exhibit 10.9

RESTRICTED SHARE AGREEMENT

AGREEMENT made as of the 16th day of December, 1999, between Corporate Office Properties Trust, a Maryland business trust (the "Company"), and Michael D. Kaiser ("Employee").

1. AWARD.

(a) SHARES. Pursuant to the Corporate Office Properties Trust 1998 Long Term Incentive Plan (the "Plan"), 50,000 common shares (the "Restricted Shares") of beneficial interest, $0.01 par value per share, of the Company, shall be issued as hereinafter provided in Employee's name subject to certain restrictions thereon. The date of this award shall be December 16, 1999 (the "Grant Date").

(b) ISSUANCE OF RESTRICTED SHARES. The Restricted Shares shall be issued upon acceptance hereof by Employee and upon satisfaction of the conditions of this Agreement.

(c) PLAN INCORPORATED. Employee acknowledges receipt of a copy of the Plan, and agrees that this award of Restricted Shares shall be subject to all of the terms and conditions set forth in the Plan, including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Agreement.

2. RESTRICTED SHARES. Employee hereby accepts the Restricted Shares when issued and agrees with respect thereto as follows:

(a) FORFEITURE RESTRICTIONS. The Restricted Shares shall be subject to the Forfeiture Restrictions (as hereinafter defined) from the date of this Agreement through December 31, 2004 (the "Restricted Period"). The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of during the Restricted Period to the extent then subject to the Forfeiture Restrictions. To the extent the Forfeitures Restrictions have not lapsed at the end of the Restricted Period as provided in subparagraph (b) of this Paragraph 2, Employee shall, for no consideration, forfeit to the Company all Restricted Shares to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation for forfeit and surrender Restricted Shares to the Company are herein referred to as "Forfeiture Restrictions." The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) LAPSE OF FORFEITURE RESTRICTIONS. The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the following schedule provided that Employee has been continuously employed by the Company or a Subsidiary or Affiliate from the date of this Agreement through the lapse date. On December 31, 1999 the Forfeiture Restrictions shall lapse as to 5% of the Restricted Shares without regard to any

performance criteria. Thereafter, Forfeiture Restrictions shall lapse according to the following schedule provided that annual performance targets are achieved:

<TABLE>
<CAPTION>

Year	Percentage of Total Number of Restricted Shares as to Which Forfeiture Restrictions Lapse
<S>	<C>
2000	10%
2001	15%
2002	15%
2003	25%
2004	30%

</TABLE>

For the purpose of the foregoing, annual performance targets will be achieved only upon the Company's achievement of at least an annual 10% year over year growth in Funds from Operations (FFO) or an annual 15% total shareholder return. Annual growth in FFO and annual shareholder return shall be cumulative over the Restricted Period such that performance goals will be considered achieved for any year during the Restricted Period if the annual growth in FFO or annual shareholder return in such year meets the annual targets after taking into account the annual growth in FFO or annual shareholder return in any prior or subsequent year during the Restricted Period. An example of the manner in which

the foregoing performance standards are intended to operate is attached hereto as Exhibit A. To the extent annual performance targets are not achieved by the end of the Restricted Period, the Employee shall forfeit to the Company the Restricted Shares for which the Forfeiture Restrictions have not lapsed by that date.

Notwithstanding the foregoing, the Forfeiture Restrictions shall lapse as to all of the Restricted Shares on the earlier of (i) the occurrence of a Change of Control (as such term is defined in the Plan), or (ii) the date Employee's employment with the Company, its Subsidiaries and Affiliates is terminated for any reason other than a termination by the Employee's employer for "Cause" or a voluntary termination by the Employee. In the event Employee's employment is terminated for any reason, the Compensation Committee of the Board (the "Committee"), may, in the Committee's sole discretion, approve the lapse of Forfeiture Restrictions as to any or all Restricted Shares still subject to such restrictions, such lapse to be effective on the date of such approval or Employee's termination date, if later.

To the extent that any Restricted Shares are vested solely as a result of the Employee's termination of employment pursuant to the foregoing, such shares shall be subject to a right of first refusal in favor of the Company with respect to all (but not less than all) of such shares in the event the Employee proposes to sell or otherwise transfer such shares to any other person. The Employee shall notify the Company prior to any such transfer (and in the absence of such prior notice any such transfer shall be void). The Company's right of repurchase shall be exercisable with respect to such shares within the thirty (30) day period following the date the Employee gives notice to the Company of the proposed

transfer. The purchase price of the shares repurchased by the Company hereunder shall be "Fair Market Value" (as defined in the Plan). If the Company exercises its right of first refusal, the sale shall be consummated within five (5) days of the date the Company elects to exercise its right.

(c) DIVIDENDS AND VOTING RIGHTS. The Employee shall be entitled to receive any dividends paid with respect to shares of Restricted Shares that become payable during the Restricted Period; provided however, that no dividends shall be payable to or for the benefit of the Employee with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares. The Employee shall be entitled to vote the Restricted Shares during the Restricted Period to the same extent as would have been applicable to the Employee if the Employee was then vested in the shares; provided, however, that the Employee shall not be entitled to vote the shares with respect to record dates for such voting rights arising prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which the Employee has forfeited the Restricted Shares.

(d) CERTIFICATES. A certificate evidencing the Restricted Shares shall be issued by the Company in Employee's name, or at the option of the Company, in the name of a nominee of the Company, pursuant to which Employee shall have voting rights and shall be entitled to receive all dividends as hereinabove stated unless and until the Restricted Shares are forfeited pursuant to the provisions of this Agreement. The certificate shall bear a legend evidencing the nature of the Restricted Shares, and the Company may cause the certificate to be delivered upon issuance to the Secretary of the Company or to such other depository as may be designated by the Company as depository for safekeeping until the forfeiture occurs or the Forfeiture Restrictions lapse pursuant to the terms of the Plan and this award. Upon request of the Committee or its delegate, Employee shall deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares then subject to the Forfeiture Restrictions. Upon the lapse of the Forfeiture Restrictions without forfeiture, the Company shall cause a new certificate or certificates to be issued without legend in the name of Employee for the shares upon which forfeiture Restrictions lapsed. Notwithstanding any other provisions of this Agreement, the issuance or delivery of any shares of Stock (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such shares. The Company shall not be obligated to issue or deliver any shares of Stock if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange.

3. WITHHOLDING OF TAX. To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money or shares of unrestricted Shares as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is authorized to withhold from

any cash or Share remuneration then or thereafter payable to Employee any tax required to be withheld by reason of such resulting compensation income.

4. STATUS OF SHARES. Employee agrees that the Restricted Shares will not be sold or otherwise disposed of in any manner which could constitute a violation of any applicable federal or state securities laws. Employee also agrees (i) that the certificates representing the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) that the Company may refuse to register the transfer of the Restricted Shares on the share transfer records of the Company if such proposed transfer would be in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) that the Company may give related instructions to is transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. EMPLOYMENT RELATIONSHIP. For purposes of this Agreement, Employee shall be considered to be in the employment of the Company as long as Employee remains an employee of either the Company, any successor entity or a Subsidiary or Affiliate as defined in the Plan) of the Company or any successor. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee, or its delegate, as appropriate, and its determination shall be final.

6. COMMITTEE'S POWERS. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Shares.

7. BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

8. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Maryland.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Employee has executed this Agreement, all as of the date first above written.

EMPLOYEE	CORPORATE OFFICE PROPERTIES TRUST
/s/ Michael D. Kaiser	By:
- ----------	----------
Michael D. Kaiser	

EXHIBIT A

RESTRICTED SHARES

- - Year 2000 FFO increases by 11% but total shareholder return is 13% in which case the year 2000 forfeiture restrictions lapse because the FFO target is achieved.

- - Year 2001 FFO increases by 8% but total shareholder return is 20% in which case the year 2001 forfeiture restrictions lapse because the total shareholder return target is achieved with 20% and cumulatively exceeds 30% (15%x2) even though annual and cumulative FFO target is not achieved.

- - Year 2002 FFO increases by 8% and total shareholder return is 7% in which case the forfeiture restrictions do not lapse because neither the FFO or total shareholder targets have cumulatively been achieved.

- - Year 2003 FFO increases by 16% and total shareholder return is 7% in which case the forfeiture restrictions for both 2002 and 2003 lapse because the FFO target has been achieved on a cumulative basis (43% versus 40% target).

- - Year 2004 FFO decreased 10% and total shareholder return decreased 5%. Forfeiture restrictions for 2004 do not lapse because neither target is achieved on a cumulative basis. However, there is no impact on the lapse of

the forfeiture restrictions for years prior to 2004.

Exhibit 10.30

REVOLVING CREDIT AGREEMENT

BETWEEN

CORPORATE OFFICE PROPERTIES, L.P., AS BORROWER,
CORPORATE OFFICE PROPERTIES TRUST, AS GUARANTOR, AND
ANY COLLATERAL PROPERTY SUBSIDIARY, WHICH MAY NOW BE OR
HEREAFTER BECOMES A PARTY TO THIS AGREEMENT,
COLLECTIVELY AS LOAN PARTIES

AND

PRUDENTIAL SECURITIES CREDIT CORP., AS LENDER

DATED AS OF
DECEMBER 28, 1999

REVOLVING CREDIT AGREEMENT

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REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT dated as of December 28, 1999 (this "AGREEMENT") between CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership (the "BORROWER"),CORPORATE OFFICE PROPERTIES TRUST, a Maryland real estate investment trust ("COPT") and any COLLATERAL PROPERTY SUBSIDIARY (a "COLLATERAL PROPERTY SUBSIDIARY") which may now be or hereafter become a party to this Agreement, and PRUDENTIAL SECURITIES CREDIT CORP., a Delaware corporation (the "LENDER"),

W I T N E S S E T H:

WHEREAS, the Borrower desires to Borrow from Lender on a revolving credit basis up to FIFTY MILLION AND 00/00 DOLLARS ($50,000,000) in connection with (i) the funding of certain acquisition and development activities by the Borrower, (ii) the funding of the Transaction Costs (as hereinafter defined); and (iii) the funding of Borrower's working capital requirements in connection with its general business purposes; and

WHEREAS, the Lender is willing to extend the financial accommodations contemplated hereby to the Borrower on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual premises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.01. CERTAIN DEFINED TERMS As used in this Agreement, the following terms shall have the following meanings:

"ACQUISITION" has the meaning set forth in the recitals hereto.

"ACQUISITION DOCUMENTS" means each purchase agreement to be entered into between and among the Borrower and the seller or sellers of each Acquisition Property in connection with the purchase of such Acquisition Property and all of the other agreements, documents and instruments entered into in connection therewith.

"ACQUISITION PROPERTIES" means 100% fee simple ownership interests in office properties that (i) are being acquired by the Borrower using, in part, the proceeds of the Loans, (ii) satisfy the applicable conditions precedent and covenants set forth in this Agreement, and (iii) are located in the mid-Atlantic region of the United States of America and are otherwise generally consistent with the Borrower's existing office properties.

"ADDITIONAL DISBURSEMENTS" has the meaning set forth in Section 2.13 hereof.

"AFFILIATE" means any (i) officer, director, shareholder, member or partner of the Borrower, (ii) Person that directly or indirectly controls, is controlled by, or is under common control with the Borrower, and (iii) Person in which 10% or more of the ownership interest of such Person is owned by a shareholder, member or partner of the Borrower. For purposes of this definition, "control" of a person means the possession, directly or indirectly, of the power to direct or cause the direction of its management and policies, whether through the ownership of voting capital stock, by contract or otherwise, and the terms "controlled" and "common control" shall have correlative meanings. In no event shall the Lender be deemed to be an Affiliate of the Borrower.

"AGREEMENT" and "CREDIT AGREEMENT" means this Credit Agreement, as the same from time to time may be amended, modified, supplemented, extended or restated.

"APPLICABLE MARGIN" means one hundred fifty (150) basis points.

"APPROVED BANK" means banks which have (i) (a) a minimum net worth of $500,000,000 and/or total assets of $10,000,000,000, and (ii) a minimum long term debt rating of (a) BBB+ or higher by S&P, and (b) Baal or higher by Moody's.

"APPROVED LEASE" means a Lease in the form of EXHIBIT A hereto.

"ASSIGNMENTS OF LEASES" mean, collectively, the Assignment of Leases and Rents to be entered into between the Borrower and the Lender, in each case, in the form of EXHIBIT B hereto as a condition to the making of a Loan, as the same may from time to time be amended, modified, supplemented or extended.

"ASSIGNMENTS OF MANAGEMENT AGREEMENTS" mean, collectively, (i) the Assignment of Property Management Agreements dated as of the Closing Date between the Borrower and the Lender, and (ii) the Assignment of Property Management Agreements to be entered into between the Borrower and the Lender, in each case, in the form of EXHIBIT C hereto, as the same may from time to time be amended, modified, supplemented or extended.

"ASSIGNMENTS" mean, collectively, the Assignments of Leases, the Assignments of Management Agreements and the Collateral Assignments.

"AUTHORIZED PERSON" means Roger A. Waesche, Jr. or John Harris Gurley or such other individual designated in writing by the Borrower as being authorized by the Borrower to provide the Lender with any and all notices required to be made hereunder by the Borrower; which authorizations shall remain in full force and effect, and may be conclusively relied on by the Lender in all circumstances, until the Lender actually receives a written notice from the Borrower stating otherwise.

"AVAILABLE COMMITMENT" means, as at any date at which the same is to be determined, the amount equal to (i) the Commitment, minus (ii) the aggregate amount of all Loans then outstanding, minus (iii) the aggregate amount of all outstanding Reserves.

"BANKRUPTCY CODE" means Title 11 of the United States Code (11 U.S.C. 101 ET SEQ.), as amended from time to time, and any successor statute.

"BASE LIBOR" in respect of each Interest Period means a rate per annum equal to the rate at which U.S. dollar deposits, in an amount equal to the aggregate principal amount of the relative Loan or Loans which is to be outstanding during such Interest Period, for delivery on the first day of such Interest Period with 30-day maturities, (i) are offered in immediately available funds in the London Interbank Market to the appropriate office of the Lender by leading banks in the Eurodollar market, (ii) are quoted on the Dow Jones Telerate, a division of Dow Jones & Company, Inc., or (iii) are quoted on any comparable alternative source selected by the Lender, in the case of the first Interest Period for each Loan, at such time as the Lender elects on the first Business Day of such Interest Period and, in the case of all other Interest Periods, at 11:00 a.m., London time, on the first Business Day of such Interest Period.

"BASE RATE" means, for any day, the per annum fluctuating rate of interest equal to the higher of (i) the interest rate announced by the Lender as its Dollar base rate from time to time in New York, New York, and (ii) the Federal Funds Rate plus one-half of one percent (.5%). The interest rate announced by the Lender as its Dollar base rate from time to time in New York, New York on December 15, 1999 was 7.75%.

"BORROWER" has the meaning set forth in the recitals hereto and includes its successors and assigns.

"BORROWING DATE" means, with respect to any Loan, the Business Day on which the Lender makes such Loan pursuant to a Notice of Borrowing given pursuant to Section 2.02(b)(i) hereof.

"BREAKAGE FEE" means the cost (including any hedging loss or negative carry on the hedge position), if any, to the Lender associated with the negative carry or breaking of all or a portion of any hedging arrangement entered into by the Lender to reduce its interest rate risk due to changes in LIBOR in connection with any prepayment on the Loans or the Borrower's failure to borrow.

"BUILDING CONDITION REPORT" has the meaning set forth in Section 4.02 (e) hereof.

"BUSINESS DAY" means any day on which dealings in currencies and exchange (including, without limitation, U.S. dollar deposits in the London Interbank Market) between banks may be carried on in New York, New York or the City of London, England, other than a Saturday or

Sunday or any other day on which banks in New York, New York or the City of London, England are authorized or required by law to close.

"CLOSING DATE" means December __, 1999, the date on which this Agreement is signed by the parties hereto at the offices of Pryor Cashman Sherman & Flynn LLP at 410 Park Avenue, New York, New York 10022 or at such other place as the Lender may determine.

"COLLATERAL" means all property and interest in property in or against which the owner thereof shall have granted, or purported to have granted, a security interest or Lien in favor of the Lender under the Loan Documents as security for the Obligations of the Borrower to the Lender and, if such owner is a Person other than the Borrower, for such owner's obligations to the Lender, and shall include, without limitation the Collateral Properties.

"COLLATERAL ASSIGNMENTS" mean, collectively, the Collateral Assignment Agreement to be entered into between the Borrower and the Lender, in each case, in the form of EXHIBIT D hereto, as a condition to the making of a Loan, as the same may from time to time be amended, modified, supplemented or extended.

"COLLATERAL DOCUMENTS" mean without limitation, collectively, the Mortgages, the Deeds of Trust, the Assignments and the title insurance and other insurance policies endorsed to name the Lender as a first mortgagee and/or additional insured required under Section 5.02 hereof and under the Mortgages, and the Deeds of Trust.

"COLLATERAL PROPERTIES" mean, collectively, (a) the Acquisition Properties, (b) the existing properties of the Borrower in which the Borrower owns a 100% fee simple interest and that (i) are acceptable to Lender in all respects in its sole discretion which, at Borrower's option are pledged as collateral for the Note, (ii) are office properties located in the mid Atlantic region of the United States of America that are generally consistent with the Borrower's existing office properties, (iii) are pledged to, and encumbered in favor of, the Lender by the Borrower in the same manner in which Acquisition Properties are pledged to and encumbered in favor of Lender, and (iv) satisfy the applicable conditions precedent and covenants set forth in this Agreement and the Collateral Documents in the same manner and on the same terms as set forth with respect to an Acquisition Property, and (c) all other assets and interest related to the development, use and operation of the Acquisition Properties and other existing properties described in (b) hereof. Lender shall have the right to reject any property which Borrower proposes to be included as a Collateral Property.

"COLLATERAL PROPERTY SUBSIDIARY" means any single purpose, wholly owned Subsidiary of COPT or Borrower that owns any Collateral Property.

"COMMITMENT" means $50,000,000.

"COMPLIANCE CERTIFICATE" means a certificate substantially in the form annexed hereto as Exhibit O delivered by Borrower to Lender pursuant to Section 5.07(b) hereof.

"CONSOLIDATED ADJUSTED NET INCOME" means, for any period and without duplication, for Borrower and its Subsidiaries, the sum of the amounts for such period of (i) Consolidated Net Income, (ii) Consolidated Interest Expense, (iii) provisions for taxes based on income, (iv) total depreciation expense, (v) total amortization expense, (vi) gains or losses on the sales of Mortgaged Properties

and other Properties, debt restructurings or other nonrecurring expenses, and (vii) income expense attributable to minority interest; less a recurring capital expense reserve equal to $0.15 per net rentable square foot for all Properties, and as adjusted in a manner acceptable to Lender for (x) unconsolidated partnerships, joint ventures and similar entities, and (y) straight line rents, all of the foregoing as determined on a consolidated basis for Borrower and its Subsidiaries in conformity with GAAP.

"CONSOLIDATED INTEREST EXPENSE" means, for any period, total interest expense (including that portion attributable to capital leases in accordance with GAAP and capitalized interest) of Borrower and its Subsidiaries on a consolidated basis with respect to all outstanding Indebtedness of Borrower and its Subsidiaries, such interest to be calculated for purposes of this Agreement against the outstanding principal amounts such Indebtedness as follows:

(a) for the Loans, using a constant based on the then current Yield as of the date of determination, plus the Market Spread, instead of the interest rates actually applicable thereto;

(b) for all other fixed rate Indebtedness, at the interest rates actually applicable thereto; and

(c) for all other variable rate Indebtedness, using a constant based on the Yield plus the Market Spread, instead of the interest rates actually applicable thereto.

"CONSOLIDATED NET INCOME" means, for any period, the net income (or loss) of Borrower and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP; provided that there shall be excluded (i) the income (or loss) of any Person (other than a Subsidiary of Borrower) in which any other Person (other than Borrower or any of its Subsidiaries) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to Borrower or any of its Subsidiaries by such Person during such period, (ii) the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of Borrower or is merged into or consolidated with Borrower or any of its Subsidiaries or that Person's assets are acquired by Borrower or any of its Subsidiaries, (iii) the income of any Subsidiary of Borrower to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, (iv) any after-tax gains or losses attributable to any disposition of any assets of Borrower or its Subsidiaries or returned surplus assets of any Pension Plan, and (v) (to the extent not included in clauses (i) through (iv) above) any net extraordinary gains or net non-cash extraordinary losses.

"CONSOLIDATED TANGIBLE NET WORTH" means, as at any date of determination, the shareholders' equity of Borrower and its Subsidiaries (determined on a book basis), plus accumulated depreciation, less Intangible Assets, on a consolidated basis determined in conformity with GAAP.

"CONSOLIDATED TOTAL ASSETS" means, at any date of determination, total assets of Borrower and its Subsidiaries on a consolidated basis which may properly be classified as assets in conformity with GAAP plus, in the event that any guarantees of indebtedness of non-consolidated joint ventures are included in the calculation of Consolidated Total Liabilities for such period pursuant to clause (iii) of the definition of Consolidated Total Liabilities, the pro rata share of Borrower or such Subsidiary in the assets of such non-consolidated joint venture. The value of any real property asset included in Consolidated Total Assets shall be determined by capitalizing the Consolidated Adjusted Net income using a 9.5% capitalization rate; provided, however, in the case of: (a) any real property asset owned less than one year, the value of such asset shall be determined by using the aggregate purchase price for such asset; and (b) any real property asset which is under development, the value of such asset shall be determined by using the direct costs incurred in connection with such development until the earlier of: (i) 30 months following the commencement of construction of such asset and (ii) 12 months following receipt of a certificate of occupancy, or the equivalent, with respect to such asset.

"CONSOLIDATED TOTAL INDEBTEDNESS" means, as of any date of determination, the sum of the following, without duplication: (i) all Indebtedness of Borrower and its Subsidiaries, determined on a consolidated basis; plus (ii) all Contingent Obligations of Borrower and its Subsidiaries; plus (iii) all Guaranties of Borrower or any of its Subsidiaries; plus (iv) all letter of credit reimbursement agreement obligations.

"CONSOLIDATED TOTAL LIABILITIES" means, as at any date of determination, the sum of each of the following, without duplication, for Borrower and its Subsidiaries, on a consolidated basis, (i) all indebtedness for borrowed money, (ii) any obligation owed for all or any part of the deferred purchase price of assets or services which would be shown to be a liability (or

on the liability side of the balance sheet) in accordance with GAAP, (iii) all guaranteed obligations including any guaranteed indebtedness of consolidated or non-consolidated joint ventures, (iv) the maximum amount of all letters of credit issued or acceptance facilities established for the account of Borrower or any of its Subsidiaries, and, without duplication, all drafts drawn thereunder (other than letters of credit offset by a like amount of Cash or government securities held in escrow to secure such letter of credit and draws thereunder), (v) all capitalized lease obligations, (vi) all indebtedness (A) of another Person secured by any Lien on any property or asset owned or held by Borrower or any of its Subsidiaries regardless of whether the indebtedness secured thereby shall have been assumed by Borrower or such Subsidiary or is non-recourse to the credit of Borrower or such Subsidiary, and (B) of any consolidated Affiliate of Borrower whether or not such indebtedness has been assumed by Borrower, (vii) indebtedness created or arising under any conditional sale or title retention agreement, and (viii) withdrawal liability or insufficiency under ERISA or under any qualified plan or related trust; including

within the foregoing, trade payables and accrued expenses arising or incurred in the ordinary course of business.

"CUSTOMARY PERMITTED LIENS" means: (a) Liens (other than any Lien imposed under Environmental Laws or ERISA) arising as a matter of law to secure payment of taxes, assessments or charges owing to any Governmental Authority but which are not yet due or which are being contested in good faith by appropriate proceedings or other appropriate actions and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP; (b) statutory Liens of landlords and Liens of carriers, warehousemen and other Liens (other than any Lien imposed under Environmental Laws or ERISA) imposed by law, created in the ordinary course of business and for amounts not yet due (or which are being contested in good faith by appropriate proceedings or other appropriate actions which are sufficient to prevent imminent foreclosure of such Liens, are promptly instituted and diligently conducted) and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP; (c) Liens (other than any Lien imposed under Environmental Laws or ERISA) incurred or deposits made in the ordinary course of business (including, without limitation, security deposits for leases, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, contracts (other than for the repayment or guarantee of borrowed money or purchase money obligations), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts; (d) easements (including, without limitation, reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, minor defects or irregularities in title, variations and other restrictions, charges or encumbrances (whether or not recorded) affecting the use of real property, which individually or in the aggregate do not or are not reasonably likely to have a Material Adverse Effect on the conduct of a Borrower and/or any of its Subsidiaries, its business or on the use of such real property or on the value to or marketability by such Borrower or such Subsidiary of its interests in such real property; and (e) extensions, renewals or replacements of any Lien referred to in clauses (a) through (d) above; PROVIDED, HOWEVER, that (i) the principal amount of the obligation secured thereby is not increased, except as otherwise permitted by such clauses in the first instance, and (ii) any such extension, renewal or replacement is limited to the property originally encumbered thereby.

"DEBT SERVICE COVERAGE" means, as of the date of determination, a ratio based upon, among other things, operating income, all operating expenses and reserves (including, among other reserves, a capital expense reserve, as provided in this definition), payments of debt service on the Loan or Loans being tested assuming a twenty-five (25) year amortization of the Loan or Loans being tested, as of the date of determination, and an interest rate equal to the Yield plus the Market Spread, and such other items of income and expense as Lender may apply in its underwriting standards and criteria, in determining Debt Service Coverage. For purposes of determining Debt Service Coverage, Lender shall apply a capital expense reserve (the "Capital Expense Reserve") of twenty cents ($.20) per square foot for each Collateral Property, or such lesser amount based upon an engineering or structural report prepared by an engineer hired by

Borrower and approved by Lender; provided however, in no event shall the Capital Expense Reserve equal less than fifteen cents ($.15) per square foot. The determination of Debt Service Coverage and the factors used therein, shall be in Lender's sole but reasonable discretion which determination shall be binding and conclusive absent manifest error.

"DEEDS OF TRUST" mean, collectively, the Deeds of Trust, Security Agreements and Assignments of Leases and Rents and Indemnity Deeds of Trust to be entered into between the Borrower and/or Collateral Property Subsidiary and

the Lender, in each case substantially in the form of EXHIBIT E hereto, as a condition to the making of a Loan, as the same may from time to time be amended, modified, supplemented or extended.

"DEFAULT" means any event which is, or with the lapse of time or giving of notice, or both, would be, an Event of Default.

"DOLLARS" and "$" means lawful money of the United States of America. Any reference in this Agreement to payment in "Dollars" or "$" means payment in Dollar funds immediately available for use by the Lender in New York, New York.

"ENVIRONMENTAL CLAIM" means any third party (including, without limitation, governmental authorities and employees) action, lawsuit, investigation, claim, proceeding, order, decree, consent agreement, notice of violation or other legal proceeding (collectively an "ACTION") (including, without limitation, any Action under OSHA or any similar law relating to the safety or health of employees) which seeks to impose liability for (i) pollution, contamination, protection, clean-up, restoration, destruction, loss or injury to or of the air, surface water, groundwater, land (including, without limitation, surface and subsurface strata) or other natural resources; (ii) solid, gaseous or liquid Waste generation, handling, transportation, treatment, processing, clean-up, storage, disposal, recycling or reclamation; (iii) exposure to pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes; (iv) the safety or health of employees; (v) the manufacture, generation, processing, distribution, use, treatment, storage, disposal, transport, recycling, reclamation or handling of chemical substances, pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, (vi) Wastes or (vii) noise. An "ENVIRONMENTAL CLAIM" includes, but is not limited to, a common law action, as well as a legal proceeding initiated or brought by any federal, state or local executive, legislative, judicial, regulatory or administrative agency, board or authority or any third party to issue, modify, adopt, terminate or enforce the provisions of an Environmental Permit or to modify, adopt, terminate or enforce a Requirement of Environmental Law, to the extent that such a proceeding attempts to redress violations or alleged violations of the applicable Environmental Permit or Requirement of Environmental Law.

"ENVIRONMENTAL INDEMNITIES" mean, collectively, (i) the Environmental Indemnity dated as of the Closing Date between the Borrower and the Lender, and (ii) the Environmental Indemnity to be entered into between the Borrower and the Lender, in each case, in the form of

EXHIBIT F hereto, as the same may from time to time be amended, modified, supplemented or extended.

"ENVIRONMENTAL LAWS" shall mean any federal, state, local and foreign laws, regulations, codes, ordinances, plans, orders, decrees, judgments, injunctions, notices or demand letters issued, promulgated or entered thereunder by any Governmental Authority relating to pollution or protection of the environment, including, without limitation, laws relating to reclamation of land or waterways and laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes into the environment or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes, or otherwise relating to worker health and safety or public health and safety to which the Borrower and its Subsidiaries are subject, including, without limitation, the Clean Air Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended, the Federal Water Pollution Control Act, as amended, the Occupational Safety and Health Act of 1970 ("OSHA"), as amended, the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, the Safe Drinking Water Act, as amended, the Toxic Substances Control Act, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, and any other environmental conservation or protection laws.

"ENVIRONMENTAL LIABILITIES" means all costs arising from or related to any Environmental Claim, Environmental Permit or Requirement of Environmental Law (including, without limitation, all costs arising under any theory or process of recovery or relief, at law or in equity), whether based on negligence, strict liability, RCRA, CERCLA or otherwise, including, but not limited to, remedial, removal, response, restoration, abatement, investigative, monitoring, personal injury, death and property damage costs, and any other related costs, expenses, losses, damages, penalties, fines, liabilities and obligations, including, without limitation, attorneys' fees, court costs and interest paid or accrued.

"ENVIRONMENTAL MATTERS" means any and all matters relating to any Requirement of Environmental Law, Environmental Claim or Environmental Permit.

"ENVIRONMENTAL PERMIT" means any permit, license, notice, order,

approval or other authorization under any applicable law, rule, regulation or other requirement of the United States or of any state, municipality or other subdivision thereof relating to (i) pollution or protection of the environment or safety and health, including, without limitation, all laws, rules, regulations or other requirements relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes into or on the air, surface water, groundwater or land (including, without limitation, surface and subsurface strata), or (ii) the manufacture, generation, processing, distribution, use, treatment, storage, disposal, transport, recycling, reclamation or handling of chemical substances, pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes.

"ENVIRONMENTAL REPORTS" means the Environmental Reports delivered to the Lender pursuant to Section 4.02(d) hereof.

"EQUITY PROCEEDS" means the cash proceeds (net of underwriting discounts and commissions and other reasonable costs associated therewith) from the issuance of any equity Securities of Borrower or any of its Subsidiaries, including additional issuances of common shares, preferred shares or Partnership Interests.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute.

"ERISA AFFILIATE" means each Person (as defined in Section 3(9) of ERISA) that is a member of any "controlled group" (as defined in Section 4001(14) of ERISA) that includes the Borrower.

"ERISA TERMINATION EVENT" means (i) any Reportable Event, (ii) the withdrawal of the Borrower or any of its ERISA Affiliates from a Plan during a Plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA, (iii) the filing of a notice of intent to terminate a Plan or to treat any Plan amendment as a termination under Section 4041 of ERISA, (iv) any Plan amendment or the occurrence of any event that constitutes a "partial termination" (within the meaning of Section 411(d)(3) of the IRC) with respect to any Plan, (v) the institution of proceedings to terminate a Plan or the appointment of a trustee by the PBGC pursuant to Section 4044 of ERISA or (vi) any event or condition that might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

"ESTOPPEL CERTIFICATES" mean, collectively, the Estoppel Certificates to be entered into by the tenants of the Collateral Properties in favor of the Lender, in each case, in the form of EXHIBIT G hereto, as the same may from time to time be amended, modified, supplemented or extended by Lender, as a condition to the making of a Loan.

"EVENT OF DEFAULT" means any event specified as such in Section 8.01 hereof.

"EXPIRATION DATE" means the earlier of (i) the first anniversary of the first Loan under this Agreement or (ii) 365 days from the Closing Date. The Expiration Date is subject to Section 2.01(b) hereof. At no time shall the Expiration Date be more than three hundred sixty five (365) days from any day during the term hereof, inclusive of any extension period granted by Lender.

"FEDERAL FUNDS RATE" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, PROVIDED, that (i) if the day for which such rate is to be

determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any Business Day, the Federal Funds Rate for such Business Day shall be the average rate charged to the Lender, directly or indirectly, on such Business Day on such transactions as determined by the Lender.

"FISCAL QUARTER" means each of the four periods of three months of each year, ending on the last day of each March, June, September and December, which in the aggregate constitute a Fiscal Year.

"FISCAL YEAR" means the fiscal year ending on December 31.

"GAAP" means generally accepted accounting principles (i) in the United

States of America as in effect from time to time set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of the Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination, and (ii) which are consistently applied in form and substance.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"INDEBTEDNESS" means (without duplication), with respect to any Person, all obligations, contingent and otherwise, which, in accordance with GAAP, would be included in determining total liabilities as shown on the liabilities side of a balance sheet of such Person as at any date at which the amount thereof is to be determined, but in any event and as well including, the Note, all other amounts due under the Loan Documents, any contingent obligations arising due to all guarantees, endorsements (other than endorsements for collection or deposits in the ordinary course of business) and all other contingent obligations whether or not in respect of any Indebtedness of others, deferred taxes and accrued obligations, all liabilities secured by any mortgage, pledge or lien existing on property owned or acquired subject to such mortgage, pledge or lien, whether or not the liability secured thereby shall have been assumed, and all lease obligations.

"IDOT" means the Indemnity Deed of Trust to be entered into by Borrower or any Collateral Property Subsidiary with respect to any Collateral Property located in the State of Maryland, in each case substantially in the form of Exhibit E attached hereto and otherwise in form and substance acceptable to Lender and its counsel, , as a condition to the making of a Loan, as the same may from time to time be amended, modified, supplemented or extended.

"INITIAL BORROWING DATE" means the first Borrowing Date on which the first Loan is made hereunder.

"INTEREST EXPENSES" of any Person shall mean, for any period, the interest expenses incurred, accrued or paid of such Person for such period on the aggregate principal amount of their Indebtedness, determined in accordance with GAAP.

"INTEREST PERIOD" means a period commencing, in each instance, on the first day of a calendar month and ending on the last day of such month provided, however, that in the case of any Loan which is made on other than the first day of a calendar month, the first Interest Period for such Loan shall commence on the Borrowing Date of such Loan and end on the last day of the calendar month in which the Borrowing Date occurs; PROVIDED, HOWEVER, that no Interest Period for any Loan shall extend beyond the Expiration Date.

"INTEREST RATE AGREEMENT" means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or similar agreement or arrangement designed to protect the Borrower or any of its Subsidiaries against fluctuations in interest rates, which agreement or approval shall be approved by Lender as to form and substance; provided, however, that such approval by Lender shall not be required if such agreement (i) shall have a minimum term of two (2) years, or, in the case of loans pursuant to which interest shall accrue at a rate other than a fixed rate, a term equal to the term of such floating rate loan (to the extent the term of floating rate loan is less than two(2) years, (ii) shall have the effect of capping the interest rates covered thereby at a rate equal to or lower than the Interest Rate Cap at the time of purchase or execution, and (iii) shall be with an Approved Bank, provided that it is acknowledged and agreed that the Borrower shall have no obligation to replace any Interest Rate Agreement even if the counterparty thereto shall cease to be an Approved Bank.

"IRC" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"INTEREST RATE CAP" means the Treasury Rate plus 3%.

"JURISDICTONAL CAPPED MORTGAGES" shall collectively mean the Mortgage(s) or Deed(s) of Trust now or hereafter covering Collateral Property located in any state in which the mortgage recording tax or other cost of recording a mortgage or deed of trust is not de minimus and, therefore, which secures a maximum original principal amount of indebtedness which is less than the Commitment, whether for the purpose of limiting the debt secured by such Mortgage or Deed of Trust and the mortgage recording taxes payable in connection therewith or otherwise with the approval of Lender.

"KNOWLEDGE" means, with respect to any Person, what such Person knows or should have known, in each case, after due inquiry.

"LEASES" mean, collectively, all of the leases now existing or hereafter entered into in connection with the Collateral Properties.

"LENDER" has the meaning given to it in the preamble of this Agreement, and its successors, participants and assigns (including any Person who becomes a holder of the Note).

"LENDER'S OFFICE" means the Lender's principal office at One New York Plaza, New York, New York 10292.

"LIBOR" in respect of each Interest Period shall be the rate per annum equal to the product arrived at by multiplying the Base LIBOR applicable to such Interest Period by a fraction (expressed as a decimal), the numerator of which shall be the number one and the denominator of which shall be the number one minus the aggregate reserve percentages (expressed as a decimal) from time to time established by the Board of Governors of the United States Federal Reserve System and any other Governmental Authority to which the Lender is now or hereafter subject, including, without limitation, any reserve on "Eurocurrency Liabilities" (as defined in Regulation D of the Board of Governors of the United States Federal Reserve System) at the ratios provided in such Regulation from time to time, it being agreed that the Loans shall be deemed to constitute Eurocurrency Liabilities and it being further agreed that such Eurocurrency Liabilities shall be deemed to be subject to such reserve requirements without the benefit of or credit for prorations, exceptions or offsets that may be available to the Lender from time to time under such Regulation and irrespective of whether the Lender actually maintain all or any portion of such reserve.

"LIEN" means, with respect to any Person, (i) any lien (including, without limitation, any statutory lien), mortgage, hypothecation, privilege, security interest, pledge, encumbrance, charge (general or special, floating or fixed) or conditional sale or other title retention arrangement (including, without limitation, the rights of a lessor under a capital lease to the property leased thereunder) or other security interest of any kind upon any property or assets of any character of such Person, whether now owned or hereafter acquired by such Person, or upon the income or profits therefrom, (ii) the transfer, pledge or assignment by such Person of any of its property or assets for the purpose of subjecting the same to the payment of any indebtedness of such Person or others in priority to the payment by such Person of its general creditors, (iii) any sale, assignment, pledge or other transfer by such Person of its accounts receivable, contract rights, general intangibles or chattel paper with recourse, and (iv) any agreement to give or do any of the foregoing.

"LOAN" or "LOANS" means the loans made pursuant to Section 2.02(a) hereof.

"LOAN AVAILABILITY PERIOD" means the period from and including the Closing Date to the date which is three (3) months prior to the Expiration Date.

"LOAN DOCUMENTS" mean, collectively, this Agreement, the Note, the Collateral Documents, the Estoppel Certificates, the Subordination Agreements, the Environmental Indemnities, the Indemnities and Guaranties of Recourse Obligation, and all other documents, agreements, instruments and certificates executed and delivered by, or on behalf of, the Borrower in connection with the transactions contemplated by this Agreement.

"LOAN PARTY" means the Borrower, COPT and each Collateral Property Subsidiary.

"LOAN-TO-VALUE RATIO" means, as of the date of determination, a ratio taking into account, among other things, the sum of the outstanding Loan being tested, the proceeds of which were used to acquire the applicable Collateral Property, the outstanding Reserves, if any, applicable to such Collateral Property, the market value of such Collateral Property applying a capitalization rate of 9.5%, and such other factors as Lender shall apply in its underwriting standards and criteria in determining the Loan-to-Value Ratio. Such determination shall be made by Lender in its sole but reasonable discretion, which determination shall be binding and conclusive absent manifest error. Lender shall have the right, in its sole discretion, to apply a higher or lower capitalization rate for any period following the one (1) year anniversary of the Closing Date if the Maturity Date is extended as permitted herein.

"MARKET SPREAD" two hundred thirty (230) basis points above the Yield. Lender shall have the right, in its sole discretion, to designate a higher or lower number of basis points as the Market Spread for any period following the one (1) year anniversary of the Closing Date, if the Maturity Date is extended as permitted herein.

"MATERIAL ADVERSE CHANGE" of the Borrower or its Subsidiaries means a

material adverse change in the business, condition (financial or otherwise), assets, properties or operations of the Borrower or Subsidiary.

"MATERIAL ADVERSE EFFECT" means any set of circumstances or events which (i) would have any material adverse effect whatsoever upon the validity or enforceability of this Agreement, the Note or any other Related Document, (ii) is or would reasonably be expected to have a material adverse effect on the business, condition (financial or other), assets, properties or operations of the Borrower or its Subsidiaries, as the case may be and as applicable, (iii) would materially impair the Borrower's or its Subsidiaries' ability to fulfill their respective obligations under the terms and conditions of this Agreement or the other Related Documents to which they are a party thereto, or (iv) would materially impair the Lender's rights in or to, or have a material adverse effect on, the Collateral.

"MEMORANDA OF LEASE" mean, collectively, each memorandum of lease describing a Lease and recorded in the appropriate filing offices of the respective jurisdiction except that a memorandum of lease shall not be recorded with respect to Leases made in connection with any Collateral Property located in the State of Maryland.

"MODIFICATIONS" has the meaning set forth in Section 4.02(f) hereof.

"MOODY'S" means Moody's Investors Service, Inc. or any successor to the business thereof.

"MORTGAGES" mean, collectively, the Mortgages, Security Agreements and Assignments of Leases and Rents to be entered into between the Borrower and the Lender, in each case, substantially in the form of EXHIBIT E hereto, as a condition to the making of a Loan, as the same may from time to time be amended, modified, supplemented or extended.

"NET INCOME" of any Person means, for any period taken as one accounting period, the net income (or loss) of such Person for such period after eliminating all intercompany items, determined in accordance with GAAP; PROVIDED, HOWEVER, that there shall be excluded (i) the income (or loss) of such Person in which any other Person has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to such Person by such other Person during such period, (ii) except to the extent includable pursuant to the foregoing clause (i), the income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of such Person or is merged into or consolidated with such Person or that Person's assets are acquired by such Person, and (iii) any extraordinary gains or losses and gains or losses from sales of assets (other than sales of inventory in the ordinary course of business), determined in accordance with GAAP.

"NET WORTH" of any Person shall mean, for any period, the excess of (i) Total Assets, over (ii) Total Liabilities.

"NOTE" shall mean the Secured Promissory Note in the form of Exhibit K.

"NOTICE OF BORROWING" has the meaning given to it in Section 2.02(b)(i) hereof.

"NOTICE OF OPTIONAL PREPAYMENT" has the meaning given to it in Section 2.06 hereof.

"OBLIGATIONS" means, as to the Borrower, all liabilities, obligations and indebtedness of the Borrower to the Lender of any and every kind and nature (including, without limitation, principal payments, interest charges, late fees, default interest, other charges and expenses, attorneys' fees, maintenance, commitment and other fees chargeable to the Borrower by the Lender and future advances made to or for the benefit of such Person), whether arising under this Agreement, under any of the Related Documents, under any refinancing or modification of the credit facilities provided under this Agreement or any of the Related Documents, pursuant to any arrangement, agreement or understanding hereafter among the Borrower and the Lender or otherwise, or acquired by the Lender from any other source, whether now or hereafter owing, arising, due or payable from the Borrower to the Lender, whether before or after the filing of a proceeding under the Bankruptcy Code by or against the Borrower, regardless of how evidenced, created, incurred, acquired or owing, whether primary, secondary, direct, contingent, fixed or otherwise, including, without limitation, obligations or guarantees of performance or payment.

"OPERATIONAL DOCUMENTS" mean and include without limitation, collectively, the Acquisition Documents, the Leases, the Memoranda of Lease, the Building Condition Reports, the Environmental Reports and the Service Agreements.

"PARTNERSHIP INTERESTS" means the general and/or limited partnership interests (including all partnership units, all rights under partnership agreements and all rights to distributions) of such Person that is a partnership.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto.

"PERMITS" shall have the meaning set forth in Section 3.03 hereof.

"PERMITTED USE OF FUNDS" The proceeds of the Loans shall be used by Borrower for no purpose other than: (i) to fund certain of Borrower's acquisition, redevelopment and development activities that (a) satisfy the applicable covenants set forth in this Agreement and (b) are located in the mid-Atlantic region of the United States and are otherwise generally consistent with Borrower's existing properties; and (ii) to fund Borrower's working capital requirements in connection with its general business purposes.

"PERSON" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"PLAN" means any "Employee Benefit Plan" (as defined in Section 3(3) of ERISA) as covered by any provision of ERISA and as maintained, or otherwise contributed to, or at any time during the five calendar year period immediately preceding the date of this Agreement was maintained or otherwise contributed to, by the Borrower, or any ERISA Affiliate of the Borrower for the benefit of the respective employees of the Borrower or an ERISA Affiliate of the Borrower.

"PML" has the meaning set forth in Section 4.02(e) hereof.

"PROHIBITED TRANSACTION" means any "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975 of the IRC) with respect to any Plan for which transaction no statutory exemption is not available.

"REGULATIONS D, G, T, U AND/OR X" means Regulations D, G, T, U and/or X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"REIT" means a "real estate investment trust" as defined in Sections 856-860 of the IRC.

"REGULATORY CHANGE" means the introduction of, or any change in, United States federal, state or local laws or regulations (including Regulation D) or treaties or foreign laws or

regulations after the Closing Date or the adoption or making after such date of any interpretations, directives, guidelines or requests applying generally to a class of banks and/or financial institutions, including the Lender, of or under any United States federal, state, or local rules or regulations or any treaties or foreign laws or regulations (whether or not having the force of law) by any court or monetary or Governmental Authority charged with the interpretation or administration thereof. Notwithstanding the foregoing, a "Regulatory Change" shall not include any change in the aggregate reserve percentages included in the definition of "LIBOR" which are from time to time established by the Board of Governors of the United States Federal Reserve System and any other Governmental Authority to which the Lender is now or hereafter subject (including, without limitation, any reserve on "Eurocurrency Liabilities" (as defined in Regulation D of the Board of Governors of the United States Federal Reserve System)).

"RELATED DOCUMENTS" means, collectively, the Loan Documents and the Operational Documents.

"RELEASE" and "Releases" means a release or releases of a Collateral Property from the applicable Mortgage(s) or Deed(s) of Trust in the manner and upon compliance with the requirements, terms and conditions set forth in Section 2.14 hereof.

"RELEASE PROPERTY" has the meaning set forth in Section 2.14 hereof.

"RELEASE PRICE" has the meaning set forth in Section 2.14 hereof.

"REPAIRS" has the meaning set forth in Section 5.16 hereof.

"REPORTABLE EVENT" means any "reportable event" described in Section 4043(b) of ERISA with respect to which the 30 day notice requirement set forth in Section 4043(a) of ERISA has not been waived by the PBGC that occurs or has occurred in connection with any Plan.

"REQUIREMENTS OF ENVIRONMENTAL LAW" means any and all requirements

imposed by and provisions of any law, rule, regulation, order, decision or decree of any federal, state or local executive, legislative, judicial, regulatory or administrative agency, board or authority which relate to (i) pollution, contamination, protection, clean-up, restoration, destruction, loss or injury to or of the air, surface water, groundwater, land (including, without limitation, surface and subsurface strata) or other natural resources; (ii) solid, gaseous or liquid Waste generation, handling, transportation, treatment, processing, clean-up, storage, disposal, recycling or reclamation; (iii) exposure to pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes; (iv) the safety or health of employees (other than social security laws); (v) the manufacture, generation, processing, distribution, use, treatment, storage, disposal, transport, recycling, reclamation or handling of chemical substances, pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes; or (vi) noise.

"RESERVES" mean the reserves, maintained in accordance with customary real estate practices for loans of a similar type, established by the Borrower, and reasonably approved by Lender, at the closing of each applicable Loan against the availability under this Agreement in the amount equal to 125% of the costs of the Modifications.

"SECURITIES" mean all shares, options, membership interests, partnership interests, participations or other equivalents (regardless of how designated) of or in a corporation, limited liability company, partnership or equivalent entity, whether voting or non-voting, including, without limitation, common stock, preferred stock, warrants, convertible debentures and all agreements, instruments and documents convertible, in whole or in part, into any one or more of or all of the foregoing.

"SERVICE AGREEMENTS" mean, collectively, the material management, operational and service agreements entered into in connection with the Acquisition Properties.

"SUBORDINATION AGREEMENTS" mean, collectively, the Subordination, Non-Disturbance and Attornment Agreements to be entered into between the tenants of the Collateral Properties and the Lender, in each case, in the form of EXHIBIT J hereto, as a condition to the making of a Loan, as the same may from time to time be amended, modified, supplemented or extended.

"SUBSIDIARY" means, with respect to any Person, any corporation, limited liability company, partnership or equivalent entity of which more than 50% of the outstanding Securities having ordinary voting power to elect or appoint a majority of the Board of Directors, managers, general partners or equivalent positions of such corporation, limited liability company, partnership or equivalent entity is at the time directly or indirectly owned by such Person, or by one or more other Subsidiaries of such Person.

"S&P" means Standard & Poor's, a division of the McGraw Hill Companies, or any successor to the business thereof.

"TOTAL ASSETS" of any Person shall mean, at the date of determination, all assets of such Person which would, determined in accordance with GAAP, be classified on a balance sheet as an asset.

"TOTAL LIABILITIES" of any Person shall mean, at the date of determination, all liabilities of such Person which would, determined in accordance with GAAP, be classified on a balance sheet as a liabilities.

"TRANSACTION COSTS" means the fees, costs and expenses payable by the Borrower pursuant to this Agreement or in connection herewith and the fees, costs and expenses payable by the Borrower in connection with the Loan Documents, in each case including, but not limited to, attorney's fees and expenses.

"TREASURY RATE" means, as of any date of determination, a rate equal to the Yield as reported in Federal Reserve Statistical Release H.15-Selected Interest Rate, published most recently prior to the date the applicable Treasury Rate is being determined.

"WASTE" or "WASTES" means any material or substance that is defined, identified or regulated as a waste, solid waste or hazardous waste pursuant to any applicable federal, state or local law, rule, regulation, order, decision or decree, including, without limitation, Section 1004 of the RCRA. As used in this Agreement the phrase "pollutants, contaminants, hazardous materials, hazardous substances, toxic materials or substances, or Wastes", includes, without limitation, in each instance, asbestos, polychlorinated biphenyl's, radioactive materials, oil, petroleum, petroleum products and waste oils.

"WITHOUT RECOURSE" or "WITHOUT RECOURSE" means with reference to any obligation or liability, any obligation or liability for which the obligor thereunder is not liable or obligated other than as to its interest in a designated Acquisition Property or the Collateral Properties or other specifically identified asset only, subject to such limited exceptions to the non-recourse nature of such obligation or liability, such as fraud, misappropriation, misapplication and environmental indemnities, as are usual and customary in like transactions involving institutional lenders at the time of the incurrence of such obligation or liability.

"YIELD" means the yield to maturity for the then current non-callable ten (10) year U.S. Treasury Bond.

Section 1.02. ACCOUNTING AND BANKING TERMS. All accounting and banking terms not specifically defined herein shall be construed in the case of accounting terms, in accordance with GAAP and, in the case of banking terms, in accordance with general practice among commercial banks and financial institutions in New York, New York.

Section 1.03. DISCRETION. Whenever it is provided in this Agreement or in any of the Loan Documents that (i) the Lender exercises any right given to it to approve or disapprove, (ii) any arrangement or term is to be satisfactory to the Lender, or (iii) any other decision or determination is to be made by the Lender, the decision of the Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by the Lender, shall be in the reasonable discretion of the Lender, except as may be otherwise expressly and specifically provided herein to be in Lender's (a) sole discretion, (b) sole and absolute discretion, or (c) sole, but reasonable discretion.

ARTICLE 2. THE CREDIT FACILITIES

Section 2.01. THE CREDIT FACILITIES; RIGHT TO EXTEND. (a) At all times during the Loan Availability Period (or earlier termination of the Loan Availability Period hereunder), subject to the terms and conditions and relying upon the representations and warranties hereinafter set forth, the Lender agrees to make available to the Borrower, one or more Loans on a revolving

credit basis in the aggregate principal amount of up to the Available Commitment, to be made to the Borrower upon the request of an Authorized Person in multiple advances, each on a Borrowing Date. The funds advanced pursuant to the Loans shall be used only for Permitted Uses of Funds. All of the Loans shall be without recourse to the Borrower subject, however, to certain limitations and exclusions as required by Lender. In addition, all of the Loans are hereby cross-collateralized and cross-defaulted with each other and are hereby cross-defaulted with other Indebtedness of the Loan Parties which, when originally extended had or has a principal amount of not less than $75,000,000 or which provided or provides for advances in the aggregate of not less than $75,000,000, and shall be cross-defaulted with that certain secured credit facility dated as of May 28, 1998 between Bankers Trust Company, as agent and lender, and the Loan Parties (the "BT Facility").

(b) Borrower may, by notice to Lender given at least thirty (30) days prior to the date Borrower submits the Compliance Certificate required by Section 5.07(b), request a three (3) month extension of the Expiration Date, which request shall be granted or denied in writing by Lender, in Lender's sole discretion. Lender shall make its determination within ten (10) business days following Lender's receipt of any and all documentation required by Lender in order to process each such request, including, but not limited to (i) the Compliance Certificate, (ii) the Trust's most recent quarterly report on Form 10Q filed with the Securities and Exchange Commission for the Fiscal Quarter ending immediately prior to Borrower's request for such extension, (iii) the most recent operating statements for each Collateral Property, (iv) the most recent rent rolls for each of the Collateral Properties, and (v) such other information requested by Lender from time to time. Lender's failure to respond to Borrower's request within such ten (10) day period shall be deemed to be a denial of Borrower's request for such extension. The granting of one or more extensions of the Expiration Date shall not be deemed to be a consent to any one or more subsequent requests for extensions, and any extensions may be conditioned on such requirements as Lender shall elect.

At no time shall the Expiration Date be more than three hundred sixty five (365) days from any day during the term hereof, inclusive of any extension period granted by Lender.

Section 2.02. THE LOANS; PROCEDURE FOR BORROWING. (a) The Loans shall be evidenced by the Note executed on the Closing Date by Borrower in the form of EXHIBIT K attached hereto, and secured by Collateral Documents for each Loan. Each and all of which shall mature on the Expiration Date and bear interest for the period from the Borrowing Date thereof to the date of payment in full thereof on the unpaid principal amount thereof from time to time outstanding, at the applicable interest rates per annum determined and payable as specified in

Section 2.03 hereof. The Loans shall be administered by the Lender; PROVIDED, HOWEVER, that the Lender may elect, at its expense, to have the Loans administered and serviced by a third party.

(b)(i) Each request for a Loan shall be made upon written notice in the form of EXHIBIT J hereto (a "NOTICE OF BORROWING") given by an Authorized Person of the Borrower to the Lender not later than 11:00 a.m. (New York City time) on the third (3rd) Business Day prior to the requested Borrowing Date. Such notice shall be made by telecopy or telephone, confirmed

immediately in writing, by delivery of a Notice of Borrowing specifying therein (A) the requested Borrowing Date, which shall not, in any event, be later than three (3) months prior to the Expiration Date, (B) the aggregate amount of the Loans therein requested to be made, which amount shall not be greater than the Available Commitment or less than One Hundred Thousand and No/100 Dollars ($100,000.00) and in multiples of not less than Ten Thousand and No/100 Dollars ($10,000.00). The Notice of Borrowing shall be irrevocable and shall bind the Borrower to borrow in accordance with such notice. Upon fulfillment of the applicable conditions set forth herein, the Lender may, in its sole discretion, make such Loan available to the Borrower by disbursing such proceeds as an Authorized Person of the Borrower may instruct the Lender in advance in writing. Lender shall not be required to fund more than three (3) Loan advances in any thirty (30) day period.

(ii) The obligations of the Borrower to pay the principal of and interest on the Loans shall be evidenced by the Note in favor of the Lender duly executed and delivered by the Borrower on the Closing Date. All Loans to Borrower pursuant to this Agreement and all payments of the principal of such Loans to Lender shall be recorded by Lender on the schedule annexed to the Note and by specific reference made a part thereof. The amounts of principal indicated by said Schedule as outstanding or accrued and unpaid, as the case may be, shall constitute rebuttable presumptive evidence of the principal outstanding and the accrued and unpaid interest on the Loans; provided, that any failure or error on the part of Lender in recording any Loan on such Schedule shall not limit the obligation of Borrower to pay all principal of and interest accruing on the Loans. Although the Note shall be dated on the Closing Date, interest in respect thereof shall be payable only on the outstanding principal amounts of each Loan from the date of the making of such Loan until the principal amount thereof shall be paid in full in accordance with this Agreement.

(iii) Borrower and the Trust shall evidence their liability on account of the limitations and exclusions from the without recourse nature of their obligations by each of their execution of an Indemnity and Guaranty of Recourse Obligations in the form of EXHIBIT N hereto.

(c) The obligation of Lender to make a Loan shall be subject to the following, in each instance, giving effect to the Loan then requested by Borrower:

(i) If the Loan is in connection with an Acquisition Property, the Loan-To-Value Ratio of each Acquisition Property shall not exceed 65% and each such Acquisition Property shall have a Debt Service Coverage ratio equal to or greater than 1.25 to 1.0;

(ii) the Loan-To-Value Ratio for the Collateral Properties, in the aggregate shall not exceed 65%, and the Debt Service Coverage ratio for the Collateral Properties, in the aggregate shall be equal to or greater than 1.25 to 1.0;

(iii) the Loan Amount to be funded for an Acquisition Property shall equal the lesser of (A) 65% of the value of the Acquisition Property, as determined by Lender in its sole discretion taking into account the factors considered by Lender in determining an Individual Loan-To-Value Ratio, (B) 65% of the final purchase price of the Acquisition Property, after

taking into account any credits or adjustments thereto, and (C) an amount such that the Acquisition Property can satisfy a Debt Service Coverage ratio equal to or greater than 1.25 to 1.0;

(iv) the conditions set forth in Article 4.0 shall have been satisfied or complied with to Lender's satisfaction in its sole discretion; and

(v) the Mortgages of record for the Collateral Properties shall equal the amount of the Loans then outstanding plus the amount of the Loan then being requested by Borrower.

(d) In each instance throughout this Agreement, all determinations of Loan-to-Value Ratios and Debt Service Coverage ratios shall be made by Lender

in its sole but reasonable discretion taking into account Lender's then applicable underwriting standards and criteria. Such determination shall be binding and conclusive absent manifest error.

Section 2.03. RATE OF INTEREST; CALCULATION OF INTEREST. (a) Each Loan shall bear interest on the unpaid principal amount thereof from the Borrowing Date until such principal amount is paid in full at a rate or rates per annum determined in accordance with this Section 2.03 or Section 2.12, if applicable. The Borrower shall pay interest on the unpaid amount of each Loan at the rate per annum for each Interest Period equal to the sum of (i) LIBOR in effect from time to time applicable to each Interest Period for such Loan, plus (ii) the Applicable Margin. Interest shall be payable in arrears on the third (3rd) business day of each calendar month, commencing with the first calendar month immediately following the Borrowing Date and ending on the date the principal amount of such Loan shall be paid or prepaid, to the extent of the interest accrued on the principal amount of such Loan so paid or prepaid.

(b) From and after the occurrence of any Event of Default under Section 8.01 hereof, and for so long as such Event of Default shall continue (after as well as before judgment), the unpaid principal amount of each Loan and any other amount then due and payable but not yet paid hereunder shall bear interest at a rate per annum equal to the then interest rate of such outstanding Loan determined in accordance with clause (a) above PLUS five hundred (500) basis points per annum, payable on demand. Overdue interest shall be compounded and bear interest, to the extent permitted by law, on each date for payment of interest on the Loans hereunder. The Borrower shall pay a late charge of four percent (4%) of each monthly payment not paid within ten (10) days after the date upon which such payment was due (which amount the Borrower and the Lender agree is a fair and reasonable estimate of the Lender's damages in light of all of the facts and circumstances as of the date of this Agreement). Such late charge shall be due and payable by the Borrower concurrently with the late payment for which such charge is assessed hereunder.

(c) Interest shall be calculated on a basis of a 360-day year for the actual number of days elapsed during the Interest Period on the balance outstanding during such Interest Period. To the extent that interest is required to be calculated at the Base Rate plus the Applicable Margin pursuant to Section 2.12 hereof, any change in the interest rate on the Loans shall become effective as of the opening of business on the day on which such change in the Base Rate

becomes effective. The Lender shall, as soon as practicable, notify the Borrower of the effective date and the amount of each such change in the Base Rate; PROVIDED, HOWEVER, that any failure by the Lender to give the Borrower any such notice shall not affect the application of such change in the Base Rate. Each determination of an interest rate by the Lender pursuant to any provision of this Agreement shall be, absent manifest error, deemed to be correct.

(d) Anything herein to the contrary notwithstanding, the obligations of the Borrower under this Agreement and the Note shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to the Lender limiting rates of interest which may be charged or collected by the Lender. If the Borrower pays the Lender interest in excess of the maximum amount permitted by applicable law, such excess shall be applied in reduction of the principal balance of the Note, and any remaining excess shall be refunded to the Borrower.

Section 2.04. INDEMNITY AND FUNDING LOSSES. The Borrower hereby agrees to indemnify the Lender and to reimburse and hold the Lender harmless from any Breakage Fees, loss, liability, cost or actual out-of-pocket expense (including, without limitation, reasonable attorney's fees and expenses for the Lender incurred in connection with any action or proceeding between or among the Borrower and any Lender or between the Lender and any third party or otherwise) that the Lender may sustain or incur as a consequence of (a) a default by the Borrower in the payment of principal of, or interest on, any Loan, (b) a default by the Borrower in borrowing (or in fulfilling on or before the requested Borrowing Date the applicable conditions set forth in Article 4 hereof with respect to such borrowing), (c) a default by the Borrower in making any prepayment after notice thereof has been given in accordance with Section 2.05 or 2.06 hereof, or (d) the Borrower making any payment of principal with respect to any Loan on a day other than the last day of the Interest Period applicable thereto. The Lender shall deliver to the Borrower a certificate as to the amount of such loss, liability, cost or expense, which certificate shall be conclusive in absence of manifest error. This covenant shall survive payment of the Loans and termination of this Agreement as to claims arising prior to the indefeasible payment in full of the Loans.

Section 2.05. MANDATORY PREPAYMENTS. (a) EXCESS OF COMMITMENT. If at any time the aggregate unpaid principal amount of the Loans outstanding exceeds the Commitment, the Borrower shall immediately repay such Loans as Lender shall require, without premium or penalty, in a principal amount at least equal to such excess and in a minimum amount equal to $10,000 or any larger whole multiple of $10,000, together with accrued interest on the amount prepaid to the

date of repayment.

(b) FINANCIAL REPORTING TESTS. If at any time (i) the Loan-To-Value Ratio for the Collateral Properties in the aggregate exceeds 75% or (ii) the Debt Service Coverage ratio for the Collateral Properties in the aggregate is less than 1.25 to 1.0, the Borrower shall promptly, but in no event later than ten (10) days after notice from Lender, either (I) prepay a portion of the Loans designated by Lender in its sole discretion, or (II) grant the Lender a first and only mortgage lien, in form and substance satisfactory to the Lender, in certain of its existing properties which are

currently unencumbered, and otherwise pledge to and encumber in favor of Lender such property as if it were an Acquisition Property, which have a Loan-To-Value Ratio equal to or less than 65%, and a Debt Service Coverage ratio equal to or greater than 1.25 to 1.0, and are otherwise satisfactory to the Lender in all respects in Lender's sole discretion; in either case so that (x) the Loan-To-Value Ratio of the Collateral Properties in the aggregate does not exceed 70%, (y) the Debt Service Coverage ratio for the Collateral Properties in the aggregate equals or is greater than 1.25 to 1.0, and (z) the Loans are otherwise in compliance with the provisions of Section 7 hereof. Any such prepayment shall be accompanied by the attendant Breakage Fees.

(c) ASSET SALES. Subject to Section 6.05 hereof, the Borrower shall apply all net proceeds of any Collateral sales as a mandatory prepayment of the Loan without penalty or premium. Subject to Section 2.08 hereof, all such amounts designated for mandatory prepayment, as aforesaid, shall be applied to the respective scheduled principal payments outstanding (i) first to Borrower's indebtedness with respect to such Collateral and then (ii) in accordance with Section 2.05(b) hereof.

Section 2.06. OPTIONAL PREPAYMENTS. The Borrower may, upon at least two (2) Business Days prior notice to the Lender, voluntarily prepay any Loan in whole at any time or in part from time to time, with accrued interest to the date of such prepayment on the amount prepaid but, subject to Section 2.04(d) hereof, in an amount not less than $100,000 or an integral multiple of $100,000 in excess thereof, and so long as in each such instance the remaining Loans, in the aggregate, have a Debt Service Coverage ratio equal to or greater than 1.25 to 1.0 and a Loan-To-Value Ratio that shall not exceed 75% based on the Lender's underwriting standards and determination, in its sole but reasonable discretion. Each such notice shall be made by an Authorized Person of the Borrower by telecopy or telephone, confirmed immediately in writing, by delivery of a Notice of Optional Prepayment, substantially in the form of EXHIBIT L hereto, specifying therein (i) the proposed date of such prepayment, and (ii) the aggregate amount of the particular Loan(s) therein proposed to be prepaid. Each Notice of Optional Prepayment shall be irrevocable and shall bind the Borrower to make such prepayment in accordance with such notice. Any amounts prepaid pursuant to this Section 2.06 may be re-borrowed by Borrower during the Loan Availability Period in accordance with the terms and conditions of this Agreement.

Borrower shall not be entitled to make an optional prepayment, if, after giving effect to the prepayment as requested in a Notice of Optional Prepayment, the financial reporting tests set forth in Section 2.05(b) shall not be satisfied, unless the "make whole" provisions of said Section are complied with by Borrower.

Section 2.07. PAYMENTS. All payments (including prepayments) to be made by the Borrower under this Agreement shall be made by wire transfer to the Lender, in Dollars and in immediately available funds, at such place or places as the Lender may from time to time designate by written notice to the Borrower. All payments to be made hereunder by the Borrower shall be made without setoff, counterclaim or defense. If any payment hereunder

becomes due and payable on a day other than a Business Day, the due date of such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the applicable rate during such extension; PROVIDED, HOWEVER, that no such payments of each Loan shall extend beyond the Expiration Date.

Section 2.08. APPLICATION OF PAYMENTS. All payments of principal under this Agreement shall be applied to Loan or Loans then outstanding in such manner and order of priority as the Lender shall elect in its sole and absolute discretion. Notwithstanding the foregoing, the amounts secured by any Jurisdictional Capped Mortgage shall not be reduced in connection with any payments of principal which the Lender has the right to apply to the Loans in such manner and order as Lender shall elect in its sole and absolute discretion in accordance with the immediately preceding sentence until the aggregate maximum principal amount secured by such Jurisdictional Capped Mortgage(s) shall exceed the total principal amount of all Loans then outstanding. In any such

event, the Lender will determine in its sole discretion which Mortgages or Deeds of Trust comprising such Jurisdictional Capped Mortgages are to be reduced.

Section 2.09. USE OF LOAN PROCEEDS. The Borrower shall use the proceeds of the Loans for the Permitted Uses of Funds only provided however that any acquisition complies with the provisions of Section 7.04 and Article 4 hereof and the other covenants contained herein.

Section 2.10. FEES. (a) Upon Borrower's signing of this Agreement, a non-refundable commitment fee (the "Commitment Fee") shall be deemed earned in full by Lender and shall be due and payable to Lender, as set forth below:

(i) A Commitment Fee in the amount of $62,500 shall be due and payable by Borrower on account of the credit facility being made available to Borrower by Lender pursuant to the terms of this Agreement, provided that Lender receives payment thereof on or prior to December 31, 1999.

(ii) In the event that Lender has not received the payment described in 2.10(a)(i) on or prior to December 31, 1999, then a Commitment Fee in the amount of $3,500 shall be payable by Borrower on account of the credit facility being made available to Borrower by Lender pursuant to the terms of this Agreement.

(iii) In all events, the obligation of the Lender to make any Loan (including any Loans to be made on the Closing Date) shall be subject to Lender's receipt of the fees set forth in (a) or (b) hereof , as applicable, prior to the relevant Borrowing Date.

(b) A non-refundable expense reimbursement fee payable to the Lender by the Borrower on the Closing Date and on each Borrowing Date thereafter. Such expense reimbursement fee shall include any fees and expenses incurred or paid by Lender in connection with the processing, underwriting or closing of a Loan including, without limitation, property inspection fees, appraisal fees, attorney fees, fees for title insurance, recording fees and taxes,

travel expenses of Lender's personnel or Lender's attorneys, and other out-of-pocket expenses incurred by Lender.

Section 2.11. INCREASED COSTS. If any Regulatory Change: (a) subjects the Lender to any tax of any kind whatsoever with respect to this Agreement, the Note or any Loan or changes the basis of taxation of payments to the Lender of principal, interest, commitment fees, or any other amount payable hereunder in any of the foregoing (except for changes in the rate of tax on the overall net income of the Lender); (b) imposes, modifies or holds applicable to the Lender (or any corporation controlling the Lender) any reserve or capital adequacy requirements or liquidity ratios or requires the Lender or any corporation controlling the Lender) to make special deposits against or in respect of assets or liabilities of, deposits with or for the account of, or credit extended by, the Lender; or (c) imposes on the Lender any other condition affecting this Agreement, the Note or the Loans; and the result of any of the foregoing is (i) to increase the cost to the Lender of making or maintaining Loans or to reduce any amount received or receivable by the Lender hereunder, (ii) to require the Lender (or any corporation controlling the Lender) to make any payment to any fiscal, monetary, regulatory or other authority calculated on or by reference to any amount received or receivable by the Lender under this Agreement or the Note, or (iii) to reduce the rate of return on the Lender's capital as a consequence of its obligations hereunder to a level below that which the Lender could have achieved but for such adoption, change or compliance (taking into consideration the Lender's policies with respect to capital adequacy), in any case by an amount deemed by the Lender to be material, then, in any such case, the Borrower shall promptly pay the Lender (or such corporation controlling the Lender), on its written demand, any additional amount necessary to compensate the Lender (or such corporation) for such additional cost, reduced amount receivable or reduction in rate of return with respect to this Agreement, the Note or the Loans, together with interest on such amount from the date demanded until payment in full thereof at the rate per annum applicable to Loans, calculated on the basis of a 360-day year for the actual days elapsed. If the Lender becomes entitled to claim any additional amount pursuant to this Section 2.11, the Lender shall promptly submit to the Borrower a certificate as to any additional amount payable pursuant to the first sentence of this Section 2.11, which amount shall be, absent manifest error, presumed to be correct; PROVIDED, HOWEVER, that the determination thereof is made on a reasonable basis. In determining such amount, the Lender shall use any reasonable averaging and attribution methods.

Section 2.12. LIBOR ALTERNATE RATE In the event, and on each occasion, that on the day of the commencement of a particular Interest Period, the Lender determines in good faith (which determination shall be conclusive and binding upon the Borrower) that (a) U.S. dollar deposits, in an amount equal to the aggregate principal amount of the Loans which are outstanding during such Interest Period, for delivery on the first day of such Interest Period and for

the number of days in such Interest Period, are not generally available in the London Interbank Market or the circumstances affecting the London Interbank Market make it impractical to determine LIBOR, or (b) any Regulatory Change shall make it unlawful for the Lender to make or maintain LIBOR with respect to any Loan or to fund any Loan at LIBOR in the London Interbank Market or to give effect to its obligations hereunder, then the outstanding principal amount of the Loans shall

bear interest at an interest rate equal to the Base Rate plus the Applicable Margin, unless and until the Lender shall have determined in good faith (which determination shall be conclusive and binding upon the Borrower) that the aforesaid circumstances no longer exist, whereupon the interest rate applicable to such Loans shall be converted back to an interest rate equal to LIBOR plus the Applicable Margin, determined in the manner set forth above as of the commencement of the next Interest Period.

Section 2.13. ADDITIONAL DISBURSEMENT. (a) Lender may agree, from time to time with respect to certain Collateral Properties to advance to Borrower an amount which is less than the principal amount of the Loan secured by such Collateral Properties. In that event, Lender shall prepare a SCHEDULE 2.13 to this Agreement which shall become a part hereof and set forth the additional disbursements which Lender shall make to Borrower with respect to the Collateral Properties identified on such Schedule (the "Additional Disbursement") subject to the terms of this Section 2.13.

(b) Upon and with a request by Borrower for an Additional Disbursement, Borrower shall provide evidence in all respects satisfactory to Lender that: (i) additional rentals which support the Additional Disbursement are derived from leases under which the lease term has commenced; (ii) the lessees or tenants under such leases are acceptable to Lender; (iii) assuming the Additional Disbursement, the requirements set forth in Sections 7.01 and 7.03 hereof are met; and, (iv) no Event of Default has occurred or is continuing.

(c) Lender shall make no more than two Additional Disbursements with respect to the Collateral Properties identified on any SCHEDULE 2.13 hereto. Borrower's right to request such Additional Disbursements shall terminate 180 days from the Borrowing Date set forth on the applicable SCHEDULE 2.13. No Additional Disbursement shall be made by Lender in an amount less than One Hundred Thousand ($100,000.00) Dollars.

Section 2.14. RELEASE OF PROPERTIES. Upon Borrower's written request received from time to time, Lender shall release one (1) or more individual Collateral Properties from the lien of the Loan Documents ("Release Property"), upon the following terms and conditions:

(a) Borrower's written request shall be received by Lender at least sixty (60) days prior to the date of the requested release (the "Release Date").

(b) At the time of the request and the time of the release; there shall be no event of default under the Loan Documents, and there shall exist no condition or state of facts which with the passage of time or the giving of notice or both, would constitute a default under the Loan Documents.

(c) Each Release Property released shall be the entire property identified with the applicable Loan.

(d) For each Release Property, Borrower shall have either (i) made the "Release Price" payment to Lender, in an amount equal to 100% of the principal balance of the Loan applicable to the Release Property, together with any interest due thereon plus any applicable Breakage Fees, or (ii) shall have substituted certain of its existing properties, which are currently unencumbered, which have a Loan-To-Value Ratio equal to or less than 65%, and a Debt Service Coverage ratio equal to or greater than 1.25 to 1.0, and are otherwise satisfactory to Lender in Lender's sole discretion, for the Release Property. If Lender is prepared to accept a substitute property for the Release Property, Borrower shall execute and deliver any and all documents required by Lender in order for such substituted property to be a Collateral Property, including without limitation, the Loan Documents.

(e) At the time of the release, Lender shall have the right to recalculate the Debt Service Coverage ratio and the Loan-To-Value Ratio. If on the date of determination, the aggregate Debt Service Coverage ratio for the Collateral Properties (excluding the Release Property) is less than 1.25 to 1.0 or the aggregate Loan-To-Value Ratio for the Collateral Properties (excluding the Release Property) is greater than 75%, Borrower shall be obligated to make a mandatory prepayment in accordance with, and as provided in, Section 2.05(b) as a condition to Lender's consent to any requested release.

(f) Borrower shall pay to Lender any and all of Lender's costs and expenses incurred with respect to any request for a release whether or not Lender consents to such release. Such costs and expenses may include, without limitation, all escrow, closing and recording costs including, but not limited to, the cost of preparing and delivering any reconveyance documentation and modification of the Loan Documents, including legal fees and costs, the cost of any title insurance endorsements that Lender may require, any expenses incurred by the Lender in connection with the partial release, the acceptance of any substitute property and any sums then due and payable under the Loan Documents.

(g) the Mortgages of record for the Collateral Properties shall equal the amount of the remaining Loans including any payments or re-borrowings of principal by Borrower as of the date of the Release.

(h) Such other terms and conditions, and execution of such other documents, as Lender shall reasonably require.

Section 2.15. RIGHT OF FIRST OFFER. Borrower acknowledges that as an inducement to make the Loan, Lender shall have the right of first offer to provide directly (or arrange with a third party lender to provide) to Borrower any replacement financing with respect to any or all of the Collateral Properties (the "REPLACEMENT LOAN"). With respect to such right of first offer, if Borrower seeks any replacement financing with respect to any or all of the Collateral Properties, Borrower shall so notify Lender in writing (the "REPLACEMENT LOAN NOTICE"), which Replacement Loan Notice shall be accompanied by the material terms and conditions of the financing sought by Borrower. Borrower covenants and agrees that the terms and conditions set forth in the Replacement Loan Notice shall be on the then generally available and current market terms and conditions for loans being made by institutional lenders to borrowers similar to the

Borrower and secured by properties similar to the Collateral Property which is the subject of the Replacement Loan Notice. If Lender advises Borrower within twenty (20) days of receipt of the Replacement Loan Notice, that Lender preliminarily believes it can provide the financing sought by Borrower, then Borrower agrees to commence a customary loan application process with Lender, and to exclusively pursue same with Lender. If Lender advises Borrower that it cannot provide the financing sought by Borrower, Borrower shall have the right to apply to a third party lender of Borrower's choice for such financing. If Borrower is prepared to make a loan application, or accept a loan commitment from a third party lender, Borrower shall promptly notify Lender of the terms and conditions Borrower is intending to accept from such third party lender.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Lender to enter into this Agreement and to extend the financial accommodations hereunder, each of the Loan Parties hereby represents and warrants to the Lender that:

Section 3.01. ORGANIZATION AND POWERS; REIT STATUS. COPT is a real estate investment trust duly organized and validly existing and in good standing under the laws of the State of Maryland. The Borrower is a limited partnership duly organized and validly existing and in good standing under the laws of the State of Delaware. The Borrower is duly qualified to do business as a foreign corporation or entity and is in good standing in each jurisdiction (other than the state of its respective incorporation or organization) in which the conduct of its respective business or the ownership or operation of its respective properties or assets makes such qualification necessary, except where the failure to so qualify would not have a Material Adverse Effect. Each Loan Party has full power and authority to own its respective properties and assets and carry on its respective business as now conducted. COPT has not taken any action that would prevent it from maintaining its qualification as a REIT.

Section 3.02. POWER AND AUTHORIZATION. (a) Each Loan Party has full power, right and legal authority to execute, deliver and perform its respective obligations under this Agreement, the Note and such of the other Related Documents, to which it is a party. Each Loan Party has taken all actions necessary to authorize the execution and delivery of, and the performance of its obligations under such documents and to make borrowings by the Borrower under this Agreement, as the case may be. This Agreement, the Note and such of the other Related Documents to which it is a party, constitute legal, valid and binding obligations of the Borrower and the other Loan Parties enforceable against each of them in accordance with their respective terms subject to the effect of any applicable bankruptcy, insolvency, reorganization or moratorium or similar laws affecting the rights of creditors generally. No consent of any person, and no consent, license, approval or authorization, or registration or declaration with, any Governmental Authority, which has not been obtained, taken or made (other than the financing statements and filings required to be filed pursuant to this Agreement and the Related Documents, which have been delivered to the Lender for filing on the Closing Date and on the date of the closing of each Loan, as the case may be), is required in connection with the

execution, delivery or performance by each Loan Party of this Agreement, the Note or the other Related Documents to which it is a party, or the making of borrowings by any Loan Party under this Agreement.

Section 3.03. PERMITS; COMPLIANCE WITH LAWS. (A) The Borrower or such other applicable Loan Party has all permits, licenses and governmental franchises and other authorizations from all Governmental Authorities (collectively, the "PERMITS") that are necessary to own and operate its business as presently being conducted and as contemplated to be conducted immediately after the Closing Date and the date of the closing of each Loan. All such Permits are valid and subsisting and in full force and effect. (B) Each Loan Party is in compliance with the terms of such Permits and all statutes, laws, ordinances, governmental rules or regulations (including Environmental Laws) and all judgments, orders or decrees (federal, state, local or foreign) to which it is subject, except for violations of which would not have a Material Adverse Effect.

Section 3.04. NO LEGAL BAR. The execution, delivery and performance by the Borrower and any other Loan Party of this Agreement, the Note and such of the other Related Documents to which it is a party, and the making of borrowings hereunder by any such Loan Party, do not and will not (i) violate or contravene any provisions of any existing law, statute, rule, regulation or ordinance or charter document, (ii) violate or contravene any provision of any order or decree of any court or Governmental Authority to which the Borrower or any Loan Party or any of its properties or assets are subject, (iii) violate or contravene any provision of any mortgage, indenture, security agreement, contract, undertaking or other agreement or instrument to which the Borrower is a party or which purports to be binding upon either of it or any of its properties or assets, except for violations or contravention of which would not have a Material Adverse Effect, or (iv) result in the creation or imposition of any Lien on any of the properties of the Borrower or any Loan Party (other than as created pursuant to the Loan Documents) pursuant to the provisions of any mortgage, indenture, security agreement, contract, undertaking or other agreement or instrument.

Section 3.05. LITIGATION. There are no judgments or any litigation or administrative proceedings of or before any court or Governmental Authority now pending, nor, to the knowledge of the Borrower, are any such litigation or proceedings now threatened, against the Borrower or any of its properties, involving an individual claim in excess of $200,000 or claims in the aggregate in excess of $300,000, except as disclosed in SCHEDULE 3.05, nor, to the knowledge of the Borrower, is there a valid basis for the initiation of any such litigation or proceeding, including those set forth in SCHEDULE 3.05.

Section 3.06. SOLVENCY. Immediately after giving effect to each of the financing transactions contemplated hereby on and after each Borrowing Date, the Borrower and, if applicable, any Collateral Property Subsidiary, is solvent. For purposes of this Section 3.06, the term "solvent" means that, at the time of said determination, (i) the fair value of such Person's assets exceeds the aggregate sum of its liabilities (including, without limitation, contingent liabilities), (ii) such Person is able to pay its debts as they mature, (iii) the property owned by

such Person has a value in excess of the total aggregate sum required to pay its debts, and (iv) such Person has capital sufficient to carry on its business.

Section 3.07. THE COLLATERAL. The chief places of business and chief executive offices of the Borrower, and the offices where the Borrower keeps its respective books and records concerning any of the Collateral are located at the addresses specified in the Collateral Documents. The Borrower, or if applicable, a Collateral Property Subsidiary, owns the Collateral in which it has granted a security interest and Lien in favor of the Lender pursuant to the Loan Documents, free and clear of any Lien, security interest charge or encumbrance, except as otherwise expressly permitted by Section 6.02 hereof or the Related Documents or as otherwise disclosed in SCHEDULE 3.07 hereto. All financing statements and filings required to be filed, and all related required fees and taxes, have been delivered to the Lender for filing and recording, and all other steps required to be taken have been taken, so that upon proper filing and recording in the proper offices Lender shall have, a valid, perfected, first priority continuing and enforceable security interest in and Lien on the Collateral and such security interest and Lien ranks prior to any other security interest in or Lien upon the Collateral.

Section 3.08. CAPITALIZATION. The authorized capital stock or partnership interest, as the case may be, of the Borrower is validly issued, fully paid and nonassessable.

Section 3.09. NO DEFAULT. The Borrower is not in default in any respect

in the payment or performance (i) of any of its respective material obligations for the payment of money, or (ii) under any material franchise, license or leasehold interest and no default has occurred and is continuing.

Section 3.10. NO SECONDARY LIABILITIES. There are no outstanding contracts of guaranty or suretyship made by the Borrower, nor is the Borrower subject to any other material contingent liability or obligation required to be shown on the financial statements of the Borrower, except (a) as shown on such financial statements referred to in Section 3.12 hereof, and (b) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business. To the knowledge of the Borrower, the Borrower is not a party to any materially burdensome contract or agreement, or subject to any charter or other corporate restriction adversely affecting in any material manner its respective management, business, assets, properties, assets, operations, prospects or condition (financial or other).

Section 3.11. TAXES. The Borrower has timely filed, or caused to be filed, all federal, state, local and foreign tax returns that are required to be filed by it and has paid, or caused to be paid, all taxes, assessments, interest and penalties thereon, on or before the due dates thereof, unless such tax, assessment, charge, levy, claim is actively being contested in good faith by appropriate proceedings and there has been set aside on the books of such Person adequate reserves in accordance with GAAP applied with respect thereto. There are no material claims pending or, to the knowledge of the Borrower, proposed or threatened against the Borrower for past federal, state or local taxes, except those, if any, as to which proper reserves, determined in accordance with GAAP, are reflected in the most recent financial statements. All such tax

reports or returns fairly reflect the taxes of the Borrower for the periods covered thereby. No Internal Revenue Service or other tax audit of the Borrower has occurred, is pending or, to the knowledge of the Borrower, threatened, and the results of any completed audits are properly reflected in the financial statements.

Section 3.12. FINANCIAL STATEMENTS AND CONDITION. The unaudited consolidated financial statements of the Borrower and COPT as of September 30, 1999 prepared by management, true, complete and accurate copies of each of which were delivered to the Lender on or before the Closing Date, (i) present fairly the financial position of the Borrower and COPT, as applicable, on a consolidated basis as of the dates of said statements, and the results of operations of the Borrower for the periods covered by said statements of earnings are in accordance with GAAP, except, in each case, as disclosed therein, (ii) have been prepared in conformity in all material respects with GAAP, and (iii) disclose all liabilities, direct and contingent, required to be shown in accordance with such principles. As of September 30, 1999, there were no material obligations or liabilities, direct or indirect, fixed or contingent, which are not reflected in such financial statements and that are required to be so reflected thereon under GAAP. No Material Adverse Change has occurred since September 30, 1999.

Section 3.13. ERISA; LABOR RELATIONS (A) No Reportable Event has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. The present value of all accrued benefits under each Plan maintained by the Borrower, any Loan Party or any ERISA Affiliate (based on those assumptions used to fund the Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits. There are no multiemployer plans. Neither the Borrower nor any Loan Party or any of its ERISA Affiliates has had a complete or partial withdrawal from any multiemployer plan. The present value (determined using actuarial and other assumptions which are reasonable in respect of the benefits provided and the employees participating) of the liability of the Borrower, any Loan Party and each ERISA Affiliate for post retirement benefits to be provided to their current and former employees under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA) does not, in the aggregate, exceed the assets under all such Plans allocable to such benefits. (B) Neither the Borrower nor any Loan Party is a party to any collective bargaining agreement. There are no lockouts, strikes, labor disputes or other material controversies pending between the Borrower, any Loan Party and any of its employees, which in the aggregate, might have a Material Adverse Effect.

Section 3.14. ENVIRONMENTAL MATTERS. Except as disclosed in SCHEDULE 3.14 hereto, the Borrower, and any Collateral Property Subsidiary, as applicable, and each respective parcel of real property owned or leased by it are in material compliance with all Environmental Laws and Requirements of Environmental Law; there are no conditions existing currently or, to the knowledge of the Borrower or any Collateral Property Subsidiary, likely to exist that would subject the Borrower or any Collateral Property Subsidiary to damages, penalties, injunctive relief or cleanup costs in an aggregate amount exceeding $200,000 under any Environmental

Matters or assertions thereof, or which require or are likely to require cleanup, removal, remedial action or other response pursuant to Environmental Laws by the Borrower; neither the Borrower nor any Collateral Property Subsidiary is a party to any Environmental Claim or litigation or administrative proceedings involving an individual claim in excess of $200,000 or claims in the aggregate in excess of $300,000, nor so far as is known by the Borrower or any Collateral Property Subsidiary, is any such litigation or administrative proceeding threatened against the Borrower or any Collateral Property Subsidiary, which asserts or alleges that the Borrower or any Collateral Property Subsidiary has violated or is violating Environmental Laws or Environmental Permits in any material respect or that the Borrower or any Collateral Property Subsidiary is required to clean up, remove or take remedial or other responsive action due to the disposal, depositing, storage, discharge, leaking or other release of any hazardous substances or materials; neither the Borrower nor any Collateral Property Subsidiary nor any respective parcel of real property owned or leased by it are subject to any Environmental Claim or judgment, decree, order or citation related to or arising out of Environmental Matters involving an individual claim in excess of $200,000 or claims in the aggregate in excess of $300,000 and the Borrower and any Collateral Property Subsidiary has not been named or listed as a potentially responsible party by any Governmental Authority in a matter arising under any Environmental Matters involving an individual claim in excess of $200,000 or claims in the aggregate in excess of $300,000; the Borrower and/or any Collateral Property Subsidiary, as applicable, has obtained all Environmental Permits from governmental authorities required under Environmental Laws relative to each parcel of real property owned or leased by it; the Borrower and/or any Collateral Property Subsidiary, as applicable, is in compliance in any material respect with all terms and conditions of Environmental Permits, and is also in compliance in all material respects with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any federal, state or local law or any regulations, code, plan, order, decree or judgment relating to public health and safety, worker health and safety and pollution or protection of the environment or any notice or demand letter issued, entered, promulgated or approved thereunder, except where the failure to so comply would not have a Material Adverse Effect; the Borrower and/or any Collateral Property Subsidiary, as applicable, has not received notice (whether written or oral), specifying that certain facts, events or conditions, interfere with or prevent continued compliance with, or give rise to any liability involving an individual claim in excess of $200,000 or claims in the aggregate in excess of $300,000 under any law, common law or regulation, related to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant, or hazardous or toxic material or Waste; and there are not now, nor to the knowledge of the Borrower have there ever been, materials stored, spilled, deposited, treated, recycled or disposed of on, under or at any parcel of real property owned or leased by the Borrower and/or any Collateral Property Subsidiary, as applicable, or stored, spilled, deposited, treated, recycled or disposed of at the direction of the Borrower and/or any Collateral Property Subsidiary, as applicable, present in soils or ground water, that would require cleanup, removal or some other remedial action under Environmental Laws.

Section 3.15. CORRECT INFORMATION. The information, exhibits and reports furnished in writing by, or on behalf of, the Borrower and any other Loan Party to the Lender in connection with the negotiation and preparation of this Agreement and the other Loan Documents are true and correct and do not contain any omissions or misstatements of fact that would make the statements contained therein misleading or incomplete in any material respect, which omissions or misstatements could have, individually or in the aggregate, a Material Adverse Effect. There is no fact now known to the Borrower or COPT that has not been disclosed to the Lender that materially adversely affects the management, business, assets, properties, operations or condition (financial or other) of the Borrower and/or COPT.

Section 3.16. INVESTMENT COMPANY ACT. The Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or subject to any other statute that regulates the incurring of indebtedness for borrowed money.

Section 3.17. MARGIN REGULATIONS. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying "margin stock" or "margin securities" (within the meaning of Regulation U), none of the Obligations or liabilities of the Borrower are secured, directly or indirectly, by "margin stock" or "margin securities", and no part of the proceeds of any extension of credit hereunder will be used for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any margin stock" or "margin securities", or in a manner which would breach of contravene any of Regulations G, T, U, or X.

Section 3.18. LEASES. Complete and correct copies of all Leases under which Borrower or any Collateral Property Subsidiary is lessor have been delivered to Lender and are the only leases of real property under which Borrower or such Collateral Property Subsidiary is a lessor. Each Lease and lease is valid and subsisting and is not in default in any material respect, nor has the Borrower or any Collateral Property Subsidiary received any written notice of its default under the Leases and leases.

Section 3.19. INSURANCE. SCHEDULE 3.19 hereto sets forth a summary of all insurance policies maintained by the Borrower or the Collateral Property Subsidiary, as applicable, as of the date of closing of each Loan. In addition to the requirements set forth in the Collateral Documents, the insurance maintained by the Borrower or the Collateral Property Subsidiary, as applicable, is in amounts and of a nature as is customarily maintained by Persons conducting operations similar to that of the Borrower or such Collateral Property Subsidiary, and is with insurance carriers who are rated by A. M. Best Company's Rating Service as "A" or better or are otherwise satisfactory to the Lender.

Section 3.20. BROKERS. The Borrower represents that it has not engaged or authorized any broker, finder or similar agent who would be entitled to a commission or other fee in respect of this Agreement.

ARTICLE 4. CONDITIONS PRECEDENT

Section 4.01. CONDITIONS PRECEDENT TO EFFECTIVENESS. The obligations of the Lender to execute and deliver this Agreement and proceed to the Closing Date are subject to the fulfillment of the following conditions precedent. The Lender shall have received on or before the Closing Date each of the following documents and instruments, each dated such date, in form and substance satisfactory to the Lender and its counsel:

(a) The Note, executed and delivered on behalf of Borrower by each of the general partners of Borrower.

(b) a certificate of the Secretary of COPT or other appropriate authorized Persons, dated as of the Closing Date, certifying (i) that attached thereto are true and complete copies of the resolutions of the Board of Directors or authorized persons of COPT, the general partner of Borrower authorizing the execution, delivery and performance by the Borrower of this Agreement, the borrowings hereunder by the Borrower and the execution, delivery and performance by the Borrower of the Note and such of the Related Documents to which it is a party, (ii) that said resolutions are all the resolutions adopted by the Board of Directors or authorized persons of the Borrower in connection with the transactions contemplated thereby and are in full force and effect without modification as of such date, and (iii) as to the incumbency and signatures of each of its trust managers or other appropriate authorized Persons executing this Agreement, the Note and such of the Related Documents to which it is a party;

(c) (i) copies of the applicable charter documents of the Borrower, certified as of a recent date by the Secretary of State of the State of its formation and organization; (ii) certificates of said Secretary of State as to the due organization, existence and good standing of the Borrower, as of a recent date; (iii) certificates of good standing of the Secretary of State of each jurisdiction in which the Borrower is qualified to do business; and (iv) a certificate of the Secretary, trust manager or other appropriate authorized Person of the Borrower dated the Closing Date, certifying (A) that attached thereto are true, correct and complete copies of the applicable charter documents as is in effect on the date of such certification, and (B) that such charter documents have not been amended since the date of the last amendment thereto indicated in the certificate of the Secretary of State furnished pursuant to clause (i) above;

(d) (i) copies of the applicable charter documents of COPT, certified as of a recent date by the Secretary, trust manager or other appropriate authorized Person of COPT; (ii) certificates of good standing of the Secretary of State of each jurisdiction in which COPT is qualified to do business; and (iii) a certificate of the Secretary, trust manager or other appropriate authorized Person of COPT dated the Closing Date, certifying (A) that attached thereto are true, correct and complete copies of the applicable charter documents as is in effect on the date of such certification, and (B) that such charter documents have not been amended since the date of the last amendment thereto indicated in the certificate of the Secretary of State furnished pursuant to clause (i) above;

(e) the applicable Related Documents are duly executed by all the parties thereto (other than the Lender);

(f) the Borrower shall have delivered to the Lender at least ten (10) Business Days prior to the Closing Date all appropriate Uniform Commercial Code, tax lien, judgment and bankruptcy searches, dated as of a date that is within a recent date of the Closing Date;

(g) evidence that all actions necessary or, in the opinion of the Lender and its counsel, desirable, to create and perfect the security interests and other Liens granted under the Loan Documents, have been duly taken, that there are no security interests as senior to the security interests granted in favor of the Lender with respect to any of the Acquisition Properties and/or Collateral Properties, and the security interests granted to Lender at the time of the creation or perfection of any such security interest or Lien has not been reduced or diminished in any manner;

(h) an opinion of John Harris Gurley, Esq.,counsel to the Borrower, substantially in the form of EXHIBIT M hereto;

(i) such resolutions, consents, approvals or acknowledgments with respect to such of the transactions hereunder as may be necessary or as the Lender or its counsel may deem appropriate;

(j) the Borrower shall have delivered to the Lender at least fifteen (15) Business Days prior to the Closing Date the financial statements set forth in Section 3.12 hereof;

(k) a certificate showing that, at the time of the Closing Date and after giving effect to the initial funding hereunder and the consummation of all other transactions contemplated by this Agreement and the Loan Documents, (i) the representations and warranties contained in this Agreement and in the other Related Documents shall be true and correct on and as of such date and no representation made or information supplied to the Lender shall have proven to be inaccurate or misleading in any material respect; and (ii) no Event of Default or Default shall have occurred; and the Lender shall have received a certificate of the Borrower signed on its behalf by its president or chief financial officer that (A) no Material Adverse Change has occurred since September 30, 1999; (B) no material litigation or administrative proceeding of or before any court or governmental body or agency is pending or threatened against the Borrower or any of its properties except as set forth on Schedule 4.01 hereto; and (C) the Borrower is in compliance with all pertinent federal, state and local laws, rules and regulations, including, without limitation, those with respect to ERISA, OSHA and all Environmental Laws, except where the violation of which would not have a Material Adverse Effect;

(l) evidence that, as of the Closing Date, the Borrower has paid all past and current premiums due and payable on its existing insurance policies, and has delivered to the Lender at least ten (10) Business Days prior to the Closing Date all loss payee/additional insured

endorsements, duly executed, required under Section 5.02 hereof or the Collateral Documents to be delivered on or before the Closing Date;

(m) payment in full of all amounts then due and payable under the terms of this Agreement, including, without limitation, (i) all of the fees payable to the Lender pursuant to this Agreement, and (ii) all of the Lender's out-of-pocket expenses (including, without limitation, the reasonable fees and disbursements of the Lender's counsel, subject to the overall limitations contained in Section 9.04(a) hereof); and

(n) such other and further documents as the Lender and its counsel may have reasonably requested and all legal matters incident to this Agreement, the transactions contemplated hereby and the Loans shall be reasonably satisfactory to the Lender and its counsel.

Section 4.02. CONDITIONS PRECEDENT TO INITIAL AND SUBSEQUENT FUNDINGS. The obligation of the Lender to make any Loan (including any Loans to be made on the Closing Date) shall be subject to the fulfillment of the following conditions precedent at least fifteen (15) Business Days (unless otherwise noted below) prior to the relevant Borrowing Date:

(a) the intended use of the funds advanced pursuant to any Loan shall be a Permitted Use of Funds, and Lender shall have received a breakdown of the application of all funds theretofore advanced hereunder, including fees and expenses, which shall be satisfactory to Lender in its sole and absolute discretion.

(b) the Lender shall have received notice by the Borrower and a Notice of Borrowing required by Section 2.02 hereof no later than 3:00 p.m. on the third (3rd) Business Day prior to the proposed Borrowing Date and Lender shall have, in its sole and absolute discretion, approved the Loan requested in the Notice of Borrowing, and the intended use of funds indicated therein;

(c)(i) the representations and warranties set forth in Article 3 hereof

and in the other Related Documents shall be true and correct on and as of such Borrowing Date as though made on and as of such date and no representation made or information supplied to the Lender shall have proven to be inaccurate or misleading in any material respect; (ii) Each of the Loan Parties, including any Collateral Property Subsidiary shall then be in compliance with all the terms and provisions of this Agreement, the Note and the other Related Documents to which it is a party, including, without limitation, the requirement that the proposed Acquisition Properties satisfy the Financial Covenants and other criteria set forth herein and in the Loan Documents; (iii) no Event of Default or Default shall have occurred and be continuing; (iv) no Material Adverse Change shall have occurred since September 30, 1999; (v) the income and expenses of the Collateral Properties, the Leases, the occupancy of the Collateral Properties and all other features of the transaction, including the financial condition of the Loan Parties, any of its subsidiaries, as represented to the Lender in any loan application or in any other documents and communications presented to the Lender in order to induce the Lender to make the Loans shall not have materially adversely changed; (vi) no material litigation or administrative proceeding of or before any court or governmental body or agency is pending or threatened against the Borrower or any Loan Party

or any of its properties; (vii) the Borrower and any other Loan Party, as applicable, is in compliance with all pertinent federal, state and local laws, rules and regulations, including, without limitation, those with respect to ERISA, OSHA and all Environmental Laws, except where the violation of which would not have a Material Adverse Effect; (viii) none of the Collateral Properties shall have suffered material damage, which has not been repaired to the Lender's satisfaction; (ix) none of the Collateral Properties shall have been taken in condemnation or other similar proceeding, nor shall any such proceeding be pending; (x) there shall have been no material structural change in the physical condition of any portion of the Collateral Properties; (xi) to the best of Borrower's knowledge, no notices of violations of any municipal ordinances shall have been filed against the Collateral Properties by any municipal department; (xii) none of the Borrower, its Subsidiaries, any Collateral Property Subsidiary, any tenant under any Lease deemed by the Lender to be material to the Lender's security nor any guarantor of any such Lease shall be the subject of any bankruptcy, reorganization, insolvency or similar proceeding; and (xiii) the Lender shall have received a certificate of the Borrower and/or any Loan Party, signed on its behalf by its president or its chief financial officer to such effect;

(d) the Lender shall have received, at the Borrower's, or any Collateral Property Subsidiary's, as applicable, expense and in form and substance satisfactory to the Lender, (i) detailed historical operating statements (for a minimum of a trailing 12-month period) of each Collateral Property; (ii) the Borrower's or any Collateral Property Subsidiary's cash flow projections, as applicable, relating to each Collateral Property; (iii) all applicable detailed rent rolls relating to each Collateral Property; (iv) true, accurate and complete copies of the Borrower's books and records relating to each Collateral Property and all material contracts, including, but not limited to, all Leases and abstracts; and (v) the Borrower's or any Collateral Property Subsidiary's complete underwriting analysis , as applicable, relating to each Collateral Property.

(e) the Lender shall have received, at the Borrower's or any Collateral Property Subsidiary's expense, as applicable, a written analysis and environmental report (each an "ENVIRONMENTAL REPORT") with respect to the following environmental conditions relating to each Collateral Property, which shall be in form and substance satisfactory to the Lender and prepared no earlier than six (6) months prior to the respective Borrowing Date by independent qualified environmental professionals satisfactory to the Lender, which analysis shall include, without limitation, (i) a Phase I environmental site assessment assessing the presence of environmental contaminants and asbestos, PCBs or storage tanks at such Collateral Properties conducted in accordance with ASTM Standard E 1527-93, or any successor thereto published by ASTM, and (ii) such further site assessments as the Lender may require due to the results obtained in clause (i) above; the Borrower shall have obtained permission for such environmental professional to enter upon the Collateral Properties for purposes of conducting such environmental assessment; such Environmental Report shall meet the Lender's requirements, shall be certified to the Lender and its successors and assigns, and the Lender and its successors and assigns shall be entitled to rely on such environmental assessment and such Environmental Report; no environmental condition at any Collateral Property shall have been discovered which is unacceptable to the Lender;

(f) the Lender shall have received an engineer's building condition report in form and substance satisfactory to the Lender, prepared no earlier than six (6) months prior to the respective Borrowing Date by an independent qualified consulting engineer satisfactory to the Lender, and any additional or supplemental reports that may be required by the Lender (collectively, the

"BUILDING CONDITION REPORT"), which reports shall (i) evaluate the physical condition of the Collateral Properties, identifying conditions requiring immediate or near term attention and estimate the approximate cost of remediation, and (ii) include, without limitation, information regarding compliance with the Americans with Disabilities Act; the Lender shall not have received any unsatisfactory engineer's report or site inspection conducted by the Lender or any engineering firm retained by the Lender; such Building Condition Report shall meet the Lender's requirements, shall be certified to the Lender and its successors and assigns, and the Lender and its successors and assigns shall be entitled to rely on such Building Condition Report. If the Building Condition Report shall recommend modifications to such Collateral Properties which shall be equal to or greater than one dollar ($1.00) per square foot per Collateral Property (collectively the "Modifications"), Lender shall have the right to require Borrower to establish Reserves for such Modifications.

(g) the Lender shall have received, in form and substance satisfactory to the Lender, true, correct and complete copies (including any and all amendments or modifications thereto) of (i) all of the Operational Documents, and (ii) all third party reports requested by the Lender relating to each Collateral Property, prepared by qualified firms approved by the Lender;

(h) the Lender shall have received all fees payable pursuant to this Agreement, including, without limitation, (i) all of the fees payable to the Lender pursuant to this Agreement, and (ii) all of the Lender's out-of-pocket expenses (including, without limitation, the reasonable fees and disbursements of the Lender's counsel);

(i) the Lender shall receive a favorable legal opinion of the Borrower's and the Collateral Property Subsidiary's counsel, in form and substance satisfactory to the Lender and its counsel in their sole discretion, as to the due execution, authorization and enforceability of the Loan Documents and as to such other matters, including due perfection of the Lender's security interests and liens on the Collateral as the Lender may reasonably request, and the Lender shall have received the favorable opinion of the Lender's local counsel, if necessary, as to such matters as the Lender may reasonably require;

(j) the Lender shall have received all appropriate Uniform Commercial Code, tax lien, judgment and bankruptcy searches, dated as of a date that is within a recent date of the date of the closing of such Loan;

(k) the Lender shall have received evidence that all actions necessary or, in the opinion of the Lender and its counsel, desirable, to create and perfect the security interests and other Liens granted under the Loan Documents, have been duly taken, that there are no security interests as senior to the security interests granted in favor of the Lender, and the security

interests granted to Lender at the time of the creation or perfection of any such security interest or Lien has not been reduced or diminished in any manner;

(l) Lender shall have received an ALTA extended coverage mortgagee form of title insurance policy, with a deletion of the creditor's rights exception and otherwise conforming to the Lender's title insurance requirements set forth in Section 4.02(l) hereto, together with such reinsurance as the Lender may require from title insurance companies acceptable to the Lender insuring the first mortgage Liens on the properties, subject only to matters acceptable to the Lender, in respect of each parcel covered by each Mortgage or Deed of Trust. Each such policy shall (i) be in the amount of the Mortgage or Deed of Trust being insured thereunder, (ii) be issued at ordinary rates; (iii) insure that the Mortgage or Deed of Trust insured thereby creates a valid first Lien on such parcel free and clear of all defects and encumbrances, except such as may be approved by Lender; (iv) be in the form of ALTA Loan Policy-1992, or such other form as shall be acceptable to Lender; (vi) contain such endorsements and affirmative coverage as Lender may request, including, but not limited to, any endorsements necessary to evidence that Lender is insured in an amount equal to the amount of the Loans then outstanding after giving effect to any payments or re-borrowing of principal by Borrower and/or such Collateral Property Subsidiary as of the date of the issuance of such title insurance to the extent same are available; (vii) be issued by title companies satisfactory to Lender (including such title companies acting as co-insurers or reinsurers, at the option of Lender); and (viii) otherwise conform hereto. Lender shall have received evidence satisfactory to it that all premiums in respect of such policy, and all charges for endorsements and mortgage recording tax, if any, have been paid in full.

(m) the Lender shall have received a survey of the Collateral Properties being acquired and/or pledged and mortgaged to the Lender in connection with the requested Loan dated or re-dated to within 60 days of the closing of such Loan which (i) was prepared by a surveyor registered or licensed in the jurisdiction in which such property is located, containing the legal metes and bounds description of the property and a certification from the surveyor to the Lender and the title insurance company in form and substance reasonably satisfactory to the Lender, (ii) substantially conforms to the

Lender's survey requirements set forth in SCHEDULE 4.02(M) hereto, and (iii) is otherwise in form and substance reasonably satisfactory to the Lender;

(n) the Lender shall have received a duly executed Estoppel Certificate and Subordination Agreement from tenants under Leases comprising, in the aggregate, 80% of the rentable square footage in the Collateral Properties including, in all events from those tenants with Leases covering a minimum of 10,000 square feet or 10% of the rentable square footage (a "Major Tenant") in the Collateral Property, completed in a manner acceptable to Lender in its sole discretion; PROVIDED, HOWEVER, that to the extent that Estoppel Certificates are not delivered for certain tenants, other than a Major Tenant, the Lender may, in its sole discretion, accept an Estoppel Certificate from the Borrower with respect to such tenant's occupancy at the Collateral Properties certified by such Borrower as being true, correct and complete;

(o) the Lender shall have received evidence, in form and substance satisfactory to the Lender that (i) the Collateral Properties are served by all utilities required for the current or contemplated use thereof, (ii) all utility service is provided by public utilities and the Collateral

Properties have accepted or is equipped to accept such utility service, (iii) all public roads and streets necessary for service of and access to the Collateral Properties for the current or contemplated use thereof have been completed, are serviceable and all-weather and are physically and legally open for use by the public, and (iv) the Collateral Properties are served by public water and sewer systems;

(p) the Lender shall have received such consents, approvals or acknowledgments with respect to such of the transactions hereunder as may be necessary or as the Lender or its counsel may deem appropriate;

(q) evidence that, as of the date of the closing of such Loan, the Borrower and any Collateral Property Subsidiary has paid all past and current premiums due and payable on its existing insurance policies, and has delivered to the Lender all loss payee/additional insured endorsements, duly executed, required under Section 5.02 hereof or the Collateral Documents to be delivered on or before such date of closing;

(r) evidence that the Borrower and/or the Collateral Property Subsidiary has satisfied all of the conditions precedent set forth in the Collateral Documents; and

(s) the Lender shall have received such other and further documents, certificates, reports and other information with respect to the Borrower, the Collateral Property Subsidiary or any other Loan Party or relating to the transactions contemplated by this Agreement as Lender may reasonably request, all of which shall be satisfactory in form and substance to Lender.

(t) after giving effect to such Loan and the application of proceeds therefrom, no Default or Event of Default shall have occurred and be continuing on and as of the date such Loan is made.

(u) Lender shall have received payment of all fees and expenses then due to Lender and its counsel;

(v) Lender shall have received a favorable legal opinion of Borrower's and the applicable Collateral Property Subsidiary's counsel as to the due execution, authorization and enforceability of any proposed Collateral Property and, in connection therewith, such matters as Lender may reasonably require;

(w) Borrower or such Collateral Property Subsidiary, as applicable, shall have paid all mortgage recording taxes payable (if any) in each jurisdiction in which any Collateral Property is located. Without limiting the generality of the foregoing, and notwithstanding anything to the contrary contained in any Loan Document, Borrower or such Collateral Property Subsidiary, as applicable , acknowledges and agrees that, to the extent there is a payment of principal of the Loans which results in the aggregate outstanding principal amount of the Loans being less than the aggregate maximum principal amount of the Loans secured by any Mortgage(s) (whether or not such aggregate outstanding principal amount of the Loans was originally less than the aggregate maximum principal amount of the Loans secured by such Mortgage(s) prior to such

payment), then (A) Borrower or such Collateral Property Subsidiary, as applicable ,shall pay any and all additional mortgage recording taxes in connection with any future Borrowing pursuant to this Agreement so that the Mortgages or Deeds of Trust in existence at or prior to such Borrowing will secure, in accordance with applicable law, the amount of such Borrowing up to the aggregate maximum original principal amount secured by such Mortgages or Deeds of Trust, and (B) if and to the extent that Lender determines in good

faith that any such additional mortgage recording taxes are so due and payable in connection with any such future Borrowing and unless Borrower or such Collateral Property Subsidiary, as applicable ,shall have presented to Lender evidence, satisfactory to Lender, that any such additional mortgage recording taxes are not so due and payable, Borrower or such Collateral Property Subsidiary, as applicable, shall pay such additional mortgage recording taxes to the appropriate governmental taxing authorities;

(x) Lender shall have received evidence that the Mortgages or Deeds of Trust of record shall secure the full amounts of the Loans then outstanding, after giving effect to any payments or re-borrowings of principal by Borrower;

(y) Lender shall be granted a valid first mortgage lien on each Collateral Property subject only to such liens as are acceptable to Lender. The Lien shall be in the amount of the Commitment, unless the Collateral Property is located in any jurisdiction in which the mortgage recording tax or other cost of recording a mortgage or deed of trust is not de minimus, in which event the Lien shall be in an amount equal to one hundred twenty five percent (125%) of the fair market value of such Collateral Property, which amount shall be determined by Lender in its sole but reasonable discretion using Lender's then applicable underwriting standards and criteria;

(z) Each Collateral Property Subsidiary shall have executed and delivered to Lender (i) a Guaranty in favor of Lender in form and substance satisfactory to Lender; (ii) an allonge to the Note in the amount of the Borrowing with respect to each Borrowing; (iii) counterparts of all Loan Documents executed by Borrower in connection with each Borrowing; (iv) and shall otherwise comply with each of the requirements in this Section 4.02 and this Agreement;

(aa) the Lender shall receive a favorable legal opinion of Borrower's counsel, who shall be licensed to practice in the State of New York and shall otherwise be reasonably acceptable to Lender, in form and substance reasonably satisfactory to the Lender and its counsel in their sole discretion, as to the enforceability of this Agreement under New York law and such other matters as the Lender may reasonably require, prior to the initial funding hereunder; and

(bb) Lender agrees that it shall reasonably consider such modifications to any and all exhibits to this Agreement as Borrower shall request prior to the initial funding hereunder.

ARTICLE 5. AFFIRMATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that, from and after the date of execution of this Agreement and so long as any amount may be borrowed hereunder or is

otherwise due to the Lender under this Agreement or any Loan Document is not indefeasibly repaid in full, such Loan Party shall comply and shall cause each of their respective Subsidiaries to comply with each of the following covenants:

Section 5.01. MAINTENANCE OF EXISTENCE, PROPERTIES AND REIT STATUS. (a) Each of the Loan Parties shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence and continue to conduct its business substantially as now and proposed to be conducted. Each of the Loan Parties shall (i) do or cause to be done all things necessary to preserve and keep in full force and effect all of its other rights and franchises, and comply with all laws applicable to it, except for violations thereof which would not have a Material Adverse Effect; (ii) at all times, maintain, preserve and protect all material franchises and Intellectual Property; and (iii) preserve all the remainder of its material properties and keep the same in good repair, working order and condition and from time to time make, or cause to be made, all necessary and proper repairs, renewals and replacements, betterments and improvements thereto so that the business carried on in connection therewith may be properly conducted at all times. (b) COPT shall at all times (i) conduct its affairs and the affairs of its Subsidiaries in a manner so as to maintain its status as a REIT and shall not take any action which could lead to its disqualification as a REIT; (ii) not engage in any business other than the business of acting as a REIT; and (iii) cause its common shares to be duly listed on the New York Stock Exchange and timely file all reports required to be filed by it in connection therewith.

Section 5.02. INSURANCE. (A) The Borrower or the Collateral Property Subsidiary, as applicable, will maintain or cause to be maintained, at its own expense, the insurance required under the provisions of Paragraph 3 of the Mortgages or Deeds of Trust with respect to its Collateral Properties and business. Not later than ten (10) Business Days prior to the renewal, replacement or material modification of any policy or program required to be maintained by this Section 5.02, the Borrower shall deliver or cause to be delivered to the Lender a detailed schedule setting forth for each such policy or program: (i) the amount of such policy, (ii) the risks and amounts (with deductibles) insured against by such policy, (iii) the name of the insurer and

each insured party under such policy, (iv) the policy number of such policy and (v) a comparison of such policy with the policy so renewed, replaced or modified. The Borrower will, if so requested by the Lender, deliver to the Lender the original policy of such insurance and, as often as the Lender may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Borrower will, at the request of the Lender, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of this Section 5.02 and cause the respective insurers to acknowledge notice of such assignment.

(B) The Borrower or any Collateral Property Subsidiary, as applicable, will use all and any insurance proceeds from property damage/casualty insurance or condemnation awards it receives in accordance with the terms of Paragraph 4 of the Mortgages; PROVIDED, HOWEVER, that in the event that (i) a Default or Event of Default has occurred and is continuing, or (ii) no Default or Event of Default has occurred and is continuing and the individual or aggregate amount of any and all such insurance proceeds or condemnation awards exceeds $250,000, then the Borrower will not restore or replace such Collateral Property without the prior written

consent of the Lender, and absent such consent, such insurance proceeds or condemnation awards shall forthwith be paid to the Lender and applied to the permanent reduction of the Obligations of the Borrower and any Collateral Property Subsidiary, as applicable, then outstanding, without penalty or premium but subject to Section 2.04 hereof, in such order as the Lender shall determine.

(C) Within two (2) Business Days after the occurrence of any damage to, or loss or taking of, any Collateral Property of the Borrower in excess of $100,000, the Borrower will, provide to the Lender written notice (or telephone notice promptly confirmed in writing) thereof and a description of the property damaged, lost or taken.

Section 5.03. PUNCTUAL PAYMENT. The Borrower shall duly and punctually pay the principal of and interest on the Note and any other amount due under this Agreement or any of the Related Documents to which it is a party, including, without limitation, the amounts payable under Section 2.09 hereof.

Section 5.04. PAYMENT OF LIABILITIES. The Borrower will pay and discharge in the ordinary course of business, where applicable, all of its obligations and liabilities (including, without limitation, tax liabilities and other governmental charges), except where the same may be contested in good faith by appropriate proceedings, and maintain in accordance with GAAP appropriate reserves for any of the same.

Section 5.05. COMPLIANCE WITH LAWS. The Borrower and all Loan Parties will observe and comply with all applicable material laws, statutes, rules, regulations or other requirements having the force of law, including, without limitation, all Environmental Laws.

Section 5.06. PAYMENT OF TAXES, ETC The Borrower or any Collateral Property Subsidiary, as applicable, will pay and discharge all lawful taxes, assessments, and governmental charges or levies imposed upon it, or upon its income or profits, or upon any of the Collateral Property, before the same shall become in default or within ten (10) days thereafter, as well as all lawful claims for labor, materials, and supplies which, if unpaid, might become a Lien or charge upon such property or any part thereof within ten (10) days thereafter, as well as all lawful claims for labor, materials, and supplies which, if unpaid, might become a Lien or charge upon any Collateral Property or any part thereof within ten (10) days of such claims being due and payable; PROVIDED, HOWEVER, that no such tax, assessment, charge, levy, claim need be paid and discharged so long as the validity thereof shall be contested in good faith by appropriate proceedings and there shall have been set aside on the books of such Person adequate reserves in accordance with GAAP applied with respect thereto, but such tax, assessment, charge, levy, or claim shall be paid before the property subject thereto shall be sold to satisfy any Lien which had attached as security therefor.

Section 5.07. FINANCIAL STATEMENTS AND OTHER INFORMATION. The Borrower shall furnish to the Lender, in form and substance acceptable to the Lender and at the Borrower's expense:

(a) within ninety (90) days after the end of each Fiscal Year, audited consolidated balance sheets of COPT and its Subsidiaries as at the end of such Fiscal Year and the related audited consolidated statements of income and changes in financial position of COPT and its Subsidiaries for such Fiscal Year, prepared in accordance with GAAP, including consolidated financial reports with all related schedules and notes attached thereto, setting forth, in each case, in comparative form, corresponding figures from the preceding Fiscal Year, all in reasonable detail, prepared by management and audited by and with an

unqualified certification of, nationally recognized independent certified public accountants satisfactory to the Lender, together with a certificate or certificates signed by the chief financial officer of COPT stating (i) whether COPT and its Subsidiaries is then or has been in violation of any covenants pertaining to this Agreement or pertaining to any other debt covenant of the Borrower or its Subsidiaries and that, to their knowledge, no event has occurred which, with the passage of time or the giving of notice or both, would constitute any such violation, and (ii) (A) setting forth, in each case, in comparative form, corresponding figures for such Fiscal Year from the annual budget, in reasonable detail, (B) calculating and stating each of the financial covenants contained in Article 7 hereof, and (C) commenting upon the financial statements to an extent reasonably satisfactory to the Lender, as requested by the Lender;

(b) within forty-five (45) days after the end of each Fiscal Quarter, quarterly unaudited consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such Fiscal Quarter and the related unaudited consolidated statements of income and changes in financial position of the Borrower and its Subsidiaries as at the end of such Fiscal Quarter, prepared in accordance with GAAP and accompanied by a Compliance Certificate in favor of Lender and such other parties as Lender shall require which have an interest in this Agreement signed by the chief financial officer of the Borrower (i) setting forth in each case, in comparative form, figures for the preceding twelve (12) month period, calculated on a trailing twelve (12) month basis, ending on the last day of such Fiscal Quarter and for the corresponding Fiscal Quarter in the annual budget and figures for the corresponding Fiscal Quarter in the preceding Fiscal Year, all in reasonable detail, (ii) calculating and stating each of the financial covenants contained in Article 7 hereof, and (iii) commenting upon the financial statements to an extent reasonably satisfactory to the Lender, as requested by the Lender;

(c) within thirty (30) days after the end of each Fiscal Quarter, quarterly operating statements for each Collateral Property, all in reasonable detail, certified by the chief financial officer of the Borrower;

(d) within thirty (30) days after the end of each Fiscal Quarter, quarterly rent rolls for each Collateral Property, all in reasonable detail, and accompanied by a certificate signed by the chief financial officer of COPT in such form as is reasonably satisfactory to Lender;

(e) immediately upon any revision to any of the financial statements referred to in clauses (a) or (b) above, such financial statements, as revised;

(f) within ten (10) days of filing, true, complete and correct copies of all federal, state, local and foreign tax returns that are required to be filed by COPT, including, without limitation, all related schedules and annexes to such tax returns;

(g) as soon as available, a true copy of any "management letter" or other communication to the Borrower, its officers, general partners, managers, members or Board of Directors by its accountants regarding matters which arose or were ascertained during the course of the audit and which said accountants determined ought to be brought to management's attention;

(h) upon the occurrence and continuation of an Event of Default, appraisals of any of the assets of the Borrower as the Lender may from time to time request; PROVIDED, HOWEVER, that nothing herein shall prevent the Lender from obtaining such appraisals at any time prior to the indefeasible payment in full of the obligations if such appraisals are at the Lender's expense;

(i) immediately upon any officer, director, general partner, manager or member of any Loan Party obtaining knowledge (i) of any condition or event which constitutes a Default or Event of Default, (ii) of any condition or event which, in the opinion of management of any Loan Party, would have a Material Adverse Effect, (iii) that any Person has given any notice to any Loan Party or taken any other action with respect to a claimed default or event or condition of the type referred to in clause (f) of Section 8 hereof, or (iv) of the institution of any litigation involving claims against the Borrower equal to or greater than $200,000 with respect to any single cause of action or $300,000 with respect to the aggregate of all causes of action or any adverse determination in any litigation involving a potential liability to any Loan Party equal to or greater than $200,000 with respect to any single cause of action or $300,000 with respect to the aggregate of all causes of action, an officers' certificate specifying the nature and period of existence of any such condition or event, or specifying the notice given or action taken by such holder or Person and the nature of such claimed Default, Event of Default, event or condition, and what action, if any, the Borrower has taken, is taking or proposes to take with respect thereto;

(j) immediately upon any Loan Party becoming aware, with respect to any Loan Party of the occurrence of (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, or any withdrawal from, or the

termination, reorganization or insolvency of any multiemployer plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or any Loan Party or any ERISA Affiliate or any multi-employer plan with respect to the withdrawal from, or the terminating, reorganization or insolvency of, any Plan; and

(k) as soon as practicable, such other information concerning the financial affairs and condition (financial or otherwise) of any Loan Party as the Lender may from time to time reasonably request.

Section 5.08. ACCOUNTS AND REPORTS. The Borrower and any Collateral Property Subsidiary will keep accurate records and books of account in which complete, accurate and

correct entries will be made of all dealings or transactions in relation to its businesses and affairs, as applicable, and the Collateral.

Section 5.09. INSPECTION; AUDIT. (A) The Borrower, or any Collateral Property Subsidiary, as applicable, at its own expense, will permit any authorized representative designated by the Lender, upon reasonable advance notice, to (i) visit and inspect its properties and condition, (ii) to discuss their respective affairs, finances and accounts with its officers, general partners, managers, members or directors, and (iii) after an Event of Default to audit its books and records related thereto, at such reasonable times and as often as may be reasonably requested by the Lender. Borrower's ability to permit Lender or its representatives access to any Collateral Property shall be subject to the rights of tenants as set forth in the Leases. (B) Upon the occurrence and continuation of an Event of Default, the Borrower, at its own expense, will provide to the Lender, at the request of the Lender made from time to time, environmental audit reports in form and substance satisfactory to the Lender. (C) At any time other than (i) in connection with Sections 2.05(b), 2.12, 4.02(d) or 5.11 hereof, or (ii) upon the occurrence and continuation of an Event of Default, the Borrower, or any Collateral Property Subsidiary, as applicable, at the Lender's expense, will provide to the Lender, at the request of the Lender made from time to time, environmental audit reports in form and substance satisfactory to the Lender.

Section 5.10. UCC FILINGS. Within thirty (30) days of the each Borrowing Date, the Borrower shall deliver to the Lender UCC search reports evidencing UCC filings made in each jurisdiction required in the Collateral Documents.

Section 5.11 [Deleted Prior to Execution.]

Section 5.12. RESERVES. The Borrower and/or any Collateral Property Subsidiary, as applicable, shall (i) maintain each Reserve until such time as the applicable Modifications are fully completed, and (ii) complete such Modifications within 180 days after the closing of such Loan. All fees and expenses in connection with the Building Condition Report and the Modifications shall be paid by the Borrower or the Collateral Property Subsidiary, as applicable.

Section 5.13. OPERATIONAL DOCUMENTS. (i) Borrower shall submit to Lender as part of any Loan request made by Borrower to Lender, copies of any and all Operational Documents affecting the Collateral Property which is the subject of the Loan request. Lender shall have the right, in its sole discretion, to decline to fund any Loan based upon Lender's review of such Operational Documents.

(ii) (A) For so long as a Loan remains outstanding with respect to a Collateral Property, the Borrower, or a Collateral Property Subsidiary, as applicable, shall deliver any additional Operational Documents for such Collateral Property to the Lender for its consent prior to the Borrower or such Collateral Property Subsidiary, as applicable, entering into such Operational Document, accompanied by a summary of the material terms and conditions of such Operation Document; PROVIDED, HOWEVER, that (i) the Borrower or Collateral Property Subsidiary, as applicable, may enter into a proposed Lease without the consent of Lender if (a) such Lease is on

the form of the Approved Lease, (b) the aggregate premises demised to the tenant, or an affiliate thereof in the Collateral Property, is less than 25,000 square feet, (c) the lease term is less than ten (10) years and, (d) the lease is otherwise on fair market terms and conditions; (ii) Borrower or such Collateral Property Subsidiary, as applicable,, without Lender's prior consent, may modify any Lease originally entered into without Lender's consent so long as after giving effect to the modification, the Lease would not have initially been subject to Lender's consent, and (iii) the consent of Lender is not required with respect to Service Agreements which are terminable upon less than thirty (30) days notice. (B) Each Operational Document shall be in full force and

effect and free from default by either party. (C) All rights of the Borrower under the Operational Documents shall be assigned to the Lender, and the Lender, at its option, may require the parties to any such Operational Document to enter into an agreement with the Lender which shall provide that (i) copies of all notices given or received under any such Operational Document shall be sent to the Lender, (ii) the Lender shall have the right, but not the obligation, to perform any term, condition or agreement of the Borrower under any such Operational Document and to cure any default of the Borrower under any such Operational Document within specified additional time periods, and (iii) such other provisions as the Lender may require. (D) The Borrower shall deliver each proposed Lease and any and all amendments, supplements or other modification of each Lease to the Lender for its consent prior to the Borrower entering into same unless the Borrower is permitted to enter into such instrument as provided in sub-section (A)(i) above, and Lender agrees that it will provide its comments to same or its consent or disapproval of same within five (5) business days of its receipt thereof. (E) Borrower shall deliver to Lender fully executed copies of any Leases or amendments, supplements or modifications thereof, within ten (10) days after execution thereof.

Section 5.14. ENVIRONMENTAL COMPLIANCE. The Loan Parties acknowledge and agree that, based on any information in any Environmental Report delivered to the Lender pursuant to Section 4.02(d) hereof or on any uncertainties raised thereby, the Lender reserves the absolute right, in its sole and exclusive discretion, to decline to fund any Loan for the acquisition of the Collateral Properties, to impose additional conditions that must be met prior to or after the closing of such Loan (including but not limited to requiring additional investigation into environmental conditions in connection with the Collateral Properties, testing and sampling of soil, water, air, building materials, or other substances or materials), and/or to change any terms and conditions of any Loan, including but not limited to the principal amount thereof, the interest rate, representations and warranties, covenants, guaranties, indemnities, and/or other terms and conditions of each Loan.

Section 5.15. DISCLOSURE. Each Loan Party shall give notice to the Lender promptly upon such Loan Party obtaining knowledge of a specific claim against the Lender or its officers, directors, employees, agents, Affiliates or any Person under the Lender's control, by any Loan Party, for any action or failure to act by the Lender, or any officer, director, employee, agent or Affiliate of the Lender, or any Person under the Lender's control. The failure to disclose any such specific claim within 180 days shall constitute an irrevocable waiver and forgiveness of such claim by the Loan Parties.

Section 5.16. DEFERRED MAINTENANCE. (a)Attached hereto as SCHEDULE 5.16 is a list of certain repair items Borrower or such Collateral Property Subsidiary, as applicable, has agreed to complete on the Collateral Properties identified therein within 6 months of the Borrowing Date (the "Repairs"). Such Repairs shall be completed in a good and workmanlike manner and shall in all respects be acceptable to Lender. Evidence of the completion or progress toward the completion of such Repairs as evidenced by a certificate of completion or other documentation satisfactory to Lender from the contractor or engineer performing or supervising such Repairs shall be provided to Lender monthly on the first day of the month next following the month of the Borrowing Date.

(b) Lender reserves the right, in its sole discretion, to waive the requirement that certain Repairs be completed. Borrower or a Collateral Property Subsidiary, as applicable, may request a waiver with respect to certain Repairs and shall submit evidence to Lender in support of such waiver for review and evaluation by Lender.

(c) Borrower and such Collateral Property Subsidiary, as applicable, covenants and agrees that each of the Repairs and all materials, equipment, fixtures, or any other item comprising a part of any Repair shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialman's or other liens.

(d) All Repairs shall comply with all applicable laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Collateral Properties and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

Section 5.17. CAPITALIZATION. Within ten (10) days of the Closing Date and upon the request of Lender, Borrower shall deliver to Lender SCHEDULE 5.17 to be attached hereto, and made a part hereof, setting forth: any and all outstanding subscriptions, warrants, options, convertible securities or other rights (contingent or other), or commitments therefor, to subscribe for, purchase or acquire any Securities or to pay any dividends on any Securities, or to distribute to any holders of Securities any properties or assets of the Borrower, and all Subsidiaries, partnerships, joint ventures, limited liability companies or other similar entities or business corporations in which Borrower, COPT, or any Subsidiary has an interest.

ARTICLE 6. NEGATIVE COVENANTS

The Borrower hereby covenants and agrees that, from and after the date of execution of this Agreement and so long as any amount may be borrowed hereunder or is otherwise due to the Lender under this Agreement or any Loan Document is not indefeasibly repaid in full, the Borrower shall comply with each of the following covenants:

Section 6.01. INDEBTEDNESS. The Borrower shall not directly or indirectly, create, incur, assume or otherwise become or remain liable with respect to any Indebtedness, other than: (a) Indebtedness of the Borrower to the Lender incurred pursuant to this Agreement or the other

Loan Documents; (b) Indebtedness of the Borrower which is secured by the Liens referred to in Section 6.02(c) hereof and incurred in the normal course of business in connection with installment purchases or Capitalized Leases of equipment or fixed assets located on or related to any Collateral Properties, in an aggregate amount not exceeding $400,000 at any time outstanding; (c) Indebtedness of the Borrower which is secured by Liens incurred in connection with the purchase or acquisition of equipment or fixed assets not located on or related to any Collateral Properties, as security for the deferred purchase or acquisition price of such equipment or assets, each of which Liens shall (i) extend only to the equipment or fixed assets so purchased or acquired, (ii) secure only up to 100% of the deferred purchase or acquisition price thereof, and (iii) be incurred in the normal course of business; (d) taxes, assessments, and governmental charges with respect to the Borrower to the extent that payment thereof shall not at the time be required to be made pursuant to the provisions of Section 5.06 hereof; (e) current trade accounts payable or accrued expenses, operating lease obligations, customer deposits and deferred liabilities other than for borrowed money, all incurred and continuing in the ordinary course of business, exclusive of trade accounts payable and operating lease obligations which remain unpaid for a period longer than six months after the same shall have become due and payable, unless they shall be contested in good faith and, where appropriate, by appropriate proceedings and there shall have been set aside on the books of the Borrower adequate reserves in accordance with GAAP; (f) Indebtedness expressly permitted by Section 6.03 hereof; (g) unsecured Indebtedness in an aggregate amount not to exceed at any time $25,000,000; (h) Indebtedness secured by a mortgage or deed of trust on real property that (i) is not a Collateral Property, (ii) secures only up to 100% of the fair market value of each particular property, and (iii) is incurred in the normal course of business; or (i) existing Indebtedness, not otherwise listed in clauses (a) through (h) above, listed on SCHEDULE 6.01 hereto.

Section 6.02. LIENS. The Borrower, and any Collateral Property Subsidiary, as applicable, shall not directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any of the Collateral, whether now owned or hereafter acquired, except (a) Liens arising under the Loan Documents in favor of the Lender, (b) Customary Permitted Liens, (c) Liens incurred in connection with the purchase or acquisition of equipment or fixed assets, as security for the deferred purchase or acquisition price of such equipment or assets, each of which Liens shall extend only to the equipment or fixed assets so purchased or acquired and shall secure only up to 100% of the deferred purchase or acquisition price thereof; PROVIDED, HOWEVER, that the aggregate amount of all Indebtedness secured by such Liens shall not exceed at any time the Indebtedness permitted under Section 6.01(b) hereof minus the aggregate amount of all then outstanding capitalized leases, (d) other existing Liens disclosed on SCHEDULE 3.07 hereto, (e) extensions, renewals or replacements of any Lien referred to in clauses (a), (c) and (d) above; PROVIDED, HOWEVER, that (i) in the case of clause (c) above, the principal amount of the obligation secured thereby is not increased, and (ii) any such extension, renewal or replacement is limited to the property originally encumbered thereby.

Section 6.03. CONTINGENT OBLIGATIONS. Any Loan Party shall not directly or indirectly, create, incur, assume or otherwise become or remain liable with respect to any contingent Indebtedness or other obligation or liability of any Person, other than (i) guaranties resulting

from endorsement of negotiable instruments for collection in the ordinary course of business; (ii) non-recourse guaranties of the Indebtedness of single asset Subsidiaries of such Loan Party; (iii) warranties with respect to performance, and not relating to Indebtedness of any Person, which have been or are made in the ordinary course of business of such Person to its customers; and (iv) guaranties made by COPT or Borrower in connection with construction loans or asset purchase agreements entered into by any single asset Subsidiaries.

Section 6.04. FUNDAMENTAL CHANGES. (A) The Loan Parties shall not enter into any merger or consolidation with, or liquidate, wind-up or dissolve into, any other Person if immediately after such transaction, the stockholders of COPT

immediately prior to such transaction shall hold less than a majority of the total voting power entitled to vote in the election of directors, managers or trustees of the Person surviving such transaction. (B) Borrower and COPT shall not convey, lease, sell, transfer or otherwise dispose of, in one transaction or a series of related transactions, all or a majority of its business, property or assets, whether now or hereafter acquired. (C) The Loan Parties shall not purchase or acquire all or substantially all of the business, properties, assets or Securities of any Person, without the prior written consent of the Lender, if such event would result in or constitute a violation of any other representation, warranty or covenant contained herein . (D) The Loan Parties shall not change the nature of its respective business as currently conducted or as contemplated hereunder to be conducted if it results in a Material Adverse Change to any of the Loan Parties, or engage in any new business which is not an integral part of its business as currently conducted if such action shall have a Material Adverse Effect on the Loan Parties and/or the transactions contemplated by this Agreement . (E) Borrower shall not permit the acquisition by any Person or group (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of 30% or more of the voting power of the outstanding shares of common stock of COPT. Lender acknowledges that as of the date hereof, Constellation Real Estate, Inc. is the holder of approximately 42% of the outstanding shares of stock of COPT. (F) On any date, 50% or more of the members of the Board of Directors of Borrower shall have been (i) members of the Board of Directors of Borrower on the date twelve (12) months prior to such date, or (ii) approved (by recommendation, nomination, election or otherwise) by Persons who constitute at least a majority of the members of the Board of Directors of Borrower as such Board of Directors was constituted on the date twelve (12) months prior to such date.

Section 6.05. DISPOSITIONS OF ASSETS. The Borrower shall not assign, sell, lease or otherwise dispose of, whether by sale, merger, consolidation, liquidation, dissolution, abandonment or otherwise, any of the Collateral, except for (a) if the Loan corresponding to such Collateral Property being disposed is paid in full and, after giving effect to such disposition, (i) all of the remaining Collateral Properties comply with Section 7.03 hereof, as measured as of such disposition date, (ii) the Borrower complies with Sections 7.01 and 7.02 hereof, as measured as of such disposition date, or (iii) no Default or Event of Default shall occur, and (b) dispositions consented to in advance in writing by the Lender.

Section 6.06. SALES AND LEASEBACKS. The Borrower shall not become liable directly or indirectly, with respect to any lease, whether a capital lease or any other lease, of any property (whether real or personal or mixed), whether now owned or hereafter acquired, which the Borrower has sold or transferred, or is to sell or transfer, to any other Person.

Section 6.07. DIVIDENDS AND REDEMPTIONS. COPT shall not declare, pay or make any dividend or other distribution of assets, properties, cash, rights, obligations or Securities on account of any shares of its Securities, including, without limitation, by redemption, purchase, retirement or other acquisition, except (a) dividends or distributions payable during any Fiscal year in an amount not to exceed eighty percent (80%) of the total of funds from operations as reported in COPT's corresponding Form 10Q filed with the Securities and Exchange Commission, or (b) as otherwise consented to in advance in writing by the Lender.

Section 6.08. AMENDMENT OF CERTAIN AGREEMENTS. The Loan Parties shall not make any amendment or modification to its charter or organizational documents, or the Related Documents, without the prior written consent of the Lender, unless (i) in the case of a Lease, such amendment or modification is an immaterial departure from the form of Approved Lease and does not result in terms that would not be reasonably considered to be fair market terms or (ii) in the case of a charter document or organizational document, such amendment or modification is associated with the contribution of assets and the admission of limited partners into Borrower.

Section 6.09. CERTAIN OTHER TRANSACTIONS. The Loan Parties shall not enter into any transaction that materially adversely affects the Collateral.

Section 6.10. TRANSACTIONS WITH AFFILIATES AND CERTAIN OTHER PERSONS. The Loan Parties shall not directly or indirectly, enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease, or exchange of any property and guarantees and assumptions of obligations of an Affiliate) with any stockholder, officer, director, employee, partner, member or Affiliate of any Loan Party, other than (i) transactions on an arms-length basis on terms no less favorable to such party than if such Affiliate was not an Affiliate of such party; (ii) the payment of salary and other customary compensation for a similarly situated business of its directors, officers and employees in the ordinary course of its business; (iii) management and leasing agreements which are entered into in the ordinary course of the Borrower's business, are consistent with existing similar agreements of the Borrower and

are customary in the industry; and (iv) transactions consented to in advance in writing by the Lender, in its sole and absolute discretion.

Section 6.11. FISCAL YEAR. Neither COPT nor any of its Subsidiaries shall change its Fiscal Year.

Section 6.12. ERISA. The Loan Parties shall not be or become obligated to PBGC in excess of $100,000 or be or become obligated to the Internal Revenue Service with respect to excise or other penalty taxes provided for in Section 4975 of the IRC in excess of $100,000. The

Borrower shall not seek any waiver from the minimum funding standard set forth under Section 302 of ERISA or Section 412 of the IRC or engage in any material Prohibited Transaction with respect to any Plan.

Section 6.13. REGULATIONS G, T, U AND X. The Loan Parties shall not apply, directly or indirectly, any part of the proceeds of the Loans for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any "margin security" as defined in Regulation U or for the purpose of reducing or retiring any Indebtedness which was originally incurred for any such purpose, or in violation of Regulation G, T, U or X.

Section 6.14. ENVIRONMENTAL COMPLIANCE. Each of the Loan Parties shall not permit its real or personal property to be (a) the site of the disposal or release of any product or Waste that is now or later regulated by or subject to any Environmental Law or any other pollutant, contaminant or Waste; (b) the source of any such contamination of any adjacent property or of any groundwater or surface water; or (c) the source of any air emissions in excess of any legal limit now or later in effect.

Section 6.15. OWNERSHIP OF COLLATERAL PROPERTY SUBSIDIARIES. The Loan Parties shall not permit any of the Collateral Property Subsidiaries to cease to be a single purpose wholly owned Subsidiary of COPT or Borrower. Borrower shall not cease to be a Subsidiary of COPT and the financial statements of Borrower shall not cease to be consolidated with the financial statements of COPT in accordance with GAAP.

ARTICLE 7. FINANCIAL COVENANTS

Each Loan Party covenants and agrees that, from and after the date of execution of this Agreement and so long as any amount may be borrowed hereunder or is otherwise due to the Lender under this Agreement or any Loan Document is not indefeasibly repaid in full, the Loan Parties shall comply with and shall cause each of their respective Subsidiaries to comply with each of the following covenants:

Section 7.01 MINIMUM CONSOLIDATED INTEREST COVERAGE. As of the last day of any Fiscal Quarter, the Loan Parties shall not permit the ratio of Consolidated Adjusted Net Income to Consolidated Interest Expense to be less than 1.75 to 1.0; (such amounts to be determined with reference to the preceding twelve (12) month period ending on such last day);

Section 7.02 MAXIMUM CONSOLIDATED UNHEDGED FLOATING RATE DEBT. The Loan Parties shall not at any time permit Consolidated Total Indebtedness subject to a variable interest rate that is not subject to Interest Rate Agreements to exceed 20% of Consolidated Total Assets. Borrower shall submit evidence of compliance with the requirements governing Interest Rate Agreements with the Compliance Certificates delivered to Lender pursuant to Section 5.07(b) hereof.

Section 7.03. MAXIMUM CONSOLIDATED TOTAL INDEBTEDNESS. The Loan Parties shall not at any time permit Consolidated Total Indebtedness to exceed 65% of Consolidated Total Assets.

Section 7.04. FINANCIAL REPORTING TESTS. At any time during each Fiscal Quarter, measured as of the last day of such Fiscal Quarter for the Fiscal Quarter then ended, the Loan-To-Value Ratio of the Collateral Properties in the aggregate shall not exceed 75%, based on the Lender's underwriting standards and determination and the Debt Service Coverage ratio of each Collateral Property shall be equal to or greater than 1.25 to 1.0.

Section 7.05. MINIMUM NET WORTH. At any time during each Fiscal Quarter the Net Worth of COPT and its Subsidiaries, on a consolidated basis, shall not be less than (i) $175,000,000 plus (ii) 80% of any Equity Proceeds received by Borrower and its subsidiaries (other than from Borrower and its Subsidiaries) after the Closing Date.

ARTICLE 8. EVENTS OF DEFAULT

Section 8.01. EVENTS OF DEFAULT. Each of the following events or

conditions shall constitute an Event of Default under this Agreement:

(a) the Borrower shall fail to pay, within two (2) business days after the date when due, any installment of principal (including mandatory prepayments) of any Loan, any interest on any Loan or any other amount due and payable hereunder or with respect to any Loan;

(b) any representation, warranty or statement given in this Agreement or in any other Related Document by any party thereto (other than the Lender) or in any certificate, opinion, report, financial statement or other written statement furnished at any time pursuant to this Agreement shall prove to be or have been untrue or misleading in any material respect as of the date on which it is made or deemed to be made;

(c)(i) any Loan Party shall fail to perform, keep or observe in any respect any covenant or condition contained in Sections 5.01, 5.03, 5.04 (provided such obligations and liabilities referred to in Section 5.04 are accelerated), 5.06, 5.07, 5.08, 5.09, 5.10, 5.11, 5.12, 5.13, 5.15 and 5.16 hereof or Articles 6 or 7 hereof, or (ii) any Loan Party shall fail to perform, keep or observe in any respect any covenant or condition contained in Sections 5.02, 5.04 (provided such obligations and liabilities referred to in Section 5.04 are not accelerated), 5.05 and 5.14 hereof and such failure shall not be cured to the Lender's reasonable satisfaction within ten (10) business days after the occurrence of such failure;

(d) any Loan Party or any other party to a Related Document (other than the Lender) shall fail to perform, keep or observe in any respect any other term, provision, condition, covenant, waiver, warranty or representation contained in this Agreement or in any other Related Document to which it is a party that is required to be performed, kept or observed by any Loan Party or any party to a Related Document, other than the Lender, and the same, if curable, shall

not be cured to the Lender's satisfaction within ten (10) business days after the occurrence of such failure;

(e)(i) the Lender shall not have at any time first priority perfected Liens and security interests in all of the Collateral, (ii) any of the Related Documents shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by any of the parties thereto (other than the Lender), or (iii) any of such parties shall deny that it has any or any further liability or obligation thereunder at a time when it in fact does have such liabilities or obligations thereunder;

(f) any Loan Party shall fail to (i) pay all or any portion of any Indebtedness due in connection with the Banker's Trust Facility or any other Indebtedness the aggregate principal amount of which is in excess of $75,000,000 (other than the Obligations) when due (whether by stated maturity, required prepayment, acceleration, demand or otherwise) after the expiration of any applicable grace periods; or (ii) perform or observe any term, covenant or condition to be performed on its part or to be observed under any loan agreement, credit agreement, mortgage, indenture or other instrument relating to such Indebtedness, when required to be performed or observed;

(g) any Loan Party permits either an individual judgment against it in excess of $200,000 or judgments against it in excess of $300,000 in the aggregate, to remain unstayed, unbonded or not discharged for a period of more than thirty (30) days, unless such judgment is being contested in good faith and the Loan Party has established reserves in accordance with GAAP that are satisfactory to the Lender;

(h) any of the operations or business of any Loan Party is suspended, other than in the ordinary course of its business which has a Material Adverse Effect;

(i) a Loan Party or any Subsidiary commences any case, proceeding or other action relating to it in bankruptcy or seeking reorganization, liquidation, dissolution, winding-up, arrangement, composition, compromise, readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, compromise, readjustment of debt or similar act or law of any jurisdiction, now or hereafter existing, or consents to; approves of, or acquiesces in, any such case, proceeding or other action, or applies for a receiver, trustee or custodian for itself or for all or a substantial part of its properties or assets, or makes an assignment for the benefit of creditors, or fails generally to pay its debts as they mature or admits in writing its inability to pay its debts as they mature, or is adjudicated insolvent or bankrupt;

(j) there is commenced against a Loan Party or any Subsidiary any case or proceeding or any other action is taken against a Loan Party or such Subsidiary in bankruptcy or seeking reorganization, liquidation, dissolution,

winding-up, arrangement, composition, compromise, readjustment of its debts or any other relief under any bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement, composition, compromise, readjustment of debt or similar

act or law of any jurisdiction, now or hereafter existing; or there is appointed a receiver, trustee or custodian for the Loan Party or such Subsidiary or for all or a substantial part of their respective properties or assets; or there is issued a warrant of attachment, execution or similar process against any substantial part of the properties or assets of the Loan Party or such Subsidiary; and any such event continues for thirty (30) days undismissed, unstayed, unbonded or undischarged;

(k) (i) any Loan Party or any of its Subsidiaries engages in any Prohibited Transaction involving any Plan; (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA) that is not waived exists for more than sixty (60) days with respect to any Plan; (iii) a Reportable Event occurs with respect to, or proceedings commence to have a trustee appointed, or a trustee is appointed, to administer or to terminate, any Plan, which Reportable Event or institution of proceedings is likely to result in the termination of such Plan for purposes of Title IV of ERISA and, in the case of a Reportable Event, the continuance of such Reportable Event unremedied for 10 days after notice of such Reportable Event pursuant to Section 4043(a), (c) or (d) of ERISA is given or the continuance of such proceedings for ten (10) days after commencement thereof, as the case may be; (iv) the Loan Party or any of its Subsidiaries fully or partially withdraws from any multi-employer Plan; PROVIDED, HOWEVER, that any event or condition described in any of clauses (i) through (iv) of this paragraph (k) shall not constitute an Event of Default unless such event or condition, together with all other such events or conditions (if any), is likely to subject such Loan Party to any tax, penalty or other liabilities in the aggregate material in relation to the management, business, properties, assets, operations or condition (financial or other) of the Loan Party or such Subsidiary; or (v) any Plan terminates for purposes of Title IV of ERISA, or PBGC institutes proceedings for the involuntary termination of any Plan, in either case, with a vested unfunded liability of $100,000 or more;

(l) there shall occur a cessation of a substantial part of the business of any Loan Party for a period which significantly affects such Loan Party's capacity to continue its respective business; or any Loan Party shall suffer the loss or revocation of any license or Permit now held or hereafter acquired by such Loan Party which is necessary to the continued or lawful operation of a part of its respective business that would have a Material Adverse Effect; or any Loan Party shall be enjoined, restrained or in any way prevented by court, governmental or administrative order from conducting all or any part of its respective business affairs for a period of thirty (30) days which would have a Material Adverse Effect; or any Lease shall be canceled or terminated by the other party to such Lease prior to the expiration of its stated term which individually or in the aggregate which would have a Material Adverse Effect;

(m) a Material Adverse Change shall have occurred; or

(n) the occurrence of any event of default under any Indebtedness (other than the Indebtedness represented by this Agreement) which would permit the holder thereunder to accelerate such Indebtedness or exercise any other rights or remedies available to such holder.

Section 8.02. REMEDIES UPON AN EVENT OF DEFAULT. If any Event of Default shall have occurred and be continuing, the Lender may by notice to any Loan Party (i) declare the commitment of the Lender to make Loans hereunder to be terminated, whereupon the same shall forthwith terminate, (ii) sell or dispose of the Loans in a commercially reasonable manner and/or (iii) declare any or all of the Loans, all interest thereon, any accrued and unpaid fees and all other amounts payable hereunder or in respect of such Loans to be forthwith due and payable, whereupon they shall become and be forthwith due and payable, without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by each Loan Party and each of their respective Subsidiaries. Notwithstanding the foregoing, upon the occurrence of any Event of Default described in Sections 8.01(i) or (j) above, the commitment of the Lender to make Loans shall automatically be terminated and the Loans, all interest thereon and all accrued and unpaid fees and all other amounts payable hereunder or in respect of the Loans shall immediately become due and payable, without any requirement on the part of the Lender to give notice, or make declaration, of any kind regarding such Event of Default and without presentment, demand, protest or any other requirement on the part of the Lender, all of which are hereby expressly waived by each Loan Party and each of their respective Subsidiaries.

ARTICLE 9. MISCELLANEOUS

Section 9.01. NOTICES. All notices hereunder shall be in writing and shall be conclusively deemed to have been received and shall be effective, except as explicitly otherwise noted, (i) on the day on which delivered if delivered personally, or transmitted by telecopier (followed by a mailed written confirmation), (ii) on the next Business Day if delivered by a nationally recognized overnight courier (such as Federal Express), or (iii) three (3) Business Days after the date on which the same is mailed by certified United States mail, postage prepaid, and shall be addressed:

(a) in the case of the Borrower, to:

Corporate Office Properties, L.P.
c/o Corporate Office Properties Trust
8815 Centre Park Drive
Columbia, Maryland 21045
Attention: General Counsel
Telecopier No.: (410) 992-7534

(b) in the case of the Lender, to:

Prudential Securities Credit Corp.
One New York Plaza
New York, New York 10292
Attention: Michael Moore, Director
Telecopier No.: (212) 778-3194
Attention: Lainie Kaye, Vice President

Telecopier No.: (212) 778-5099
Attention: Michael Pierro, Vice President
Telecopier No.: (212) 778-2239
Prudential Securities Credit Corp.
One Seaport Plaza
199 Water Street
New York, New York 10292
Attention: Fred Robustelli, First Vice President
Telecopier No.: (212) 214-7938

With a copy (other than copies of any Notice of Borrowing) to:

Pryor, Cashman, Sherman & Flynn LLP
410 Park Avenue
New York, New York 10022
Attention: Andrew S. Levine, Esq.
Telecopier No.: (212) 326-0806

or at such other address as the party giving such notice shall have been advised of in writing for such purpose by the party to which the same is directed.

Section 9.02. SURVIVAL OF THIS AGREEMENT. All covenants, agreements, representations and warranties made herein, or in the Loan Documents or in any certificate delivered pursuant hereto or thereto shall survive the execution by the Borrower and delivery to the Lender of this Agreement, the Note and the other Loan Documents and the making and repayment of the Loans hereunder, and shall continue in full force and effect so long as any Obligations of the Borrower remains outstanding and unpaid or this Agreement remains in effect.

Section 9.03. INDEMNITY. Each Loan Party and its respective Subsidiaries agrees to defend, protect, indemnify and hold harmless the Lender and each of its Affiliates, officers, directors, employees, agents, attorneys and consultants (collectively called the "INDEMNITEES") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees incurred in connection with any action or proceeding between or among any Loan Party and any Indemnitee or between any Indemnitee and any third party or otherwise, whether or not relating to any investigative, administrative or judicial proceeding and whether or not such Indemnitees shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitees (whether direct, indirect, special, consequential, punitive or treble and whether based on any federal, state or local, or foreign, laws or other statutory regulations, including, without limitation, Environmental Laws, securities and commercial laws and regulations, under common law or at equitable cause, or on contract or otherwise) in any manner relating to or arising out of this Agreement or any of the Related Documents, or any act, event or transaction

related or attendant thereto or contemplated hereby, or any action or inaction by any Indemnitee under or in connection therewith, any commitment of the Lender

hereunder, or the making of the Loans, or the management of such Loans, or the use or intended use of the proceeds of any Loan, advance or other financial accommodation provided hereunder, or any ERISA liabilities, or the use or intended use of the Collateral Properties or any accident or injury occurring on the Collateral Properties, or any claims asserted against the Lender by reason of its alleged obligations under any Lease, or the payment of any brokerage commission to anyone in connection with funding the Loans, or any misrepresentation made by any Loan Party or any of their respective Subsidiaries to the Lender in the Loan Documents, including, in each such case, any allegation of any such matters, whether meritorious or not (collectively, the "INDEMNIFIED MATTERS"); PROVIDED, HOWEVER, that any Loan Party and their respective Subsidiaries shall not have any obligation to any Indemnitee hereunder with respect to Indemnified Matters directly caused by or resulting primarily from the willful misconduct or gross negligence of such Indemnitee. The covenants of each of the Loan Parties contained in this Section 9.03 shall survive the payment in full of all amounts due and payable under this Agreement or any of the Loan Documents and the full satisfaction of all other Obligations of the Borrower.

Section 9.04. COSTS, EXPENSES AND TAXES. (a) Each Loan Party agrees to pay on demand (i) all reasonable out-of-pocket costs and expenses incurred by the Lender in connection with the preparation, execution, delivery, filing, recording, and administration of this Agreement, each of the Related Documents, and any other documents, instruments or agreements which may be delivered in connection with this Agreement (including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Lender, and local counsel who may be retained by said counsel) with respect thereto and with respect to advising the Lender as to its rights and responsibilities under this Agreement, (ii) all costs and expenses in connection with all third party reports, the audit, appraisal, valuation, investigation, and the creation, perfection, priority or protection of the Lender's Liens against the Collateral, including, without limitation, all costs and expenses (A) to pay or discharge taxes, Liens, security interests or other encumbrances levied, placed or threatened against the Collateral and (B) for title and lien searches, title insurance premiums, filing and recording fees and taxes, duplication costs and corporate search fees, including, without limitation, all title and lien searches, title insurance premiums, filing and recording fees and taxes incurred in connection with the filing and recording of the Mortgages and the Deeds of Trust, (iii) all out-of-pocket costs and expenses in connection with the audits, inspections and investigations conducted pursuant to Section 2.12 and Section 5.09 hereof, and (iv) all costs and expenses (including, without limitation, the reasonable fees and expenses of the Lender's counsel) of the Lender in connection with the monitoring, refinancing and/or enforcement of this Agreement and each of the Related Documents and such other documents, instruments or agreements which may be delivered in connection with this Agreement.

(b) Any and all payments by any Loan Party under this Agreement or the Note shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of the Lender, taxes imposed on or in respect of its income (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter referred

to as "TAXES"). If any Loan Party shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Lender, (i) the sum payable shall be increased as may be necessary so that, after making all required deductions (including deductions applicable to additional sums payable under this Section 9.04), the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Loan Party shall make such deductions, and (iii) the Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(c) The Loan Parties further agree to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, or similar levies which arise in connection with the execution and delivery of this Agreement, any of the Related Documents or any of the other instruments, documents or agreements executed and/or delivered in connection herewith or therewith, or any payment made hereunder or in connection herewith (hereinafter collectively referred to as "OTHER TAXES").

(d) The Loan Parties shall indemnify the Lender for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Borrower under this Section 9.04) paid by the Lender and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within 30 days from the date the Lender makes written demand therefor. A certificate as to any additional amount payable to the Lender under this Section 9.04 submitted to the Borrower by the Lender shall show in reasonable detail the amount payable and the calculations used to

determine such amount and shall, absent manifest error, be final, conclusive and binding upon each of the parties hereto.

(e) Without prejudice to the survival of any other agreement of the Loan Parties hereunder, the agreements and obligations of the Borrower contained in this Section 9.04 shall survive the payment in full of all amounts due and payable under this Agreement or any of the Related Documents and the full satisfaction of all other Obligations of the Borrower.

Section 9.05. FURTHER ASSURANCES. (a) At any time and from time to time, upon the request of the Lender, the Borrower or such other Loan Party requested by Lender shall execute, deliver and acknowledge, or cause to be executed, delivered and acknowledged, such further documents and instruments and do such other acts and things as the Lender may reasonably request in order to effect fully the intent and purposes of this Agreement and the Related Documents, and any other agreements, instruments and documents delivered pursuant hereto or in connection with the making of the Loans, in proper form for recording and otherwise in form and substance reasonably satisfactory to the Lender and its counsel.

(b) Each of the Loan Parties agrees that from time to time, at its expense, it shall promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or appropriate, or that the Lender may reasonably request, in order to create, evidence, perfect or preserve any security interest or Lien granted or purported to be

granted hereby or by any Loan Document or to enable the Lender to exercise and enforce its rights and remedies hereunder or under any Loan Document with respect to any Collateral.

Section 9.06. AMENDMENT AND WAIVER. No amendment or waiver of any provision of this Agreement or any of the Related Documents to which the Lender is a party, nor any consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; PROVIDED, HOWEVER, that no amendment, waiver or consent, shall, unless in writing and signed by the holder of the Note do any of the following: (i) increase the Commitment, (ii) reduce the principal of, or premiums or interest on, the Note, (iii) postpone any date fixed for any payment of principal of, or interest on, the Note or any other amount due hereunder or under any Loan Document to the holder of the Note, or waive any default in the payment of principal, interest or any other amount due hereunder or under any Loan Document to which such holder of the Note is a party, (iv) release any material portion of the Collateral, or (v) amend this Section 9.06 or any other provision requiring the consent of the holder of the Note. No failure on the part of the Lender or the holder of the Note to exercise, and no delay in exercising, any right, power or privilege hereunder or under any of the Related Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No notice to or demand on any Loan Party in any case shall entitle such Loan Party to any other or further notice or demand in the same, similar or other circumstances.

Section 9.07. REMEDIES CUMULATIVE. This Agreement, the Related Documents and the Obligations of the Loan Parties hereunder and thereunder are in addition to and not in substitution for any other Obligations of any of the Loan Parties or security interests granted by any of the Loan Parties now or hereafter held by the Lender and shall not operate as a merger of any contract or debt or suspend the fulfillment of or affect the rights, remedies or powers of the Lender in respect of any such Obligation or security interest held by the Lender for the fulfillment thereof. The rights and remedies provided in this Agreement and in any Related Document are cumulative and not exclusive of any other rights or remedies provided by law.

Section 9.08. MARSHALING, RECOURSE TO SECURITY: PAYMENTS SET ASIDE. The Lender shall not be under any obligation to marshal any assets in favor of any of the Loan Parties or any other party or against or in payment of any or all of the Obligations of the Loan Parties to the Lender hereunder or under the Related Documents or otherwise. Recourse to security shall not be required at any time. To the extent that any Loan Party makes a payment or payments to the Lender, or the Lender enforces its security interests or exercises its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and reinstated and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

Section 9.09. SETOFF. In addition to any rights and remedies of the Lender now or hereafter provided by law, the Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, on the occurrence and during the continuation of any Event of Default to setoff and apply against any Obligation, whether matured or unmatured, of the Borrower, any amount owing from the Lender to the Borrower, at or at any time after the happening of any such Event of Default, and such right of setoff may be exercised by the Lender against the Borrower or against any trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor, notwithstanding the fact that such right of setoff shall not have been exercised by the Lender before the making, filing or issuance, or service on the Lender of, or of notice of, any such event or proceeding.

Section 9.10. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Lender, and thereafter shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns; PROVIDED, HOWEVER, that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender. For the purposes of this Section 9.10, an assignment shall be deemed to include (i) if the Borrower is a corporation, the voluntary or involuntary sale, conveyance or transfer of the Borrower's Securities (or the Securities of any corporation directly or indirectly controlling the Borrower by operation of law or otherwise) or the creation or issuance of a new stock by which an aggregate of more than ten percent (10%) of the Borrower's Securities shall be vested in a party or parties who are not now shareholders, (ii) if the Borrower is a partnership, the change, removal or resignation of a general partner or managing partner, or (iii) if the Borrower is a limited liability company, the change, removal or resignation of a managing member.

Section 9.11. APPLICABLE LAW. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the substantive law of the State of New York, without regard to its choice of law provisions.

Section 9.12. CONSENT TO JURISDICTION AND SERVICE OF PROCESS; WAIVER OF JURY TRIAL. All judicial proceedings brought against the Borrower or the Lender with respect to this Agreement or any Related Document may be brought in any state or federal court of competent jurisdiction in the State of New York and, by its execution and delivery of this Agreement, the Borrower accepts, for itself and in connection with its properties, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts, and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Agreement or any of the Related Documents from which no appeal has been taken or is available. The Borrower irrevocably consents to the service of process of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to its notice address specified in Section 9.01 hereof, such service to become effective five (5) days after such mailing. EACH OF THE BORROWER AND THE LENDER HEREBY KNOWINGLY, INTENTIONALLY AND IRREVOCABLY WAIVE (A) TRIAL BY JURY IN ANY ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT

OR ANY RELATED DOCUMENT, AND (B) ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY RELATED DOCUMENT IN ANY JURISDICTION SET FORTH ABOVE. Nothing herein shall affect the right of the Lender to serve process in any other manner permitted by law.

Section 9.13. INCONSISTENCIES. This Agreement and each of the Loan Documents shall be construed to the extent reasonable to be consistent, one with the other, but to the extent that the terms and conditions of this Agreement or any other Loan Document are actually inconsistent with the terms and conditions of any Loan Document, the terms and conditions of this Agreement shall govern.

Section 9.14. PERFORMANCE OF OBLIGATIONS. The Borrower acknowledges and agrees that the Lender may, but shall have no obligation to, make any payment or perform any act required of the Borrower under this Agreement or any Related Document or take any other action which the Lender in its sole discretion deems necessary or desirable to protect or preserve the Collateral, including, without limitation, any action to pay or discharge taxes, Liens, security interests or other encumbrances levied or placed on or threaten to be placed on any Collateral.

Section 9.15. ASSIGNMENT; PARTICIPATION. The Lender may assign (by novation or otherwise) or participate all or a proportionate part of its rights, obligations and interests in the Loans and its rights hereunder and under the Related Documents without restriction. The Lender may, prior to or after the execution of this Agreement syndicate the Loans with one or more financial

institutions, who will become parties to this Agreement, in which case the Lender will be the sole and exclusive agent for such other financial institutions upon such terms and conditions as the Lender deems appropriate. Each Loan Party hereby agrees to reasonably cooperate with the Lender, to effect assignments and/or participations made with respect hereto.

Section 9.16. CONFIDENTIALITY. The Lender shall maintain the confidential nature of, and shall not use or disclose, the Loan Party's confidential financial information, without first obtaining such party's written consent, which consent shall not be unreasonably withheld or delayed. Nothing in this Section 9.16 shall require the Lender to obtain the consent of the Borrower, before exercising any of its rights under the Related Documents upon the occurrence of a Default or Event of Default. The obligations of the Lender shall in no event apply to: (i) providing information about the Loans or any party to any Related Document to any actual or potential assignee or participant contemplated in Section 9.15 hereof; (ii) any situation in which the Lender, in the sole discretion of the Lender, is required by law or required or requested by any governmental, regulatory or supervisory authority or official to disclose information; (iii) providing information to counsel to the Lender in connection with the transactions contemplated by the Related Documents; (iv) providing information to independent auditors retained by the Lender; (v) any information that is in or becomes part of the public domain otherwise than through a wrongful act of the Lender or any employees or agents thereof; (vi) any information that is in the possession of the Lender prior to receipt thereof from the Borrower or any other Person known to the Lender to be acting on behalf of the Borrower; (vii) any information that is

independently developed by the Lender; and (viii) any information that is disclosed to the Lender by a third party that has no obligation of confidentiality with respect to the information disclosed.

Section 9.17. CONSTRUCTION. The parties hereto acknowledge that each party and its counsel have reviewed this Agreement and each of the Loan Documents and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any of the Loan Documents.

Section 9.18. ENTIRE AGREEMENT; BINDING EFFECT. This Agreement, taken together with all of the Related Documents and all certificates and other documents delivered by the Borrower to the Lender, embodies the entire agreement and, except as otherwise contemplated herein, supersedes all prior agreements, written and oral, relating to the subject matter hereof.

Section 9.19. SEVERABILITY. Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 9.20. HEADINGS. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 9.21. EXECUTION OF COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

Section 9.22. LIMITATION OF LIABILITY. No claim may be made by any Loan Party or any other Person against the Lender or its Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential, punitive or treble damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any other Related Documents, or any act, omission or event occurring in connection herewith or therewith; and the Borrower hereby waives, releases and agrees not to sue upon any claim for any and all special, indirect, consequential, punitive or treble damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 9.23 ADDITION OF COLLATERAL PROPERTY SUBSIDIARIES. From time to time subsequent to the date hereof, pursuant to Section 4.02 of this Agreement, Collateral Property Subsidiaries may become parties hereto, as additional Loan Parties, by executing a counterpart of this Agreement in form and substance reasonably acceptable to Lender. Upon delivery of any such counterpart to Lender, each Collateral Property Subsidiary shall be a Loan Party as fully a party hereto as if such Collateral Property Subsidiary were an original

signatory hereof. Each Loan Party expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Loan Party hereunder, nor by any election of Lender not to cause any Collateral Property Subsidiary to become an additional Loan Party hereunder.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

LOAN PARTIES:

CORPORATE OFFICE PROPERTIES, L.P.
a Delaware limited partnership

By: Corporate Office Properties Trust, a Maryland real estate investment trust, its sole general partner

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

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

CORPORATE OFFICE PROPERTIES TRUST
a Maryland real estate investment trust

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

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

LENDER:

PRUDENTIAL SECURITIES CREDIT CORP., a Delaware corporation

By:

Name:
Title:

Exhibit 10.31

OPTION AGREEMENT
BETWEEN
CORPORATE OFFICE PROPERTIES, L.P.
AND
BLUE BELL LAND, L.P.

THIS OPTION AGREEMENT is made March __, 1998 between BLUE BELL LAND, L.P., a Delaware limited partnership ("OPTIONOR") with a business address at One Logan Square, 11th Fl., Philadelphia, PA 19103 and CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership ("COPLP") with a business address at One Logan Square, 11th Fl., Philadelphia, PA 19103.

BACKGROUND

Optionor desires to grant to COPLP an option (the "OPTION") to purchase all that certain ground, together with any improvements thereon and appurtenant easements, situated at and commonly known as 795 Jolly Road, Whitpain Township, Montgomery County, Pennsylvania, as more particularly described on Exhibit "A" attached hereto (the "PROPERTY"). The Property also includes any applicable service contracts, construction contracts and/or leases.

NOW, THEREFORE, for $10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

AGREEMENT

1. BASIC TERMS. Optionor hereby grants COPLP the option ("OPTION") to purchase the Property on the terms set forth in this Agreement.

(a) METHOD TO EXERCISE OPTION.Subject to Optionor's Transfer Rights (defined below), COPLP shall have a one-time right to exercise its Option (if at all). To exercise its option, COPLP shall notify Optionor (the "EXERCISE NOTICE") at any time within 5 years after the date of this Agreement (the "OPTION PERIOD"), which Option Period may be extended by Optionor as set forth below. If COPLP does not timely exercise its Option, then (i) this Agreement shall be of no further force or effect and (ii) the Option shall lapse and be deemed waived and extinguished.

(b) PURCHASE PRICE. The "PURCHASE PRICE" for the Property shall be the greater of: (i) 95% of the then-Fair Market Value (defined below); or (ii) Optionor's Basis (defined below).

"FAIR MARKET VALUE" shall be established as follows. Within 15 days after Optionor receives the Exercise Notice, Optionor shall notify COPLP of Optionor's determination of the Property' fair market value (the "FMV NOTICE"). Such determination shall be conclusive and binding, unless COPLP notifies Optionor of COPLP's objection within 10 days after Optionor gives the FMV Notice. If COPLP so objects, then Optionor and COPLP shall mutually select an appraiser to determine the Property's fair market value, whose determination shall be conclusive and binding; and COPLP shall pay all costs and expenses for the appraisal.

"OPTIONOR'S BASIS" means the Optionor's adjusted basis in the Property and improvements (including all 'hard' and 'soft' costs) for income tax purposes on an accrual basis, plus all taxable losses incurred during the period from the date of this Agreement through the Settlement date.

(c) PAYMENTS. Within 10 days after Optionor gives the FMV Notice, COPLP shall deliver to Optionor its "DEPOSIT" equal to 10% of the fair market value set forth in the FMV notice. Interest on the Deposit shall accrue at 5%. At Settlement, COPLP shall pay the balance of the Purchase Price. At Optionor's election, COPLP shall tender all payments in cash, by bank check, by wire-transfer of immediately-available funds and/or with 'Common Units' of COPLP. The number of Common Units shall be based on the weighted-average share price of Corporate Office Properties Trust's (a Maryland REIT) common stock for the 20-day period prior to the Settlement date.

(d) TIME OF ESSENCE. The time to make all payments and for Settlement is strictly of the essence.

(e) SUSPENDING AND EXTENDING OPTION PERIOD. At any time and from time to time, Optionor in its sole discretion may, but shall not be obligated to, suspend COPLP's right to exercise the Option. To suspend such

right, Optionor shall notify COPLP (the "SUSPENSION NOTICE"), specifying the number of days for which the Option right is suspended (the "SUSPENSION PERIOD"); and in that case, the Option Period shall be extended by the number of days comprising the Suspension Period. Any Exercise Notice given during the Suspension Period shall be of no force or effect.

By way of example (and not of limitation), Optionor may suspend COPLP's right in case of casualty, condemnation, development, construction or construction financing affecting the Property.

(f) OPTIONOR'S TRANSFER RIGHT. Despite anything in this Agreement to the contrary, if during the Option Period Optionor receives a BONA FIDE offer to sell all or a portion of the Property to another purchaser, Optionor may accept such offer (the "TRANSFER RIGHTS") provided Optionor notifies COPLP (the "OFFER NOTICE") of the terms thereof (the "OFFER TERMS"). COPLP shall have the right to purchase the Property (or portion thereof, as the case may be) strictly in accordance with the Offer Terms, by notifying Optionor of its acceptance

within 10 days after Optionor gives the Offer Notice. If COPLP fails to timely notify Optionor that it accepts the Offer Terms, then: (i) Optionor may freely sell the Property (or portion thereof, as the case may be) substantially in accordance with the Offer Terms; (ii) this Agreement shall be of no further force or effect, if the Offer Terms comprise all of the Property; and (iii) the Option shall lapse and be deemed nullified and extinguished as to the Property (or portion thereof, as the case may be) comprising the Offer Terms.

(g) INSPECTION PERIOD. COPLP shall have 15 days after giving the Exercise Notice (the "INSPECTION PERIOD") to make (at COPLP's sole expenses) all audits, inspections or investigations of the Property desired by COPLP, subject to Optionor's requirements as set forth below.

COPLP and its accountants, attorneys or other representative(s) shall have the right, during regular business hours and with reasonable notice, to:

(i) interview any manager regarding the management, condition or operation of the Property, and to inspect any leases, books, files and records relating to the Property's condition, operation or management; and

(ii) subject to the rights of tenants occupying space at the Property, inspect the Property and improvements and make such tests, surveys and inspections as COPLP deems necessary, including, without limitation, soil tests, topographical surveys, structural and foundation surveys, concrete tests, roof inspections, equipment inspections and environmental inspections. COPLP shall exercise (and cause its agents and employees to exercise) due care and ordinary prudence in performing such surveys, inspections and tests and shall not exercise such right in a manner that interferes with the operation of the Property. If the sale is not consummated, or COPLP gives its Rescission Notice (defined below), then COPLP (at its own expense) shall promptly repair any damage to the Property and improvements resulting from such surveys, tests or inspections. COPLP shall indemnify, defend, save and hold harmless Optionor from and against any and all claims, liens (including, without limitation, mechanic's and materialman's liens), actions, suits, proceedings, costs, expenses, damages or other liabilities, including, without limitation, attorneys' fees and court costs, all as incurred, arising out of the rights granted to COPLP pursuant to the terms of this Inspection Period.

COPLP, its contractors and representatives shall keep confidential any and all information, documents and reports obtained or prepared by them relating to the Property. At Optionor's request, COPLP shall furnish to Optionor copies of all studies, tests and surveys undertaken and completed in connection with such inspections and at Optionor's request therefor, certify same to Optionor.

If during the Inspection Period COPLP disapproves of the condition of the Property, in its sole and absolute discretion, COPLP may rescind its Exercise Notice by delivering written notice to Optionor (the "RESCISSION NOTICE") before the Inspection Period expires. In such event: (i) COPLP shall be entitled to a return of the Deposit; (ii) Optionor shall

have no further obligations, and (iii) COPLP shall have no further rights (including the Option) under this Agreement. If COPLP does not give the Rescission Notice before the Inspection Period expires, COPLP shall be deemed to have accepted the condition of the Property and COPLP may not thereafter

terminate this Agreement or rescind its Exercise Notice.

2. SETTLEMENT. "SETTLEMENT" shall be 60 days after COPLP gives the Exercise Notice.

3. DEFAULT BY COPLP. If COPLP breaches this Agreement, then in addition to all other rights and remedies, Optionor shall retain the Deposit.

4. DELIVERIES AT SETTLEMENT.

(a) At Settlement, Optionor will deliver: (i) a special warranty deed; (ii) an assignment (without recourse) of any service contracts, tenant leases, security deposits, warranties, guaranties, bonds, outstanding construction contracts, tenant improvement contracts and/or capital contracts applicable to the Property; (iii) originals or copies of the foregoing documents; (iv) a form letter to any tenants, notifying them of the sale; (v) quitclaim bill of sale, if any personalty; (vi) a FIRPTA affidavit; and (viii) such customary affidavits, certifications, evidence and other documents which COPLP's title company reasonably requests.

(b) At Settlement, COPLP will deliver: (i) the balance of the Purchase Price; and (ii) such customary affidavits, certifications, evidence and other documents as may be required by Optionor or COPLP's title company. COPLP shall join in any affidavits, certification or other documents Optionor reasonably requests.

5. TITLE; LIENS AND ENCUMBRANCES. Optionor will deliver good and marketable title, insurable at regular rates by any reputable title insurance company. The Property shall be conveyed clear of all monetary liens and encumbrances, except easements, restrictions, rights, rights of way (recorded and unrecorded), matters which an accurate survey would disclose, instruments of record, governmental laws, rules, orders and regulations, governmental notices and pending municipal improvements (collectively, the "TITLE EXCEPTIONS").

6. ZONING. The zoning classification of the Property is currently "R-E" (Research and Engineering).

7. RISK OF LOSS. Risk of loss shall remain upon Optionor until Settlement.

8. APPORTIONMENTS. Real estate taxes, and municipal water and sewer rentals, shall be apportioned as of the Settlement date. The parties shall also apportion all other customary items (for example, other utilities; rents, additional rents, charges and security deposits under any tenant leases; service contracts). In case of casualty or condemnation, any proceeds shall likewise be apportioned and/or credited at Settlement. All real estate transfer taxes, documentary stamp taxes and all other closing-related costs shall be paid by COPLP.

9. RECORDING. Subject to the next sentence, neither party shall record or file this Agreement (or an extract or memorandum thereof) in any public office, without both parties' written consent. Despite the foregoing, Optionor and/or COPLP may (without the other's consent) file and/or record this Agreement (or an extract or memorandum thereof) with any authority which regulates publicly-traded securities (for example, the Securities and Exchange Commission, NASDAQ and/or NYSE).

10. NO FORMAL TENDER REQUIRED. The tender of an executed deed by Optionor and the tender by COPLP of the balance of the Purchase Price payable at Settlement are mutually waived, but nothing in this Agreement shall be construed as a waiver of Optionor's obligation to deliver the deed and/or of the concurrent obligation of COPLP to pay the balance of the Purchase Price payable at Settlement.

11. REPRESENTATIONS AND WARRANTIES. Optionor makes only the following representations and warranties. As of the date hereof: (i) Optionor is not in bankruptcy, nor has there been any petition or insolvency proceedings filed for the reorganization of Optionor; and (ii) there are no rights, options, or other agreements of any kind to sell or transfer any interest in the Property.

12. CONDITION OF PROPERTY. It is expressly understood and agreed that COPLP shall accept the Property in its then- "AS-IS, WHERE-IS" condition, subject to all patent and latent defects, if any, with no representation or warranty by Optionor as to the Property's fitness, suitability, habitability, or usability.

13. ENTIRE AGREEMENT OF PARTIES. This Agreement contains the whole agreement between the parties and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any kind whatsoever. This Agreement may only be modified in writing, signed by the

party against whom enforcement is sought.

14. NOTICES. All notices shall be in writing, given by certified mail, return receipt requested, to the respective party's address set forth above (which may be changed from time to time in accordance with this paragraph).

15. SUCCESSORS AND ASSIGNS. This Agreement shall be binding and inure to the benefit of each party's respective heirs, successors and assigns. However, COPLP may not assign or otherwise transfer this Agreement (or any rights hereunder) except to a party (i) which COPLP

directly or indirectly owns or controls, (ii) into which COPLP is merged or consolidated, or (iii) to which COPLP transfers all or substantially all of its assets.

The parties have executed this Agreement as of the date first written above.

COPLP
CORPORATE OFFICE PROPERTIES, L.P.

By: CORPORATE OFFICE PROPERTIES TRUST,
a Maryland REIT, general partner

By: /s/ Clay W. Hamlin, III

Name: Clay W. Hamlin, III
Title: President & CEO

Attest: /s/ Denise J. Liszewski

Name: Denise J. Liszewski
Title: V.P. Administration

OPTIONOR
BLUE BELL LAND, L.P.

By: STRFI, Inc., general partner

By: /s/ Clay W. Hamlin, III

Name: Clay W. Hamlin, III
Title: President

Attest: /s/ Denise J. Liszewski

Name: Denise J. Liszewski
Title: Asst. Secretary

EXHIBIT "A"

[metes and bounds description of Property attached]

LEGAL DESCRIPTION

ALL THAT CERTAIN tract or parcel of ground situate in the Township of Whitpain, County of Montgomery, Commonwealth of Pennsylvania, bounded and described according to a Title Survey Plan prepared by Ezra Golub & Associates, Registered Engineers and Registered Land Surveyors of Levittown, PA, dated October 2, 1997, as follows to wit:

BEGINNING at a point located on the westerly right-of-way line of Penllyn-Blue Bell Pike (80 feet wide), said point also being located on a property corner of lands of now or formerly North Wales Water Authority.

Thence leaving said right-of-way line the following five (5) courses and distances along a common property line with various owners;

1) North fifty three degrees three minutes twenty six seconds West (N 53-degrees--03'-26" W), one thousand two hundred eighty nine and fifty hundredths feet (1,289.50') to a point; thence,

2) South thirty seven degrees fifty one minutes thirty two seconds West (S 37-degrees--51'-32" W); six hundred forty two and thirty six hundredths feet (642,35') to a point; thence,

3) South thirty seven degrees thirty eight minutes five seconds West (S 37-degrees--38'-05" W), two hundred eighty three and nine hundredths feet (283.09') to a point; thence,

4) South fifty three degrees five minutes eleven seconds East (S 53-degrees--05'-11" E), two hundred and three hundredths feet (200.03') to a point; thence,

5) South thirty seven degrees forty seven minutes twenty one seconds West (S 37-degrees--47'-21" W), one hundred ninety eight and zero hundredths feet (198.00') to a point, said point also being a common property corner with lands of now or formerly Blue Bell Investment Company;

Thence along said common property line, the following three (3) courses and distances;

1) North fifty two degrees twelve minutes thirty nine seconds West (N 52-degrees--12'-39" W), one hundred ninety two and zero hundredths feet (192.00') to a point; thence,

2) South thirty seven degrees forty seven minutes twenty one seconds West (S 37-degrees--47'-21" W) thirty and zero hundredths feet (30.00') to a point; thence,

3) North fifty two degrees twelve minutes thirty nine seconds West (N 52-degrees--12'-39" W), seven hundred forty three and sixty one hundredths feet (743.61') to a point; said point being a common property corner with other lands of now or formerly Blue Bell Investment Company;

Thence the following (5) courses and distances along said lands;

1) North thirty seven degrees forty seven minutes twenty one seconds East (N 37-degrees--47'-21" E), three hundred forty and eighty two hundredths feet (340.82') to a point;

2) South fifty two degrees twelve minutes thirty nine seconds East (S 52-degrees--12'-39" E), one hundred forty seven and zero hundredths feet (147.00) to a point; thence,

3) North thirty seven degrees forty seven minutes twenty one seconds East (N 37-degrees--47'-21" E), two hundred seventy three and thirty one hundredths feet (273.31') to a point; thence,

4) North seven degrees twelve minutes thirty nine second West (N 7-degrees--12'-39" W), eighty four and forty five hundredths feet (84.45') to a point; thence,

5) North thirty seven degrees forty seven minutes twenty one seconds East (N 37-degrees--47'-21" E), six hundred ninety two and eighteen hundredths feet (692.18') to a point; said point being on a common property line with lands of now or formerly Robert and Edna Harris; thence,

Along said common property line between Robert and Edna Harris, South forty eight degrees fifty six minutes five seconds East (S 48-degrees--56'-05" E), six hundred twelve and ninety three hundredths feet (612.93') to a point;

Along a common property line with various adjoining owners, South fifty three degrees twenty eight minutes fifty five seconds East (S 53-degrees--28'-55" E), seven hundred nine and seventy nine hundredths feet (709.79') to a point, said point also being a common property corner with lands of now or formerly Sattlebrook Estates; thence,

Along said line, South fifty two degrees thirty minutes zero seconds East (S 52-degrees--30'-00" E), six hundred fifteen and seventy seven hundredths feet (615.77') to a point on the ultimate right-of-way line of Penllyn-Blue Bell Pike; thence,

Along said northerly right-of-way line of Penllyn-Blue Pike, South thirty seven degrees thirty nine minutes fifty four seconds, West (S 37-degrees--39'-54" W), one hundred eighty and forty one hundredths feet (180.41') to the first mentioned point and place of [illegible].

SITE BEING P/O MONTGOMERY COUNTY TAX PARCEL NO. 58-00[illegible]
CONTAINING 25.659 ACRES OF LAND MORE OR LESS,
SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD.

[SEAL]

Exhibit 10.32

OPTION AGREEMENT
BETWEEN
CORPORATE OFFICE PROPERTIES, L.P.
AND
COMCOURT LAND, L.P.

THIS OPTION AGREEMENT is made March _____, 1998 between COMCOURT LAND, L.P., a Delaware limited partnership ("OPTIONOR") with a business address at One Logan Square, 11th Fl., Philadelphia, PA 19103 and CORPORATE OFFICE PROPERTIES, L.P., a Delaware limited partnership ("COPLP") with a business address at One Logan Square, 11th Fl., Philadelphia, PA 19103.

BACKGROUND

Optionor desires to grant to COPLP an option (the "OPTION") to purchase all that certain ground, together with any improvements thereon and appurtenant easements, situated at and commonly known as Lots 32, 33 and 34 at Market Place (Commerce Park Subdivision), Susquehanna Township, Dauphin County, Pennsylvania, as more particularly described on Exhibit "A" attached hereto (the "PROPERTY"). The Property also includes any applicable service contracts, construction contracts and/or leases.

NOW, THEREFORE, for $10.00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

AGREEMENT

1. BASIC TERMS. Optionor hereby grants COPLP the option ("OPTION") to purchase the Property on the terms set forth in this Agreement.

(a) METHOD TO EXERCISE OPTION.Subject to Optionor's Transfer Rights (defined below), COPLP shall have a one-time right to exercise its Option (if at all). To exercise its option, COPLP shall notify Optionor (the "EXERCISE NOTICE") at any time within 5 years after the date of this Agreement (the "OPTION PERIOD"), which Option Period may be extended by Optionor as set forth below. If COPLP does not timely exercise its Option, then (i) this Agreement shall be of no further force or effect and (ii) the Option shall lapse and be deemed waived and extinguished.

(b) PURCHASE PRICE. The "PURCHASE PRICE" for the Property shall be the greater of: (i) 95% of the then-Fair Market Value (defined below); or (ii) Optionor's Basis (defined

below).

"FAIR MARKET VALUE" shall be established as follows. Within 15 days after Optionor receives the Exercise Notice, Optionor shall notify COPLP of Optionor's determination of the Property' fair market value (the "FMV NOTICE"). Such determination shall be conclusive and binding, unless COPLP notifies Optionor of COPLP's objection within 10 days after Optionor gives the FMV Notice. If COPLP so objects, then Optionor and COPLP shall mutually select an appraiser to determine the Property's fair market value, whose determination shall be conclusive and binding; and COPLP shall pay all costs and expenses for the appraisal.

"OPTIONOR'S BASIS" means the Optionor's adjusted basis in the Property and improvements (including all 'hard' and 'soft' costs) for income tax purposes on an accrual basis, plus all taxable losses incurred during the period from the date of this Agreement through the Settlement date.

(c) PAYMENTS. Within 10 days after Optionor gives the FMV Notice, COPLP shall deliver to Optionor its "DEPOSIT" equal to 10% of the fair market value set forth in the FMV notice. Interest on the Deposit shall accrue at 5%. At Settlement, COPLP shall pay the balance of the Purchase Price. At Optionor's election, COPLP shall tender all payments in cash, by bank check, by wire-transfer of immediately-available funds and/or with 'Common Units' of COPLP. The number of Common Units shall be based on the weighted-average share price of Corporate Office Properties Trust's (a Maryland REIT) common stock for the 20-day period prior to the Settlement date.

(d) TIME OF ESSENCE. The time to make all payments and for Settlement is strictly of the essence.

(e) SUSPENDING AND EXTENDING OPTION PERIOD. At any time and from time to time, Optionor in its sole discretion may, but shall not be obligated to, suspend COPLP's right to exercise the Option. To suspend such right, Optionor shall notify COPLP (the "SUSPENSION NOTICE"), specifying the

number of days for which the Option right is suspended (the "SUSPENSION PERIOD"); and in that case, the Option Period shall be extended by the number of days comprising the Suspension Period. Any Exercise Notice given during the Suspension Period shall be of no force or effect.

By way of example (and not of limitation), Optionor may suspend COPLP's right in case of casualty, condemnation, development, construction or construction financing affecting the Property.

(f) OPTIONOR'S TRANSFER RIGHT. Despite anything in this Agreement to the contrary, if during the Option Period Optionor receives a BONA FIDE offer to sell all or a portion of the Property to another purchaser, Optionor may accept such offer (the "TRANSFER RIGHTS") provided Optionor notifies COPLP (the "OFFER NOTICE") of the terms thereof (the "OFFER

TERMS"). COPLP shall have the right to purchase the Property (or portion thereof, as the case may be) strictly in accordance with the Offer Terms, by notifying Optionor of its acceptance within 10 days after Optionor gives the Offer Notice. If COPLP fails to timely notify Optionor that it accepts the Offer Terms, then: (i) Optionor may freely sell the Property (or portion thereof, as the case may be) substantially in accordance with the Offer Terms; (ii) this Agreement shall be of no further force or effect, if the Offer Terms comprise all of the Property; and (iii) the Option shall lapse and be deemed nullified and extinguished as to the Property (or portion thereof, as the case may be) comprising the Offer Terms.

(g) INSPECTION PERIOD. COPLP shall have 15 days after giving the Exercise Notice (the "INSPECTION PERIOD") to make (at COPLP's sole expenses) all audits, inspections or investigations of the Property desired by COPLP, subject to Optionor's requirements as set forth below.

COPLP and its accountants, attorneys or other representative(s) shall have the right, during regular business hours and with reasonable notice, to:

(i) interview any manager regarding the management, condition or operation of the Property, and to inspect any leases, books, files and records relating to the Property's condition, operation or management; and

(ii) subject to the rights of tenants occupying space at the Property, inspect the Property and improvements and make such tests, surveys and inspections as COPLP deems necessary, including, without limitation, soil tests, topographical surveys, structural and foundation surveys, concrete tests, roof inspections, equipment inspections and environmental inspections. COPLP shall exercise (and cause its agents and employees to exercise) due care and ordinary prudence in performing such surveys, inspections and tests and shall not exercise such right in a manner that interferes with the operation of the Property. If the sale is not consummated, or COPLP gives its Rescission Notice (defined below), then COPLP (at its own expense) shall promptly repair any damage to the Property and improvements resulting from such surveys, tests or inspections. COPLP shall indemnify, defend, save and hold harmless Optionor from and against any and all claims, liens (including, without limitation, mechanic's and materialman's liens), actions, suits, proceedings, costs, expenses, damages or other liabilities, including, without limitation, attorneys' fees and court costs, all as incurred, arising out of the rights granted to COPLP pursuant to the terms of this Inspection Period.

COPLP, its contractors and representatives shall keep confidential any and all information, documents and reports obtained or prepared by them relating to the Property. At Optionor's request, COPLP shall furnish to Optionor copies of all studies, tests and surveys undertaken and completed in connection with such inspections and at Optionor's request therefor, certify same to Optionor.

If during the Inspection Period COPLP disapproves of the condition of the Property, in its sole and absolute discretion, COPLP may rescind its Exercise Notice by

delivering written notice to Optionor (the "RESCISSION NOTICE") before the Inspection Period expires. In such event: (i) COPLP shall be entitled to a return of the Deposit; (ii) Optionor shall have no further obligations, and (iii) COPLP shall have no further rights (including the Option) under this Agreement. If COPLP does not give the Rescission Notice before the Inspection Period expires, COPLP shall be deemed to have accepted the condition of the Property and COPLP may not thereafter terminate this Agreement or rescind its Exercise Notice.

2. SETTLEMENT. "SETTLEMENT" shall be 60 days after COPLP gives the Exercise Notice.

3. DEFAULT BY COPLP. If COPLP breaches this Agreement, then in addition to all other rights and remedies, Optionor shall retain the Deposit.

4. DELIVERIES AT SETTLEMENT.

(a) At Settlement, Optionor will deliver: (i) a special warranty deed; (ii) an assignment (without recourse) of any service contracts, tenant leases, security deposits, warranties, guaranties, bonds, outstanding construction contracts, tenant improvement contracts and/or capital contracts applicable to the Property; (iii) originals or copies of the foregoing documents; (iv) a form letter to any tenants, notifying them of the sale; (v) quitclaim bill of sale, if any personalty; (vi) a FIRPTA affidavit; and (viii) such customary affidavits, certifications, evidence and other documents which COPLP's title company reasonably requests.

(b) At Settlement, COPLP will deliver: (i) the balance of the Purchase Price; and (ii) such customary affidavits, certifications, evidence and other documents as may be required by Optionor or COPLP's title company. COPLP shall join in any affidavits, certification or other documents Optionor reasonably requests.

5. TITLE; LIENS AND ENCUMBRANCES. Optionor will deliver good and marketable title, insurable at regular rates by any reputable title insurance company. The Property shall be conveyed clear of all monetary liens and encumbrances, except easements, restrictions, rights, rights of way (recorded and unrecorded), matters which an accurate survey would disclose, instruments of record, governmental laws, rules, orders and regulations, governmental notices and pending municipal improvements (collectively, the "TITLE EXCEPTIONS").

6. ZONING. The zoning classification of the Property is currently "IL" (Industrial Limited).

7. RISK OF LOSS. Risk of loss shall remain upon Optionor until Settlement.

8. APPORTIONMENTS. Real estate taxes, and municipal water and sewer rentals, shall be apportioned as of the Settlement date. The parties shall also apportion all other customary items (for example, other utilities; rents, additional rents, charges and security deposits under any tenant leases; service contracts). In case of casualty or condemnation, any proceeds shall likewise be apportioned and/or credited at Settlement. All real estate transfer taxes ,

documentary stamp taxes and all other closing-related costs shall be paid by COPLP.

9. RECORDING. Subject to the next sentence, neither party shall record or file this Agreement (or an extract or memorandum thereof) in any public office, without both parties' written consent. Despite the foregoing, Optionor and/or COPLP may (without the other's consent) file and/or record this Agreement (or an extract or memorandum thereof) with any authority which regulates publicly-traded securities (for example, the Securities and Exchange Commission, NASDAQ and/or NYSE).

10. NO FORMAL TENDER REQUIRED. The tender of an executed deed by Optionor and the tender by COPLP of the balance of the Purchase Price payable at Settlement are mutually waived, but nothing in this Agreement shall be construed as a waiver of Optionor's obligation to deliver the deed and/or of the concurrent obligation of COPLP to pay the balance of the Purchase Price payable at Settlement.

11. REPRESENTATIONS AND WARRANTIES. Optionor makes only the following representations and warranties. As of the date hereof: (i) Optionor is not in bankruptcy, nor has there been any petition or insolvency proceedings filed for the reorganization of Optionor; and (ii) there are no rights, options, or other agreements of any kind to sell or transfer any interest in the Property.

12. CONDITION OF PROPERTY. It is expressly understood and agreed that COPLP shall accept the Property in its then- "AS-IS, WHERE-IS" condition, subject to all patent and latent defects, if any, with no representation or warranty by Optionor as to the Property's fitness, suitability, habitability, or usability.

13. ENTIRE AGREEMENT OF PARTIES. This Agreement contains the whole agreement between the parties and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, of any kind whatsoever. This Agreement may only be modified in writing, signed by the party against whom enforcement is sought.

14. NOTICES. All notices shall be in writing, given by certified mail, return receipt requested, to the respective party's address set forth above (which may be changed from time to time in accordance with this paragraph).

15. SUCCESSORS AND ASSIGNS. This Agreement shall be binding and inure to the benefit of each party's respective heirs, successors and assigns. However, COPLP may not assign or otherwise transfer this Agreement (or any rights hereunder) except to a party (i) which COPLP

directly or indirectly owns or controls, (ii) into which COPLP is merged or consolidated, or (iii) to which COPLP transfers all or substantially all of its assets.

The parties have executed this Agreement as of the date first written above.

COPLP
CORPORATE OFFICE PROPERTIES, L.P.

By: CORPORATE OFFICE PROPERTIES TRUST,
a Maryland REIT, general partner

By: /s/ CLAY W. HAMLIN, III

Name: Clay W. Hamlin, III
Title: President & CEO

Attest: /s/ Denise J. Liszewski

Name: DENISE J. LISZEWSKI
Title: V.P. Administration/
Asst. Secretary

OPTIONOR
COMCOURT LAND, L.P.

By: ComCourt Investment Corp., general partner

By: /s/ CLAY W. HAMLIN, III

Name: Clay W. Hamlin, III
Title: President

Attest: /s/ DENISE J. LISZEWSKI

Name: Denise J. Liszewski
Title: Asst. Secretary

EXHIBIT "A"

[metes and bounds description of Property attached]

LEGAL DESCRIPTION
LOTS 32, 33, AND 34
OF COMMERCE PARK

All that certain parcel of land situate on the southerly side of Market Place in the subdivision of Commerce Park, Susquehanna Township, Dauphin County, Pennsylvania, and more particularly described as follows:

Beginning at an iron pin (found) on the southerly right-of-way line of Market Place (a 50 feet wide right-of-way) at the northeasterly corner of Lot No. 35A now or formerly owned by Courtcom M Limited Partnership;

Thence along the southerly right-of-way line of Market Place North 54 Degrees 30 minutes 00 Seconds East 315.00 Feet to an iron pin (found) at the beginning of a curve;

Thence along the same on a curve to the right having a radius of 360.00 feet, an arc length of 177.50 Feet to the point of tangent;

Thence along the same North 82 Degrees 45 Minutes 00 Seconds East 117.50 Feet to an iron pin (found), a corner of land owned by Russel J. Klick, Enterprises;

Thence along said Klick Enterprises South 07 Degrees 15 Minutes 00 Seconds East

580.30 Feet to an iron pin (set), on the northerly right-of-way line of S.R. 0081;

Thence along the northerly right-of-way line of S.R. 0081 on a curve to the right having a radius of 11,359.16 feet, an arc length of 114.81 feet to an iron pin (set);

Thence along the same South 84 Degrees 16 Minutes 04 Seconds West 118.80 Feet to an iron pin (found);

Thence along the same South 03 Degrees 38 Minutes 28 Seconds East 61.61 Feet to an iron pin (found);

Thence along the same on a curve to the right having a radius of 11,359.16 Feet on arc length of 79.30 feet to an iron pin (found);

Thence along the same North 49 Degrees 06 Minutes 47 Seconds West 69.20 Feet to an iron pin (found) at the southeasterly corner of Lot 35A now or formerly owned by Courtcom M Limited Partnership;

Thence along said Lot No. 35A North 03 Degrees 38 Minutes 28 Seconds West 59.84 Feet to an iron pin (found);

Thence along the same North 35 Degrees 30 Minutes 00 Seconds West 475.99 Feet to the POINT-OF-BEGINNING

Containing: 275,781.67 Sq. Ft. or 6.331 acres of land

[LOGO]

Being the same as Tracts 1 through 3 as recorded in Deed book 2284, page 124 and also being the same as Lots 32, 33 and 34 as shown on the Final Subdivision Plan of Four Lots, Commerce Park Plan No. 10 recorded in Plan Book N, Vol. 4, Page 70.

EXHIBIT 13.1

SELECTED FINANCIAL DATA

The following table contains selected financial data for each of the years ended December 31, 1995 through 1999. Our selected financial data for the years reported is not comparable due to our growth resulting from property acquisitions and other changes in our organization. Since this information is only a summary, you should refer to our consolidated financial statements and the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

CORPORATE OFFICE PROPERTIES TRUST
(DOLLAR AND SHARE INFORMATION IN THOUSANDS, EXCEPT RATIOS AND PER SHARE DATA)

<TABLE>
<CAPTION>

	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Revenues					
Rental revenue	$ 70,101	$ 35,676	$ 6,122	$ 2,477	$ 2,436
Tenant recoveries and other revenue	11,011	4,538	496	32	48
Total revenues	81,112	40,214	6,618	2,509	2,484
Expenses					
Property operating	22,325	9,632	728	31	42
General and administrative	3,204	1,890	533	372	336
Interest	21,808	12,207	2,855	1,246	1,267
Amortization of deferred financing costs	975	423	64	13	13
Depreciation and other amortization	12,075	6,285	1,267	554	554
Reformation costs (1)	--	637	--	--	--
Termination of advisory agreement (2)	--	--	1,353	--	--
Total expenses	60,387	31,074	6,800	2,216	2,212
Income (loss) before equity in income of Service Companies, gain on sales of rental properties, minority interests and extraordinary item	20,725	9,140	(182)	293	272
Equity in income of Service Companies	198	139	--	--	--
Income (loss) before gain on sales of rental properties, minority interests and extraordinary item	20,923	9,279	(182)	293	272
Gain on sales of rental properties	1,140	--	--	--	--
Income (loss) before minority interests and extraordinary item	22,063	9,279	(182)	293	272
Minority interests	(6,077)	(4,583)	(785)	--	--
Income (loss) before extraordinary item	15,986	4,696	(967)	293	272
Extraordinary item - loss on early retirement of debt	(903)	--	--	--	--
Net income (loss)	15,083	4,696	(967)	293	272
Preferred Share dividends	(2,854)	(327)	--	--	--
Net income (loss) available to Common Shareholders	$ 12,229	$ 4,369	$ (967)	$ 293	$ 272
Basic earnings (loss) per Common Share					
Income (loss) before extraordinary item	$ 0.77	$ 0.48	$ (0.60)	$ 0.21	$ 0.19
Net income (loss)	$ 0.72	$ 0.48	$ (0.60)	$ 0.21	$ 0.19
Diluted earnings (loss) per Common Share					
Income (loss) before extraordinary item	$ 0.70	$ 0.47	$ (0.60)	$ 0.21	$ 0.19
Net income (loss)....., ...	$ 0.66	$ 0.47	$ (0.60)	$ 0.21	$ 0.19
Weighted average shares outstanding - basic	16,955	9,099	1,601	1,420	1,420
Weighted average shares outstanding - diluted	22,574	19,237	1,601	1,420	1,420

</TABLE>

<TABLE>
<CAPTION>

	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA (AS OF PERIOD END):					
Commercial real estate properties, net	$ 696,489	$ 546,887	$ 188,625	$ 23,070	$ 23,624
Total assets	$ 721,034	$ 563,677	$ 193,534	$ 24,197	$ 24,779
Mortgage and other loans payable	$ 399,627	$ 306,824	$ 114,375	$ 14,658	$ 14,916
Total liabilities	$ 416,298	$ 317,700	$ 117,008	$ 15,026	$ 15,191
Minority interests	$ 112,635	$ 77,196	$ 64,862	$ --	$ --
Shareholders' equity	$ 192,101	$ 168,781	$ 11,664	$ 9,171	$ 9,588
Debt to market capitalization	57.6%	58.7%	53.1%	66.3%	68.9%
Debt to undepreciated real estate assets	55.9%	55.1%	59.6%	58.6%	59.6%
OTHER FINANCIAL DATA (FOR THE YEAR ENDED):					
Cash flows provided by (used in):					
Operating activities	$ 32,296	$ 12,863	$ 3,216	$ 840	$ 678
Investing activities	$(125,836)	$(183,650)	$ 973	$ 127	$ (551)
Financing activities	$ 93,567	$ 169,741	$ (1,052)	$ (967)	$ (1,001)
Funds from operations - basic (3)	$ 27,428	$ 12,415	$ 1,718	$ 847	$ 827
Funds from operations - diluted (3)	$ 31,401	$ 16,154	$ 2,438	$ 847	$ 827
Adjusted funds from operations - diluted (4) ..	$ 26,056	$ 13,831	$ 2,143	$ 780	$ 760
Cash dividends declared per Common Share	$ 0.74	$ 0.66	$ 0.50	$ 0.50	$ 0.50
Payout ratio (5)	64.31%	74.63%	74.20%	83.83%	85.85%
Interest coverage (6)	2.56	2.36	1.88	1.69	1.66
Ratio of earnings to combined fixed charges and Preferred Share dividends	1.48	1.33	0.75	1.23	1.21
PROPERTY DATA (AS OF PERIOD END):					
Number of properties owned	79	57	17	7	7
Total rentable square feet owned (in thousands)	6,076	4,977	1,852	370	370

</TABLE>

(1) Reflects a non-recurring expense of $637 associated with our reformation as a Maryland REIT during the first quarter of 1998. We have eliminated this transaction in determining funds from operations since it is not expected to have a continuing impact.

(2) Reflects a non-recurring expense of $1,353 associated with the termination of an advisory agreement during the fourth quarter of 1997. We have eliminated this transaction in determining funds from operations since it is not expected to have a continuing impact.

(3) We consider Funds from Operations ("FFO") to be meaningful to investors as a measure of the financial performance of an equity REIT when considered with the financial data presented under generally accepted accounting principles ("GAAP"). Under the National Association of Real Estate Investment Trusts' ("NAREIT") definition, FFO means net income (loss) computed using generally accepted accounting principles, excluding gains (or losses) from debt restructuring and sales of property, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Further, if the conversion of securities into Common Shares is dilutive, we exclude any GAAP income allocated to these securities in computing FFO. The FFO we present may not

be comparable to the FFO of other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO. FFO is not the same as cash generated from operating activities or net income determined in accordance with GAAP. FFO is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating our financial performance or to cash flow from operating, investing and financing when evaluating our liquidity or ability to make cash distributions or pay debt service.

(4) We compute adjusted funds from operations-diluted by subtracting straight-line rent adjustments and recurring capital improvements from funds from operations-diluted.

(5) We compute payout ratio by dividing total Common and convertible Preferred Share dividends and total distributions reported for the year by funds from operations-diluted.

(6) We compute interest coverage by dividing earnings before interest, depreciation and amortization by interest expense. We compute earnings before interest, depreciation and amortization by subtracting property operating and general and administrative expenses from the sum of total revenues and equity in income of Service Companies

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

OVERVIEW

Over the last three years, we completed a significant number of acquisitions. Our portfolio consisted of seven retail properties as of December 31, 1996. At that time, we relied on an external advisory agreement for all of our management and administrative needs. In October 1997, we acquired ten office properties and certain management and staffing functions in connection with a transaction which led to the termination of our external advisory agreement. During 1998, we acquired 38 office and two retail properties. Also during 1998, we added management and other staffing functions to support the growth of our portfolio and enhance our organizational infrastructure to more efficiently meet tenant needs and further grow the Company. During 1999, we acquired 29 office properties, completed construction of two new office properties and sold seven retail properties and two office properties. We financed these acquisitions and construction activities by using debt, proceeds from sales of properties and issuing Common Shares, Preferred Shares and ownership interests in Corporate Office Properties, L.P., our Operating Partnership. As of December 31, 1999, our portfolio included 77 office and two retail properties. Due to these significant changes in our real estate portfolio and operating structure, our results of operations changed dramatically.

We conduct almost all of our operations through our Operating Partnership, for which we are the managing general partner. The Operating Partnership owns real estate both directly and through subsidiary partnerships and limited liability companies. The Operating Partnership also owns the principal economic interest and, collectively with our Chief Executive Officer and Chief Operating Officer, 49.5% of the voting stock of Corporate Office Management, Inc. ("COMI"). We refer to COMI and its subsidiaries as the "Service Companies". Interests in our Operating Partnership are in the form of Common and Preferred Units. As of December 31, 1999, we owned approximately 60% of the outstanding Common Units and approximately 70% of the outstanding Preferred Units. The remaining Common and Preferred Units in our Operating Partnership were owned by third parties, which included certain of our officers and Trustees.

In this section, we discuss our financial condition and results of operations for 1999 and 1998. This section includes discussions on:

- why various components of our Consolidated Statements of Operations changed from 1998 to 1999 and from 1997 to 1998,
- what our primary sources and uses of cash were in 1999,
- how we raised cash for acquisitions and other capital expenditures during 1999,
- how we intend to generate cash for future capital expenditures, and
- the computation of our funds from operations for 1999, 1998 and 1997.

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

This section contains "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995 that are based on our current expectations, estimates and projections about future events and financial trends

affecting the financial condition of the business. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are not guarantees of future performance, events or results and involve potential risks and uncertainties. Accordingly, actual results may differ materially. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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

CORPORATE OFFICE PROPERTIES TRUST
OPERATING DATA VARIANCE ANALYSIS

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

<TABLE>
<CAPTION>

	For the Years Ended December 31,				For the Years Ended December 31,			
	1999	1998	Variance	%Change	1998	1997	Variance	%Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues								
Rental revenue	$ 70,101	$ 35,676	$ 34,425	96%	$ 35,676	$ 6,122	$ 29,554	483%
Tenant recoveries and other revenue	11,011	4,538	6,473	143%	4,538	496	4,042	815%
Total revenues	81,112	40,214	40,898	102%	40,214	6,618	33,596	508%
Expenses								
Property operating	22,325	9,632	12,693	132%	9,632	728	8,904	1,223%
General and administrative	3,204	1,890	1,314	70%	1,890	533	1,357	255%
Interest and amortization of deferred financing costs	22,783	12,630	10,153	80%	12,630	2,919	9,711	333%
Depreciation and other amortization	12,075	6,285	5,790	92%	6,285	1,267	5,018	396%
Reformation costs	--	637	(637)	(100%)	637	--	637	N/A
Termination of advisory agreement	--	--	--	--	--	1,353	(1,353)	(100%)
Total expenses	60,387	31,074	29,313	94%	31,074	6,800	24,274	357%
Income (loss) before equity in income of Service Companies, gain on sales of rental properties, minority interests and extraordinary item	20,725	9,140	11,585	127%	9,140	(182)	9,322	N/A
Equity in income of Service Companies	198	139	59	42%	139	--	139	N/A
Gain on sales of rental properties	1,140	--	1,140	N/A	--	--	--	N/A

Income (loss) before minority interests and extraordinary item	22,063	9,279	12,784	138%	9,279	(182)	9,461	N/A
Minority interests	(6,077)	(4,583)	(1,494)	33%	(4,583)	(785)	(3,798)	484%
Extraordinary item - loss on early retirement of debt	(903)	--	(903)	N/A	--	--	--	N/A
Net income (loss)	15,083	4,696	10,387	221%	4,696	(967)	5,663	N/A
Preferred Share dividends	(2,854)	(327)	(2,527)	773%	(327)	--	(327)	N/A
Net income (loss) available to Common Shareholders	$ 12,229	$ 4,369	$ 7,860	180%	$ 4,369	$ (967)	$ 5,336	N/A
Basic earnings (loss) per Common Share								
Income (loss) before extraordinary item	$ 0.77	$ 0.48	$ 0.29	60%	$ 0.48	$ (0.60)	$ 1.08	N/A
Net income (loss)	$ 0.72	$ 0.48	$ 0.24	50%	$ 0.48	$ (0.60)	$ 1.08	N/A
Diluted earnings (loss) per Common Share								
Income (loss) before extraordinary item	$ 0.70	$ 0.47	$ 0.23	49%	$ 0.47	$ (0.60)	$ 1.07	N/A
Net income (loss)	$ 0.66	$ 0.47	$ 0.19	40%	$ 0.47	$ (0.60)	$ 1.07	N/A

</TABLE>

RESULTS OF OPERATIONS

COMPARISON OF THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

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

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

Our general and administrative expenses increased $1.3 million or 70%. Much of this increase is due to the management and other staffing functions added during 1998 that were in place for all of 1999. Approximately $255,000 of this increase is due to additional professional fees for audit, legal and tax preparation required to support the increased complexity of our organization resulting from our growth and the creation of our Operating Partnership and the Service Companies. This increase was partially offset by a $235,000 decrease in costs expensed in exploring possible acquisitions that did not occur. Our general and administrative expenses decreased as a percentage of total revenue from 4.7% to 4.0%.

Our income before minority interests and extraordinary item also includes

the gain we realized on the sale of six of our retail properties in 1999 and a $59,000 increase in our equity in the income of the Service Companies. These Service Companies are not included as consolidated subsidiaries in our financial statements.

As a result of the above factors, our income before minority interests and extraordinary item increased by $12.8 million or 138%. The amounts reported for minority interests on our Consolidated Statements of Operations represent primarily the portion of the Operating Partnership's net income not allocated to us. Our income allocation to minority interests increased $1.5 million or 33% due to the increase in the Operating Partnership's net income. However, the percentage of income allocated to minority interests decreased due to a higher weighted average ownership of the Operating Partnership by us during the year.

Our net income available to Common Shareholders increased $7.9 million or 180% due to the factors discussed above, partially offset by a $903,000 loss on the early retirement of debt and a $2.5 million increase in Preferred Share dividends due to the Series A Cumulative Convertible Preferred Shares of beneficial interest ("Series A Preferred Shares") issued in 1998 that were in place for the entire year and the Series B Cumulative Redeemable Preferred Shares of beneficial interest ("Series B Preferred Shares") issued in 1999. Our diluted

earnings per Common Share on net income increased $0.19 per share or 40% due to the effect of the increase in net income being proportionately greater than the dilutive effects of issuing additional Common Shares and securities that are convertible into our Common Shares.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 1998 AND 1997:

Our total revenues increased $33.6 million or 508%, of which $29.6 million was generated by rental revenue and $4.0 million by tenant recoveries and other revenue. Our growth in revenues was due primarily to our property acquisitions in 1998 and the impact of a full year of operations for the properties we acquired in October 1997.

Our total expenses increased $24.3 million or 357% due mostly to the effects of the increases in property operating expenses and depreciation and amortization, interest expense and amortization of deferred financing costs and general and administrative expenses described below. In addition to these items, our 1998 expenses included $637,000 in costs associated with our reformation into a Maryland REIT in March 1998. Our 1997 expenses included $1.4 million in costs to terminate the external advisory agreement.

Our property operating expenses increased $8.9 million or 1,223% and our depreciation and other amortization increased $5.0 million or 396% due primarily to our property acquisitions. Our interest expense and amortization of deferred financing costs increased $9.7 million or 333% because of our borrowings and assumptions of debt needed to finance property acquisitions.

Our general and administrative expenses increased $1.4 million or 255%. Of this increase, $282,000 are costs we expensed in exploring possible property acquisitions that did not occur. The remaining increase is due mostly to the management and staffing functions added during 1997 being in place for the entire year and the addition of new management and staffing functions during 1998.

Our 1998 income before minority interests also includes our equity in income from the Service Companies, which were established in 1998.

As a result of the above factors, our income before minority interests increased by $9.5 million. Our income allocation to minority interests increased $3.8 million or 484%. Minority interests resulted from our creation of the Operating Partnership in October 1997. The percentage of income allocated to minority interests decreased during 1998 as our percentage ownership of the Operating Partnership increased. The increase in income allocated to minority interests is due to the effects of the minority interests that were outstanding for all of 1998, offset by the decreased percentage of income allocated to minority interests later in the year.

Our net income available to Common Shareholders increased $5.3 million due to the factors discussed above partially offset by $327,000 in dividends declared on our Series A Preferred Shares issued in 1998. Our diluted earnings per Common Share increased $1.07 per share due to the effect of the increase in net income being proportionately greater than the dilutive effects of the issuance of our Common Shares and securities that are convertible into our Common Shares.

LIQUIDITY AND CAPITAL RESOURCES

CAPITALIZATION

Cash provided from operations represented our primary source of liquidity to fund distributions, pay debt service and fund working capital requirements. We expect to continue to meet our short-term capital needs from property cash flow, including all property expenses, general and administrative expenses, interest expense, dividend and distribution requirements and recurring capital improvements and leasing commissions. We do not anticipate borrowing to meet these requirements.

We have financed our property acquisitions using a combination of borrowings secured by our properties, proceeds from sales of properties and the equity issuances of Common and Preferred Units in our Operating Partnership and Common and Preferred Shares. We use our secured revolving credit facility with Deutsche Banc Alex. Brown (the "Revolving Credit Facility") to finance much of our investing and financing activities. We pay down our Revolving Credit Facility using proceeds from long-term borrowings collateralized by our properties as attractive financing conditions arise and equity issuances as attractive equity market conditions arise. On December 28, 1999, we obtained a $50.0 million line of credit with Prudential Securities Credit Corporation (the "Prudential Line of Credit"). Amounts available under the Revolving Credit Facility and the Prudential Line of Credit are computed based on 65% of the appraised value of properties pledged as collateral. As of February 10, 2000, the maximum amount available under our Revolving Credit Facility was $99.4 million, of which $37.9 million was unused. As of February 10, 2000, none of our properties were pledged as collateral for the Prudential Line of Credit and therefore no borrowings were available.

Our debt strategy favors long-term, fixed rate, secured debt over variable-rate debt to minimize the risk of short-term increases in interest rates. As of December 31, 1999, 70% of our mortgage and other loans payable balance carried fixed interest rates.

As of December 31, 1999, we had $180.2 million in mortgage and other loans payable maturing in 2000. On February 8, 2000 we extended the maturity of $57.5 million of these 2000 loan maturities to May 2001. Also included in the 2000 loan maturities is a $100.0 million loan that may be extended for two one-year periods, subject to certain conditions; we expect to extend this loan for a one-year period during 2000 and as of December 31, 1999 are in compliance with the necessary conditions. We expect to repay the remaining balance of the 2000 loan maturities through a combination of borrowings from existing credit facilities and new loans and cash from operations.

We are under contract to purchase two parcels of land contiguous to certain of our existing operating properties. The purchase price will be determined based upon the square footage of the area contained in the buildings to be constructed on the land parcels. We have no other contractual obligations as of December 31, 1999 for property acquisitions or material capital costs other than the completion of the five construction projects and one redevelopment project discussed below and tenant improvements and leasing costs in the ordinary course of business.

We expect to meet our long-term capital needs through a combination of cash from operations, additional borrowings from existing credit facilities and new loans and additional equity issuances of Common Shares, Preferred Shares, Common Units and/or Preferred Units. We have an effective Form S-3 shelf registration statement on file with the Securities and Exchange Commission under which we may sell up to $218.8 million in debt or equity securities depending upon our needs and market conditions.

INVESTING AND FINANCING ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 1999

During 1999, we acquired 29 operating properties, seven parcels of land and a warehouse facility to undergo redevelopment for an aggregate acquisition cost of $171.3 million. Of the 29 operating properties acquired, 16 are located in the Baltimore/Washington Corridor, 12 in Pennsylvania and one in New Jersey. Of the seven land parcels acquired, six are located in the Baltimore/Washington Corridor and one in Pennsylvania. The warehouse facility is located in New Jersey. The operating property acquisitions increased our rentable square footage by 1.5 million. These acquisitions were financed by:

- using $103.7 million in borrowings under our Revolving Credit Facility,
- assuming $26.6 million in mortgage and other loans,
- using $6.8 million in borrowings from other loans,
- issuing 377,251 Common Units in our Operating Partnership,
- issuing 974,662 Series C Preferred Units in our Operating Partnership,
- applying a $1.6 million outstanding receivable balance towards a purchase, and

- - using cash reserves for the balance.

During 1999, we completed construction on two office buildings totaling 202,000 square feet. These office buildings are located in Annapolis Junction, Maryland and Columbia, Maryland. Costs incurred on these buildings through December 31, 1999 totaled $23.2 million. We entered into $20.7 million in construction loan facilities for these projects of which $16.8 million was borrowed through December 31, 1999. We also completed an expansion project that increased the rentable square footage of one of our properties by 6,350 square feet.

As of December 31, 1999, we had construction underway on five new buildings totaling approximately 407,000 square feet that were 49% pre-leased and redevelopment underway on a 57,000 square foot existing building that was 100% pre-leased. We entered into $19.8 million in construction loan facilities during 1999 to finance the construction of two of these projects. Borrowings under these facilities totaled $7.9 million at December 31, 1999.

During 1999, we sold nine properties for $53.5 million, of which $20.9 million was used to pay off mortgage loans payable on the properties. We realized a gain of $1.1 million on the sales of these properties, including the value of the transaction involving Glacier (discussed below). Net proceeds from these sales after property level debt repayments, transaction costs and operating revenue and cost pro-rations totaled $31.2 million, $24.3 million of which was used to repay a portion of our Revolving Credit Facility and the remainder applied to working capital.

During 1999, we received $165.2 million in proceeds from new borrowing arrangements. We pledged certain of our real estate assets as collateral to the financial institutions for all of these borrowings. Proceeds from these loans were used as follows:

- - $98.4 million to pay down our Revolving Credit Facility,
- - $33.5 million tofinance acquisitions,
- - $24.7 million to finance construction activities,
- - $3.6 million to repay other loans, and
- - the balance applied to cash reserves.

On December 28, 1999, we obtained a $50.0 million line of credit with Prudential Securities Credit Corporation. No borrowings were made under this loan during 1999.

On January 5, 1999, we entered into an interest rate swap agreement with Deutsche Banc Alex. Brown. This swap agreement fixed our one-month LIBOR base to 5.085% per annum on a notional amount of $30.0 million. On October 20, 1999, we received $492,000 from Deutsche Banc Alex. Brown in exchange for the termination of this agreement that was recognized as a gain.

On December 21, 1999, our Operating Partnership issued 974,662 Series C Preferred Units in connection with a property acquisition. Owners of these units are entitled to a priority annual return equal to 9% of their liquidation preference for the first ten years following issuance, 10.5% for the five following years and 12% thereafter. These units are convertible, subject to certain restrictions, commencing December 21, 2000 into Common Units in the Operating Partnership on the basis of 2.381 Common Units for each Series C Preferred Unit, plus any accrued return. The Common Units would then be exchangeable for Common Shares, subject to certain conditions. The Series C Preferred Units also carry a liquidation preference of $25.00 per unit, plus any accrued return, and may be redeemed for cash by the Operating Partnership at any time after the tenth anniversary of their issuance.

In connection with an October 1997 acquisition, our Operating Partnership issued 2.1 million preferred units (the "Initial Preferred Units"). These units were converted into Common Units on the basis of 3.5714 Common Units for each Initial Preferred Unit in October 1999. Prior to conversion, these units were entitled to a priority annual return equal to 6.5% of their liquidation preference.

We had a management agreement with Glacier Realty LLC ("Glacier"), a company that was partially owned by one of our former Trustees. Under the management agreement, Glacier was responsible for the management of our retail properties for a base annual fee of $250,000 plus a percent of Average Invested Assets (as defined in the management agreement). Glacier was also entitled to fees upon our acquisition or sale of any net-leased retail real estate property, a fee that increased in the event that all or substantially all of the net-leased retail real estate properties were sold. The management agreement, entered into on October 14, 1997, had a term of five years. A fee was also due in the event that the management agreement was terminated or not renewed. On March 19, 1999, our Operating Partnership issued 200,000 Common Units in exchange for all of the ownership interests in Glacier. For accounting purposes, we recorded the value of this transaction against the gain on the sale of our retail properties in the Midwest region of the United States.

In July 1999, we completed the sale of 1,250,000 Series B Preferred Shares to the public at a price of $25.00 per share. These shares are nonvoting (except in limited circumstances) and are redeemable for cash at $25.00 per share plus accrued and unpaid dividends at our option on or after July 15, 2004. Holders of these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of $2.50 per share, which is equal to 10% of the $25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 1,250,000 Series B Preferred Units. Our Operating Partnership used most of the proceeds to pay down our Revolving Credit Facility. The Series B Preferred Units carry terms that are substantially the same as the Series B Preferred Shares.

On August 4, 1999, 372,295 Common Units in our Operating Partnership were converted into Common Shares.

On December 16, 1999, we issued 471,875 Common Shares subject to forfeiture restrictions to certain officers. The forfeiture restrictions of specified percentages of these shares lapse annually through 2004 upon the Company's attainment of defined earnings or shareholder return growth targets. These shares may not be sold, transferred or encumbered while the forfeiture restrictions are in place. Forfeiture restrictions on 8,593 of these shares lapsed during 1999.

INVESTING AND FINANCING ACTIVITIES SUBSEQUENT TO THE YEAR ENDED DECEMBER 31, 1999

On February 10, 2000, we entered into a $6.9 million construction loan facility with Summit Bank to finance the redevelopment of a 57,000 square foot warehouse facility into office space. This loan bears interest at LIBOR plus 1.75%. The loan matures on February 28, 2001 and may be extended for a two-year period, subject to certain conditions.

STATEMENT OF CASH FLOWS

We generated net cash flow from operating activities of $32.3 million for the year ended December 31, 1999, an increase of $19.4 million from the year ended December 31, 1998. Our increase in cash flows from operating activities is due mostly to income generated from our newly acquired properties. Our net cash used in investing activities for the year ended December 31, 1999 decreased $57.8 million from the year ended December 31, 1998 due mostly to $31.2 million in proceeds generated from sales of rental properties and a $27.9 million decrease in cash outlays associated with purchases of and improvements to real estate properties. Our net cash provided by financing activities for the year ended December 31, 1999 decreased $76.2 million from the year ended December 31, 1998 due primarily to $151.2 million in additional repayments of mortgage and other loans payable, $72.2 million from the issuance of Common Shares in the prior year and $11.4 million in additional dividend and distribution payments, offset by $130.7 million in additional proceeds from mortgage and other loans payable and $29.4 million from the issuance of our Series B Preferred Shares.

FUNDS FROM OPERATIONS

We consider Funds from Operations ("FFO") to be meaningful to investors as a measure of the financial performance of an equity REIT when considered with the financial data presented under generally accepted accounting principles ("GAAP"). Under the National Association of Real Estate Investment Trusts' ("NAREIT") definition, FFO means net income (loss) computed using generally accepted accounting principles, excluding gains (or losses) from debt restructuring and sales of property, plus real estate-related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Further, if the conversion of securities into common shares is dilutive, we exclude any GAAP income allocated to these securities in computing FFO. The FFO we present may not be comparable to the FFO of other REITs since they may interpret the current NAREIT definition of FFO differently or they may not use the current NAREIT definition of FFO. FFO is not the same as cash generated from operating activities or net income determined in accordance with GAAP. FFO is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income when evaluating our financial performance or to cash flow from operating, investing and financing when evaluating our liquidity or ability to make cash distributions or pay debt service. Our FFO for 1999, 1998 and 1997 are summarized in the following table.

<TABLE>
<CAPTION>

	For the years ended December 31,		
	(Dollars and shares in thousands)		
	1999	1998	1997
<S>	<C>	<C>	<C>
Income (loss) before minority interests and extraordinary item	$ 22,063	$ 9,279	$ (182)
Add: Real estate related depreciation and amortization	11,987	6,238	1,267
Add: Nonrecurring charges			
Reformation costs	--	637	--
Advisory Agreement termination cost	--	--	1,353
Less: Preferred Unit distributions	(2,620)	(3,412)	(720)
Less: Preferred Share dividends	(2,854)	(327)	--
Less: Minority interest in other consolidated partnership	(8)	--	--
Less: Gain on sales of rental properties	(1,140)	--	--
Funds from operations	27,428	12,415	1,718
Add: Preferred Unit distributions	2,620	3,412	720
Add: Convertible Preferred Share dividends	1,353	327	--
Funds from operations assuming conversion of share options, Preferred Units and Preferred Shares	31,401	16,154	2,438
Less: Straight line rent adjustments	(2,766)	(1,785)	(295)
Less: Recurring capital improvements	(2,579)	(538)	--
Adjusted funds from operations assuming conversion of share options, Preferred Units and Preferred Shares	$ 26,056	$ 13,831	$ 2,143
Weighted average Common Shares	16,955	9,099	1,601
Conversion of weighted average Common Units	4,883	2,614	552
Weighted average Common Shares/Units	21,838	11,713	2,153
Assumed conversion of share options	9	24	--
Conversion of weighted average Preferred Shares	1,845	449	--
Conversion of weighted average Preferred Units	5,680	7,500	1,602
Weighted average Common Shares/Units assuming conversion of share options, Preferred Units and Preferred Shares	29,372	19,686	3,755

</TABLE>

INFLATION

We have not been significantly impacted by inflation during the periods presented in this report. This is mostly because of the relatively low inflation rates in our markets. Most of our tenants are contractually obligated to pay their share of operating expenses, thereby reducing exposure to increases in such costs resulting from inflation.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

The following table sets forth our long-term debt obligations, principal cash flows by scheduled maturity, weighted average interest rates and estimated fair market value ("FMV") at December 31, 1999 (dollars in thousands):

<TABLE>
<CAPTION>

	For the Years Ended December 31,						
	2000(1)	2001(2)	2002	2003	2004	Thereafter	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Long term debt:							

Fixed rate	$ 102,905	$ 3,127	$ 3,365	$ 3,621	$ 29,449	$ 138,785	$ 281,252
Average interest rate	7.37%	7.37%	7.37%	7.37%	8.06%	7.73%	7.32%
Variable rate	$ 77,340	$ 25,053	$ 11,769	$ 44	$ 47	$ 4,122	$ 118,375
Average interest rate	8.01%	8.21%	8.05%	7.97%	7.97%	7.97%	8.09%

</TABLE>

(1) Includes $100.0 million maturity in October that may be extended for two one-year terms, subject to certain conditions. Also includes $57.5 million maturity in May that was extended for a one-year period on February 8, 2000.
(2) Includes $24.7 million for four construction loans maturing that may be extended for a one-year period, subject to certain conditions.

The fair market value of our mortgage and other loans payable was $387,539 at December 31, 1999 and $309,451 at December 31, 1998.

Based on our variable rate debt balances, our interest expense would have increased $727,000 in 1999 and $246,000 in 1998 if interest rates were 1% higher. Interest expense in 1999 would have been more sensitive to a change in interest rates than 1998 due to our Revolving Credit Facility, which originated in May 1998, being in place for all of 1999 and other variable rate debt obtained in the later portion of 1998 and 1999.

IMPACT OF THE YEAR 2000 ISSUE

Many older computer software programs refer to years in terms of their final two digits only. Such programs may interpret the year 2000 to mean the year 1900 instead. If not corrected, this could result in a system failure or miscalculations causing disruption of operations, including a temporary inability to process transactions, prepare financial statements, send invoices or engage in similar normal business activity.

We implemented a plan to identify and address possible implications of the Year 2000 Issue on our accounting and other network software, property operating systems, third party suppliers and revenue and cash flow. We also developed contingency plans to be implemented in the event that undetected problems from the Year 2000 Issue were to occur. Our plan was completed during the fourth quarter of 1999.

Based on information currently available from our internal assessment, we experienced no system failures or computer errors from the Year 2000 Issue and do not expect such system failures or computer errors to occur in the future.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". SFAS 133 establishes accounting and reporting standards for derivative financial instruments and for hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure those instruments at fair value unless certain conditions are met that allow the entity to designate certain derivatives as a hedge. We have not yet determined the impact of the adoption of this standard on our financial position or results of operations. The statement's effective date has been delayed and will become effective in 2001. Accordingly, we plan to adopt this standard beginning January 1, 2001.

CORPORATE OFFICE PROPERTIES TRUST
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PAR VALUE DATA)

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
ASSETS		
Commercial real estate properties:		

Operating properties, net	$ 662,664	$ 536,228
Projects under construction	33,825	10,659
Total commercial real estate properties, net	696,489	546,887
Cash and cash equivalents	2,376	2,349
Restricted cash	2,041	293
Accounts receivable, net	1,928	2,986
Investment in and advances to Service Companies	3,661	2,351
Deferred rent receivable	4,634	2,263
Deferred charges, net	7,525	3,542
Prepaid and other assets	2,380	3,006
TOTAL ASSETS	$ 721,034	$ 563,677
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Mortgage and other loans payable	$ 399,627	$ 306,824
Accounts payable and accrued expenses	6,597	3,395
Rents received in advance and security deposits	3,776	2,789
Dividends/distributions payable	6,298	4,692
Total liabilities	416,298	317,700
Minority interests:		
Preferred Units in the Operating Partnership	24,367	52,500
Common Units in the Operating Partnership	88,170	24,696
Other consolidated partnership	98	--
Total minority interests	112,635	77,196
Commitments and contingencies (Note 14)		
Shareholders' equity:		
Preferred Shares ($0.01 par value; 5,000,000 authorized);		
1,025,000 designated as Series A Convertible Preferred Shares of beneficial interest (984,308 shares issued and outstanding with an aggregate liquidation preference of $24,608)	10	10
1,725,000 designated as Series B Cumulative Redeemable Preferred Shares of beneficial interest (1,250,000 issued and outstanding at December 31, 1999 with an aggregate liquidation preference of $31,250)	12	--
Common Shares of beneficial interest ($0.01 par value; 45,000,000 authorized, shares issued and outstanding of 17,646,046 at December 31, 1999 and 16,801,876 at December 31, 1998)	176	168
Additional paid-in capital	202,867	175,802
Accumulated deficit	(7,547)	(7,199)
Value of unearned restricted Common Share grants	(3,417)	--
Total shareholders' equity	192,101	168,781
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 721,034	$ 563,677

</TABLE>

See accompanying notes to financial statements.

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

<TABLE>
<CAPTION>

	For the years ended December 31,		
	1999	1998	1997

<S>	<C>	<C>	<C>
REVENUES			
Rental revenue	$ 70,101	$ 35,676	$ 6,122
Tenant recoveries and other revenue	11,011	4,538	496
Total revenues	81,112	40,214	6,618
EXPENSES			
Property operating	22,325	9,632	728
General and administrative	3,204	1,890	533
Interest	21,808	12,207	2,855
Amortization of deferred financing costs	975	423	64
Depreciation and other amortization	12,075	6,285	1,267
Reformation costs	--	637	--
Termination of advisory agreement	--	--	1,353
Total expenses	60,387	31,074	6,800
Income (loss) before equity in income of Service Companies, gain on sales of rental properties, minority interests and extraordinary item	20,725	9,140	(182)
Equity in income of Service Companies	198	139	--
Income (loss) before gain on sales of rental properties, minority interests and extraordinary item	20,923	9,279	(182)
Gain on sales of rental properties	1,140	--	--
Income (loss) before minority interests and extraordinary item	22,063	9,279	(182)
Minority interests			
Common Units in the Operating Partnership	(3,449)	(1,171)	(65)
Preferred Units in the Operating Partnership	(2,620)	(3,412)	(720)
Other consolidated partnership	(8)	--	--
Income (loss) before extraordinary item	15,986	4,696	(967)
Extraordinary item - loss on early retirement of debt	(903)	--	--
NET INCOME (LOSS)	15,083	4,696	(967)
Preferred Share dividends	(2,854)	(327)	--
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$12,229	$ 4,369	$ (967)
BASIC EARNINGS (LOSS) PER COMMON SHARE			
Income (loss) before extraordinary item	$ 0.77	$ 0.48	$ (0.60)
Extraordinary item	(0.05)	--	--
Net income (loss)	$ 0.72	$ 0.48	$ (0.60)
DILUTED EARNINGS (LOSS) PER COMMON SHARE			
Income (loss) before extraordinary item	$ 0.70	$ 0.47	$ (0.60)
Extraordinary item	(0.04)	--	--
Net income (loss)	$ 0.66	$ 0.47	$ (0.60)

</TABLE>

See accompanying notes to financial statements.

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

<TABLE>
<CAPTION>

	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Deficit	Value of Unearned Restricted Common Share Grants	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1996	$ --	$ 14	$ 12,353	$ (3,196)	$ --	$ 9,171
Common Shares issued in connection with property acquisitions and advisory agreement termination (846,083 Shares)	--	9	4,267	--	--	4,276
Net loss	--	--	--	(967)	--	(967)
Dividends	--	--	--	(816)	--	(816)
Balance at December 31, 1997	--	23	16,620	(4,979)	--	11,664
Common Shares issued to the public (7,500,000 Shares)	--	75	72,640	--	--	72,715
Common Shares issued in connection with acquisitions (7,030,793 Shares)	--	70	73,248	--	--	73,318
Series A Convertible Preferred Shares issued in connection with acquisitions (984,308 Shares)	10	--	24,598	--	--	24,608
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	--	(11,331)	--	--	(11,331)
Exercise of share options (5,000 Common Shares)	--	--	27	--	--	27
Net income	--	--	--	4,696	--	4,696
Dividends	--	--	--	(6,916)	--	(6,916)
Balance at December 31, 1998	10	168	175,802	(7,199)	--	168,781
Conversion of Common Units to Common Shares (372,295 Shares)	--	4	3,137	--	--	3,141
Series B Cumulative Redeemable Preferred Shares issued to the public (1,250,000 Shares)	12	--	29,422	--	--	29,434
Restricted Common Share grants issued (471,875 Shares)	--	4	3,476	--	(3,480)	--
Value of earned restricted share grants	--	--	--	--	63	63
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	--	--	(8,970)	--	--	(8,970)
Net income	--	--	--	15,083	--	15,083
Dividends	--	--	--	(15,431)	--	(15,431)
Balance at December 31, 1999	$ 22	$ 176	$ 202,867	$ (7,547)	$ (3,417)	$ 192,101

</TABLE>

See accompanying notes to financial statements.

CORPORATE OFFICE PROPERTIES TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

	For the years ended December 31,		
	1999	1998	1997
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss)	$ 15,083	$ 4,696	$ (967)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Minority interests	6,077	4,583	785
Depreciation and other amortization	12,075	6,285	1,267
Amortization of deferred financing costs	975	423	64
Equity in income of Service Companies	(198)	(139)	--
Gain on sales of rental properties	(1,140)	--	--
Extraordinary item - loss on early retirement of debt	903	--	--
Termination of advisory agreement	--	--	1,353
Increase in deferred rent receivable	(2,766)	(1,784)	(295)
Increase in accounts receivable, restricted cash and prepaid and other assets	(1,690)	(4,286)	(158)
Increase in accounts payable, accrued expenses, rents received in advance and security deposits	2,977	3,085	1,167
Net cash provided by operating activities	32,296	12,863	3,216
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of and additions to commercial real estate properties	(152,749)	(180,649)	(506)
Proceeds from sales of rental properties	31,163	--	--
Cash proceeds received from acquisition of properties	--	--	1,000
Purchase of marketable securities	--	--	(1,375)
Proceeds from maturity of marketable securities	--	--	1,854
Investments in and advances (to) from Service Companies	(1,112)	288	--
Leasing commissions paid	(3,275)	(1,468)	--
Change in prepaid and other assets	137	(1,821)	--
Net cash (used in) provided by investing activities	(125,836)	(183,650)	973
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from mortgage and other loans payable	248,639	117,962	--
Repayments of mortgage and other loans payable	(161,417)	(10,192)	(283)
Deferred financing costs paid	(3,064)	(1,627)	--
Net proceeds from issuance of Preferred Shares	29,434	--	--
Net proceeds (costs) from issuance of Common Shares	63	72,237	(59)
Dividends paid	(14,528)	(3,848)	(710)
Distributions paid	(5,560)	(4,791)	--
Net cash provided by (used in) financing activities	93,567	169,741	(1,052)
Net increase (decrease) in cash and cash equivalents	27	(1,046)	3,137
CASH AND CASH EQUIVALENTS			
Beginning of year	2,349	3,395	258
End of year	$ 2,376	$ 2,349	$ 3,395

</TABLE>

See accompanying notes to financial statements.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

1. ORGANIZATION

Corporate Office Properties Trust ("COPT") and subsidiaries (the "Company") is a fully integrated and self managed real estate investment trust ("REIT"). We focus principally on the ownership, management, leasing, acquisition and development of suburban office buildings located in select submarkets in the Mid-Atlantic region of the United States. COPT is qualified as a REIT as defined in the Internal Revenue Code and is the successor to a corporation organized in 1988. As of December 31, 1999, our portfolio included 77 office and two retail properties.

We conduct almost all of our operations through our operating partnership, Corporate Office Properties, L.P. (the "Operating Partnership"), for which we are the managing general partner. The Operating Partnership owns real estate both directly and through subsidiary partnerships and limited liability companies ("LLCs"). The Operating Partnership also owns the principal economic interest and, collectively with our Chief Executive Officer and Chief Operating Officer, 49.5% of the voting stock of Corporate Office Management, Inc. ("COMI") (together with its subsidiaries defined as the "Service Companies"). See Note 5 for a description of the activities of the Service Companies. A summary of our Operating Partnership's forms of ownership and the percentage of those ownership forms owned by COPT follows:

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
Common Units (see Note 3)	60%	85%
Series A Preferred Units (see Note 8)	100%	100%
Series B Preferred Units (see Note 8)	100%	N/A
Series C Preferred Units (see Note 3)	0%	N/A
Initial Preferred Units (see Note 3)	N/A	0%

</TABLE>

2. BASIS OF PRESENTATION

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

CONSOLIDATION METHOD

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

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

EQUITY METHOD

We use the equity method of accounting to report our investment in the Service Companies. Under the equity method, we report:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

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

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

COMMERCIAL REAL ESTATE PROPERTIES

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

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

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

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

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

We also apply the valuation requirements of Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," to our real estate assets. Under these requirements, we recognize an impairment loss on a real estate asset if its undiscounted expected future cash flows are less than its depreciated cost. We have not recognized impairment losses on our real estate assets to date.

We expense property maintenance and repair costs when incurred.

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE

Our accounts receivable are reported net of an allowance for bad debts of $10 at December 31, 1999 and $50 at December 31, 1998.

REVENUE RECOGNITION

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

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

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

MAJOR TENANTS

During 1999, 39% of our total rental revenue was earned from four major tenants, including 30% from our two largest tenants, the United States Government and Unisys Corporation. During 1998, 50% of our total rental revenue was earned from four major tenants, including 28% from our single largest tenant, Unisys Corporation. During 1997, 64% of our total rental revenue was earned from four major tenants, each contributing 10% or more.

GEOGRAPHICAL CONCENTRATION

Our operations are geographically concentrated in the Mid-Atlantic region of the United States. Our rental revenue derived from the Mid-Atlantic region of the United States increased as a percentage of total rental revenue from 59% in 1997 to 99% in 1999.

DEFERRED CHARGES

We capitalize costs that we incur to obtain new tenant leases or extend existing tenant leases. We amortize these costs evenly over the lease terms. When tenant leases are terminated early, we expense any unamortized deferred leasing costs associated with those leases.

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

MINORITY INTERESTS

As discussed previously, we consolidate the accounts of our Operating Partnership into our financial statements. However, we do not own 100% of the Operating Partnership. Our Operating Partnership also does not own 11% of one of its subsidiary partnerships. The amounts reported for minority interests on our Consolidated Balance Sheets represent the portion of these consolidated entities' equity that we do not own.

The amounts reported for minority interests on our Consolidated Statements of Operations represent the portion of these consolidated entities' net income not allocated to us.

Common Units of the Operating Partnership ("Common Units") are substantially similar economically to our Common Shares of beneficial interest ("Common Shares"). Common Units are also exchangeable into our Common Shares, subject to certain conditions. The Operating Partnership issued its Common Units to minority interests during each of the last three years as consideration for acquisitions. We have accrued distributions related to Common Units owned by minority interests of $1,983 at December 31, 1999 and $488 at December 31, 1998.

Our Operating Partnership issued 974,662 Series C Preferred Units in connection with a December 1999 property acquisition. Owners of these units are entitled to a priority annual return equal to 9% of their liquidation preference for the first ten years following issuance, 10.5% for the five following years and 12% thereafter. These units are convertible, subject to certain restrictions, commencing December 21, 2000 into Common Units in the Operating Partnership on the basis of 2.381 Common Units for each Series C Preferred Unit, plus any accrued return. The Common Units would then be exchangeable for Common Shares, subject to certain conditions. The Series C Preferred Units also carry a liquidation preference of $25.00 per unit, plus any accrued return, and may be redeemed for cash by the Operating Partnership at any time after the tenth anniversary of their issuance. We have accrued distributions related to Series C Preferred Units owned by minority interests of $61 at December 31, 1999.

Our Operating Partnership issued 2,100,000 preferred units in connection with an October 1997 property acquisition (the "Initial Preferred Units"). These units were converted into Common Units on the basis of 3.5714 Common Units for each Initial Preferred Unit in October 1999. Prior to converting these units, owners were entitled to a priority annual return equal to 6.5% of their liquidation preference. We accrued distributions related to Initial Preferred Units owned by minority interests of $853 at December 31, 1998.

INTEREST RATE SWAP AGREEMENTS

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

INCOME TAXES

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

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

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Ordinary income	79.3%	77.4%	45.0%
Long term capital gain	20.7%	--	--
Return of capital	--	22.6%	55.0%

</TABLE>

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

EARNINGS PER SHARE ("EPS")

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

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

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

<TABLE>
<CAPTION>

Numerator:	1999	1998	1997
<S>	<C>	<C>	<C>
Net income (loss) available to Common Shareholders	$12,229	$4,369	$ (967)
Add: Extraordinary loss	903	--	--
Numerator for basic earnings (loss) per share before Extraordinary item	13,132	4,369	(967)
Add: Minority interests - Initial Preferred Units	2,559	3,412	--
Add: Minority interests - Common Units	--	1,171	--
Numerator for diluted earnings (loss) per share before extraordinary item	$15,691	$ 8,952	$ (967)
Less: Extraordinary loss	(903)	--	--
Numerator for diluted earnings (loss) per share	$14,788	$ 8,952	$ (967)
Denominator:			
Weighted average Common Shares - basic	16,955	9,099	1,601
Assumed conversion of share options	9	24	--
Conversion of weighted average Initial Preferred Units	5,610	7,500	--
Conversion of weighted average Common Units	--	2,614	--
Weighted average Common Shares - diluted	22,574	19,237	1,601

</TABLE>

Our diluted EPS computation for 1999 only assumes conversion of Initial Preferred Units because conversions of the Series A Preferred Shares, Series C Preferred Units and Common Units would increase

diluted EPS for that year. Our diluted EPS computation for 1998 does not assume conversion of the Series A Preferred Shares since such conversions would increase diluted EPS for that year. Our diluted EPS computation for 1997 does not assume conversion of Initial Preferred Units or Common Units since these conversions would increase diluted EPS for that year.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Our financial instruments include primarily notes receivable and mortgage and other loans payable. The fair values of notes receivable were not materially different from their carrying or contract values at December 31, 1999 and 1998. See Note 7 for fair value of mortgage and other loans payable information.

RECLASSIFICATION

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

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 133 establishes accounting and reporting standards for derivative financial instruments and for hedging activities. It requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure those instruments at fair value unless certain conditions are met that allow the entity to designate certain derivatives as a hedge. We have not yet determined the impact of the adoption of this standard on our financial position or results of operations. The statement's effective date has been delayed and will now become effective in 2001. Accordingly, we plan to adopt this standard beginning January 1, 2001.

4. COMMERCIAL REAL ESTATE PROPERTIES

Operating properties consisted of the following:

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
Land	$135,641	$108,433
Buildings and improvements	544,967	436,932
Furniture, fixtures and equipment	335	332
	680,943	545,697
Less: accumulated depreciation	(18,279)	(9,469)
	$662,664	$536,228

</TABLE>

Projects we had under construction at December 31, 1999 consisted of the following:

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
Land	$ 13,158	$ 8,941
Construction in progress	20,667	1,718
	$ 33,825	$ 10,659

</TABLE>

1999 ACQUISITIONS

We acquired the following office properties during the year ended December 31, 1999:

<TABLE>
<CAPTION>

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

</TABLE>

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

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

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

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

We also acquired the following properties during the year ended December 31, 1999:

- - a parcel of land located in Annapolis Junction, Maryland that is contiguous to certain of our existing operating properties for $2,908 on May 28, 1999 from Constellation (defined later in this note), owner of 40% of our Common Shares and 100% of our Series A Convertible Preferred Shares of beneficial interest ("Series A Preferred Shares") at December 31, 1999. Constellation also controlled two of our nine positions on our Board of Trustees at December 31, 1999.

- - a 57,000 square foot warehouse facility for redevelopment into office space located on 8.5 acres of land that is contiguous to properties we own in South Brunswick, New Jersey for $2,172 on July 9, 1999,

- - a parcel of land located in Linthicum, Maryland that is contiguous to certain of our existing operating properties for $1,970 on August 1, 1999 from CDS (see Note 5),
- - a parcel of land located in Annapolis Junction, Maryland that is contiguous to certain of our existing operating properties for $2,945 on October 21, 1999 from Constellation, and
- - a parcel of land located in Harrisburg, Pennsylvania that is contiguous to certain of our existing operating properties for $191 on November 4, 1999 from an officer and Trustee of ours.

1999 DISPOSITIONS

We sold the following properties during the year ended December 31, 1999:

<TABLE>
<CAPTION>

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

</TABLE>

(1) "R" indicates retail property; "O" indicates office property.
(2) See discussion in portion of this note entitled "1999 Acquisitions".

1999 CONSTRUCTION IN PROGRESS

During 1999, we completed the construction of two office properties totaling 202,219 square feet. The office buildings are located in Annapolis Junction, Maryland and Columbia, Maryland. Costs incurred on these properties through December 31, 1999 totaled $23,227. We also completed an expansion project that increased the rentable square footage of one of our properties by 6,350 square feet. As of December 31, 1999 we had development underway on five new buildings and redevelopment underway on an existing building.

1998 ACQUISITIONS

We acquired the following properties during the year ended December 31, 1998:

<TABLE>
<CAPTION>

Project Name	Location	Date of Acquisition	Number of Buildings	Total Rentable Square Feet	Initial Cost
<S>	<C>	<C>	<C>	<C>	<C>
Airport Square	Linthicum, MD	4/30/98	12	812,616	$ 72,618
Fairfield Properties	Fairfield, NJ	5/28/98	2	262,417	29,405
Constellation Properties(1)(2)	Various Maryland Locations	9/28/98 - 12/30/98	14	1,466,722	177,039
Riverwood	Columbia, MD	10/13/98	1	160,000	20,333
Centerpoint	Middlesex County, NJ	10/30/98	8	269,222	31,656
Gateway Properties(3)	Columbia, MD	12/31/98	3	148,804	17,837

</TABLE>

(1) Does not include $7,186 allocated to projects under construction.
(2) Acquisition included 12 office and 2 retail buildings.
(3) Does not include $1,263 allocated to projects under construction.

The acquisition of the Constellation Properties was part of a series of transactions (the "Constellation Transaction") with affiliates of Constellation Real Estate Group, Inc. (collectively, "Constellation"). As part of this transaction, Constellation also granted us certain options and rights of first refusal to purchase undeveloped land in three locations adjacent to certain of

the Constellation Properties. In addition, a significant number of persons previously employed by Constellation Real Estate, Inc. ("CRE") who were engaged in the operation of the Constellation Properties became employees of COMI and CDS (defined in Note 5).

We issued 7,030,793 Common Shares, 984,308 Series A Preferred Shares and 148,381 Common Units in our Operating Partnership in connection with the Constellation Transaction and other 1998 property acquisitions.

5. INVESTMENT IN AND ADVANCES TO SERVICE COMPANIES

On September 28, 1998, we acquired a 75% interest in Corporate Realty Management, LLC ("CRM"), a real estate management services entity, and certain equipment, furniture and other assets related to CRE for $2,500. Upon completion of this transaction, we contributed these assets into COMI, an entity that provides us with asset management, managerial, financial and legal support. In exchange for this contribution of assets, we received 95% of the capital stock in COMI, including 1% of the voting common stock, and a $2,005 note receivable carrying an interest rate of 10% for one year and Prime plus 2% thereafter through its maturity on September 28, 2003. Also on September 28, 1998, our Chief Executive Officer and Chief Operating Officer collectively acquired 48.5% of the voting common stock in COMI.

On September 28, 1998, COMI contributed certain equipment, furniture and other assets into Corporate Development Services, LLC ("CDS"), a limited liability company that provides construction and development services predominantly to us. In exchange for this contribution of assets, COMI received 100% of the membership interests in CDS. In November 1998, CDS acquired a parcel of land located near the Airport Square Properties. CDS acquired this property for $1,162, using cash and proceeds from a $1,200 loan payable to our Operating Partnership. After incurring costs to improve the land parcel, CDS sold the land to us on August 1, 1999 for $1,970 and the loan was repaid.

On August 31, 1999, COMI acquired an 80% interest in Martin G. Knott and Associates, LLC ("MGK"), a limited liability company that provides heating and air conditioning maintenance and repair services. COMI acquired its interest in MGK for $160.

We account for our investment in COMI and its subsidiaries, CRM, CDS and MGK, using the equity method of accounting. Our investment in and advances to (from) the Service Companies included the following:

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
Notes receivable	$ 2,005	$3,205
Equity investment in Service Companies	807	609
Advances receivable (payable)	849	(1,463)
Total	$ 3,661	$2,351

</TABLE>

6. DEFERRED CHARGES

Deferred charges consisted of the following:

<TABLE>
<CAPTION>

	December 31,	
	1999	1998
<S>	<C>	<C>
Deferred financing costs	$ 4,592	$ 2,611
Deferred leasing costs	4,658	1,468
Deferred other	24	24
	9,274	4,103
Accumulated amortization	(1,749)	(561)
Deferred charges, net	$ 7,525	$ 3,542

</TABLE>

7. MORTGAGE AND OTHER LOANS PAYABLE

Mortgage and other loans payable consisted of the following:

<TABLE>
<CAPTION>

December 31,	1999	1998
<S>	<C>	<C>
Deutsche Banc Alex. Brown, Term Credit Facility, 7.50%, maturing October 2000 (1)	$100,000	$100,000
Teachers Insurance and Annuity Association of America, 6.89%, maturing November 2008	83,470	84,808
Teachers Insurance and Annuity Association of America, 7.72%, maturing October 2006	59,801	--
Deutsche Banc Alex. Brown, Revolving Credit Facility, LIBOR + 1.75%, maturing May 2000 (2)	57,500	76,800
Mutual of New York Life Insurance Company, 7.79%, maturing August 2004	27,750	--
Bank of America, LIBOR + 1.75%, maturing June 2000	16,720	--
Allfirst Bank, LIBOR + 1.75%, maturing May 2002	12,290	--
Provident Bank of Maryland, LIBOR + 1.75%, maturing February 2001 (3)	8,642	--
Allfirst Bank, LIBOR + 1.6%, maturing February 2001 (4)	8,167	--
Aegon USA Realty Advisors, Inc., 8.29%, maturing May 2007	6,214	6,369
Allfirst Bank, LIBOR + 1.75%, maturing October 2001(5)	4,490	--
Mellon Bank, yield on 5-year Treasury Securities + 2%, maturing August 2005 (6)	4,304	--
Bank of Maryland, LIBOR + 1.75%, maturing October 2001 (7)	3,437	--
Provident Bank of Maryland, LIBOR + 1.75%, maturing September 2000	2,825	2,907
Seller mortgage, 8%, maturing May 2007	1,542	--
Bank of America, LIBOR + 2%, repaid February 1999	--	9,877
Security Life of Denver, 7.5%, repaid January 1999	--	9,513
Howard Research and Development Corporation, 8%, repaid January 1999	--	1,996
Mercantile-Safe Deposit and Trust Co., Prime + 0.5%, repaid February 1999	--	500
Other Mortgages - Retail Properties, remaining loan carries 8% fixed rate, maturing February 2014	2,475	14,054
	$399,627	$306,824

</TABLE>

(1) May be extended for two one-year periods, subject to certain conditions.
(2) On February 8, 2000, the maturity date of this loan was extended to May 2001.
(3) Construction loan with a total commitment of $10,875. Loan may be extended for a one-year period, subject to certain conditions.
(4) Construction loan with a total commitment of $9,825. Loan may be extended for a one-year period, subject to certain conditions.
(5) Construction loan with a total commitment of $12,375. Loan may be extended for a one-year period, subject to certain conditions.
(6) Construction loan with a total commitment of $4,549.
(7) Construction loan with a total commitment of $7,400. Loan may be extended for a one-year period, subject to certain conditions.

In the case of each of our mortgage loans, we have pledged

certain of our real estate assets as collateral. We use the term collateralized to describe this arrangement. As of December 31, 1999, substantially all of our real estate properties were collateralized on loan obligations. Certain of our mortgage loans require that we comply with a number of restrictive financial covenants, including adjusted consolidated net worth, minimum property interest coverage, minimum property hedged interest coverage, minimum consolidated interest coverage, maximum consolidated unhedged floating rate debt and maximum consolidated total indebtedness.

Our mortgage loans mature on the following schedule (excluding extension options):

<TABLE>

<S> <C>	<C>
2000	$180,245
2001	28,180
2002	15,134
2003	3,665
2004	29,496
Thereafter	142,907
Total	$399,627

</TABLE>

The fair value of our mortgage and other loans payable was $387,539 at December 31, 1999 and $309,451 at December 31, 1998.

Weighted average borrowings under our secured revolving credit facility with Deutsche Banc Alex. Brown totaled $70,165 in 1999 and $30,972 in 1998. The weighted average interest rate on this credit facility totaled 7.2% in 1999 and 8.0% in 1998.

We also have a $50.0 million line of credit with Prudential Securities Credit Corporation. This loan bears an interest rate of LIBOR plus 1.5%, matures December 28, 2000 and may be extended for a three month period, subject to certain conditions. No borrowings were made under this loan during 1999.

Amounts available under our lines of credit with Deutsche Banc Alex. Brown and Prudential Securities Credit Corporation are computed based on 65% of the appraised value of properties pledged as collateral for these loans. As of December 31, 1999, the maximum amount available under our lines of credit totaled $99,353, of which $41,853 was unused.

We capitalized interest costs of $1,510 during 1999 and $77 during 1998.

We had mortgage loans payable that were retired early during 1999 using proceeds from sales of properties and refinancings. We recognized a loss on these early debt retirements of $903 during 1999.

8. SHAREHOLDERS' EQUITY

On January 1, 1998, COPT changed its name from Royale Investments, Inc. to Corporate Office Properties Trust, Inc. On March 16, 1998, COPT was reformed as a Maryland REIT and changed its name to Corporate Office Properties Trust (the "Reformation"). In connection with the Reformation, we authorized 45,000,000 Common Shares and 5,000,000 Preferred Shares. Each share of common stock in Corporate Office Properties Trust, Inc. was exchanged for one Common Share in COPT.

PREFERRED SHARES

In connection with the Constellation Transaction in 1998, we issued 984,308 Series A Preferred Shares. These shares are nonvoting and are convertible after two years of issuance, subject to certain conditions, into Common Shares on the basis of 1.8748 Common Shares for each Series A Preferred Share. Holders of these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of $1.375 per share, which is equal to 5.5% of the $25.00 per share liquidation preference of the shares. We contributed the assets we received in the transaction to our Operating Partnership in exchange for 984,308 Series A Preferred Units. The Series A Preferred Units carry terms that are substantially the same as the Series A Preferred Shares.

In July 1999, we completed the sale of 1,250,000 Series B Cumulative Redeemable Preferred Shares of beneficial interest ("Series B Preferred Shares") to the public at a price of $25.00 per share. These shares are nonvoting and are

redeemable for cash at $25.00 per share at our option on or after July 15, 2004. Holders of

these shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees). Dividends accrue from the date of issue at the annual rate of $2.50 per share, which is equal to 10% of the $25.00 per share redemption price. We contributed the net proceeds to our Operating Partnership in exchange for 1,250,000 Series B Preferred Units. The Series B Preferred Units carry terms that are substantially the same as the Series B Preferred Shares.

COMMON SHARES

In April 1998, we completed the sale of 7,500,000 Common Shares to the public at a price of $10.50 per share and contributed the net proceeds to our Operating Partnership in exchange for 7,500,000 Common Units. Our Operating Partnership used the proceeds to fund acquisitions.

In connection with the Constellation Transaction in 1998, we issued 7,030,793 Common Shares and contributed the assets we received to our Operating Partnership in exchange for 7,030,793 Common Units.

On August 4, 1999, 372,295 Common Units in our Operating Partnership were converted to Common Shares.

On December 16, 1999, we issued 471,875 Common Shares subject to forfeiture restrictions to certain officers. The forfeiture restrictions of specified percentages of these shares lapse annually through 2004 upon the Company's attainment of defined earnings or shareholder return growth targets. These shares may not be sold, transferred or encumbered while the forfeiture restrictions are in place. Forfeiture restrictions on 8,593 of these shares lapsed during 1999.

9. SHARE OPTIONS

In 1993, we adopted a share option plan for directors under which we have 75,000 Common Shares reserved for issuance. These options become exercisable beginning on the first anniversary of their grant and expire ten years after the date of grant.

In March 1998, we adopted a share option plan for Trustees and employees of the Service Companies under which we have 3,129,877 Common Shares reserved for issuance. Trustee options under this plan become exercisable beginning on the first anniversary of their grant. Service Company employees' options under this plan become exercisable over a 3 to 5 year period. These options expire ten years after the date of grant.

The following table summarizes share option transactions under the plans described above:

<TABLE>
<CAPTION>

	Shares	Range of Exercise Price per Share	Weighted Average Exercise Price per Share
<S>	<C>	<C> <C>	<C>
Outstanding at December 31, 1996	57,500	$5.38 - $10.38	$7.53
Granted - 1997	25,000	$5.25 - $7.59	$6.19
Forfeited - 1997	(7,500)	$5.25	$5.25
Outstanding at December 31, 1997	75,000	$5.25 - $10.38	$7.31
Granted - 1998	722,875	$9.25 - $12.25	$9.37
Forfeited - 1998	(6,050)	$9.25	$9.25
Exercised - 1998	(5,000)	$5.38 - $5.63	$5.51
Outstanding at December 31, 1998	786,825	$5.25 - $12.25	$9.20
Granted - 1999	700,200	$7.38 - $9.25	$8.21
Forfeited - 1999	(59,050)	$8.00 - $9.25	$8.48
1998 Options Repriced from	(360,500)	$9.25	$9.25
$9.25 to $8.00 during 1999	360,500	$8.00	$8.00
Outstanding at December 31, 1999	1,427,975	$5.25 - $12.25	$8.46

Available for future grant at December 31, 1999	1,771,902		
Exercisable at December 31, 1997	57,500	$5.38 - $10.38	$7.53
Exercisable at December 31, 1998	70,000	$5.25 - $10.38	$7.77
Exercisable at December 31, 1999	312,467	$5.25 - $12.25 (1)	$8.73

</TABLE>

(1)32,500 of these options had an exercise price ranging from $5.25 to $5.63, 249,967 had an exercise price ranging from $7.59 to $10.38 and 30,000 had an exercise price of $12.25.

The weighted average remaining contractual life of the options at December 31, 1999 was approximately nine years.

A summary of the weighted average grant-date fair value per option granted is as follows:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Weighted average grant-date fair value	$ 0.75	$ 0.98	$ 1.25
Weighted average grant-date fair value - exercise price equals Market price on grant-date	$ 0.90	$ 2.03	$ 1.25
Weighted average grant-date fair value - exercise price exceeds Market price on grant-date	$ 0.46	$ 0.95	$ --
Weighted average grant-date fair value - exercise price less than Market price on grant-date	$ 0.98	$ --	$ --

</TABLE>

We estimated the fair values using the Black-Scholes option-pricing model using the following assumptions:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Risk free interest rate	5.57%	4.65%	6.32%
Expected life - years	3.85	5.75	8.00
Expected volatility	27.00%	30.00%	34.00%
Expected dividend yield	8.40%	6.80%	6.70%

</TABLE>

Our Service Companies do not record compensation expense for share option grants unless the exercise price of such grants is less than the market price on the option grant date. The following table summarizes results as if we elected to account for share options based on Statement of Financial Accounting Standards No. 123:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Net income (loss) available to Common Shareholders, as reported	$ 12,229	$ 4,369	$ (967)
Net income (loss) available to Common Shareholders, pro forma	11,947	3,660	(998)
Earnings (loss) per Common Share, as reported	0.72	0.48	(0.60)
Earnings (loss) per Common Share, pro forma	0.69	0.40	(0.61)
Diluted earnings (loss) per Common Share, as reported	0.66	0.47	(0.60)
Diluted earnings (loss) per Common Share, pro forma	0.63	0.40	(0.61)

</TABLE>

10. RELATED PARTY TRANSACTIONS

MANAGEMENT

In September 1998, we entered into a contract with COMI under which COMI provides asset management, managerial, financial and legal support. Under the

terms of this contract, we reimburse COMI for personnel and other overhead-related expenses. We incurred management fees and related costs under this contract of $3,072 in 1999 and $545 in 1998. We capitalized $430 of these fees in 1999 and $73 in 1998.

In 1998, we entered into a management agreement with CRM under which CRM provides property management services to most of our properties. Under the terms of this arrangement, CRM is entitled to a fee equal to a percentage of revenue from tenant billings (3% in 1999 and 3.5% in 1998). CRM is also entitled to reimbursement for direct labor and out-of-pocket costs. We incurred property management fees and related costs with CRM of $3,743 in 1999 and $557 in 1998.

We had a management agreement with Glacier Realty LLC ("Glacier"), a company that was partially owned by one of our former Trustees. Under the management agreement, Glacier was responsible for the management of our retail properties for a base annual fee of $250 plus a percent of Average Invested Assets (as defined in the management agreement). Glacier was also entitled to fees upon our acquisition or sale of any net-leased retail real estate property, a fee that increased in the event that all or substantially all of the net-leased retail real estate properties were sold. The management agreement, entered into on October 14, 1997, had a term of five years. A fee was also due in the event that the management agreement was terminated or not renewed. We incurred fees under this agreement of $63 in 1999, $250 in 1998 and $52 in 1997. On March 19, 1999, our Operating Partnership issued 200,000 Common Units in exchange for all of the ownership interests in Glacier. For accounting purposes, we recorded $1,487, the value of this transaction, against the gain on the sale of our retail properties in the Midwest region of the United States.

We also had a management agreement with a company for which one of our Trustees serves on the Board of Directors. We incurred management fees and related costs under this contract of $62 in 1999, $87 in 1998 and $22 in 1997.

Prior to 1998, we had an advisory agreement with Crown Advisors, Inc. ("Crown"), a company owned by one of our former Trustees. Under this agreement, Crown acted as investment advisor to the Company and assisted in the management of the day-to-day operations for a base annual fee of $250 plus incentives based upon performance. We incurred advisory fees under this agreement of $198 in 1997. No performance fees were incurred under this agreement. In 1997, we issued 246,083 Common Shares (net of 27,646 Common Shares owned by Crown that were retired) valued at $1,353 ($5.50 per share) in exchange for the assets of Crown, which resulted in the termination of the advisory agreement with Crown. We reported these costs of terminating the advisory agreement as an expense in our Consolidated Statements of Operations.

CONSTRUCTION COSTS

In September 1998, we entered into a contract with CDS under which CDS provides construction and development services. Under the terms of this contract, we reimburse CDS for these services based on actual time incurred at market rates. We incurred $1,274 in 1999 and $214 in 1998 under this contract, a substantial portion of which was capitalized into the cost of the related activities.

RESTRICTED SHARE GRANTS

During 1999, the Service Companies paid us $63 for the value of earned restricted Common Shares granted to its employees.

RENTAL INCOME

We recognized revenue on office space leased to COMI and CRM of $420 in 1999 and $92 in 1998. We recognized revenue of $944 in 1999 and $256 in 1998 on office space leased to Constellation.

INTEREST INCOME

We earned interest income on notes receivable from the Service Companies of $253 in 1999 and $66 in 1998. We also earned interest income of $723 on notes receivable from Corporate Gateway in 1999.

CONSTRUCTION FEES

During 1999, the Service Companies earned construction management fees of $60 from an entity owned by an officer and Trustee of ours. During 1998, we earned construction management fees of $60 from an entity owned by an officer and Trustee of ours.

LEASING COMMISSION

During 1999, the Service Companies earned a leasing commission of $117 from an entity owned by an officer and Trustee of ours.

FEES EARNED FROM CONSTELLATION AND BGE

The Service Companies earned fees from a project consulting and management agreement with Constellation of $1,100 in 1999 and $750 in 1998. The Service Companies also earned fees and expense reimbursements of $500 in 1999 and $206 in 1998 under a property management agreement with Baltimore Gas and Electric Company ("BGE"), an affiliate of Constellation.

FEES EARNED FROM REAL ESTATE JOINT VENTURE

During 1999, we earned an acquisition services fee of $213 from Corporate Gateway.

UTILITIES EXPENSE

BGE provided utility services to most of our properties in the Baltimore/Washington Corridor during 1999 and 1998.

ACQUISITIONS

See Note 4.

11. OPERATING LEASES

We lease our properties to tenants under operating leases with various expiration dates extending to the year 2017. Gross minimum future rentals on noncancelable leases at December 31, 1999 are as follows:

<TABLE>

<S>	<C>	<C>
	2000	$ 80,401
	2001	59,849
	2002	51,618
	2003	41,714
	2004	32,728
	Thereafter	94,782
	Total	$ 361,092

</TABLE>

The amounts above do not include the cancelable portion of future rentals on long term leases with the United States Government that are structured with consecutive automatic one-year renewable terms.

12. SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	For the Years Ended December 31,		
	1999	1998	1997
<S>	<C>	<C>	<C>
Interest paid, net of capitalized interest	$21,258	$ 12,876	$ 2,220
Supplemental schedule of non-cash investing and financing activities:			
Debt repaid in connection with sales of rental properties	$ 20,928	$ --	$ --
Debt assumed in connection with acquisitions	$ 26,620	$ 84,679	$100,000
Increase in minority interests resulting from issuance of Preferred and Common Units in connection with property acquisitions	$ 28,309	$ 1,559	$ 65,070
Increase in minority interests resulting from issuance of Common Units in connection with Glacier transaction	$ 1,487	$ --	$ -
Increase in shareholders' equity resulting from issuance of Common Shares and Preferred Shares in connection with acquisitions	$ --	$ 98,431	$ 2,981

Note receivable balance applied to cost of property acquisition	$ 1,575	$ --	$ --
Increase in accrued capital improvements	$ 1,212	$ 1,742	$ --
Adjustments to minority interests resulting from changes in ownership of Operating Partnership by COPT	$ 8,970	$ 11,331	$ -
Dividends/distribution payable	$ 6,298	$ 4,692	$ 1,276
Decrease in minority interests and increase in shareholders' equity in connection with conversion of Common Units into Common Shares	$ 3,141	$ --	$ --
Changes in minority interests in connection with conversion of Preferred Units into Common Units	$ 52,500	$ --	$ -
Changes in shareholders' equity in connection with issuance of restricted Common Shares	$ 3,480	$ --	$ -

</TABLE>

13. INFORMATION BY BUSINESS SEGMENT

We have five segments: Baltimore/Washington Corridor office, Greater Philadelphia office, Northern/Central New Jersey office, Greater Harrisburg office and retail. Our office properties represent our core-business. We manage our retail properties as a single segment since they are considered outside of our core business.

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

<TABLE>
<CAPTION>

	Baltimore/ Washington Corridor Office	Greater Philadelphia Office	Northern/ Central New Jersey Office	Greater Harrisburg Office	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Year Ended December 31, 1999:						
Revenues	$ 45,716	$ 10,024	$ 17,764	$ 3,716	$ 3,892	$ 81,112
Property operating expenses	14,025	82	6,761	1,083	374	22,325
Income from operations	$ 31,691	$ 9,942	$ 11,003	$ 2,633	$ 3,518	$ 58,787
Commercial real estate property expenditures	$ 148,577	$ 17	$ 14,364	$ 47,176	$ 331	$ 210,465
Segment assets at December 31, 1999	$ 410,029	$ 107,516	$ 111,872	$ 70,648	$ 20,969	$ 721,034
Year Ended December 31, 1998:						
Revenues	$ 13,548	$ 10,024	$ 9,997	$ 2,835	$ 3,810	$ 40,214
Property operating expenses	4,293	15	3,914	946	464	9,632
Income from operations	$ 9,255	$ 10,009	$ 6,083	$ 1,889	$ 3,346	$ 30,582
Commercial real estate property expenditures	$ 275,502	$ --	$ 64,571	$ 18,019	$ 6,415	$ 364,507
Segment assets at December 31, 1998	$ 277,751	$ 108,894	$ 97,035	$ 23,888	$ 56,109	$ 563,677
Year Ended December 31, 1997:						
Revenues	$ --	$ 2,100	$ 1,359	$ 589	$ 2,570	$ 6,618
Property operating expenses	--	3	455	227	43	728

Income from operations	$ --	$ 2,097	$ 904	$ 362	$ 2,527	$ 5,890
Commercial real estate property expenditures	$ --	$ 110,401	$ 32,144	$ 24,137	$ 140	$ 166,822
Segment assets at December 31, 1997	$ --	$ 110,111	$ 32,123	$ 24,286	$ 27,014	$ 193,534

</TABLE>

The following table reconciles our income from operations for reportable segments to income (loss) before extraordinary item as reported in our Consolidated Statements of Operations.

<TABLE>
<CAPTION>

	Years Ended December 31,		
	1999	1998	1997
<S>	<C>	<C>	<C>
Income from operations for reportable segments	$ 58,787	$ 30,582	$ 5,890
Add:			
Equity in income of Service Companies	198	139	--
Gain on sales of rental properties	1,140	--	--
Less:			
General and administrative	(3,204)	(1,890)	(533)
Interest	(21,808)	(12,207)	(2,855)
Amortization of deferred financing costs	(975)	(423)	(64)
Depreciation and other amortization	(12,075)	(6,285)	(1,267)
Reformation costs	--	(637)	--
Termination of advisory agreement	--	--	(1,353)
Minority interests	(6,077)	(4,583)	(785)
Income (loss) before extraordinary item	$15,986	$ 4,696	$ (967)

</TABLE>

We did not allocate gain on sales of rental properties, interest expense, amortization of deferred financing costs and depreciation and other amortization to segments since they are not included in the measure of segment profit reviewed by management. We also did not allocate equity in income of Service Companies, general and administrative, reformation costs, termination of advisory agreement costs and minority interests since these items represent general corporate expenses not attributable to segments.

14. COMMITMENTS AND CONTINGENCIES

In the normal course of business, we are involved in legal actions arising from our ownership and administration of properties. In management's opinion, any liabilities that may result are not expected to have a materially adverse effect on our financial position, operations or liquidity. We are subject to various federal, state and local environmental regulations related to our property ownership and operation. We have performed environmental assessments of our properties, the results of which have not revealed any environmental liability that we believe would have a materially adverse effect on our financial position, operations or liquidity.

OFFICE LEASE

We have an office lease for our corporate headquarters in Bala Cynwyd, Pennsylvania. The monthly rent under this lease is subject to an annual increase based on the Consumer Price Index. Future minimum rental payments due under the term of this lease are as follows:

<TABLE>

<S>	<C>	<C>
	2000	$ 171
	2001	171
	2002	171
	2003	128
	Total	$ 641

</TABLE>

CONTRACT TO ACQUIRE PROPERTIES

We are under contract to purchase from Constellation two parcels of land

contiguous to certain of our existing operating properties. The purchase price will be determined based upon the square footage of the area contained in the buildings to be constructed on the land parcels.

WARRANTS

In connection with a property acquisition in December 1999, we issued ten-year detachable warrants exercisable for an additional number of Common Units (up to 476,200 units) to be determined based upon the share price of our Common Shares over the first five years following the acquisition. However, if the price of the Common Shares used to determine the additional number of Common Units equals or exceeds $14.21, no warrants will be issuable.

15. QUARTERLY DATA (UNAUDITED)

<TABLE>
<CAPTION>

	Year Ended December 31, 1999			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
Revenues	$ 18,523	$ 19,542	$ 20,460	$ 22,587
Income before minority interests and extraordinary item	$ 5,588	$ 5,225	$ 5,490	$ 5,760
Minority interests	(1,349)	(1,523)	(1,444)	(1,761)
Income before extraordinary item	4,239	3,702	4,046	3,999
Extraordinary item	(694)	(144)	--	(65)
Net income	3,545	3,558	4,046	3,934
Preferred Share dividends	(338)	(338)	(1,060)	(1,118)
Net income available to Common Shareholders	$ 3,207	$ 3,220	$ 2,986	$ 2,816
Basic earnings per share:				
Income before extraordinary item	$ 0.23	$ 0.20	$ 0.18	$ 0.17
Net income	$ 0.19	$ 0.19	$ 0.18	$ 0.16
Diluted earnings per share:				
Income before extraordinary item	$ 0.19	$ 0.17	$ 0.16	$ 0.17
Net income	$ 0.17	$ 0.17	$ 0.16	$ 0.16
Weighted average Common Shares-basic (in thousands)	16,802	16,802	17,037	17,176
Weighted average Common Shares-diluted (in thousands)	28,914	24,311	24,555	27,621

</TABLE>

<TABLE>
<CAPTION>

	Year Ended December 31, 1998			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
Revenues	$ 5,525	$ 7,842	$ 9,812	$17,035
Income before minority interests	$ 490	$ 2,058	$ 2,493	$ 4,238
Minority interests	(989)	(1,129)	(1,154)	(1,311)
Net (loss) income	(499)	929	1,339	2,927
Preferred Share dividends	--	--	(10)	(317)
Net (loss) income available to				

Common Shareholders	$ (499)	$ 929	$ 1,329	$ 2,610
Basic (loss) earnings per share	$ (0.22)	$ 0.12	$ 0.13	$ 0.16
Diluted (loss) earnings per share	$ (0.22)	$ 0.12	$ 0.12	$ 0.15
Weighted average Common Shares-basic (in thousands)	2,268	7,628	9,973	16,361
Weighted average Common Shares-diluted (in thousands)	2,294	17,731	20,065	23,868

</TABLE>

16. PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

We accounted for our 1999 and 1998 acquisitions using the purchase method of accounting. We included the results of operations for the acquisitions in our Consolidated Statements of Operations from their respective purchase dates through December 31, 1999.

We prepared our pro forma condensed consolidated financial information presented below as if all of our 1999 and 1998 acquisitions had occurred on January 1, 1998. Accordingly, we were required to make pro forma adjustments where deemed necessary. The pro forma financial information is unaudited and is not necessarily indicative of the results which actually would have occurred if these acquisitions had occurred on January 1, 1998, nor does it intend to represent our results of operations for future periods.

<TABLE>
<CAPTION>

	Year Ended December 31,	
	1999	1998
	(Unaudited)	(Unaudited)
<S>	<C>	<C>
Pro forma total revenues	$ 95,658	$ 82,227
Pro forma net income available to Common Shareholders	$ 12,103	$ 8,242
Pro forma earnings per Common Share		
Basic	$ 0.71	$ 0.49
Diluted	$ 0.65	$ 0.48

</TABLE>

17. SUBSEQUENT EVENT

CONSTRUCTION LOAN

On February 10, 2000, we entered into a $6,900 construction loan facility with Summit Bank to finance the redevelopment of a 57,000 square foot warehouse facility into office space. This loan bears interest at LIBOR plus 1.75%. The loan matures on February 28, 2001 and may be extended for a two-year period, subject to certain conditions.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees and Shareholders of
Corporate Office Properties Trust

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Corporate Office Properties Trust (the "Company") at December 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles

generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Baltimore, Maryland
January 26, 2000

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Our Common Shares began trading on the NYSE on April 27, 1998, under the symbol "OFC". During the first quarter of 1998 and through April 26, 1998, our Common Shares traded on the Nasdaq -Registered Trademark- under the symbols "COPT" and "COPTD". The table below shows the range of the high and low sale prices for our Common Shares as reported on the NYSE and the Nasdaq, as well as the quarterly Common Share dividends per share declared. The quotations shown for shares traded on Nasdaq represent interdealer prices without adjustment for retail markups, markdowns or commissions, and may not reflect actual transactions.

<TABLE>
<CAPTION>

	PRICE RANGE		
1999	LOW	HIGH	DIVIDENDS PER SHARE
<S>	<C>	<C>	<C>
First Quarter	$6.3750	$8.3125	$0.18
Second Quarter	5.8750	8.6875	0.18
Third Quarter	7.0000	9.0000	0.19
Fourth Quarter	7.0625	8.2500	0.19
1998			
First Quarter	9.7500	14.1250	0.15
Second Quarter	8.6250	14.0000	0.15
Third Quarter	6.4375	9.9375	0.18
Fourth Quarter	6.3750	8.0625	0.18

</TABLE>

The approximate number of holders of record of our shares was approximately 230 as of December 31, 1999. This number does not include shareholders whose shares are held of record by a brokerage house or clearing agency, but does include any such brokerage house or clearing agency as one record holder.

We will pay future dividends at the discretion of our Board of Trustees. Our ability to pay cash dividends in the future will be dependent upon (i) the income and cash flow generated from our operations, (ii) cash generated or used by our financing and investing activities and (iii) the annual distribution requirements under the REIT provisions of the Code described above and such other factors as the Board of Trustees deems relevant. Our ability to make cash dividends will also be limited by the terms of our Operating Partnership Agreement and our financing arrangements as well as limitations imposed by state law and the agreements governing any future indebtedness.

CORPORATE OFFICE PROPERTIES TRUST
SCHEDULE III - REAL ESTATE DEPRECIATION AND AMORTIZATION
DECEMBER 31, 1999
(DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

Property	Location	Building Type	Encumbrances	Initial Cost: Land	Initial Cost: Building and Improvements
<S>	<C>	<C>	<C>	<C>	<C>
751, 753 760, 785 Jolly Road	Blue Bell, PA	Office	$ 66,232	$ 22,080	$ 88,320
2730 Hercules Road	Annapolis Junction, MD	Office	26,447	7,897	31,588
431 Ridge Road	Dayton, NJ	Office	8,351	2,782	11,128
7200 Riverwood Drive	Columbia, MD	Office	7,524	4,075	16,300
695 Route 46	Fairfield, NJ	Office	6,809	3,730	14,919
6950 Columbia Gateway Drive	Columbia, MD	Office	12,007	3,586	14,343
6009 - 6011 Oxon Hill Road	Oxon Hill, MD	Office	6,658	3,432	13,728
9690 Deereco Road	Timonium, MD	Office	7,060	3,411	13,645
429 Ridge Road	Dayton, NJ	Office	8,794	2,930	11,719
1306 Concourse Drive	Linthicum, MD	Office	5,643	2,790	11,159
375 W. Padonia Road	Timonium, MD	Office	5,358	2,589	10,356
133 National Business Parkway	Annapolis Junction, MD	Office	8,422	2,515	10,060
135 National Business Parkway	Annapolis Junction, MD	Office	8,294	2,477	9,907
6940 Columbia Gateway Drive	Columbia, MD	Office	8,638	3,536	8,572
141 National Business Parkway	Annapolis Junction, MD	Office	8,022	2,396	9,583
134 National Business Parkway(1)	Annapolis Junction, MD	Office	8,167	3,672	7,446
710 Route 46	Fairfield, NJ	Office	6,214	2,151	8,605
1615 and 1629 Thames Street	Baltimore, MD	Office	4,302	2,079	8,315
2605 Interstate Drive	Harrisburg, PA	Office	6,242	2,089	8,355
1302 Concourse Drive	Linthicum, MD	Office	3,988	2,074	8,294
900 Elkridge Landing Road	Linthicum, MD	Office	7,499	1,991	7,963
132 National Business Parkway(1)	Annapolis Junction, MD	Office	4,490	2,907	7,155
131 National Business Parkway	Annapolis Junction, MD	Office	6,377	1,904	7,617
2601 Market Place	Harrisburg, PA	Office	5,802	1,928	7,713
7467 Ridge Road	Hanover, MD	Office	3,085	1,623	6,492
1199 Winterson Road	Linthicum, MD	Office	6,017	1,597	6,389
14502 Greenview Drive	Laurel, MD	Office	4,782	1,428	5,712
6740 Alexander Bell Drive	Columbia, MD	Office	4,921	1,419	5,678
14504 Greenview Drive	Laurel, MD	Office	4,934	1,480	5,894
1190 Winterson Road	Linthicum, MD	Office	5,024	1,334	5,334
1099 Winterson Road	Linthicum, MD	Office	4,979	1,322	5,287
849 International Drive	Linthicum, MD	Office	5,087	1,350	5,401
911 Elkridge Landing Road	Linthicum, MD	Office	4,573	1,214	4,856
6345 Flank Drive	Harrisburg, PA	Office	4,559	1,320	5,254
104 Interchange Plaza	Cranbury, NJ	Office	2,257	1,323	5,293
8815 Centre Park Drive	Columbia, MD	Office	4,188	1,251	5,003
1201 Winterson Road	Linthicum, MD	Office	4,849	1,287	5,149
19 Commerce	Cranbury, NJ	Office	2,633	1,283	5,130
6340 Flank Drive	Harrisburg, PA	Office	4,389	1,271	5,058
4301 Route 1	Monmouth Junction, NJ	Office	2,671	1,204	4,816
6716 Alexander Bell Drive	Columbia, MD	Office	4,293	1,238	4,953
101 Interchange Plaza	Cranbury, NJ	Office	1,730	1,155	4,647
322 Marlboro Street	Easton, MD	Office	2,825	1,157	4,628
999 Corporate Boulevard(1)	Linthicum, MD	Office	3,437	1,186	4,464
5035 Ritter Road	Harrisburg, PA	Office	3,845	1,113	4,432
6400 Flank Drive	Harrisburg, PA	Office	3,765	1,090	4,339
881 Elkridge Landing Road	Linthicum, MD	Office	3,892	1,033	4,133
921 Elkridge Landing Road	Linthicum, MD	Office	3,929	1,043	4,172
930 International Drive	Linthicum, MD	Office	3,813	980	3,918

<CAPTION>

Property	Costs Capitalized Subsequent to Acquisition	Gross Amounts Carried at Close of Period	Accumulated Depreciation	Year Built or Renovated	Date Acquired	Depreciation Life
<S>	<C>	<C>	<C>	<C>	<C>	<C>
751, 753 760, 785 Jolly Road	$ 19	$110,419	$ 4,889	1966/1996	10/14/97	40 Years
2730 Hercules Road	--	39,485	987	1990	9/28/98	

40 Years					
431 Ridge Road	6,638	20,548	734	1958/1998	10/14/97
40 Years					
7200 Riverwood Drive	--	20,375	492	1986	10/13/98
40 Years					
695 Route 46	1,230	19,879	625	1990	5/28/98
40 Years					
6950 Columbia Gateway Drive	--	17,929	418	1998	10/21/98
40 Years					
6009 - 6011 Oxon Hill Road	482	17,642	517	1990	9/28/98
40 Years					
9690 Deereco Road	--	17,056	--	1988	12/21/99
40 Years					
429 Ridge Road	268	14,917	671	1966/1996	10/14/97
40 Years					
1306 Concourse Drive	--	13,949	35	1990	11/18/99
40 Years					
375 W. Padonia Road	--	12,945	--	1986	12/21/99
40 Years					
133 National Business Parkway	229	12,804	361	1997	9/28/98
40 Years					
135 National Business Parkway	31	12,415	249	1998	12/30/98
40 Years					
6940 Columbia Gateway Drive	--	12,108	35	1999	11/13/98
40 Years					
141 National Business Parkway	86	12,065	325	1990	9/28/98
40 Years					
134 National Business Parkway(1)	--	11,118	51	(1)	11/13/98
40 Years					
710 Route 46	52	10,808	343	1985	5/28/98
40 Years					
1615 and 1629 Thames Street	402	10,796	284	1989	9/28/98
40 Years					
2605 Interstate Drive	46	10,490	471	1990	10/14/97
40 Years					
1302 Concourse Drive	--	10,368	26	1996	11/18/99
40 Years					
900 Elkridge Landing Road	177	10,131	383	1982	4/30/98
40 Years					
132 National Business Parkway(1)	--	10,062	--	(1)	5/28/99
40 Years					
131 National Business Parkway	281	9,802	281	1990	9/28/98
40 Years					
2601 Market Place	143	9,784	430	1989	10/14/97
40 Years					
7467 Ridge Road	8	8,123	108	1990	4/28/99
40 Years					
1199 Winterson Road	41	8,027	269	1988	4/30/98
40 Years					
14502 Greenview Drive	111	7,251	194	1988	9/28/98
40 Years					
6740 Alexander Bell Drive	234	7,331	159	1992	12/31/98
40 Years					
14504 Greenview Drive	317	7,691	209	1985	9/28/98
40 Years					
1190 Winterson Road	448	7,116	237	1987	4/30/98
40 Years					
1099 Winterson Road	401	7,010	238	1988	4/30/98
40 Years					
849 International Drive	196	6,947	119	1988	2/23/99
40 Years					
911 Elkridge Landing Road	648	6,718	232	1985	4/30/98
40 Years					
6345 Flank Drive	69	6,643	13	1989	12/3/99
40 Years					
104 Interchange Plaza	11	6,627	154	1990	10/30/98
40 Years					
8815 Centre Park Drive	298	6,552	169	1987	9/28/98
40 Years					
1201 Winterson Road	13	6,449	216	1985	4/30/98
40 Years					
19 Commerce	34	6,447	149	1989	10/30/98
40 Years					
6340 Flank Drive	--	6,329	11	1988	12/3/99
40 Years					
4301 Route 1	302	6,322	82	1986	6/24/99
40 Years					
6716 Alexander Bell Drive	48	6,239	121	1990	12/31/98
40 Years					
101 Interchange Plaza	272	6,074	144	1985	10/30/98
40 Years					
322 Marlboro Street	57	5,842	147	1977/1997	9/28/98
40 Years					
999 Corporate Boulevard(1)	--	5,650	--	(1)	8/1/99
40 Years					

5035 Ritter Road	--	5,545	9	1988	12/3/99
40 Years					
6400 Flank Drive	--	5,429	9	1992	12/3/99
40 Years					
881 Elkridge Landing Road	73	5,239	176	1986	4/30/98
40 Years					
921 Elkridge Landing Road	20	5,235	174	1983	4/30/98
40 Years					
930 International Drive	35	4,933	163	1986	4/30/98
40 Years					

</TABLE>

<TABLE>
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				Initial Cost	
--					
Property	Location	Building Type	Encumbrances	Land	Building and Improvements
- ----					
<S>	<C>	<C>	<C>	<C>	<C>
7321 Parkway Drive	Hanover, MD	Office	1,617	936	3,746
900 International Drive	Linthicum, MD	Office	3,690	1,012	4,049
221 National Business Parkway(1)	Annapolis Junction, MD	Office	--	2,945	1,975
7318 Parkway Drive	Hanover, MD	Office	1,580	968	3,874
939 Elkridge Landing Road	Linthicum, MD	Office	3,533	938	3,752
6360 Flank Drive	Harrisburg, PA	Office	3,137	909	3,615
1340 Ashton Road	Hanover, MD	Office	1,392	902	3,609
6760 Alexander Bell Drive	Columbia, MD	Office	3,076	887	3,549
6385 Flank Drive	Harrisburg, PA	Office	2,429	811	3,242
800 International Drive	Linthicum, MD	Office	2,916	774	3,096
47 Commerce	Cranbury, NJ	Office	1,279	753	3,013
1334 Ashton Road	Hanover, MD	Office	1,392	734	2,937
437 Ridge Road	Dayton, NJ	Office	2,151	717	2,866
2100 S. Broadway	Minot, ND	Retail	2,475	842	2,503
6405 Flank Drive	Harrisburg, PA	Office	2,259	654	2,604
5070 Ritter Road- Bldg A	Harrisburg, PA	Office	2,009	581	2,314
6380 Flank Drive	Harrisburg, PA	Office	2,030	588	2,339
1331 Ashton Road	Hanover, MD	Office	1,091	585	2,340
68 Culver Road(1)	Dayton, NJ	Office	--	857	1,972
5070 Ritter Road- Bldg B	Harrisburg, PA	Office	1,757	509	2,025
3 Centre Drive	Cranbury, NJ	Office	1,016	509	2,036
2 Centre Drive	Cranbury, NJ	Office	940	478	1,914
7 Centre Drive	Cranbury, NJ	Office	752	468	1,873
95 Shannon Road	Harrisburg, PA	Office	1,696	470	1,879
75 Shannon Road	Harrisburg, PA	Office	1,614	447	1,788
1304 Concourse Drive(2)	Linthicum, MD	Office	--	1,973	36
1350 Dorsey Road	Hanover, MD	Office	828	392	1,568
6750 Alexander Bell Drive(1)	Columbia, MD	Office	--	1,263	680
8 Centre Drive	Cranbury, NJ	Office	828	387	1,547
1344 Ashton Road	Hanover, MD	Office	715	354	1,417
1341 Ashton Road	Hanover, MD	Office	470	305	1,220
85 Shannon Road	Harrisburg, PA	Office	994	275	1,102
1343 Ashton Road	Hanover, MD	Office	470	193	772
6375 Flank Drive(1)	Harrisburg, PA	Office	--	191	731
1337 Ashton Road(2)	Hanover, MD	Office	--	400	12
1338 Ashton Road	Hanover, MD	Ground Lease	132	50	--
Furniture, Fixtures and Equipment	Various	N/A	--	--	--
			$398,085	$148,779	$551,217

<CAPTION>

Property	Costs Capitalized Subsequent to Acquisition	Gross Amounts Carried at Close of Period	Accumulated Depreciation	Year Built or Renovated	Date Acquired	Depreciation Life
- ----------						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
7321 Parkway Drive	313	4,995	78	1984	4/16/99	
40 Years						
900 International Drive	55	5,116	169	1986	4/30/98	
40 Years						

221 National Business Parkway(1)	--	4,920	-	(1)	10/21/99
40 Years					
7318 Parkway Drive	76	4,918	72	1984	4/16/99
40 Years					
939 Elkridge Landing Road	80	4,770	158	1983	4/30/98
40 Years					
6360 Flank Drive	--	4,524	8	1988	12/3/99
40 Years					
1340 Ashton Road	--	4,511	60	1989	4/28/99
40 Years					
6760 Alexander Bell Drive	5	4,441	86	1991	12/31/98
40 Years					
6385 Flank Drive	--	4,053	179	1995	10/14/97
40 Years					
800 International Drive	80	3,950	129	1988	4/30/98
40 Years					
47 Commerce	--	3,766	87	1992/1998	10/30/98
40 Years					
1334 Ashton Road	--	3,671	49	1989	4/28/99
40 Years					
437 Ridge Road	25	3,608	159	1962/1996	10/14/97
40 Years					
2100 S. Broadway	--	3,345	401	1993	2/1/94
40 Years					
6405 Flank Drive	--	3,258	5	1991	12/3/99
40 Years					
5070 Ritter Road- Bldg A	33	2,928	5	1989	12/3/99
40 Years					
6380 Flank Drive	--	2,927	5	1991	12/3/99
40 Years					
1331 Ashton Road	--	2,925	39	1989	4/28/99
40 Years					
68 Culver Road(1)	--	2,829	--	(1)	7/9/99
40 Years					
5070 Ritter Road- Bldg B	--	2,534	4	1989	12/3/99
40 Years					
3 Centre Drive	--	2,545	59	1987	10/30/98
40 Years					
2 Centre Drive	--	2,392	56	1989	10/30/98
40 Years					
7 Centre Drive	42	2,383	60	1989	10/30/98
40 Years					
95 Shannon Road	--	2,349	20	1995	8/12/99
40 Years					
75 Shannon Road	--	2,235	19	1995	8/12/99
40 Years					
1304 Concourse Drive(2)	--	2,009	--	(2)	11/18/99
40 Years					
1350 Dorsey Road	--	1,960	26	1989	4/28/99
40 Years					
6750 Alexander Bell Drive(1)	--	1,943	--	(1)	12/31/98
40 Years					
8 Centre Drive	--	1,934	45	1986	10/30/98
40 Years					
1344 Ashton Road	1	1,772	24	1989	4/28/99
40 Years					
1341 Ashton Road	7	1,532	20	1989	4/28/99
40 Years					
85 Shannon Road	--	1,377	11	1995	8/12/99
40 Years					
1343 Ashton Road	--	965	13	1989	4/28/99
40 Years					
6375 Flank Drive(1)	--	922	--	(1)	11/4/99
40 Years					
1337 Ashton Road(2)	--	412	--	(2)	4/28/99
40 Years					
1338 Ashton Road	--	50	--	N/A	4/28/99
40 Years					
Furniture, Fixtures and Equipment	335	335	124	N/A	Various
3-5 Years					
	$14,772	$714,768	$18,279		

</TABLE>

(1) Under construction at December 31, 1999.
(2) Held for future development at December 31, 1999.

The following table summarizes our changes in cost of properties (in thousands):

<TABLE>

<S>	<C>
Balance at December 31, 1998	$ 556,356
Property acquisitions	171,312
Building and land improvements	28,781
Other	3
Sales	(41,684)
Balance at December 31, 1999	$ 714,768

</TABLE>

The following table summarizes our changes in accumulated depreciation (in thousands):

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Balance at December 31, 1998	$ 9,469
Depreciation expense	11,811
Sales	(3,001)
Balance at December 31, 1999	$ 18,279

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Board of Trustees and Shareholders of
Corporate Office Properties Trust:

Our audits of the consolidated financial statements referred to in our report dated January 26, 2000 appearing in the 1999 Annual Report to Shareholders of Corporate Office Properties Trust (which report and consolidated financial statements are incorporated by reference in the Corporate Office Properties Trust 1999 Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 14(a)(2) of the Corporate Office Properties Trust 1999 Annual Report on Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Baltimore, Maryland
January 26, 2000

EXHIBIT 21.1

CORPORATE OFFICE PROPERTIES TRUST
SUBSIDIARIES OF REGISTRANT

DELAWARE
Blue Bell Investment Company, LP
Comcourt Investors, LP
COPT Concourse, LLC
Corporate Office Properties, LP
Corporate Office Properties Holdings, Inc.
South Brunswick Investors, LP

MARYLAND
Airport Square II, LLC
Airport Square IV, LLC
Airport Square V, LLC
Airport Square X, LLC
Airport Square XI, LLC
Airport Square XIII, LLC
Airport Square XIV, LLC
Airport Square XV, LLC
Airport Square XIX, LLC
Airport Square XX, LLC
Airport Square XXI, LLC
Atrium Building, LLC
Brown's Wharf, LLC
Commons Office Research, LLC
COPT Acquisitions, Inc.
COPT Columbia, LLC
COR, LLC
Corporate Gatespring, LLC
Corporate Gatespring II, LLC
Corporate Property, LLC
Gateway 44, LLC
Lakeview at the Greens, LLC
NBP One, LLC
NBP 131-133-141, LLC
NBP 132, LLC
NBP 134, LLC
NBP 135, LLC
NBP 221, LLC
St. Barnabas, LLC
Tech Park I, LLC
Tech Park II, LLC
Tech Park IV, LLC
Three Centre Park, LLC
Tred Lightly Limited Liability Company
9690 Deereco Road, LLC
7200 Riverwood, LLC
7318 Parkway Drive Enterprises, LLC
7321 Parkway Drive Enterprises, LLC

NEW JERSEY
Princeton Executive, LLC

68 Culver Road, LLC

PENNSYLVANIA
Bolivar Associates, LLC
Corporate Gateway General Partnership
COPT Gateway, LP
Gateway Central Limited Partnership
6385 Flank Drive, LP

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration

Statements on Form S-3 (No. 333-71807), Form S-3 (No. 333-60379) and Form S-8(No. 333-88711) of Corporate Office Properties Trust of our report dated January 26, 2000 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated January 26, 2000 relating to the financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
March 15, 2000

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