

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

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 1998

or

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

For the transition period from _____ to _____

Commission file number 0-20047

Corporate Office Properties Trust
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

23-2947217
(IRS Employer
Identification No.)

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

19004
(Zip Code)

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

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

On November 13, 1998, 16,471,640 shares of the Company's Common Shares of Beneficial Interest, \$0.01 par value, were outstanding.

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Form 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Corporate Office Properties Trust
Consolidated Balance Sheet

(Dollars in thousands, except share and per share data)

	September 30, 1998	December 31, 1997

	(unaudited)	
<S>	<C>	<C>
Assets		
Land	\$ 88,504	\$ 38,764
Buildings and improvements	352,981	152,945
Furniture, fixtures and equipment	332	140
Less accumulated depreciation	(6,984)	(3,224)

Net investments in real estate	434,833	188,625
Cash and cash equivalents	1,906	3,395
Restricted cash	143	--
Tenant accounts receivable	629	78
Investment in and advances to Corporate Office Management, Inc.	2,313	--
Deferred rent receivable	1,562	479
Deferred financing costs, net	1,185	857
Deferred costs and other assets, net	5,413	100

Total assets	\$ 447,984	\$ 193,534

Liabilities and shareholders' equity		
Liabilities:		
Mortgage loans payable	\$ 205,338	\$ 114,375
Accounts payable and accrued expenses	4,567	932
Rents received in advance and security deposits	2,005	425
Dividends/distributions payable	3,087	1,276

Total liabilities	214,997	117,008

Minority interests:		
Preferred Units	52,500	52,500
Common Units	23,186	12,362

Total minority interests	75,686	64,862

Commitments and contingencies	--	--
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 (\$0.01 par value, 865,566 Shares issued and outstanding at September 30, 1998)	9	--
Common Shares of beneficial interest (\$0.01 par value; 45,000,000 authorized, 15,953,717 and 2,266,083 Shares issued and outstanding at September 30, 1998 and December 31, 1997, respectively)	160	23
Additional paid-in capital	163,918	16,620
Accumulated deficit	(6,786)	(4,979)

Total shareholders' equity	157,301	11,664
Total liabilities and shareholders' equity	\$ 447,984	\$ 193,534

</TABLE>

See accompanying notes to financial statements.

Corporate Office Properties Trust
Consolidated Statements of Operations

(Dollars in thousands, except per share data)
(unaudited)

<TABLE>
<CAPTION>

ended	For the three months ended		For the nine months	
	September 30,		September 30,	
	1998	1997	1998	
1997				
<S>	<C>	<C>	<C>	<C>
Revenues				
Rental income	\$ 8,562	\$ 629	\$ 20,539	\$
1,881				
Tenant recoveries and other income	1,250	5	2,640	
18				

Total revenues	9,812	634	23,179	
1,899				

Expenses				
Property operating	2,457	7	5,001	
19				
General and administrative	397	95	1,055	
271				
Interest expense	2,849	305	7,424	
920				
Amortization of deferred financing costs	119	3	266	
9				
Depreciation and other amortization	1,514	138	3,772	
416				
Reformation costs	--	--	637	-
-				

Total expenses	7,336	548	18,155	
1,635				

Income from operations	2,476	86	5,024	
264				
Equity in net income from Corporate Office Management, Inc.	17	--	17	-
-				

Income before minority interests	2,493	86	5,041	
264				
Minority interests				
Preferred Units	(853)	--	(2,559)	-
-				
Common Units	(301)	--	(713)	-
-				

Net income	1,339	86	1,769	

Preferred Share dividends	(10)	--	(10)	-

Net income available to Common Shareholders	\$ 1,329	\$ 86	\$ 1,759	\$

Earnings per Share				
Basic	\$ 0.13	\$ 0.06	\$ 0.26	\$

Diluted	\$ 0.12	\$ 0.06	\$ 0.26	\$

</TABLE>

See accompanying notes to financial statements.

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Corporate Office Properties Trust
Consolidated Statements of Cash Flows

(Dollars in thousands)
(unaudited)

<TABLE>
<CAPTION>

	For the nine months ended September 30,	
	1998	1997
	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 1,769	\$ 264
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	3,272	--
Depreciation and amortization	3,772	416
Amortization of deferred financing costs	266	9
Amortization of marketable securities	--	(8)
Equity in net income of Corporate Office Management, Inc.	(17)	--
Increase in deferred rent receivable	(1,083)	(50)
Increase in tenant accounts receivable and other assets	(2,535)	(104)
Increase (decrease) in accounts payable, accrued expenses, rents received in advance and security deposits	2,173	(32)

Net cash provided by operating activities	7,617	495

Cash flows from investing activities:		
Proceeds from maturity of marketable securities	--	487
Investment in and advances to Corporate Office Management, Inc.	204	--
Increase in restricted cash	(143)	--
Purchases of and additions to investments in real estate	(96,897)	--
Leasing commissions paid	(151)	--
Deposits on real estate acquisitions	(1,465)	--

Net cash (used in) provided by investing activities	(98,452)	487

Cash flows from financing activities:		
Net proceeds from issuance of Common Shares	72,742	--
Costs attributable to Common Shares issued	(505)	--
Dividends paid	(2,089)	(533)
Distributions paid	(3,475)	--
Proceeds from mortgage loans payable	26,700	--
Repayments of mortgage loans payable	(1,762)	(210)
Deferred financing costs	(565)	--
Deposit on financing	(1,700)	--

Net cash provided by (used in) financing activities	89,346	(743)

Net (decrease) increase in cash and cash equivalents	(1,489)	239

Cash and cash equivalents		
Beginning of period	3,395	258
-----	-----	-----
End of period	\$ 1,906	\$ 497
-----	-----	-----

</TABLE>

See accompanying notes to financial statements.

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Corporate Office Properties Trust
Notes to Consolidated Financial Statements

(Dollars in thousands, except per share data)
(unaudited)

1. Organization and Formation of Company

Corporate Office Properties Trust (formerly Royale Investments, Inc.) (the "Company") is a fully-integrated, self-administered Real Estate Investment Trust ("REIT") which focuses on the ownership, acquisition, management and development of suburban office buildings. The Company was formed in 1988 as a Minnesota corporation. The Company has qualified as a REIT as defined in the Internal Revenue Code (the "Code"). As of September 30, 1998, the Company's portfolio included 43 commercial real estate properties leased for office and retail purposes.

The Company's operations are conducted primarily through Corporate Office Properties, L.P. (the "Operating Partnership"), a partnership formed to own real estate both directly and through subsidiary partnerships and limited liability companies ("LLCs"). The Company is the sole general partner in the Operating Partnership and as of September 30, 1998, owned 84.7% of the Operating Partnership's common partnership units ("Common Units"). The general partner of several of the subsidiary partnerships is Corporate Office Properties Holdings, Inc. ("COPH"), a wholly owned subsidiary of the Company.

On January 1, 1998, the Company changed its name to Corporate Office Properties Trust, Inc. On March 16, 1998, the Company was reformed as a Maryland REIT and changed its name to Corporate Office Properties Trust (the "Reformation"). In connection with the Reformation, 45,000,000 common shares and 5,000,000 preferred shares were authorized and each share of common stock was exchanged for one common share of beneficial interest, par \$0.01 ("Common Share") in Corporate Office Properties Trust. All common stock references in the financial statements have been restated as Common Shares. This restatement had no effect on net operations or the amounts presented as shareholders' equity.

The Operating Partnership also owns 95% of the capital stock, including 1% of the voting common stock, in Corporate Office Management, Inc. ("COMI"), an entity formed in September 1998. COMI and its subsidiaries provide asset management, property management, construction, development and related services to the Company and to third-party clients (see Note 4).

On September 28, 1998, the Company, through affiliates of the Operating Partnership, completed a number of transactions (collectively, the "Constellation Transaction") pursuant to agreements (the "Constellation Agreements") with affiliates of Constellation Real Estate Group (collectively, "Constellation") to acquire real estate properties and service businesses (see Note 3). In connection with the Constellation Transaction, the Company issued 6,182,634 Common Shares and 865,566 Series A Convertible Preferred Shares of Beneficial Interest ("Preferred Shares") to Constellation, which became the owner of approximately 39% of the Company's Common Shares. The Company contributed the assets it received in the Constellation Transaction to the Operating Partnership in exchange for 6,182,634 Common Units and 865,566 preferred units ("Series A Preferred Units"). The Series A Preferred Units carry terms which are identical to the Preferred Shares issued to Constellation.

2. Summary of Significant Accounting Policies

The financial statements have been prepared by the Company without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. In order to conform with generally accepted accounting principles, management, in preparation of the Company's financial statements, is required

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to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of September 30, 1998 and December 31, 1997, and the reported amounts of revenues and expenses for the three and nine months ended September 30, 1998 and 1997. Actual results could differ from those estimates.

In the opinion of the Company, all adjustments (consisting solely of normal recurring matters, except for \$637 of costs associated with the Reformation) necessary to fairly present the financial position of the Company as of September 30, 1998, the results of its operations for the three and nine months ended September 30, 1998 and 1997 and the cash flows for the nine months ended September 30, 1998 and 1997 have been included. The results of operations for such interim periods are not necessarily indicative of the results for a full year. For further information, refer to the Company's consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for the year ended December 31, 1997.

Basis of Presentation

The consolidated financial statements of the Company at September 30, 1998 and December 31, 1997 include the accounts of the Company, the Operating Partnership (and its subsidiary partnerships and LLCs), and COPH. All intercompany transactions and balances have been eliminated in consolidation. Certain amounts from prior periods have been reclassified to conform to current year presentation. The reclassifications had no effect on net operations or shareholders' equity.

The Company, as general partner, controls the Operating Partnership; therefore consolidated financial reporting and accounting have been applied. Minority interests represent the Common Units and Initial Preferred Units ("Initial Preferred Units") of the Operating Partnership not owned by the Company, each of which include certain interests retained by the Chairman of the Board of Trustees and the Chief Executive Officer of the Company ("Retained Interests").

Earnings Per Share ("EPS")

Pursuant to SFAS No. 128, the Company has computed basic and diluted EPS for the three and nine months ended September 30, 1998 and 1997. The weighted average common shares outstanding for purposes of basic and diluted EPS calculations are as follows (in thousands):

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Weighted average common shares-basic	9,973	1,420	6,652	1,420
Assumed conversion of stock options	10	--	86	--
Conversion of Preferred Shares	--	--	--	--
Conversion of Initial Preferred Units	7,500	--	--	--
Conversion of Common Units	2,582	--	--	--
	-----	-----	-----	-----
Weighted average common shares-diluted	20,065	1,420	6,738	1,420
	-----	-----	-----	-----

</TABLE>

The diluted EPS computation for the nine months ended September 30, 1998 does not assume conversion of Initial Preferred Units, Common Units or Preferred Shares since such conversion would have an antidilutive effect on EPS. The conversion of convertible Initial Preferred Units, convertible Common Units and Preferred Shares into Common Shares would increase the diluted weighted average common shares denominator by 7,500,000, 2,581,818 and 17,833 Common Shares, respectively, for the nine months ended September 30, 1998. Such conversions could potentially dilute EPS in the future.

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The diluted EPS computation for the three months ended September 30, 1998 does not assume conversion of Preferred Shares since such conversion would have an antidilutive effect on EPS. The conversion of Preferred Shares into Common Shares would increase the diluted weighted average common shares denominator by 52,916. Such conversions could potentially dilute EPS in the future.

Recent Accounting Pronouncements

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures about Segments of an Enterprise and Related Information". This statement, effective for financial statements for

fiscal years beginning after December 15, 1997, requires that a public business enterprise report financial and descriptive information about its reportable operating segments. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. While this statement affects only financial statement disclosures, the Company currently does not expect adoption of this Statement to have a material effect on the preparation of its financial statement presentation or related footnote disclosures. SFAS 131 is not effective for interim financial statements in the initial year of its application.

In March 1998, the FASB's Emerging Issues Task Force (the "Task Force") reached consensus on Emerging Issues Task Force Issue No. 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions" ("EITF 97-11"). EITF 97-11, effective March 19, 1998, requires that internal costs of preacquisition activities incurred in connection with the acquisition of an operating property should be expensed as incurred. The Company does not incur significant internal costs from preacquisition activities; therefore the adoption of EITF 97-11 did not have a material effect on the Company's consolidated statement of operations.

In May 1998, the Task Force reached consensus on Emerging Issues Task Force Issue No. 98-9, "Accounting for Contingent Rent in Interim Periods" ("EITF 98-9"). EITF 98-9, effective May 22, 1998, states that lessors should not recognize contingent rental revenue in interim periods until the lessee has met the specified targets that trigger contingent rental income. The Company's historical accounting for contingent rent is consistent with the Task Force's consensus; therefore, the adoption of EITF 98-9 did not have a material effect on the Company's consolidated statement of operations.

3. Acquisitions

On April 30, 1998, the Company, through affiliates of the Operating Partnership, acquired nine multistory office buildings and three office/flex buildings in the Baltimore/Washington Corridor in Linthicum, Anne Arundel County, Maryland (the "Airport Square Properties"). The properties were acquired for cash at an aggregate purchase price of \$72,618, including \$1,139 in transaction costs.

On May 28, 1998, the Company, through affiliates of the Operating Partnership, acquired two multistory office buildings located in Fairfield, New Jersey (the "Fairfield Properties"). The properties were acquired at an aggregate price of \$29,405, including \$605 in transaction costs, paid through the assumption of debt of \$6,465 and proceeds from the Credit Facility, as defined below (Note 6).

On September 28, 1998, the Company, through affiliates of the Operating Partnership, completed the Constellation Transaction. The Company acquired interests in 10 office properties and 2 retail properties (collectively the "Constellation Properties"). The Constellation Properties, located in the Baltimore/Washington Corridor, were acquired at an aggregate price of \$146,727, including \$3,136 in transaction costs.

The Company also acquired from Constellation a 75% interest in Corporate Realty Management, LLC ("CRM"), a real estate management services entity, and certain equipment, furniture and other assets related to Constellation Real Estate, Inc. ("CRE") (collectively, the "Constellation Service Companies"). The Constellation Service Companies were acquired at an aggregate price of \$2,500.

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The Constellation Transaction was financed as follows: (i) the issuance of 6,182,634 Common Shares in the Company, valued at \$64,918 (\$10.50 per share), (ii) the issuance of 865,566 Preferred Shares in the Company, valued at \$21,639 (\$25 per share) (iii) \$58,085 in debt of the Constellation Properties assumed by the Company (see Note 6), (iv) \$2,100 in proceeds from the Company's Credit Facility (see Note 6) and (v) \$2,485 in cash from the Company's cash reserves.

With the Constellation Transaction, the Company was granted 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 those persons previously employed by CRE engaged in the operation of the Constellation Properties became employees of affiliates of the Company.

In connection with the Constellation Transaction, the Company's Board of Trustees was expanded from a composition of seven to nine Trustees. Constellation designated Edward A. Croke and Steven D. Kesler as the two new Trustees. Jay H. Shidler remained Chairman. Clay W. Hamlin remained Chief Executive Officer and resigned as President of the Company, with Randall M. Griffin appointed as President and Chief Operating Officer. In addition, Roger A. Waesche, Jr., formerly Senior Vice President of Finance of CRE, and John H. Gurley, formerly Senior Vice President and general counsel of CRE, as well as

certain other officers of CRE, assumed positions with the Company and its affiliates similar to those held by them with CRE.

4. Investment in Corporate Office Management, Inc.

On September 28, 1998, the Company, through affiliates of the Operating Partnership, acquired from Constellation a 75% interest in CRM and certain equipment, furniture and other assets related to CRE (see Note 3). Upon completion of the Constellation Transaction, the Company contributed these assets into Corporate Office Management, Inc. ("COMI"), an entity which provides asset management, managerial, financial and legal support to the Company and its affiliates. In exchange for this contribution of assets, the Company received 95% of the capital stock in COMI, including 1% of the voting common stock, and a \$2,005 note receivable from COMI carrying an interest rate of 10%.

COMI contributed certain equipment, furniture and other assets into Corporate Development Services, LLC ("CDS"), an entity which provides construction and development services predominantly to the Company and its affiliates. In exchange for this contribution of assets, COMI received 100% of the membership interests in CDS.

The Company accounts for its investment in COMI and its subsidiaries, CRM and CDS, using the equity method of accounting. The Company's investment in COMI at September 30, 1998 was comprised of the following:

<TABLE>	<S>	<C>
	Note receivable	\$ 2,005
	Equity investment in COMI	487
	Advance payable	(179)

	Total	\$ 2,313

</TABLE>

5. Issuance of Shares and Options

In January 1998, options to purchase 2,500 shares were exercised. In March 1998, options to purchase an additional 2,500 shares were exercised.

In March 1998, options to purchase an aggregate of 45,000 shares were granted to an officer and four independent Trustees at a grant price of \$12.25 per share. Options relating to 20,000 Common Shares vest one year after the date of grant and options relating to 25,000 Common Shares vest ratably over 3 years following

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the date of grant. The options expire ten years after the date of grant. On September 28, 1998, options to purchase an aggregate of 709,175 shares were granted to employees of the Company and its affiliates at a grant price of \$9.25. These options vest ratably over 3 years following the date of grant. The options expire ten years after the date of grant.

On April 27, 1998, the Company completed the sale of 7,500,000 Common Shares to the public at a price of \$10.50 per share (the "Offering"). The net proceeds were contributed to the Operating Partnership in exchange for 7,500,000 Common Units. The Operating Partnership used the proceeds to fund acquisitions.

On September, 28, 1998, in connection with the Constellation Transaction, the Company issued 6,182,634 Common Shares and 865,566 Preferred Shares. The Preferred Shares are nonvoting and are convertible after 2 years of issuance, subject to certain conditions, into Common Shares on the basis of 1.8748 Common Shares for each Preferred Share. Holders of Preferred Shares are entitled to cumulative dividends, payable quarterly (as and if declared by the Board of Trustees), accruing 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 Preferred Shares.

6. Mortgage Loans Payable

On May 28, 1998, the Company obtained a \$100,000 secured revolving credit facility (the "Credit Facility") initially collateralized by the Airport Square Properties and one of the Fairfield Properties. The Credit Facility is a variable rate loan bearing interest at LIBOR plus 175 basis points and provides for monthly payments of interest only. A fee of 25 basis points per annum on the unused amount of the Credit Facility will be payable quarterly, in arrears. The Credit Facility matures on May 28, 2001, including a one year optional extension period. As of September 30, 1998, \$26,700 was borrowed under the Credit Facility.

On May 28, 1998, the Company assumed \$6,465 in debt collateralized by one of the Fairfield Properties. The debt bears interest at a fixed rate of

8.29% per annum and provides for monthly payments of principal and interest totaling \$56. The debt matures on May 1, 2007. The balance at September 30, 1998 totaled \$6,406.

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On September 28, 1998, the Company assumed \$58,085 in debt collateralized by certain of the Constellation Properties, net of \$1,475 which was repaid at settlement, material terms of which are as follows:

<TABLE>
<CAPTION>

Lender	Amount Assumed		Interest Rate	Terms	Maturity Date
-----	-----		-----	-----	-----
<S>	<C>		<C>	<C>	<C>
First National Bank of Maryland	\$10,417	(1)	LIBOR + 2%	Monthly principal of \$83 plus interest	4/01/99
Security Life of Denver Insurance Co.	9,556		7.5%	Monthly principal and interest of \$74	10/31/05
Bank of America	9,982	(2)	LIBOR + 2%	Monthly principal of \$37 plus interest	1/15/99
Mercantile-Safe Deposit and Trust Co.	8,438		Prime +1/2%	Monthly principal of \$66 plus interest	7/01/99
First National Bank of Maryland	7,391	(1)	LIBOR + 2%	Monthly principal of \$16 plus interest	3/22/03
Provident Bank of Maryland	5,368	(1)	LIBOR + 2.5%	Monthly principal of \$11 plus interest	11/14/01
First National Bank of Maryland	4,005	(1)	LIBOR + 2%	Monthly principal of \$11 plus interest	6/05/00
Provident Bank of Maryland	2,928	(3)	LIBOR + 1.75%	Monthly principal of \$7 plus interest	9/01/00

	\$58,085				

</TABLE>

- (1) Debt was repaid with proceeds from the TIAA Loan (see Note 10).
- (2) Net of \$1,000 which was repaid upon assumption.
- (3) Net of \$475 which was repaid upon assumption.

7. Dividends and Distributions

The Company declared a dividend on March 16, 1998 of \$0.15 per Common Share, which was paid on April 15, 1998 to shareholders of record as of March 31, 1998. The Company declared a dividend on June 2, 1998 of \$0.15 per Common Share which was paid on July 15, 1998 to shareholders of record as of June 30, 1998. The Company also declared a dividend on September 10, 1998 of \$0.18 per share which was paid on October 15, 1998 to shareholders of record as of September 18, 1998.

The Company declared distributions to minority interests holding Partnership Units and Initial Preferred Units of \$388 and \$853, respectively, which were paid on April 15, 1998. The Company declared distributions to minority interests holding Partnership Units and Initial Preferred Units of \$387 and \$853, respectively, which were paid on July 15, 1998. The Company also declared distributions to minority interests holding Partnership Units and Initial Preferred Units of \$465 and \$853, respectively, which were paid on October 15, 1998.

The Company also accrued dividends of \$10 to holders of Preferred Shares as of September 30, 1998.

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8. Supplemental Information to Statements of Cash Flows

<TABLE>
<CAPTION>

	Nine months ended September 30,	
	-----	-----
	1998	1997
	-----	-----
<S>	<C>	<C>

Supplemental schedule of non-cash investing and financing activities:

In conjunction with certain acquisitions, the following assets and liabilities were assumed and equity issued:

Purchase of real estate	\$150,029	\$ --
Purchase of Constellation Service Companies	2,500	--
Deferred financing costs	29	--
Other assets	25	--
Mortgage loans	(66,025)	--
Minority interest	(11,351)	--
Common Shares	(62)	--
Preferred Shares	(9)	--
Additional paid-in capital	(75,136)	--
	-----	-----
Net cash from acquisitions of properties	\$ --	\$ --
	-----	-----

</TABLE>

9. Commitments and Contingencies

On May 14, 1998, the Company entered into a series of agreements through affiliates of the Operating Partnership with Constellation to acquire real estate properties and service businesses. The following property acquisitions covered under these agreements were not completed on September 28, 1998 with the Constellation Transaction: (i) acquisition of two newly-constructed office buildings, (ii) acquisition of a retail building on which construction is nearing completion and (iii) acquisition of two office buildings currently under construction. One of the office buildings included in Item (i) above was acquired on October 22, 1998 (see Note 10).

10. Subsequent Events

On October 13, 1998, the Company, through an affiliate of the Operating Partnership, acquired an office building located in Columbia, Maryland ("Riverwood"). The purchase price of Riverwood totaled approximately \$20.4 million, including approximately \$400 in transaction costs. The Company paid \$18.8 million of the purchase price and acquisition costs using borrowings under the Credit Facility. The balance of the purchase price and acquisition costs was paid in the form of 148,381 Common Units (valued at \$10.50 per unit).

On October 22, 1998, the Company, through affiliates of the Operating Partnership, and pursuant to the Constellation Agreements, completed the acquisition of a newly-constructed office building located in Columbia, Maryland ("Woodlands One"). Woodlands One was acquired at an aggregate price of \$17,928, including \$328 in transaction costs, which was financed as follows: (i) the issuance of 517,923 Common Shares, valued at \$5,438 (\$10.50 per share), (ii) the issuance of 72,509 Preferred Shares, valued at \$1,813 (\$25 per share) (iii) \$9,815 using proceeds from the TIAA Loan (see below) and (iv) \$862 using the Company's cash reserves.

On October 22, 1998, the Company obtained a nonrecourse loan from Teachers Insurance and Annuity Association of America (the "TIAA Loan"). The total commitment under the TIAA Loan is \$85,000, of which \$76,200 was advanced on October 22, 1998 (the "First Disbursement"). The proceeds of the First Disbursement

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were used as follows: (i) \$27,181 was used to pay off certain of the assumed debt associated with the Constellation Transaction, (ii) \$9,815 was used to pay off debt and closing costs associated with the acquisition of Woodlands One, (iii) \$38,500 was used to pay down the Credit Facility (iv) \$441 was used to pay closing costs associated with the TIAA Loan and Woodlands One acquisition and (v) \$263 was applied to the Company's cash reserves. The remaining \$8,800 of the loan commitment (the "Second Disbursement") will be advanced upon the Company's acquisition of an additional office building from Constellation. The TIAA Loan bears interest at a fixed rate of 6.89% per annum and provides for monthly payments of principal and interest of \$533 prior to the Second Disbursement and \$595 thereafter. The TIAA Loan matures on November 1, 2008 and may not be prepaid prior to November 30, 2003.

On October 30, 1998, the Company, through affiliates of the Operating Partnership, acquired 8 office buildings located in Middlesex County, New Jersey (the "Centerpoint Office Properties"). The purchase price of the Centerpoint Office Properties totaled approximately \$31.7 million, including approximately \$400 in costs. The Company paid \$31.0 million of the purchase price and acquisition costs using borrowings under the Credit Facility and the balance using the Company's cash reserves.

11. Pro Forma Financial Information (Unaudited)

The acquisitions by the Company during 1998 and 1997 were accounted for by the purchase method. The results of operations for the acquisitions have been

included in the accompanying consolidated statements of operations from their respective purchase dates through September 30, 1998.

The following pro forma condensed consolidated financial information of the Company has been prepared as if all acquisitions occurring during 1998 and 1997 had occurred as of the beginning of the period, and therefore include pro forma adjustments as deemed necessary by management. The pro forma financial information is unaudited and is not necessarily indicative of the results which actually would have occurred if the acquisitions had occurred on January 1, 1998 and 1997, nor does it purport to represent the results of operations for future periods.

<TABLE>
<CAPTION>

	For the nine months ended September 30,	
	1998	1997
<S>	<C>	<C>
Pro forma total revenue	\$ 41,775	\$ 37,108
Pro forma net income available to Common Shareholders	\$ 5,346	\$ 2,224
Pro forma earnings per share - Basic and Diluted	\$ 0.34	\$ 0.14

</TABLE>

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in thousands, except share and per share data)

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1993 and Section 21E of the Securities Exchange Act of 1934. The words "believe", "expect", "anticipate", "intend", "estimate" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. The Company's actual results could differ materially from those set forth in the forward-looking statements. Certain factors that might cause such a difference include the following: real estate investment considerations, such as the effect of economic and other conditions in the market area on cash flows and values; the need to renew leases or release space upon the expiration of current leases, and the ability of a property to generate revenues sufficient to meet debt service payments and other operating expenses; and risks associated with borrowings, such as the possibility that the Company will not have sufficient funds available to make principal payments on outstanding debt or outstanding debt may be refinanced at higher interest rates or otherwise on terms less favorable to the Company.

The following discussion and analysis of the financial condition and results of operations should be read in conjunction with the accompanying financial statements and notes thereto. Certain capitalized terms are defined in the notes to consolidated financial statements set forth in response to Item 1.

Overview

The Company's results of operations reflect its growth resulting from the acquisitions of 10 office properties in October 1997, 12 office properties in April 1998, 2 office properties in May 1998 and 10 office properties and 2 retail properties in September 1998. The 1998 acquisitions were financed with the proceeds from the Offering in April 1998, the proceeds of the Credit Facility, the assumption of debt in connection with the acquisitions of the Fairfield Properties and the Constellation Transaction and the issuance of Common Shares and Preferred Shares in connection with the Constellation Transaction.

Results of Operations

Comparison of the Nine Months Ended September 30, 1998 and 1997: Total revenues, which include rental income, recoveries from tenants and other income, increased by \$21,280 for the nine months ended September 30, 1998 as compared to the corresponding prior year period. Of this increase, \$18,658 results from an increase in base rents, the majority of which is attributable to the effects of the property acquisitions. Tenant recoveries and other income increased \$2,622 due predominantly to tenant recoveries from newly acquired properties.

Property operating expenses and depreciation and amortization increased by \$8,338 primarily as a result of the effects of the property acquisitions. Interest expense and amortization of deferred financing costs increased by \$6,761 as a result of debt obtained or assumed in connection with certain of the

Company's acquisitions. General and administrative expenses increased by \$784 due to the addition of certain management and other staffing functions resulting from the Company's property acquisitions and its conversion from an externally-advised REIT to a self-administered REIT. The operations for the nine months ended September 30, 1998 also included \$637 in costs associated with the Reformation on March 16, 1998.

The operations for the nine months ended September 30, 1998 include the equity in net income from Corporate Office Management, Inc. which originated in September 1998.

As a result of the above factors, income before minority interests increased by \$4,777. Minority interests represent the portion of the Operating Partnership which is not owned by the Company. The Company did not have minority interests in the corresponding prior year period. Diluted earnings per share increased by \$0.07 per share due to the factors discussed above partially offset by the effects of the issuance of Common

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Shares in October 1997, the Offering of April, 1998 and the issuance of Common Shares and Preferred Shares to Constellation.

Comparison of the Three Months Ended September 30, 1998 and 1997: Total revenues, which include rental income, recoveries from tenants and other income, increased by \$9,178 for the three months ended September 30, 1998 as compared to the corresponding prior year period. Of this increase, \$7,933 results from an increase in base rents, substantially all of which is attributable to the effects of the property acquisitions. Tenant recoveries and other income increased \$1,245 due predominantly to tenant recoveries from newly acquired properties.

Property operating expenses and depreciation and amortization increased by \$3,826 primarily as a result of the effects of the property acquisitions. Interest expense and amortization of deferred financing costs increased by \$2,660 as a result of debt obtained or assumed in connection with certain of the Company's acquisitions. General and administrative expenses increased by \$302 due to the addition of certain management and other staffing functions resulting from the Company's property acquisitions and its conversion from an externally-advised REIT to a self-administered REIT.

The operations for the three months ended September 30, 1998 include the equity in net income from Corporate Office Management, Inc. which originated in September 1998.

As a result of the above factors, income before minority interests increased by \$2,407. Minority interests represent the portion of the Operating Partnership which is not owned by the Company. The Company did not have minority interests in the corresponding period in 1997. Diluted earnings per share increased by \$0.06 per share due to the factors discussed above partially offset by the effects of the issuance of Common Shares in October, 1997, the Offering of April 1998 and the issuance of Common Shares and Preferred Shares to Constellation.

Liquidity and Capital Resources

Historically, cash provided from operations represented the primary source of liquidity to fund distributions, pay debt service and fund working capital requirements. The Company expects to continue to meet its short-term capital needs from property cash flow, including all property expenses, general and administrative expenses, dividend and distribution requirements and recurring capital improvements and leasing commissions. The Company does not anticipate borrowing to meet these requirements.

In January 1998, the Company paid dividends of \$0.125 per Common Share, amounting to \$282, and distributions to minority interests holding Common Units and Initial Preferred Units totaling \$274 and \$720, respectively. In April 1998, the Company paid dividends of \$0.15 per Common Share, amounting to \$341, and distributions to minority interests holding Common Units and Initial Preferred Units totaling \$388 and \$853, respectively. In July 1998, the Company paid dividends totaling \$0.15 per Common Share, amounting to \$1,466, and distributions to minority interests holding Common Units and Initial Preferred Units amounting to \$387 and \$853, respectively. In October 1998, the Company paid dividends totaling \$0.18 per Common Share, amounting to \$1,759, and distributions to minority interests holding Common Units and Initial Preferred Units totaling \$465 and \$853, respectively. In September 1998, the Company also accrued dividends on Preferred Shares which are expected to be paid in January 1999.

On April 27, 1998, the Company completed the sale of 7,500,000 Common Shares to the public at a price of \$10.50 per share. The Company used the proceeds to acquire 7,500,000 Partnership Units and increase its percentage interest in the Operating Partnership to approximately 75.8%. Net proceeds from the Offering were \$72,742, which were used principally by the Operating

Partnership on April 30, 1998, to acquire the Airport Square Properties, consisting of twelve office properties in the Baltimore/Washington corridor totaling approximately 815,000 net rentable square feet. In connection with the Offering, the Company's Shares were listed on the New York Stock exchange under the symbol "OFC".

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On May 28, 1998, the Company, through the Operating Partnership, acquired the Fairfield Properties, two multistory office buildings located in Fairfield, New Jersey totaling approximately 262,000 net rentable square feet.

On May 28, 1998, the Company obtained a \$100,000 senior secured revolving Credit Facility. The Credit Facility is a variable rate loan bearing interest at LIBOR plus 175 basis points and provides for monthly payments of interest only. A fee of 25 basis points per annum on the unused amount of the Credit Facility is payable quarterly, in arrears. On May 28, 1998, the Company borrowed \$23,750 under the Credit Facility to fund a portion of the Fairfield Properties' acquisition. The Company intends to utilize the remaining balance of the Credit Facility for acquisitions, renovations, tenant improvements and leasing commissions. The Credit Facility is collateralized by the Airport Square Properties and one of the Fairfield Properties.

On May 28, 1998, also in connection with the Fairfield Properties acquisition, the Company assumed \$6,465 in mortgage debt collateralized by one of the Fairfield Properties. The loan bears interest at a fixed rate of 8.29% per annum and provides for monthly payments of principal and interest totaling \$56.

On September 28, 1998, the Company, through affiliates of the Operating Partnership, completed the acquisition of the Constellation Properties, which include ten office properties totaling approximately 1,000,000 square feet and two retail properties totaling approximately 250,000 square feet. The Constellation Properties, located in the Baltimore/Washington corridor, were acquired at an aggregate price of \$146,727, including \$3,136 in transaction costs.

On September 28, 1998, the Company, through affiliates of the Operating Partnership, also acquired the Constellation Service Companies at an aggregate price of \$2,500.

The total cost of the Constellation Transaction was financed as follows: (i) the issuance of 6,182,634 Common Shares in the Company, valued at \$64,918, (ii) the issuance of 865,566 Preferred Shares in the Company, valued at \$21,639 (iii) \$58,085 in debt of the Constellation Properties assumed by the Company (net of \$1,475 in debt paydowns), (iv) \$2,100 in proceeds from the Company's Credit Facility and (v) \$2,485 using the Company's cash reserves. The Series A Preferred Units carry terms which are identical to the Preferred Shares issued to Constellation.

On October 13, 1998, the Company, through an affiliate of the Operating Partnership, acquired Riverwood, an office building located in Columbia, Maryland totaling approximately 160,000 square feet. The purchase price of Riverwood totaled approximately \$20.4 million, including approximately \$400 in transaction costs. The Company paid \$18.8 million of the purchase price and acquisition costs using borrowings under the Credit Facility. The balance of the purchase price and acquisition costs was paid in the form of 148,381 Common Units (valued at \$10.50 per unit).

On October 22, 1998, the Company, through affiliates of the Operating Partnership, acquired Woodlands One, a newly-constructed office building located in Columbia, Maryland totaling approximately 108,000 square feet. The purchase price of Woodlands One totaled \$17,928, including \$328 in transaction costs, which was financed as follows: (i) the issuance of 517,923 Common Shares in the Company, valued at \$5,438 (\$10.50 per share), (ii) the issuance of 72,509 Preferred Shares in the Company, valued at \$1,813 (\$25.00 per share) (iii) \$9,815 using proceeds from the TIAA Loan and (iv) \$862 using the Company's cash reserves.

On October 22, 1998, the Company obtained the TIAA Loan. The total commitment under the TIAA Loan is \$85,000, of which \$76,200 was advanced on October 22, 1998. The proceeds of the First Disbursement were used as follows: (i) \$27,181 was used to pay off certain of the assumed debt associated with the Constellation Transaction, (ii) \$9,533 was used to pay off debt associated with the acquisition of Woodlands One, (iii) \$38,500 was used to pay down the Credit Facility (iv) \$723 was used to pay closing costs associated with the TIAA Loan and Woodlands One acquisition and (v) \$263 was applied to the Company's cash reserves. The remaining \$8,800 of the loan commitment will be advanced upon the Company's acquisition of a

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commercial office building from Constellation. The TIAA Loan bears interest

at a fixed rate of 6.89% per annum and provides for monthly payments of principal and interest of \$533 prior to the Second Disbursement and \$595 thereafter. The TIAA Loan matures on November 1, 2008 and may not be prepaid prior to November 30, 2003.

On October 30, 1998, the Company, through affiliates of the Operating Partnership, acquired the Centerpoint Office Properties, 8 office buildings located in Middlesex County, New Jersey totaling approximately 270,000 square feet. The purchase price of the Centerpoint Office Properties totaled approximately \$31.7 million, including approximately \$400 in costs. The Company paid \$31.0 million of the purchase price and acquisition costs using borrowings under the Credit Facility and the balance using the Company's cash reserves.

The Company expects to meet its long term liquidity requirements, such as property acquisitions and development, scheduled debt maturities, major renovations, expansions, and other non-recurring capital improvements through long-term collateralized indebtedness and the issuance of additional equity securities.

Statement of Cash Flows

During the nine months ended September 30, 1998, the Company generated \$7,617 in cash flow from operating activities (net of nonrecurring Reformation costs of \$637), an increase of \$7,122 compared to the corresponding prior year period. This increase is due primarily to the effects of the Company's acquisition of operating properties. Other sources of cash flow consisted of (i) \$72,742 in net proceeds from the Offering and (ii) \$26,700 in additional borrowings under the Company's Credit Facility. During the nine months ended September 30, 1998, the Company's major uses of cash included (i) \$97,048 to fund property acquisitions, tenant improvements, and leasing commissions, (ii) \$5,564 to pay dividends to shareholders and distributions to minority interests holding Partnership Units and Initial Preferred Units and (iii) \$1,762 to pay principal payments on mortgages loan payable.

Funds From Operations

The Company considers Funds From Operation ("FFO") to be helpful to investors as a measure of the financial performance of an equity REIT. In accordance with NAREIT's definition, FFO is defined as net income (loss) computed in accordance with GAAP, 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 and extraordinary and nonrecurring items. FFO does not represent cash generated from operating activities determined in accordance with GAAP and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make cash distributions. Other REITs may not define FFO in accordance with the current NAREIT definition or may interpret the current NAREIT definition differently from the Company. FFO for the nine months ended September 30, 1998 and 1997, as calculated in accordance with the NAREIT definition published in March 1995, are summarized in the following table (in thousands).

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<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Income before minority interests.....	\$ 2,493	\$ 86	\$ 5,041	\$ 264
Add: Nonrecurring charge				
Reformation costs.....	--	--	637	--
Add: Real estate related depreciation and amortization.....	1,502	138	3,743	415
Less: Initial Preferred Unit distributions.....	(853)	--	(2,559)	--
Less: Preferred Share dividends.....	(10)	--	(10)	--
Funds from operations.....	3,132	224	6,852	679
Add: Initial Preferred Unit distributions	853	--	2,559	--
Add: Preferred Share dividends	10	--	10	--
Funds from operations assuming conversion of Preferred Units And Preferred Shares	\$ 3,995	\$ 224	\$ 9,421	\$ 679

Weighted average Common Shares/Units outstanding (1).....	12,555	1,420	9,233	1,420
	-----	-----	-----	-----
Weighted average Common Shares/Units outstanding diluted (2).....	20,118	1,420	16,837	1,420
	-----	-----	-----	-----

</TABLE>

- (1) Assumes redemption of all Common Units, calculated on a weighted average basis for Common Shares. Includes 282,508 Common Shares issuable upon redemption of Common Units issuable upon the conversion of the Retained Interests. Excludes the weighted average effect of the conversion of 186,455 Retained Interests into 186,455 Initial Preferred Units and 1,913,545 Initial Preferred Units, both convertible into an aggregate of 7,499,940 Common Units which are, in turn, redeemable for 7,499,940 Common Shares. Excludes the weighted average effect of the conversion of 865,566 Preferred Shares convertible into an aggregate of 1,622,763 Common Shares.
- (2) Assumes redemption of all Common Units, calculated on a weighted average basis for Common Shares. Includes 282,508 Common Shares issuable upon redemption of Common Units issuable upon the conversion of the Retained Interests. Includes the weighted average effect of the conversion of 186,455 Retained Interests into 186,455 Initial Preferred Units and 1,913,545 Initial Preferred Units, both convertible into an aggregate of 7,499,940 Common Units which are, in turn, redeemable for 7,499,940 Common Shares. Includes the weighted average effect of 824,175 Common Shares for the assumed conversion of stock options (using the Treasury stock method). Conversion of convertible Initial Preferred Units and Common Units is assumed in computing the diluted weighted average Common Shares denominator since such conversion has a dilutive effect on FFO. Includes the weighted average effect of the conversion of 865,566 Preferred Shares convertible into an aggregate of 1,622,763 Common Shares.

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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.

The Company's accounting software package is certified as Year 2000 compliant. Accordingly, the Company does not anticipate adverse consequences in processing the billing and collection of revenue, the payment of expenditures, the recording of financial transactions, the preparation of financial statements and maintaining and generating system driven managerial information. The Company's information technology and accounting groups are conducting internal tests to ensure compliance. This testing process is estimated to be completed by the first quarter of 1999.

The Company's property management team has been continually evaluating the impact of the Year 2000 Issue on the various facets of property operating systems since the beginning of 1998. This evaluation process will continue through the first quarter of 1999. Based on the current status of this evaluation process, the Company does not anticipate any material consequences on property operations.

The Company relies on third party suppliers for a number of key services. Interruption of supplier operations due to the Year 2000 Issue could affect Company operations. The Company also is dependent upon its tenants for revenue and cash flow. Interruptions in tenant operations due to the Year 2000 Issue could result in reduced revenue, increased receivable levels and cash flow reductions. The Company's property management team is in the process of contacting significant tenants and suppliers to discuss Year 2000 readiness. Management is being continually updated on the status of this process, which is estimated to be completed by the first quarter of 1999.

Based on information currently available from the Company's internal assessment, management does not expect there to be significant incremental costs associated with its Year 2000 activities over the next 15 months. The Company will also consider Year 2000 issues for all future property acquisitions and development.

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PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is not currently involved in any material litigation nor, to the Company's 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 2. Changes In Securities

- a. None
- b. None
- c. On September 28, 1998, the Company, through affiliates of the Operating Partnership, completed the Constellation Transaction pursuant to agreements with affiliates of Constellation Real Estate Group to acquire real estate properties and service businesses (see Note 3 to the Consolidated Financial Statements). In connection with the Constellation Transaction, the Company issued 6,182,634 Common Shares and 865,566 Series A Convertible Preferred Shares of Beneficial Interest to Constellation. These shares were issued in a private placement reliant upon the exemption from registration provided by Section 4 (2) of the Securities Act of 1933, as amended. The Preferred Shares are nonvoting and are convertible after 2 years of issuance, subject to certain conditions, into Common Shares on the basis of 1.8748 Common Shares for each Preferred Share.
- d. None

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Submission Of Matters To A Vote Of Security Holders

The following matters were submitted to a vote of security holders during the Company's third quarter.

- | | | |
|-----|--|---|
| (a) | Meeting type and date | Special Meeting of Shareholders held on August 21, 1998 |
| (b) | Directors elected at meeting | Not applicable |
| (c) | Description of each matter voted on at meeting | |

<TABLE>			
<S>	Resolution to approve the proposal for the Company to enter into and perform the Constellation Transaction to acquire interests in up to 18 properties, various entity interests, assume certain debt, and issue Common Shares and Preferred Shares	<C>	<C>
		Results of votes	
		For	5,571,814.002
		Against or withheld	44,000.661
		Abstentions and broker non-votes	37,259.887

</TABLE>

ITEM 5. Other Information

None.

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ITEM 6. Exhibits and Reports on Form 8-K

- (a) Exhibits:

<TABLE>		
<CAPTION>	EXHIBIT NO.	DESCRIPTION
<S>	<C>	
2.1	2.1	Agreement and Plan of Merger, dated as of 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	2.2	Formation/Contribution Agreement dated September 7, 1997, as amended, by and among the Company and certain

subsidiary corporations and partnerships regarding the Transactions (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).

- 2.3 Agreement and Plan of Reorganization between the Company and Crown Advisors, Inc. (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).
- 2.4 Assignment of Partnership Interests dated as of 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).
- 2.5 Assignment of Purchase and Sale Agreement dated as of 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).
- 2.6 Assignment of Loan Purchase and Sale Agreement dated as of 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).
- 2.7 Purchase and Sale Agreement dated as of 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).
- 2.8.1 Loan Purchase and Sale Agreement dated as of 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).
- 2.8.2 Amendment to Loan Purchase and Sale Agreement dated as of 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).
- 2.9.1 Purchase and Sale Agreement dated as of 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).
- 2.9.2 Letter Amendment to Purchase and Sale Agreement dated as of 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).
- 2.10.1 Contribution Agreement between the Company and the Operating Partnership and certain Constellation affiliates (filed as Exhibit A of the Company's Schedule 14A Information on June 26, 1998 and incorporated herein by reference).
- 2.10.2 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).
- 2.10.3 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).
- 2.11 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).

- 2.12.1 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).
- 2.12.2 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).
- 2.13.1 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).
- 2.13.2 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).
- 2.14 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).
- 2.15 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).
- 2.16 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).

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- 2.17 Development Property Acquisition Agreement, dated May 14, 1998, between the Operating Partnership and CPI Piney Orchard Village Center, Inc. (a Constellation affiliate) (filed as Exhibit H of the Company's Schedule 14A Information on June 26, 1998 and incorporated herein by reference).
- 2.18 Contribution Agreement, dated as of 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).
- 2.19 Purchase and Sale Agreement, dated as of 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).
- 3.1 Amended and Restated Declaration of Trust of Registrant (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 3.2 Bylaws of Registrant (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 4.1 Form of certificate for the Registrant's Common Shares of Beneficial Interest, \$0.01 par value per share (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 4.2.1 Registration Rights Agreement dated October 14, 1997, as amended, for the benefit of certain shareholders of the

Registrant (filed with the Company's Current Report on Form 8-K on October 29, 1997, and incorporated herein by reference).

- 4.2.2 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 Limited Partnership Agreement of the Operating Partnership dated October 14, 1997 (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).
- 4.4.2 Amended and Restated Limited Partnership Agreement of the Operating Partnership dated March 16, 1998 (filed with the Company's Quarterly Report on Form 10-Q on August 12, 1998 and incorporated herein by reference).
- 4.4.3 First Amendment to Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated September 28, 1998 (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 4.4.4 Second Amendment to Amended and Restated Limited Partnership Agreement of the Operating Partnership, dated as of October 13, 1998 (filed with the Company's Current Report on Form 8-K on October 28, 1998 and incorporated herein by reference).

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- 10.1 Amended and Restated Partnership Agreement of Blue Bell Investment Company, L.P. (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).
- 10.2 Amended and Restated Partnership Agreement of South Brunswick Investors, L.P. (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).
- 10.3 Amended and Restated Partnership Agreement of Comcourt Investors, L.P. (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).
- 10.4 Amended and Restated Partnership Agreement of 6385 Flank, L.P. (filed with the Company's Current Report on Form 8-K on October 29, 1997 and incorporated herein by reference).
- 10.5 Clay W. Hamlin III Employment Agreement dated October 14, 1997 with the Operating Partnership (filed with the Company's Current Report on Form 8-K on October 29, 1997, and incorporated herein by reference).
- 10.6 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).
- 10.7 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).
- 10.8 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).
- 10.9 Stock Option Plan for Directors (filed with Royale Investments, Inc.'s Form 10-KSB for the year ended December 31, 1993 (Commission File No. 0-20047) and incorporated herein by reference).

- 10.10 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).
- 10.11 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).
- 10.12 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).
- 10.13 Amended and Restated Lease between South Brunswick Investors L.P. and International Business Machines Corporation dated August 11, 1995, as amended (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).

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- 10.14 Agreement of Lease between South Brunswick Investors L.P. and Teleport Communications Group, Inc. dated February 20, 1996, as amended (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 10.15 Agreement of Lease between South Brunswick Investors L.P. and Teleport Communications Group, Inc. dated August 19, 1996 (filed with the Registrant's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).
- 10.16 Thomas D. Cassel Employment Agreement dated as of October 20, 1997 with the Operating Partnership (filed with the Company's Annual Report on Form 10-K on March 25, 1998 and incorporated herein by reference).
- 10.17 Senior Secured Revolving Credit Agreement dated as of 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 Secured Promissory Note dated as of April 29, 1997 between 710 Rt. 46 Realty, LLC and Life Investors Insurance Company of America (filed with the Company's Current Report on Form 8-K on June 10, 1998 and incorporated herein by reference).
- 10.19 Mortgage and Security Agreement dated as of April 29, 1997 between 710 Rt. 46 Realty, LLC and Life Investors Insurance Company of America (filed with the Company's Current Report on Form 8-K on June 10, 1998 and incorporated herein by reference).
- 10.20 Amended and Restated Deed of Trust Note, dated October 6, 1995, between Cranberry-140 Limited Partnership and Security Life of Denver Insurance Company (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.21.1 Promissory Note, dated September 15, 1995, between Tred Lightly Limited Liability Company and Provident Bank of Maryland (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.21.2 Allonge to Promissory Note, dated September 28, 1998, between Tred Lightly Limited Liability Company and Provident Bank of Maryland (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.22.1 Third Loan Modification and Extension Agreement, dated November 12, 1997, between St. Barnabus Limited

- Partnership, Constellation Properties, Inc. and NationsBank, N.A. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.22.2 Fourth Loan Modification Agreement dated September 28, 1998 between St. Barnabus Limited Partnership, Constellation Properties, Inc. and NationsBank, N.A. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.23.1 Deed of Trust Note, dated September 20, 1988, between Brown's Wharf Limited Partnership and Mercantile-Safe Deposit and Trust Company (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
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- 10.23.2 Extension Agreement and Allonge to Deed of Trust Note, dated July 1, 1994, between Brown's Wharf Limited Partnership and Mercantile-Safe Deposit and Trust Company (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.24 Employment Agreement, dated September 28, 1998 between Corporate Office Management, Inc. and Randall M. Griffin (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.25 Employment Agreement, dated September 28, 1998 between Corporate Office Management, Inc. and Roger A. Waesche, Jr. (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.26 Employment Agreement, dated September 28, 1998 between Corporate Realty Management, LLC and Michael D. Kaiser (filed with the Company's Current Report on Form 8-K on October 13, 1998 and incorporated herein by reference).
- 10.27 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).
- 10.28 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).
- 10.29 Promissory Note, dated October 22, 1998, between Teachers Insurance and Annuity Association of America and the Operating Partnership.
- 10.30 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.
27. Financial Data Schedule.

</TABLE>

(b) Reports on Form 8-K

During the three months ended September 30, 1998 and through November 13, 1998 the Company filed the following:

- i. a Current Report of Form 8-K filed October 13, 1998 (Reporting under Items 1, 2, 5 and 7) regarding the Company's completion of the Constellation Transaction, resulting in the acquisition, through affiliates of the Operating Partnership, of real estate properties and service businesses.
- ii. a Current Report of Form 8-K filed October 28, 1998 (Reporting under Items 2 and 7) regarding the Company's acquisition through affiliates of the Operating Partnership of an office building located in Columbia, Maryland.

SIGNATURES

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

CORPORATE OFFICE PROPERTIES TRUST

Date November 13, 1998

By: /s/ Clay W. Hamlin, III

Clay W. Hamlin, III
Chief Executive Officer

Date November 13, 1998

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

Roger A. Waesche, Jr.
Senior Vice President
of Finance

PROMISSORY NOTE

\$85,000,000

Columbia, Maryland
Dated: Oct. 22, 1998

FOR VALUE RECEIVED, CORPORATE OFFICE PROPERTIES, L.P. ("Borrower"), a Delaware limited partnership, having its principal place of business at 8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045, promises to pay to TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA ("Lender"), a New York corporation, or order, at Lender's offices at 730 Third Avenue, New York, New York 10017 or at such other place as Lender designates in writing, the principal sum of EIGHTY-FIVE MILLION DOLLARS (\$85,000,000) (the principal sum or so much of the principal sum as may be advanced and outstanding from time to time, the "Principal"), in lawful money of the United States of America, with interest on the Principal from the date of this Promissory Note (this "Note") through and including the date of repayment in full of the Principal at the fixed rate of six and 89/100ths percent (6.89%) per annum (the "Fixed Interest Rate").

This Note is guaranteed by, inter alia, a Conditional Payment Guaranty (the "Conditional Guaranty") from NBP One, LLC, NBP-131-133-141, LLC, Three Centre Park, LLC, Lakeview at Greens, LLC and Corporate Gatespring LLC, jointly and severally (collectively, the "Conditional Guarantors") dated of even date herewith. The Conditional Guaranty is secured by, among other things, the Indemnity Deed of Trust, Assignment of Leases and Rents and Security Agreement (the "Deed of Trust") also dated as of the date of this Note, but made by the Conditional Guarantors for the benefit of the Lender as security for the Conditional Guaranty. All capitalized terms not expressly defined in this note will have the definitions set forth in the Deed of Trust.

Section 1. Payments of Principal and Fixed Interest.

(a) "Advances of Principal" shall mean the advances of Principal funded by the Lender under this Note in the following order:

- (i) \$76,200,000 ("First Disbursement"); and
- (ii) \$8,800,000 ("Second Disbursement").

"Principal," when used herein, shall be the total amount advanced under both the First Disbursement and the Second Disbursement.

(b) Borrower will make monthly installment payments ("Debt Service Payments") as follows:

(i) On November 1, 1998, a payment of accrued interest on the Advance of Principal made hereunder as the First Disbursement at the Fixed Interest Rate;

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(ii) On December 1, 1998, a payment in the amount of Five Hundred Thirty Three Thousand Two Hundred Thirty and 47/100 Dollars (\$533,230.47), which will be applied first to interest on the First Disbursement at the Fixed Interest Rate; and then to the Advance of Principal under the First Disbursement

(iii) On January 1, 1999, payments:

(A) in the amount of Five Hundred Thirty Three Thousand Two Hundred Thirty and 47/100 Dollars (\$533,230.47), which will be applied first to interest on the First Disbursement, and then to the Advance of Principal under the First Disbursement; plus

(B) a payment of accrued interest on the Advance of Principal made hereunder as the Second Disbursement, which is expected to be funded in December 1998, at the Fixed Interest Rate;

(iv) On February 1, 1999, and on the first day of each succeeding calendar month through and including October 1, 2008, payments in the amount of Five Hundred Ninety Four Thousand Nine Hundred Sixty Six and 42/100 Dollars (\$594,966.42), each of which will be applied first to interest on the Principal at the Fixed Interest Rate and then to the Principal.

(c) On November 1, 2008 (the "Maturity Date"), Borrower will pay the Principal in full together with accrued interest at the Fixed Interest Rate and

all other amounts due under the Loan Documents.

Borrower acknowledges that the monthly payment provided for in clause(b) (vi), above, will not fully repay the Principal and that a balloon payment of the entire unpaid, Principal balance, together with accrued interest and other amounts due, will be due on the Maturity Date.

Section 2. Prepayment Provisions.

(a) The following definitions apply:

"Discount Rate" means the yield on a U.S. Treasury issue selected by Lender, as published in The Wall Street Journal, two weeks prior to prepayment, having a maturity date corresponding (or most closely corresponding, if not identical) to the Maturity Date, and, if applicable, a coupon rate corresponding (or most closely corresponding, if not identical) to the Fixed Interest Rate.

"Default Discount Rate" means the Discount Rate less 300 basis points until December 1, 2003, and thereafter the Discount Rate.

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"Discounted Value" means the Discounted Value of a Note Payment based on the following formula:

$$\frac{NP}{(1 + R/12)^n} = \text{Discounted Value}$$

NP = Amount of Note Payment

R = Discount Rate or Default Discount Rate as the case may be.

n = The number of months between the date of prepayment and the scheduled date of the Note Payment being discounted rounded to the nearest integer.

"Evasion Percentage" = four percent (4%), until December 1, 2003, and thereafter one percent (1%).

"Note Payments" means (i) the scheduled Debt Service Payments for the period from the date of prepayment through the Maturity Date and (ii) the scheduled repayment of Principal, if any, on the Maturity Date.

"Prepayment Date Principal" means the Principal on the date of prepayment.

(b) This Note may not be prepaid in full or in part before November 30, 2003. Commencing on December 1, 2003, provided there is no Event of Default, Borrower may prepay this Note in full, but not in part (except pursuant to Section 12.4(b) of the Deed of Trust), on the first day of any calendar month, upon 60 days prior notice to Lender and upon payment in full of the Debt which will include a payment (the "Prepayment Premium") equal to the greater of (i) an amount equal to the product of one percent (1%) times the Prepayment Date Principal and (ii) the amount by which the sum of the Discounted Values of Note Payments, calculated at the Discount Rate, exceeds the Prepayment Date Principal. Provided there is no Event of Default, this Note may be prepaid in full without payment of the Prepayment Premium during the last 90 days of the Term.

(c) After an Acceleration or upon any other prepayment not permitted by the Loan Documents, any tender of payment of the amount necessary to satisfy the Debt accelerated, any decree of foreclosure, any statement of the amount due at the time of foreclosure (including foreclosure by power of sale) and any tender of payment made during any redemption period after foreclosure, will include, in lieu of the Prepayment Premium, a payment (the "Evasion Premium") equal to the greater of (i) an amount equal to the product of the Evasion Percentage times the Prepayment Date Principal, and (ii) the amount by which the sum of the Discounted Values of the Note Payments, calculated at the Default Discount Rate, exceeds the Prepayment Date Principal.

(d) Borrower acknowledges that:

(i) a prepayment will cause damage to Lender;

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(ii) the Evasion Premium is intended to compensate Lender for the loss of its investment and the expense incurred and time and effort associated with making the Loan, which will not be fully repaid if the Loan is prepaid;

(iii) it will be extremely difficult and impractical to ascertain the

extent of Lender's damages caused by a prepayment after an Event of Default or any other prepayment not permitted by the Loan Documents; and

(iv) the Evasion Premium represents Lender and Borrower's reasonable estimate of Lender's damages for the prepayment and is not a penalty.

Section 3. Guaranty; Security for Guaranty. Borrower's obligations under this Note and the other Loan Documents (the "Borrower's Obligations") are guaranteed pursuant to the Conditional Guaranty by the Conditional Guarantors. The obligations of the Conditional Guarantors under the Guaranty are secured by the Deed of Trust by the Conditional Guarantor to William H. Goebel and Matthew T. Murphy, as trustees, for the benefit of the Lender encumbering certain real properties located in Anne Arundel County, Howard County and Prince George's County, Maryland, and other property of the Conditional Guarantors as more particularly described therein (the "Property"), and by an Indemnity Assignment of Leases and Rents (the "Assignment") of even date herewith by the Conditional Guarantors for the benefit of the Lender. The Deed of Trust and the Assignment contain terms and provisions which provide grounds for acceleration of the Debt together with additional remedies in the event of default thereunder. Failure on the part of Lender to exercise any right granted herein or in the aforesaid Deed of Trust or Assignment shall not constitute a waiver of such right or preclude the subsequent exercise and enforcement thereof. This Note, the Conditional Guaranty, the Deed of Trust and all documents now or hereafter executed by Borrower or Conditional Guarantors or held by Lender or Trustees relating to the Loan, including all amendments, are herein collectively referred to as the "Loan Documents".

Section 4. Events of Default.

(a) It is an "Event of Default" under this Note:

(i) if Borrower fails to pay any amount due, as and when required, under this Note or any other Loan Document and the failure continues for a period of 5 days; or

(ii) if an Event of Default occurs under any other Loan Document.

(b) If an Event of Default occurs, Lender may declare all or any portion of the Debt immediately due and payable ("Acceleration") and exercise any of the other Remedies.

Section 5. Default Rate. Interest on the Principal will accrue at the Default Interest Rate from the date an Event of Default occurs.

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Section 6. Late Charges.

(a) If Borrower fails to pay any Debt Service Payment when due and the failure continues for a period of 5 days or more or fails to pay any amount due under the Loan Documents on the Maturity Date, Borrower agrees to pay to Lender an amount (a "Late Charge") equal to five cents (\$.05) for each one dollar (\$1.00) of the delinquent payment.

(b) Borrower acknowledges that:

(i) a delinquent payment will cause damage to Lender;

(ii) the Late Charge is intended to compensate Lender for loss of use of the delinquent payment and the expense incurred and time and effort associated with recovering the delinquent payment;

(iii) it will be extremely difficult and impractical to ascertain the extent of Lender's damages caused by the delinquency; and

(iv) the Late Charge represents Lender and Borrower's reasonable estimate of Lender's damages from the delinquency and is not a penalty.

Section 7. Limitation of Liability. (a) Notwithstanding any provision in this Note to the contrary, except as set forth in subsections (b) through (e) below, if Lender seeks to enforce the collection of the Principal, the Interest, the Late Charges, the Prepayment Premiums, the Expenses, any additional advances made by Lender in connection with the Loan and all other amounts payable under the Loan Documents (the "Debt"), Lender will first declare a default under this Note and exercise its remedies under the Conditional Guaranty and under the Deed of Trust instead of instituting suit on this Note. If following a sale of all of the parcels comprising the Property under the Deed of Trust a lesser sum is realized therefrom than that due under the then outstanding Debt, Lender will not institute any Proceeding against Borrower or Borrower's general partners or principals, if any, for or on account of the deficiency, and Lender shall not have recourse against Borrower or Borrower's general partner for any portion of the Debt, except in each instance as set forth in subsections (b) through (e)

below.

(b) The limitation of liability in subsection (a) will not affect or impair (i) Lender's rights and remedies under the other Loan Documents, including Lender's right as mortgagee or secured party to commence an action to foreclose any lien or security interest Lender has under the Loan Documents against any parcel remaining encumbered thereby or any additional collateral held; (ii) the validity of the Loan Documents, the Borrower's Obligations, the obligations of the Conditional Guarantors under the Loan Documents to which they are a party (the "Guarantors' Obligations"); or (iii) Lender's right to present and collect on any letter of credit or other credit enhancement document held by Lender in connection with the Borrower's Obligations.

(c) The following are excluded and excepted from the limitation of liability in subsection (a) and Lender may recover personally against Borrower and its general partners, for the following:

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(i) all losses suffered and liabilities and expenses incurred by Lender relating to any fraud or intentional misrepresentation or omission by Borrower or Conditional Guarantors or any of their partners, members, officers, directors, shareholders or principals in connection with (A) the performance of any of the conditions to Lender making the loan evidenced hereby (the "Loan"); (B) any inducements to Lender to make the Loan; (C) the execution and delivery of the Loan Documents; (D) any certificates, representations or warranties given in connection with the Loan; or (E) Borrower's performance of the Borrower's Obligations or Guarantors' performance of the Guarantors' Obligations;

(ii) all Rents derived from the Property after a default under the Loan Documents which default is a basis of a Proceeding by Lender to enforce collection of the Debt and all moneys that, on the date such a default occurs, are on deposit in one or more accounts used by or on behalf of Conditional Guarantors (or any of them) relating to the operation of the Property, except to the extent properly applied to payment of Debt Service Payments, Impositions, Insurance Premiums and any reasonable and customary expenses incurred by Conditional Guarantors in the operation, maintenance and leasing of the Property or delivered to Lender;

(iii) the cost of remediation of any Environmental Activity affecting the Property and any other losses suffered and liabilities and expenses incurred by Lender relating to a default under the Article of the Deed of Trust entitled "Environmental";

(iv) all security deposits collected by Conditional Guarantors or any of Conditional Guarantors' predecessors and not refunded to Tenants in accordance with their respective Leases, applied in accordance with the Leases or Law or delivered to Lender, and all advance rents (more than thirty (30) days in advance) collected by Conditional Guarantors or any of Conditional Guarantors' predecessors and not applied in accordance with the Leases or delivered to Lender;

(v) the replacement cost of any Fixtures or Personal Property removed from the Property after an Event of Default occurs;

(vi) all losses suffered and liabilities and expenses incurred by Lender relating to any acts or omissions by Conditional Guarantors that result in waste (including economic and non-physical waste) on the Property;

(vii) all losses suffered and expenses incurred by Lender by virtue of a failure of Conditional Guarantors (or any one or more of them) to comply with the requirements of Section 5.6(b) and (c) of the Deed of Trust;

(viii) all protective advances and other payments made by Lender pursuant to express provisions of the Loan Documents to protect Lender's security interest in the Property or to protect the assignment of the property described in and effected

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by the Assignment, but only to the extent that the Rents would have been sufficient to permit Conditional Guarantors to make

the payment and Conditional Guarantors failed to do so;

(ix) any misappropriation of the proceeds of the Loan, to the extent the proceeds of the Loan are not used to repay prior liens, including mechanics' liens affecting the Property as of the date hereof, and all mechanics' or similar liens relating to work performed on or materials delivered to the Property prior to Lender exercising its Remedies, but only to the extent Lender had advanced funds to pay for the work or materials;

(x) all Proceeds that are not applied in accordance with the Deed of Trust or not paid to Lender as required under the Deed of Trust; and

(xi) all losses suffered and liabilities and expenses incurred by Lender or Trustees in connection with the imposition or collection by any Government or any person, at any time, of any recordation tax, transfer tax or any other charge relating to or on account of the recordation of the Deed of Trust or Lender's lien thereunder.

(d) Nothing under subparagraph (a) above will be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code or under any other Law relating to bankruptcy or insolvency to file a claim for the full amount of the Debt or to require that any collateral securing any or all of the Borrower's Obligations and the Guarantors' Obligations will continue to secure such obligations in accordance with the Loan Documents.

(e) Notwithstanding the foregoing, it is expressly understood and agreed that the aforesaid limitation of liability will in no way affect or apply to Borrower, and Borrower will be liable for the Debt, if Borrower or any of Conditional Guarantors, or any of their general partners, members or officers, as the case may be, or any person, seeks to set aside the Guaranty as a preference in any bankruptcy or similar proceeding.

Section 8. WAIVERS. BORROWER WAIVES PRESENTMENT FOR PAYMENT, DEMAND, DISHONOR AND NOTICE OF ANY OF THE FOREGOING. BORROWER FURTHER WAIVES ANY PROTEST, LACK OF DILIGENCE OR DELAY IN COLLECTION OF THE DEBT OR ENFORCEMENT OF THE LOAN DOCUMENTS. BORROWER AND ALL ENDORSERS, SURETIES AND GUARANTORS OF THE BORROWER'S OBLIGATIONS CONSENT TO ANY EXTENSIONS OF TIME, RENEWALS, WAIVERS AND MODIFICATIONS THAT LENDER MAY GRANT WITH RESPECT TO THE BORROWER'S OBLIGATIONS AND TO THE RELEASE OF ANY SECURITY FOR THE CONDITIONAL GUARANTY AND AGREE THAT ADDITIONAL MAKERS MAY BECOME PARTIES TO THIS NOTE AND ADDITIONAL ENDORSERS, GUARANTORS OR SURETIES MAY BE ADDED WITHOUT NOTICE AND WITHOUT AFFECTING THE LIABILITY OF THE ORIGINAL MAKER OR ANY ORIGINAL ENDORSER, SURETY OR GUARANTOR. BORROWER, BY ITS EXECUTION OF THIS NOTE, AND LENDER, BY ITS ACCEPTANCE HEREOF,

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EACH HEREBY VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS NOTE. IN ADDITION:

SECTION 8.1. WAIVER OF STATUTE OF LIMITATIONS. BORROWER WAIVES THE RIGHT TO CLAIM ANY STATUTE OF LIMITATIONS AS A DEFENSE TO BORROWER'S PAYMENT AND PERFORMANCE OF THE BORROWER'S OBLIGATIONS.

SECTION 8.2. WAIVER OF NOTICE. BORROWER WAIVES THE RIGHT TO RECEIVE ANY NOTICE FROM LENDER WITH RESPECT TO THE LOAN DOCUMENTS EXCEPT FOR THOSE NOTICES THAT LENDER IS EXPRESSLY REQUIRED TO DELIVER PURSUANT TO THE LOAN DOCUMENTS.

SECTION 8.3. [INTENTIONALLY DELETED]

SECTION 8.4. GENERAL WAIVER. BORROWER ACKNOWLEDGES THAT (A) BORROWER AND BORROWER'S PARTNERS, MEMBERS OR PRINCIPALS, AS THE CASE MAY BE, ARE KNOWLEDGEABLE BORROWERS OF COMMERCIAL FUNDS AND EXPERIENCED REAL ESTATE DEVELOPERS OR INVESTORS WHO UNDERSTAND FULLY THE EFFECT OF THE ABOVE PROVISIONS; (B) LENDER WOULD NOT MAKE THE LOAN WITHOUT THE PROVISIONS OF THIS SECTION; (C) THE LOAN IS A COMMERCIAL OR BUSINESS LOAN UNDER THE LAWS OF THE STATE OR COMMONWEALTH WHERE THE PROPERTY IS LOCATED NEGOTIATED BY LENDER AND BORROWER AND THEIR RESPECTIVE ATTORNEYS AT ARMS LENGTH; AND (D) ALL WAIVERS BY BORROWER IN THIS SECTION HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY, AFTER BORROWER FIRST HAS BEEN INFORMED BY COUNSEL OF BORROWER'S OWN CHOOSING AS TO POSSIBLE ALTERNATIVE RIGHTS, AND HAS BEEN MADE AS AN INTENTIONAL RELINQUISHMENT AND ABANDONMENT OF A KNOWN RIGHT AND PRIVILEGE. THE FOREGOING ACKNOWLEDGMENT IS MADE WITH THE INTENT THAT LENDER AND ANY SUBSEQUENT HOLDER OF THE NOTE WILL RELY ON THE ACKNOWLEDGMENT.

Section 9. Commercial Loan. Borrower warrants that the Loan is a commercial loan within the meanings of Section 12-101 et seq. of the Commercial Law Article of the Annotated Code of Maryland (1990 Repl. Vol., as amended).

Section 10. Usury Limitations. Borrower and Lender intend to comply with all Laws with respect to the charging and receiving of interest. Any amounts charged or received by Lender for the use or forbearance of the Principal to the extent permitted by Law, will be amortized and spread throughout the Term until payment in full so that the rate or amount of interest charged or received by Lender on account the Principal does not exceed the Maximum Interest Rate. If any amount charged or received under the Loan Documents that is deemed to be interest is determined to be in excess of the amount permitted to be charged or received at the

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Maximum Interest Rate, the excess will be deemed to be a prepayment of Principal when paid, without premium, and any portion of the excess not capable of being so applied will be refunded to Borrower. If during the Term the Maximum Interest Rate, if any, is eliminated, then for purposes of the Loan, there will be no Maximum Interest Rate.

Section 11. Applicable Law. This Note is governed by and will be construed in accordance with the Laws of the State of Maryland.

Section 12. Time of the Essence. Time is of the essence with respect to the payment and performance of the Borrower's Obligations.

Section 13. Cross-Default. A default under any other note now or hereafter secured by the Loan Documents or under any loan document related to such other note constitutes a default under this Note and under the other Loan Documents. When the default under the other note constitutes an Event of Default under that note or the related loan document, an Event of Default also will exist under this Note and the other Loan Documents.

Section 14. [INTENTIONALLY DELETED]

Section 15. Construction. Unless expressly provided otherwise in this Note, this Note will be construed in accordance with the Exhibit attached to this Note entitled "Rules of Construction".

Section 16. Miscellaneous Provisions.

(a) Payment of Expenses. Borrower is obligated to pay all fees and expenses (the "Expenses") incurred by Lender that are otherwise payable in connection with the Loan or Borrower, including reasonable attorneys' fees and expenses and any fees and expenses relating to the (i) the preparation, execution, acknowledgment, delivery and recording or filing the Loan Documents; (ii) any Proceeding or other claim asserted against Lender; (iii) any inspection, assessment, survey and tests permitted under the Loan Documents; (iv) any destruction event under the Deed of Trust; (v) the preservation of Lender's security and exercise of any rights or Remedies available at Law, in equity or otherwise; and (vi) the Leases and the Property Documents. Borrower will pay the Expenses immediately on demand, together with any applicable interest, Premiums or penalties. If Lender pays any of the Expenses, Borrower will reimburse Lender the amount paid by Lender immediately upon demand, together with interest on such amount at the Default Interest Rate from the date which is five (5) days after the date of which Lender demanded payment through and including the date Borrower reimburses Lender. The Expenses together with any applicable interest, Premiums or penalties constitute a portion of the Debt.

(b) Duty to Defend. If Lender or any of its trustees, officers, participants, employees or affiliates is a party in any Proceeding relating to the Borrower or the Loan, Borrower will indemnify and hold harmless the party and will defend the party and attorneys and other professionals retained by Borrower and approved by Lender. Lender may elect to engage its own attorneys and other professionals, at Borrower's expense, to defend or to assist in the defense of the party. In all events, case strategy will be determined by Lender if Lender so elects and no Proceeding will be settled without Lender's prior approval which may be withheld in its

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sole discretion.

(c) Notices. Notices shall be given as provided in the Deed of Trust, except that any notice made to Borrower shall be made at the address set forth above.

(d) Lender's Discretion. Whenever under this Note any matter is required to be satisfactory to Lender, Lender's approval, determination or election will be made in Lender's reasonable discretion unless expressly provided to the contrary.

(e) Unenforceable Provisions. If any provision of this Note is found to be illegal or unenforceable or would operate to invalidate any other part of this Note, then the provision will be deemed expunged and this Note will be construed as though the provision was not contained herein, and the remainder of the Note shall remain in full force and effect.

(f) Relationship between Borrower and Lender.

(i) Lender is not a partner of or joint venturer with Borrower or any other entity as a result of the Loan; the relationship between Lender and Borrower is strictly that of creditor and debtor. Each Loan Document is an agreement between the parties to that Loan Document for the mutual benefit of those parties, and no entities other than the parties to that Loan Document will be a third party beneficiary or will have any claim against Lender or Borrower by virtue of the Loan Document. As between Lender and Borrower, any actions taken by Lender under the Loan Documents will be taken for Lender's protection only, and Lender has not and will not be deemed to have assumed any responsibility to Borrower or to any other entity by virtue of Lender's actions.

(ii) All conditions to Borrower's performance of its Obligations under the Loan Documents are imposed solely for the benefit of Lender. No entity other than Lender will have standing to require satisfaction of the conditions in accordance with the provisions or will be entitled to assume that Borrower will refuse to perform its Obligations in the absence of strict compliance with any of the conditions.

(g) Service of Process. Borrower irrevocably consents to service of process by registered or certified mail, postage prepaid, return receipt requested, to Borrower at its address set forth above.

(h) Entire Agreement. Oral agreements or commitments between Borrower and Lender to lend money, to extend credit or to forbear from enforcing repayment of the Debt, including promises to extend or renew the Debt, are not enforceable. Any agreements between Borrower and Lender relating to the Loan are contained in the Loan Documents, which contain the complete and exclusive statement of the agreements between Borrower and Lender, and except as Borrower and Lender may later agree in writing to amend the Loan Documents. The language of each Loan Document will be construed as a whole according to its fair meaning and will not be construed against the draftsman.

(i) No Oral Amendment. The Loan Documents may not be amended, waived or terminated orally or by any act or omission made individually by Borrower or Lender but may be amended, waived or terminated only by a written document signed by a party against which enforcement of the amendment, waiver or termination is sought.

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(j) Time of the Essence. Time is of the essence with respect to Borrower's payment and performance of the Obligations.

(k) Successors and Assigns. This Note binds the parties hereto and their respective successors, assigns, heirs, administrators, executors, agents and representatives and inure to the benefit of Lender and its successors, assigns, heirs, administrators, executors, agents and representatives.

Section 17. Joint and Several Liability; Successors and Assigns. If Borrower consists of more than one entity, the obligations and liabilities of each such entity will be joint and several. This Note binds Borrower and its successors, assigns, heirs, administrators, executors, agents and representatives and inures to the benefit of Lender and its successors, assigns, heirs, administrators, executors, agents and representatives.

Section 18. Absolute Obligation. Except for the Section of this Note entitled "Limitation of Liability", no reference in this Note to the other Loan Documents and no other provision of this Note or of the other Loan Documents will impair or alter the obligation of Borrower, which is absolute and unconditional, to pay the Principal, interest at the Fixed Interest Rate and any other amounts due and payable under this Note, as and when required.

IN WITNESS WHEREOF, Borrower has executed and delivered this Note as of the date first set forth above.

WITNESS/ATTEST: CORPORATE OFFICE PROPERTIES, L.P.

By: Corporate Office Properties Trust,
its general partner

Karen M Singer by: Roger A. Waesche Jr. (SEAL)

Name: Roger A. Waesche, Jr.

Title: Senior Vice President

Exhibit A

RULES OF CONSTRUCTION

(a) References in any Loan Document to numbered Articles or Sections are references to the Articles and Sections of that Loan Document. References in any Loan Document to lettered Exhibits are references to the Exhibits attached to that Loan Document, all of which are incorporated in and constitute a part of that Loan Document. Article, Section and Exhibit captions used in any Loan Document are for reference only and do not describe or limit the substance, scope or intent of that Loan Document or the individual Articles, Sections or Exhibits of that Loan Document.

(b) The terms "include", "including" and similar terms are construed as if followed by the phrase "without limitation".

(c) The terms "Land", "Improvements", "Fixtures and Personal Property", "Condemnation Awards", "Insurance Proceeds" and "Property" are construed as if followed by the phrase "or any part thereof".

(d) Any agreement by or duty imposed on Borrower or a Conditional Guarantor in any Loan Document to perform any obligation or to refrain from any act or omission constitutes a covenant running with the ownership or occupancy of the Land and the Improvements, which will bind all parties hereto and their respective successors and assigns, and all lessees, subtenants and assigns of same, and all occupants and subsequent owners of the Property, and will inure to the benefit of Lender and all subsequent holders of the Note and the Deed of Trust and includes a covenant by Borrower and the Conditional Guarantors to cause their respective partners, members, principals, agents, representatives and employees to perform the obligation or to refrain from the act or omission in accordance with the Loan Documents. Any statement or disclosure contained in any Loan Document about facts or circumstances relating to the Property, Borrower, Conditional Guarantors, or the Loan constitutes a representation and warranty by Borrower and the Conditional Guarantors made as of the date of the Loan Document in which the statement or disclosure is contained.

(e) The term "to Borrower's knowledge" is construed as meaning to the best of Borrower's knowledge after diligent inquiry.

(f) The singular of any word includes the plural and the plural includes the singular. The use of any gender includes all genders.

(g) The terms "person", "party" and "entity" include natural persons, firms, partnerships, limited liability companies and partnerships, corporations and any other public or private legal entity.

(h) The term "provisions" includes terms, covenants, conditions, agreements and requirements.

(i) The term "amend" includes modify, supplement, extend, replace or substitute and the term "amendment" includes modification, supplement, extension, replacement and substitution.

(j) Reference to any specific Law or to any document or agreement, including the Note, the Conditional Guaranty, the Deed of Trust, any of the other Loan Documents, and any Property Documents includes any future amendments to the same, as the case may be.

(k) No inference in favor of or against a party with respect to any provision in any Loan Document may be drawn from the fact that the party drafted the Loan Document.

(l) The term "certificate" means the sworn, notarized statement of the entity giving the certificate, made by a duly authorized person satisfactory to Lender affirming the truth and accuracy of every statement in the certificate. Any document that is "certified" means the document has been appended to a certificate of the entity certifying the document that affirms the truth and accuracy of everything in the document being certified. In all instances the entity issuing a certificate must be satisfactory to Lender.

(m) Any appointment of Lender as Borrower's attorney-in-fact is irrevocable and coupled with an interest. Lender may appoint a substitute attorney-in-fact. Borrower ratifies all actions taken by the attorney-in-fact but, nevertheless, if Lender requests, Borrower will specifically ratify any action taken by the attorney-in-fact by executing and delivering to the attorney-in-fact or to any entity designated by the attorney-in-fact all documents necessary to effect the ratification.

(n) Any document, instrument or agreement to be delivered by Borrower will be in form and content satisfactory to Lender.

(o) All obligations, rights, remedies and waivers contained in the Loan Documents will be construed as being limited only to the extent required to be enforceable under the Law.

(p) The unmodified word "days" means calendar days.

INDEMNITY DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT
by and between

NBP ONE, LLC
NBP 131-133-141, LLC
THREE CENTRE PARK, LLC
LAKEVIEW AT GREENS, LLC, and
CORPORATE GATESPRING, LLC,
as Grantor

and

WILLIAM H. GOEBEL and MATTHEW T. MURPHY,
as Trustees

for the benefit of

TEACHERS INSURANCE AND ANNUITY ASSOCIATION
OF AMERICA,
As Lender

Property Known As
One National Business Park
131 National Business Park
133 National Business Park
141 National Business Park
Lakeview - Greens I
Lakeview - Greens II
Three Centre Park
Woodlands One

This Indemnity Deed of Trust Was Prepared By
And After Recordation This Indemnity Deed of Trust Should be Returned To:

William H. Goebel, Esquire
c/o Teachers Insurance and Annuity
Association of America
730 Third Avenue
New York, New York 10017

INDEMNITY DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT

THIS INDEMNITY DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS
AND SECURITY AGREEMENT (this "Deed of Trust") made this 22 day of October,
1998, by NBP ONE, LLC, NBP 131-133-141, LLC, THREE CENTRE PARK, LLC, LAKEVIEW AT
GREENS, LLC and CORPORATE GATESPRING, LLC (collectively, "Grantor"), each, a
Maryland limited liability company, having their principal place of business at
8815 Centre Park Drive, Suite 400, Columbia, Maryland 21045 to WILLIAM H. GOEBEL
and MATTHEW T. MURPHY having an office at c/o Third Avenue, New York, New York
1007 ("Trustees"), for the benefit of TEACHERS INSURANCE AND ANNUITY ASSOCIATION
OF AMERICA ("Lender"), a New York corporation, having an address at 730 Third
Avenue, New York, New York 10017.

RECITALS:

A. Lender agreed to make a loan to Corporate Office
Properties, L.P. a Delaware limited partnership (the "Borrower") and Borrower
has agreed to accept a loan (the "Loan") in the maximum principal amount of
\$85,000,000.

B. To evidence the Loan, Borrower executed and delivered to
Lender Borrower's promissory note (the "Note"), dated of even date herewith, in
the principal amount of Eighty-Five Million Dollars (\$85,000,000) (that amount
or so much as is outstanding from time to time is referred to as the
"Principal"). Pursuant to the Note, Borrower promises to pay the Principal with
interest thereon to the order of Lender as set forth in the Note and with the
balance, if any, of the Debt being due and payable on November 1, 2008 (the
"Maturity Date").

C. Grantor has executed a Conditional Guaranty Agreement of
even date herewith, to and for the benefit of Lender (the "Guaranty"), pursuant
to which Grantor has, jointly and severally, conditionally guaranteed to Lender
the Borrower's obligations under the Note. The Guarantor is not primarily
obligated under the Loan.

D. To secure the Grantor's obligations under the Guaranty, this Deed of Trust conveys, among other things, Grantor's fee interest in the certain real property located in the County of Anne Arundel, City of Laurel (County of Prince George's) and County of Howard, all in the State of Maryland more particularly described in Exhibit A as Parcels 1 through 8 (the "Land").

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E. As a condition precedent to making the Loan to Borrower, Lender required Grantor to execute and deliver this Deed of Trust to secure the Guarantor's Obligations under the Guaranty. As used herein, "Obligations" means and includes: (a) all present and future liabilities and obligations of Grantor under the Guaranty, this Deed of Trust and the other Financing Documents, including principal, interest and all other amounts due or to become due under the Guaranty, this Deed of Trust and the other Financing Documents, and (b) all present and future liabilities and obligations of Grantor under the provisions of this Deed of Trust including (i) all Expenses, and (ii) any and all other amounts and indemnifications which are included as a part of the Obligations pursuant to the provisions of this Deed of Trust. The Guaranty, this Deed of Trust, and any other agreements or documents both now and hereafter furnished or executed by Grantor or any other person or persons to evidence, secure, guaranty or in connection with the Obligations are hereinafter collectively referred to as the "Financing Documents".

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions. Capitalized terms used in this Deed of Trust are defined in Exhibit B or in the text with a cross-reference in Exhibit B.

Section 1.2. Rules of Construction. This Deed of Trust will be interpreted in accordance with the rules of construction set forth in Exhibit C.

ARTICLE II
GRANTING CLAUSES

Section 2.1. Encumbered Property. Grantor irrevocably grants, mortgages, warrants, conveys, assigns and pledges to Trustees, in trust, WITH POWER OF SALE and the right of entry and possession, and grants to Trustees a security interest in, the following property, rights, interests and estates now or in the future owned or held by Grantor (the "Property") for the uses and purposes set forth in this Deed of Trust forever:

(i) the Land;

(ii) all buildings and improvements located on the Land (the "Improvements");

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(iii) all easements; rights of way or use, including any rights of ingress and egress; streets, roads, ways, sidewalks, alleys and passages; strips and gores; sewer rights; water, water rights, water courses, riparian rights and drainage rights; air rights and development rights; oil and mineral rights; and tenements, hereditaments and appurtenances, in each instance adjoining or otherwise appurtenant to or benefitting the Land or the Improvements;

(iv) all materials intended for construction, re-construction, alteration or repair of the Improvements, such materials to be deemed included in the Land and the Improvements immediately on delivery to the Land; all fixtures and personal property that are attached to, contained in or used in connection with the Land or the Improvements (excluding personal property owned by tenants and excluding removable fixtures and appurtenances), including: furniture; furnishings; machinery; motors; elevators; fittings; microwave ovens; refrigerators; office systems and equipment; plumbing, heating, ventilating and air conditioning systems and equipment; maintenance and landscaping equipment; lighting, cooking, laundry, dry cleaning, refrigerating, incinerating and sprinkler systems and equipment; telecommunications systems and equipment; computer or word processing systems and equipment; security systems and equipment; and equipment leases for any of the property described in this subsection (the "Fixtures and Personal Property");

(v) all agreements, ground leases, grants of easements or rights-of-way, permits, declarations of covenants, conditions and restrictions, disposition and development agreements, planned unit development agreements, cooperative, condominium or similar ownership or conversion plans, management, leasing, brokerage or parking agreements or other material documents affecting Borrower of the Land, the Improvements or the Fixtures and Personal Property, including the

documents described in Exhibit D but expressly excluding the Leases (the "Property Documents");

(vi) all inventory (including all goods, merchandise, raw materials, incidentals, office supplies and packaging materials) held for sale, lease or resale or furnished or to be furnished undercontracts of service, or used or consumed in the ownership, use or operation of the Land, the Improvements or the Fixtures and Personal Property, all documents of title evidencing any part of any of the foregoing and all returned or repossessed goods arising from or relating to any sale or disposition of inventory;

(vii) all intangible personal property relating to the Land, the Improvements or the Fixtures and Personal Property, including choses in action and causes of action (except those personal to Grantor), corporate and other business records, inventions, designs, promotional materials, blueprints, plans, specifications, patents, patent applications,

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trademarks, trade names, trade secrets, goodwill, copyrights, registrations, licenses, franchises, claims for refunds or rebates of taxes, insurance surpluses, refunds or rebates of taxes and any letter of credit, guarantee, claim, security interest or other security held by or granted to Grantor to secure payment by an account debtor of any of the accounts of Grantor arising out of the ownership, use or operation of the Land, the Improvements or the Fixtures and Personal Property, and documents covering all of the foregoing; all accounts, accounts receivable, documents, instruments, money, deposit accounts, funds deposited in accounts established with a bank, savings and loan association, trust company or other financial institution in connection with the ownership, use or operation of the Property, including any reserve accounts or escrow accounts, and all investments of the funds and all other general intangibles;

(viii) all awards and other compensation paid after the date of this Deed of Trust for any Condemnation (the "Condemnation Awards");

(ix) all proceeds of and all unearned premiums on the Policies (the "Insurance Proceeds");

(x) all licenses, certificates of occupancy, contracts, management agreements, operating agreements, operating covenants, franchise agreements, permits and variances relating to the Land, the Improvements or the Fixtures and Personal Property;

(xi) all books, records and other information, wherever located, which are in Borrower's possession, custody or control or to which Grantor is entitled at law or in equity and which are related to the Property, including all computer or other equipment used to record, store, manage, manipulate or access the information;

(xii) all deposits held from time to time by the Accumulations Depositary to provide reserves for Taxes and Assessments together with interest thereon, if any (the "Accumulations");

(xiii) all after-acquired title to or remainder or reversion in any of the property described in this Section; all additions, accessions and extensions to, improvements of and substitutions or replacements for any of such property; all products and all cash and non-cash proceeds, immediate or remote, of any sale or other disposition of any of such property, excluding sales or other dispositions of inventory in the ordinary course of the business of operating the Land or the Improvements; and all additional lands, estates, interests, rights or other property acquired by Grantor after the date of this Deed of Trust for use in connection with the Land and Improvements, all without the need for any additional mortgage, assignment, pledge or conveyance to Lender but Grantor will execute and deliver to Lender, upon Lender's request, any documents reasonably

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requested by Lender to further evidence the foregoing; and

(xiv) all deposits for reserves held from time to time by an escrow holder in accordance with the Pledge and Security Agreement described in the Section entitled "Reserves" and all accounts established to maintain the deposits together with investments thereof and interest thereon.

Section 2.2. Habendum Clause. The Property is conveyed to Trustees, and the Trustees' successors and assigns, to have and to hold forever in fee simple, but subject, however, to defeasance as described in Section 2.4 of this Deed of Trust.

Section 2.3. Security Agreement.

The Property includes both real and personal property and this Deed of Trust is a real property mortgage and also a "security agreement" and a "financing statement" within the meaning of the Maryland Uniform Commercial Code. By executing and delivering this Deed of Trust, Grantor grants to Lender, as security for the Obligations, a security interest in the Property to the full extent that any of the Property may be subject to the Uniform Commercial Code.

Section 2.4. Conditions to Grant. This Deed of Trust is made on the express condition that if Grantor pays and performs the Obligations in full in accordance with the Loan Documents, whether such obligations are now existing or hereafter arising, then, the lien of this Deed of Trust will be released at Grantor's expense. Any contractual provisions of a Loan Document that expressly provides in such Loan Document to continue beyond the repayment of the Loan and release of lien of the Deed of Trust shall continue in accordance with their terms.

ARTICLE III
OBLIGATIONS SECURED

Section 3.1. The Obligations. This Deed of Trust secures the Obligations, provided that the foregoing does not limit, qualify or affect in any way the present, absolute nature of the Assignment.

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ARTICLE IV
TITLE AND AUTHORITY

Section 4.1. Title to the Property.

(a) Subject to the conveyance effectuated by this Deed of Trust, Grantor has and will continue to have good and marketable title in fee simple absolute to the Land and the Improvements and good and marketable title to the Fixtures and Personal Property, all free and clear of liens, encumbrances and charges except the Permitted Exceptions, and has the right to mortgage, give, grant, bargain, sell, lien, setoff, convey, confirm, pledge, assign and hypothecate the same. To Grantor's knowledge, there are no facts or circumstances that might give rise to a lien, encumbrance or charge on the Property. Subject to the Permitted Exceptions, Grantor shall forever specially warrant, defend and preserve such title and the validity and priority of the lien of this Deed of Trust and shall forever warrant and defend the same to Lender against the claims of all persons whomsoever.

(b) Grantor owns and will continue to own all of the other Property free and clear of all liens, encumbrances and charges except the Permitted Exceptions.

(c) This Deed of Trust is and will remain a valid and enforceable first lien on and security interest in the Property, subject only to the Permitted Exceptions.

Section 4.2. Authority.

(a) Grantor is and will continue to be (i) duly organized, validly existing and in good standing under the Laws of the state or commonwealth in which it was organized or incorporated and (ii) duly qualified to conduct business, in good standing, in the state or commonwealth where the Property is located.

(b) Grantor has and will continue to have all approvals required by Law or otherwise and full right, power and authority to (i) own and operate the Property and carry on Grantor's business as now conducted or as proposed to be conducted; (ii) execute and deliver those of the Financing Documents to which it is a party; (iii) grant, mortgage, warrant the title to, convey, assign and pledge the Property to Lender pursuant to the provisions of this Deed of Trust; and (iv) perform the Obligations.

(c) The execution and delivery of the Financing Documents and the performance of the Obligations do not and will not conflict with or result in a default under any Laws or any Leases or Property Documents and do not and will not conflict with or result in a default under any agreement binding upon any party to the Financing Documents.

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(d) The Financing Documents constitute and will continue to constitute

legal, valid and binding obligations of all parties to the Financing Documents enforceable in accordance with their respective terms.

Section 4.3. No Foreign Person. Grantor is not a "foreign person" within the meaning of Section 1445(f) (3) of the Code. Borrower is not a "foreign person" within the meaning of Section 1445(f) (3) of the Code.

Section 4.4. Litigation. There are no Proceedings or, to Grantor's knowledge, investigations against or affecting Grantor or the Property and, to Grantor's knowledge, there are no facts or circumstances that might give rise to a Proceeding or an investigation against or affecting Grantor or the Property. Grantor will give Lender prompt notice of the commencement of any Proceeding or investigation against or affecting the Property or Grantor which could have a material adverse effect on the Property or on Lender's interests in the Property or under the Financing Documents. Grantor also will deliver to Lender such additional information relating to the Proceeding or investigation as Lender may request from time to time.

ARTICLE V
PROPERTY STATUS, MAINTENANCE AND LEASES

Section 5.1. Status of the Property.

(a) Grantor has obtained and will maintain in full force and effect all certificates, licenses, permits and approvals that are issued or required by Law or by any entity having jurisdiction over the Property or over Grantor or that are necessary for the Permitted Use, for occupancy and operation of the Property for the conveyance described in this Deed of Trust and for the conduct of Grantor's business on the Property in accordance with the Permitted Use.

(b) The Property is and will continue to be serviced by all public utilities required for the Permitted Use of the Property.

(c) All roads and streets necessary for service of and access to the Property for the current or contemplated use of the Property have been completed and are and will continue to be serviceable, physically open and dedicated to and accepted by the Government for use by the public.

(d) The Property is free from damage caused by a Casualty.

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(e) All costs and expenses of labor, materials, supplies and equipment used in the construction of the Improvements have been paid in full.

Section 5.2. Maintenance of the Property. Grantor will maintain the Property in thorough repair and good and safe condition, suitable for the Permitted Use, including, to the extent necessary, replacing the Fixtures and Personal Property with property at least equal in quality and condition to that being replaced. Grantor will not erect any new buildings, building additions or other structures on the Land or otherwise materially alter the Improvements without Lender's prior consent which may be withheld in Lender's sole discretion. The Property will be managed by a property manager satisfactory to Lender pursuant to a management agreement satisfactory to Lender and terminable by Grantor upon 30 days notice to the property manager.

Section 5.3. Change in Use. Grantor will use and permit the use of the Property for the Permitted Use and for no other purpose.

Section 5.4. Waste. Grantor will not commit or permit any waste (including economic and non-physical waste), impairment or deterioration of the Property or any alteration, demolition or removal of any of the Property without Lender's prior consent which may be withheld in Lender's sole discretion.

Section 5.5. Inspection of the Property. Subject to the rights of tenants under the Leases (including without limitation the right of the GSA tenant at One National Business Park having a highly restrictive entry provision), Lender has the right to enter and inspect the Property on reasonable prior notice, except during the existence of an Event of Default, when no prior notice is necessary. Lender has the right to engage an independent expert to review and report on Grantor's compliance with Grantor's obligations under this Deed of Trust to maintain the Property, comply with Law and refrain from waste, impairment or deterioration of the Property and the alteration, demolition or removal of any of the Property except as may be permitted by the provisions of this Deed of Trust. If the independent expert's report discloses material failure to comply with such obligations or if Lender engages the independent expert after the occurrence of an Event of Default, then the independent expert's review and report will be at Grantor's expense, payable on demand.

Section 5.6. Leases and Rents.

(a) Grantor assigns the Leases and the Rents to Lender absolutely and not merely as additional collateral or security for the payment and performance of the Obligations, but subject to a license back to Grantor of the right to

collect the Rents unless and until an Event of Default occurs at which time the license will terminate automatically, all as more particularly set forth in the Assignment, the provisions of which are incorporated in this Deed of Trust by

reference.

(b) Grantor acknowledges its obligations to Lender under Section 12.4(b) of this Deed of Trust and agrees that if ACE should exercise its purchase option and Substitute Collateral is not provided, then Grantor shall cause the proceeds of sale of One National Business Park to be applied towards partial prepayment of the Loan; such partial prepayment shall not constitute a default under Section 2(b) of the Note provided that, on the partial prepayment date, Borrower pays the amount of Principal allocated to One National Business Park and the Prepayment Premium allocable to such prepaid amount. Upon such partial prepayment, Lender shall release One National Business Park from the lien of this Deed of Trust.

(c) Grantor acknowledges that the space tenant occupying the parcel of the Property known as "Woodlands" has under its lease a right of first refusal to purchase Woodlands. Grantor agrees that it shall not take any action to cause such tenant to be able to exercise such purchase right.

Section 5.7. Parking. Grantor will provide, maintain, police and light parking areas within the Property, including any sidewalks, aisles, streets, driveways, sidewalk cuts and rights-of-way to and from the adjacent public streets, in a manner consistent with the Permitted Use and sufficient to accommodate the greatest of: (i) the number of parking spaces required by Law; (ii) the number of parking spaces required by the Leases and the Property Documents; or (iii) for each of the parcels constituting the Property, the following number of spaces: (A) Parcel I - 1,181 space, (B) Parcel II - 266 spaces, (C) Parcel III - 341 spaces, (D) Parcel IV - 326 spaces, (E) Parcel V - 225 spaces, (F) Parcel VI - 234 spaces, (G) Parcel VII - 147 spaces, (H) Parcel VIII - 480 spaces, and (I) Parcel IX - 336 spaces; subject, however, in each instance to temporary reduction resulting from repairs or alterations at the Property. The parking areas will be reserved and used exclusively for ingress, egress and parking for Grantor and the tenants under the Leases and their respective employees, customers and invitees and in accordance with the Leases and the Property Documents.

Section 5.8. Separate Tax Lot. Each of the Parcels constituting the Property is and will remain assessed for real estate tax purposes as one or more wholly independent tax lots, separate from any property that is not part of the Property.

Section 5.9. Changes in Zoning or Restrictive Covenants. Grantor will not (i) initiate, join in or consent to any change in any Laws pertaining to zoning, any restrictive covenant or other restriction which would restrict the Permitted Uses for the Property; (ii) permit the Property to be used to fulfill any requirements of Law for the construction or maintenance of any improvements on property that is not part of the Property; (iii) permit the Property to be used for any purpose not included in the Permitted Use; or (iv) impair the integrity of each of the Parcels of the Property as a single, legally subdivided zoning lot

separate from all other property.

Section 5.10. Lender's Right to Appear. Lender has the right to appear in and defend any Proceeding brought regarding the Property and to bring any Proceeding, in the name and on behalf of Borrower or Grantor or in Lender's name, which Lender, in its sole but reasonable discretion, determines should be brought to protect Lender's interest in the Property.

ARTICLE VI
IMPOSITIONS AND ACCUMULATIONS

Section 6.1. Impositions. Subject to the requirements of any separate agreement between Grantor and Lender as described in Sections 6.2 and 6.4:

(a) Grantor will pay each Imposition at least 5 days before the date (the "Imposition Penalty Date") that is the earlier of (i) the date on which the Imposition becomes delinquent and (ii) the date on which any penalty, interest or charge for non-payment of the Imposition accrues.

(b) Before each Imposition Penalty Date, Grantor will deliver to Lender a receipted bill or other evidence of payment.

(c) Grantor, at its own expense, may contest any Taxes or Assessments, provided that the following conditions are met:

(i) not less than 15 days prior to the Imposition Penalty Date, Grantor delivers to Lender notice of the proposed contest;

(ii) the contest is by a Proceeding promptly initiated and conducted diligently and in good faith;

(iii) there is no Event of Default;

(iv) the Proceeding suspends the collection of the contested Taxes or Assessments or Grantor otherwise secures assurances reasonably satisfactory to Lender from the taxing authority that the taxation will be stayed pending such proceeding;

(v) the Proceeding is permitted under and is conducted in accordance with the Leases and the Property Documents;

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(vi) the Proceeding precludes imposition of criminal or civil penalties and sale or forfeiture of the Property and Lender will not be subject to any civil suit; and

(vii) Grantor either deposits with the Accumulations Depository reserves or furnishes a bond or other security satisfactory to Lender, in either case in an amount sufficient to pay the contested Taxes or Assessments, together with all interest and penalties or Grantor pays all of the contested Taxes or Assessments under protest.

(d) Installment Payments. If any Assessment is payable in installments, Grantor will nevertheless pay the Assessment in its entirety on the day the first installment becomes due and payable or a lien, unless Lender, in its sole discretion, approves payment of the Assessment in installments.

Section 6.2. Accumulations.

(a) Grantor made an initial deposit with either Lender or a mortgage servicer or financial institution designated or approved by Lender from time to time to receive, hold and disburse the Accumulations in accordance with this Section (the "Accumulations Depository") and in accordance with the Pledge and Security Agreement (the "Pledge and Security Agreement") to be entered into among Grantor, Lender and a pledge agent for the Accumulations Depository. On the first day of each calendar month during the Term Grantor will deposit with the Accumulations Depository an amount equal to one-twelfth (1/12) of the annual Taxes and Assessments as determined by Lender or its designee. At least 30 days before each Imposition Penalty Date, Grantor will deliver to the Accumulations Depository any bills and other documents that are necessary to pay the Taxes and Assessments.

(b) The Accumulations will be applied to the payment of Taxes and Assessments. Any excess Accumulations after payment of Taxes and Assessments will be returned to Grantor or credited against future payments of the Accumulations, at Lender's election or as required by Law. If the Accumulations are not sufficient to pay Taxes and Assessments, Grantor will pay the deficiency to the Accumulations Depository within 5 days of demand. At any time after an Event of Default occurs, Lender may apply the Accumulations as a credit against any portion of the Obligations selected by Lender in its sole discretion.

(c) The Accumulations Depository will hold the Accumulations as additional security for the Obligations until applied in accordance with the provisions of this Deed of Trust. If Lender is not the Accumulations Depository, the Accumulations Depository will deliver the Accumulations to Lender upon Lender's demand at any time after an Event of Default.

(d) If the Property is sold or conveyed other than by foreclosure or transfer in lieu of

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foreclosure, all right, title and interest of Grantor to the Accumulations will automatically, and without necessity of further assignment, be held for the account of the new owner, subject to the provisions of this Section and Grantor will have no further interest in the Accumulations.

(e) The Accumulations Depository has deposited the initial deposit and will deposit the monthly deposits into a separate interest bearing account in the name of Borrower, as pledged to the Lender as secured party, all in accordance with the Pledge and Security Agreement.

(f) Lender has the right to pay, or to direct the Accumulations Depository to pay, any Taxes or Assessments unless Grantor is contesting the

Taxes or Assessments in accordance with the provisions of this Deed of Trust, in which event any payment of the contested Taxes or Assessments will be made under protest in the manner prescribed by Law or, at Lender's election, will be withheld.

(g) If Lender assigns this Deed of Trust, Lender will pay, or cause the Accumulations Depository to pay, the unapplied balance of the Accumulations to or at the direction of the assignee. Simultaneously with the payment, Lender and the Accumulations Depository will be released from all liability with respect to the Accumulations and Grantor will look solely to the assignee with respect to the Accumulations. When the Obligations have been fully satisfied, any unapplied balance of the Accumulations will be returned to Grantor.

Section 6.3. Changes in Tax Laws. If a Law requires the deduction of the Obligations from the value of the Property for the purpose of taxation or imposes a tax, either directly or indirectly, on the Obligations, any Financing Document or Lender's interest in the Property, Grantor will pay the tax with interest and penalties, if any. If Lender determines that Grantor's payment of the tax may be unlawful, unenforceable, usurious or taxable to Lender, the Obligations will become immediately due and payable on 90 days' prior notice unless the tax must be paid within the 120-day period, in which case, the Obligations will be due and payable within the lesser period, but in such latter event, without the payment of the Prepayment Premium or the Evasion Premium, if then applicable.

Section 6.4. Reserves. Grantor made an initial deposit and will make periodic deposits into an account established as additional security for the payment and performance of the Obligations and further deposits towards potential obligations of lease rollover costs at certain parcels of the Property, each to be held and disbursed in accordance with the Pledge and Security Agreement.

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ARTICLE VII
INSURANCE, CASUALTY, CONDEMNATION
AND RESTORATION

Section 7.1. Insurance Coverages.

(a) Borrower and Grantor will maintain such insurance coverages and endorsements in form and substance and in amounts as Lender may require in its sole reasonable discretion, from time to time. Until Lender notifies Borrower or Grantor of changes in Lender's requirements, Borrower and Grantor will maintain not less than the insurance coverages and endorsements Lender required for closing of the Loan.

(b) The insurance, including renewals, required under this Section will be issued on valid and enforceable policies and endorsements reasonably satisfactory to Lender (the "Policies").

Each Policy will contain a standard waiver of subrogation and a replacement cost endorsement and will provide that Lender will receive not less than 30 days' prior written notice of any cancellation, termination or non-renewal of a Policy or any material change other than an increase in coverage and that Lender will be named under a standard mortgage endorsement as loss payee.

(c) The insurance companies issuing the Policies (the "Insurers") must be authorized to do business in the State or Commonwealth where the Property is located, must have been in business for at least 5 years, must carry an A.M. Best Company, Inc. policy holder rating of A or better and an A.M. Best Company, Inc. financial category rating of Class X or better and must be otherwise satisfactory to Lender. Lender may select an alternative credit rating agency and may impose different credit rating standards for the Insurers. Notwithstanding Lender's right to approve the Insurers and to establish credit rating standards for the Insurers, Lender will not be responsible for the solvency of any Insurer.

(d) Notwithstanding Lender's rights under this Article, Lender will not be liable for any loss, damage or injury resulting from the inadequacy or lack of any insurance coverage.

(e) Grantor and Borrower will each comply with the provisions of the Policies and with the requirements, notices and demands imposed by the Insurers and applicable to Grantor, Borrower or the Property.

(f) Grantor and Borrower will pay the Insurance Premiums for each Policy not less than 30 days before the expiration date of the Policy being replaced or renewed and will

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deliver to Lender a certified copy of each Policy (for the initial closing or any replacements of the original policy, with an ACORD 27 certificate for any renewals thereafter) marked "Paid" not less than 10 days prior to the expiration date of the Policy being replaced or renewed.

(g) Neither Grantor nor Borrower will carry separate insurance concurrent in kind or form or contributing in the event of loss with any other insurance carried by Grantor or Borrower.

(h) If Grantor and/or Borrower carries any insurance under a blanket policy, it will deliver to Lender prior to the date hereof or for any replacement policy a certified duplicate copy of the blanket policy (and certificates as described in paragraph (f), above, for renewals) which will allocate to the Property the amount of coverage required under this Section and otherwise will provide the same coverage and protection as would a separate policy insuring only the Property.

(i) Grantor will give the Insurers prompt notice of any change in ownership or use of the Property. This subsection does not abrogate the prohibitions on transfers set forth in this Deed of Trust.

(j) If the Property is sold at a foreclosure sale or otherwise is transferred so as to extinguish the Obligations, all of Grantor's right, title and interest in and to the Policies then in force will be transferred automatically to the purchaser or transferee.

Section 7.2. Casualty and Condemnation.

(a) Grantor will give Lender notice of any Casualty immediately after it occurs and will give Lender notice of any Proceeding in Condemnation immediately after Grantor receives notice of commencement or notice that such a Proceeding will be commencing. Grantor immediately will deliver to Lender copies of all documents Grantor delivers or receives relating to the Casualty or the Proceeding, as the case may be.

(b) If the amount of any Insurance Proceeds or Condemnation Awards, as estimated by Lender in its sole but reasonable discretion, is equal to or less than Five Hundred Thousand Dollars (\$500,000), and if Grantor is not at the date of the Casualty subject of an Event of Default beyond any applicable notice and cure period, then in the event of both such instances Grantor shall be authorized to act without Lender's review or consent in collecting, adjusting and compromising any claims for loss, damage or destruction under the Policies or with any Condemnation Proceeding, as may be applicable. If Grantor is entitled to settle such claims without Lender's review or consent, Grantor shall still be required to have the Insurance proceeds or Condemnation Awards, as the case may be, held and applied in accordance with the terms of this Section 7.2

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(c) If the amount of any Insurance Proceeds or Condemnation Award exceeds \$500,000, in Lender's sole but reasonable estimation, or if any Event of Default under any Loan Document then remains uncured beyond any applicable notice or cure period (each such event, a "Consent Trigger"), then Grantor authorizes Lender, at Lender's option, to act on Grantor's behalf to collect, adjust and compromise any claims for loss, damage or destruction under the Policies on such terms as Lender determines in Lender's sole discretion. Further, in the event of any Consent Trigger, Grantor authorizes Lender to act, at Lender's option, on Grantor's behalf in connection with any Condemnation Proceeding. Grantor will execute and deliver to Lender all documents requested by Lender and all documents as may be required by Law to confirm such authorizations. Nothing in this Section will be construed to limit or prevent Lender from joining with Grantor either as a co-defendant or as a co-plaintiff in any Condemnation Proceeding.

(c) If a Consent Trigger occurs but Lender elects not to act on Grantor's behalf as provided in this Section, then Grantor promptly will file and prosecute all claims (including Lender's claims) relating to the Casualty and will prosecute or defend (including defense of Lender's interest) any Condemnation Proceeding. Grantor will have the authority to settle or compromise the claims or Proceeding, as the case may be, provided that Lender has approved in Lender's sole discretion any compromise or settlement that exceeds \$500,000.00. Any check for Insurance Proceeds or Condemnation Awards, as the case may be (the "Proceeds") will be made payable to Lender and Grantor. Grantor will endorse the check to Lender immediately upon Lender presenting the check to Grantor for endorsement or if Grantor receives the check first, will endorse the check immediately upon receipt and forward it to Lender. If any Proceeds are paid to Grantor, Grantor immediately will deposit the Proceeds with Lender, to be applied or disbursed in accordance with the provisions of this Deed of Trust. Lender will be responsible for only the Proceeds actually received by Lender.

Section 7.3. Application of Proceeds. After deducting the costs incurred by Lender in collecting the Proceeds, Lender may, in its sole discretion, (i) apply the Proceeds as a credit against any portion of the Debt selected by Lender in its sole discretion of the Debt (in which event neither

the Prepayment Premium nor the Evasion Premium, if any, shall apply); (ii) apply the Proceeds to restore the Improvements, provided that Lender will not be obligated to see to the proper application of the Proceeds and provided further that any amounts released for Restoration will not be deemed a payment on the Debt; or (iii) deliver the Proceeds to Grantor.

Section 7.4. Conditions to Availability of Proceeds for Restoration. Notwithstanding the preceding Section, after a Casualty or a Condemnation (a "Destruction Event"), Lender will make the Proceeds (less any costs incurred by Lender in collecting the Proceeds) available for Restoration in accordance with the conditions for disbursements set forth in the Section entitled "Restoration", provided that the following

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conditions are met:

- (i) Each of the entities described above as an original Grantor hereunder, or the transferee under a Permitted Transfer, if any, continues to be Grantor at the time of the Destruction Event and at all times thereafter until the Proceeds have been fully disbursed;
- (ii) no default under the Financing Documents exists at the time of the Destruction Event;
- (iii) all Leases in effect immediately prior to the Destruction Event and all Property Documents in effect immediately prior to the Destruction Event that are essential to the use and operation of the Property continue in full force and effect, subject to any rental abatements provided in the leases, notwithstanding the Destruction Event;
- (iv) the annual Rents (excluding security deposits) under Leases in effect on the date of the Destruction Event, plus any rental insurance proceeds paid or to be paid to Grantor, plus any additional collateral satisfactory to Lender in its sole but reasonable discretion, are providing debt service coverage for the annual Debt Service Payments of 1.40 after payment of annual Insurance Premiums, Impositions and operating expenses of the Property (including ground rent, if any), provided that, if the combined Rents, rental insurance and other approved collateral, if any, do not provide such debt service coverage, then Grantor expressly authorizes and directs Lender to apply an amount from the Proceeds to reduction of Principal in order to reduce the annual Debt Service Payments sufficiently for such debt service coverage to be achieved (in which event neither the Prepayment Premium nor the Evasion Premium, if any, shall apply). The reduced debt service payments will be calculated using the Fixed Interest Rate and an amortization schedule that will achieve the same proportionate amortization of the reduced Principal over the then remaining Term as would have been achieved if the Principal and the originally scheduled Debt Service Payments had not been reduced. Grantor will execute any documentation that Lender deems reasonably necessary to evidence the reduced Principal and debt service payments.

Section 7.5. Restoration.

(a) If the total Proceeds for any Destruction Event are \$500,000.00 or less and Lender elects or is obligated by Law or under this Article to make the Proceeds available for Restoration, Lender will disburse to Grantor the entire amount received by Lender and Grantor will commence Restoration promptly after the Destruction Event and complete Restoration not later than the Restoration Completion Date.

(b) If the Proceeds for any Destruction Event exceed \$500,000.00 and Lender elects or

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is obligated by Law or under this Article to make the Proceeds available for Restoration, Lender will disburse the Proceeds and any Additional Funds (the "Restoration Funds") upon Grantor's request as Restoration progresses, generally in accordance with normal construction lending practices for disbursing funds for construction costs, provided that the following conditions are met:

- (i) Grantor commences Restoration promptly after the Destruction Event and completes Restoration on or before the Restoration Completion Date;
- (ii) if Lender requests, Grantor delivers to Lender prior to commencing Restoration, for Lender's approval, plans and specifications and a detailed budget for the Restoration;

- (iii) Grantor delivers to Lender satisfactory evidence of the costs of Restoration incurred prior to the date of the request, and such other documents as Lender may request including mechanics' lien waivers and title insurance endorsements;
- (iv) Grantor pays all costs of Restoration whether or not the Restoration Funds are sufficient and, if at any time during Restoration, Lender determines that the undisbursed balance of the Restoration Funds is insufficient to complete Restoration, Grantor deposits with Lender, as part of the Restoration Funds, an amount equal to the deficiency (or a guaranty or other collateral reasonably satisfactory to Lender in its sole but reasonable discretion) within 30 days of receiving notice of the deficiency from Lender; and
- (v) there is no default under the Financing Documents at the time Grantor requests funds or at the time Lender disburses funds.

(c) If an Event of Default occurs at any time after the Destruction Event, then Lender will have no further obligation to make any remaining Proceeds available for Restoration and may apply any remaining Proceeds as a credit against any portion of the Debt selected by Lender in its sole discretion.

(d) Lender may elect at any time prior to commencement of Restoration or while work is in progress to retain, at Grantor's expense, an independent engineer or other consultant to review the plans and specifications, to inspect the work as it progresses and to provide reports. If any matter included in a report by the engineer or consultant is unsatisfactory to Lender, Lender may suspend disbursement of the Restoration Funds until the unsatisfactory matters contained in the report are resolved to Lender's satisfaction.

(e) If Grantor fails to commence and complete Restoration in accordance with the

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terms of this Article, then in addition to the Remedies, Lender may elect to restore the Improvements on Grantor's behalf and reimburse itself out of the Restoration Funds for costs and expenses incurred by Lender in restoring the Improvements, or Lender may apply the Restoration Funds as a credit against any portion of the Debt selected by Lender in its sole discretion.

(f) Lender may commingle the Restoration Funds with its general assets but shall assure that any Restoration Funds so commingled shall nonetheless be made available by Lender for application under this Section 7.5; and Lender will not be liable to pay any interest or other return on the Restoration Funds unless otherwise required by Law. Lender will not hold any Restoration Funds in trust. Lender may elect to deposit the Restoration Funds with a depository satisfactory to Lender under a disbursement and security agreement satisfactory to Lender, which Agreement shall provide for a segregation of funds and obligation to pay interest.

(g) Grantor will pay all of Lender's expenses incurred in connection with a Destruction Event or Restoration. If Grantor fails to do so, then in addition to the Remedies, Lender may from time to time reimburse itself out of the Restoration Funds.

(h) If any excess Proceeds remains after Restoration, Lender may elect, in its sole discretion either to apply the excess as a credit against any portion of the Debt as selected by Lender in its sole discretion or to deliver the excess to Grantor.

ARTICLE VIII
COMPLIANCE WITH LAW AND AGREEMENTS

Section 8.1. Compliance with Law. Grantor, the Property and the use of the Property complies and will continue to comply with Law and with all agreements and conditions necessary to preserve and extend all rights, licenses, permits, privileges, franchises and concessions (including zoning variances, special exceptions and non-conforming uses) relating to the Property or Grantor. Grantor will notify Lender of the commencement of any investigation or Proceeding relating to a possible violation of Law promptly (but in no event beyond five (5) business days) after Grantor receives notice thereof and, will deliver promptly to Lender copies of all documents Grantor receives or delivers in connection with the investigation or Proceeding. Grantor will not alter the Property in any manner that would increase Grantor's responsibilities for compliance with Law.

Section 8.2. Compliance with Agreements. There are no defaults, events

of defaults or events which, with the passage of time or the giving of notice, would constitute an event of default under the Property Documents. Grantor will pay and perform all of its obligations

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under the Property Documents as and when required by the Property Documents. Grantor will cause all other parties to the Property Documents to pay and perform their obligations under the Property Documents as and when required by the Property Documents. Grantor will not amend or waive any provisions of the Property Documents; exercise any options under the Property Documents; give any approval required or permitted under the Property Documents that would adversely affect the Property or Lender's rights and interests under the Financing Documents; cancel or surrender any of the Property Documents; or release or discharge or permit the release or discharge of any party to or entity bound by any of the Property Documents, without, in each instance, Lender's prior approval (excepting therefrom all service contracts or other agreements entered into in the normal course of business that are cancelable upon not more than 30 days notice). Grantor promptly will deliver to Lender copies of any notices of default or of termination that Grantor receives or delivers relating to any Property Document.

Section 8.3. ERISA Compliance.

(a) Neither Grantor nor any of its constituent entities is or will be an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA") that is subject to Title I of ERISA or a "plan" as defined in Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code, and neither the assets of Borrower, Grantor or of any of their constituent entities are or will constitute "plan assets" of one or more such plans for purposes of Title I of ERISA or Section 4975 of the Code.

(b) Grantor is not and will continue to not be a "governmental plan" within the meaning of Section 3(32) of ERISA and transactions by or with Grantor or Borrower are not and will not be subject to any Laws regulating investments of and fiduciary obligations with respect to governmental plans.

(c) Grantor will not engage in any transaction which would cause any obligation or any action under the Financing Documents or the Loan Documents, including Lender's exercise of the Remedies, to be a non-exempt prohibited transaction under ERISA.

Section 8.4. Section 6045(e) Filing. Grantor will supply or cause to be supplied to Lender either (i) a copy of a completed Form 1099-S, Statement for Recipients of Proceeds from Real Estate, Broker and Barter Exchange Proceeds prepared by Grantor's attorney or other person responsible for the preparation of the form, together with a certificate from the person who prepared the form to the effect that the form has, to the best of the preparer's knowledge, been accurately prepared and that the preparer will timely file the form; or (ii) a certification from Grantor that the Loan is a refinancing of the Property or is otherwise not required to be reported to the Internal Revenue Service pursuant to Section 6045(e) of the Code. Under no circumstances will Lender or Lender's counsel be obligated to file the reports

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or returns.

ARTICLE IX ENVIRONMENTAL -----

Section 9.1. Environmental Representations and Warranties.

Except as disclosed in the Environmental Report and to Grantor's knowledge as of the date of this Deed of Trust:

- (i) no Environmental Activity has occurred or is occurring on the Property other than the use, storage, and disposal of Hazardous Materials which (A) is in the ordinary course of business consistent with the Permitted Use; (B) is in compliance with all Environmental Laws and (C) has not resulted in Material Environmental Contamination of the Property; and
- (ii) no Environmental Activity has occurred or is occurring on any property in the vicinity of the Property which has resulted in Material Environmental Contamination of the Property.

Section 9.2. Environmental Covenants.

(a) Grantor will not cause or permit any Material Environmental Contamination of the Property.

(b) No Environmental Activity will occur on the Property other than the use, storage and disposal of Hazardous Materials which (A) is in the ordinary course of business consistent with the Permitted Use; (B) is in compliance with all Environmental Laws; and (C) does not create a risk of Material Environmental Contamination of the Property.

(c) Grantor will notify Lender immediately upon Grantor becoming aware of (i) any Material Environmental Contamination of the Property or (ii) any Environmental Activity with respect to the Property that is not in accordance with the preceding subsection (b). Grantor promptly will deliver to Lender copies of all documents delivered to or received by Grantor regarding the matters set forth in this subsection, including notices of Proceedings or investigations concerning any Material Environmental Contamination of the Property or Environmental Activity or concerning Grantor's status as a potentially responsible party (as defined in the Environmental Laws). Grantor's notification of Lender in accordance with the provisions of this subsection will not be deemed to excuse any default under the Financing Documents resulting from the violation of Environmental Laws or the Material Environmental Contamination of the Property or Environmental Activity that is the subject of the notice. If

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Grantor receives notice of a suspected violation of Environmental Laws in the vicinity of the Property that poses a risk of Material Environmental Contamination of the Property, Grantor will give Lender notice and copies of any documents received relating to such suspected violation.

(d) From time to time at Lender's request, Grantor will deliver to Lender any information known and documents available to Grantor relating to the environmental condition of the Property.

(e) Lender may perform or engage an independent consultant to perform an assessment of the environmental condition of the Property and of Grantor's compliance with this Section at any time for reasonable cause or after an Event of Default (if, in both instances, Lender has reasonable suspicion to believe that an Environmental Activity has occurred which could result in a Material Environmental Contamination). In connection with the assessment: (i) Lender or consultant may enter and inspect the Property and perform tests of the air, soil, ground water and building materials; (ii) Grantor will cooperate and use best efforts to cause tenants and other occupants of the Property to cooperate with Lender or consultant; (iii) Grantor will receive a copy of any final report prepared after the assessment, to be delivered to Grantor not more than 10 days after Grantor requests a copy and executes Lender's standard confidentiality and waiver of liability letter; (iv) Grantor will accept custody of and arrange for lawful disposal of any Hazardous Materials required to be disposed of as a result of the tests; (v) Lender will not have liability to Grantor with respect to the results of the assessment; and (vi) Lender will not be responsible for any damage to the Property resulting from the tests described in this subsection and Grantor will look solely to the consultants to reimburse Grantor for any such damage. The consultant's assessment and reports will be at Grantor's expense (i) if the reports disclose any material adverse change in the environmental condition of the Property from that disclosed in the Environmental Report; (ii) if Lender engaged the consultant when Lender had reasonable cause to believe Grantor was not in compliance with the terms of this Article and, after written notice from Lender, Grantor failed to provide promptly reasonable evidence that Grantor is in compliance; or (iii) if Lender engaged the consultant or after the occurrence of an Event of Default.

(f) If Lender has reasonable cause to believe that there is Environmental Activity at the Property, Lender may elect in its sole discretion to direct the Trustees to Reconvey any portion of the Property affected by the Environmental Activity and Grantor will accept the reconveyance.

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ARTICLE X
FINANCIAL REPORTING

Section 10.1. Financial Reporting.

(a) Grantor will deliver to Lender within 90 days after the close of each Fiscal Year an annual financial statement (the "Annual Financial Statement") for the Property and for Corporate Office Properties Trust, upon request of Lender, for the Fiscal Year, which will include a comparative balance sheet, a cash flow statement, an income and expense statement, a detailed breakdown of all receipts and expenses and all supporting schedules. The Annual Financial Statement will be:

(i) unaudited, but certified by the Chief Financial Officer of

Corporate Office Properties Trust, on a GAAP basis;

(ii) accompanied by an opinion of such Chief Financial Officer that, in all material respects, the Annual Financial Statement fairly presents the financial position of the Property; and

(iii) separate and distinct from any consolidated statement or report for Grantor, Borrower or any other entity or any other property.

(b) Grantor will keep full and accurate Financial Books and Records for each Fiscal Year. Grantor will permit Lender or Lender's accountants or auditors to inspect or audit the Financial Books and Records from time to time and without notice. Grantor will maintain the Financial Books and Records for each Fiscal Year for not less than 3 years after the date Grantor delivers to Lender the Annual Financial Statement and the other financial certificates, statements and information to be delivered to Lender for the Fiscal Year. Financial Books and Records will be maintained at Grantor's (as applicable) address set forth in the section entitled "Notices" or at any other location as may be approved by Lender.

ARTICLE XI
EXPENSES AND DUTY TO DEFEND

Section 11.1. Payment of Expenses.

(a) Grantor is obligated to pay all fees and expenses (the "Expenses") incurred by

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Lender, Trustees or that are otherwise payable in connection with the Loan, the Property or Grantor, including attorneys' fees and expenses and any fees and expenses relating to (i) the preparation, execution, acknowledgment, delivery and recording or filing of the Loan Documents; (ii) any Proceeding or other claim asserted against Lender; (iii) any inspection, assessment, survey and test permitted under the Financing Documents; (iv) any Destruction Event; (v) the preservation of Trustees' title, Lender's security and the exercise of any rights or remedies available at Law, in equity or otherwise; and (vi) the Leases and the Property Documents.

(b) Grantor will pay the Expenses immediately on demand, together with any applicable interest, premiums or penalties. If Lender pays any of the Expenses, Grantor will reimburse Lender the amount paid by Lender immediately upon demand, together with interest on such amount at the Default Interest Rate from the date Lender paid the Expenses through and including the date Grantor reimburses Lender. The Expenses together with any applicable interest, premiums or penalties constitute a portion of the Obligations secured by this Deed of Trust.

Section 11.2. Duty to Defend. If Lender or any of its trustees, officers, participants, employees or affiliates is a party in any Proceeding relating to the Property, Grantor, Borrower or the Loan, Grantor will indemnify and hold harmless the party and will defend the party with attorneys and other professionals retained by Grantor and approved by Lender. Lender may elect to engage its own attorneys and other professionals, at Grantor's expense, to defend or to assist in the defense of the party. In all events, case strategy will be determined by Lender if Lender so elects and no Proceeding will be settled without Lender's prior approval which may be withheld in its sole discretion.

Section 11.3. Future Advances. Lender may make future advances to Grantor or to Borrower under the Loan guaranteed by Grantor, and all such future advances and readvances shall be fully secured by the lien and security interest of this Deed of Trust.

ARTICLE XII
TRANSFERS LIENS AND ENCUMBRANCES

Section 12.1. Prohibitions on Transfers, Liens and Encumbrances.

(a) Grantor acknowledges that in making the Loan, Lender is relying to a material extent on the business expertise and net worth of Grantor and its general partners, members or principals and on the continuing interest that it has, directly or indirectly, in the Property. Accordingly, except as specifically set forth in this Deed of Trust, Grantor (i) will not, and will not permit its partners or members to, effect a Transfer without Lender's prior approval,

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which may be withheld in Lender's sole discretion and (ii) will keep

the Property free from all liens and encumbrances other than the lien of this Deed of Trust and the Permitted Exceptions. A "Transfer" is defined as any sale, grant, lease (other than bona fide third-party space leases with tenants), conveyance, assignment or other transfer of, or any encumbrance or pledge against, the Property, any interest in the Property, any interest of Grantor's partners, members or principals in the Property, or any change in Grantor's composition, in each instance whether voluntary or involuntary, direct or indirect, by operation of law or otherwise and including the grant of an option or the execution of an agreement relating to any of the foregoing matters.

(b) Grantor represents, warrants and covenants that:

(i) Each entity constituting Grantor is a Maryland limited liability company whose managing member is the Borrower, a Delaware limited partnership owning 100% of the of the interests in Grantor.

(ii) If Grantor's member is in turn a partnership, corporation or limited liability company, the general partner, principal or member thereof and the percentage of partnership interest, stock or membership interest held by each (and so on at each level) are as follows: the sole general partner of the Borrower is COPT (defined below); the percentage of interest in the Borrower currently held by COPT varies because its shares are traded due to its "upreit" structure.

Section 12.2. Permitted Transfers.

(a) Notwithstanding the prohibitions regarding Transfers, transfer of shares in Corporate Office Properties Trust ("COPT"), an affiliate of Grantor and the Borrower, and transfers of limited partnership interests and pledges of both general and limited partnership interests in the Borrower, (each, a "Permitted Transfer") may occur without Lender's prior consent, provided that the following conditions are met:

(i) at all times COPT remains the sole general partner in the Borrower and Borrower delivers to lender on a quarterly basis notices of changes in the ownership interests of limited partners owning one percent (1%) or more of the Borrower; and

(ii) a Permitted Transfer does not permit a disposition in a single transfer or a series of related transfers of all or substantially all of the shares of COPT or of all of the limited partnership interests in the Borrower and does not permit a merger of COPT with one or more entities without Lender's prior written consent unless COPT is the surviving and controlling entity or unless such successor is a real estate company having the same standards of professional expertise and net worth as that of COPT as of the date of this Deed of Trust or as of the date immediately prior to the Transfer, whichever is greater;

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(iii) at least 30 days prior to the proposed Permitted Transfer (other than transfers of shares of COPT on the open market or of any limited partnership interests in the Borrower), Grantor or Borrower delivers to Lender a notice that is sufficiently detailed to enable Lender to determine that the proposed Permitted Transfer complies with the terms of this Section;

(iv) there is no default under the Financing Documents either when Lender receives the notice or when the proposed Permitted Transfer occurs;

(v) the proposed Permitted Transfer (other than transfers of shares of COPT on the open market or of any limited partnership interests in the Borrower) will not result in a violation of any of the covenants contained in the Section entitled, "ERISA Compliance" and Grantor or Borrower will deliver to Lender such documentation of compliance as Lender requests in its sole discretion;

(vi) other than in instances of transfers of shares in COPT or of transfers of any limited partnership interests in the Borrower, when Lender receives the notice and when the proposed Permitted Transfer occurs, the transferee (other than a transferee that is a publicly traded entity) has never been an adverse party to Lender in any litigation to which Lender was a party; the transferee has never defaulted on a loan from Lender or on any contract or other agreement with Lender; and the transferee has never threatened litigation against Lender (for purposes of this subsection "transferee" includes the transferee's constituent entities at all levels and "Lender" includes Lender's subsidiaries);

(vii) Grantor or Borrower pays all of Lender's expenses relating to the Transfer including Lender's attorneys' fees; and

(viii) Lender is satisfied that the Property will continue to be managed by a manager satisfactory to Lender.

Section 12.3. Right to Contest Liens. Grantor, at its own expense, may contest the amount, validity or application, in whole or in part, of any mechanic's, materialmen's or environmental liens in which event Lender will refrain from exercising any of the Remedies, provided that the following conditions are met:

- (i) Grantor delivers to Lender notice of the proposed contest not more than 30 days after the lien is filed;
 - (ii) the contest is by a Proceeding promptly initiated and conducted in good faith and with due diligence;
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- (iii) there is no Event of Default other than the Event of Default arising from the filing of the lien;
 - (iv) the Proceeding suspends enforcement of collection of the lien, imposition of criminal or civil penalties and sale or forfeiture of the Property and Lender will not be subject to any civil suit;
 - (v) the Proceeding is permitted under and is conducted in accordance with the Leases and the Property Document;
 - (vi) Grantor furnishes a bond or other security satisfactory to Lender, in either case in an amount sufficient to pay the claim giving rise to the lien, together with all interest and penalties, and secures an endorsement to Lender's policy of title insurance insuring against sale of the Property by the lienor to collect its lien, or Grantor pays the contested lien under protest; and
 - (vii) with respect to an environmental lien, Grantor is using best efforts to mitigate or prevent any deterioration of the Property resulting from the alleged violation of any Environmental Laws or the alleged Environmental Activity.

Section 12.4. Substitute Collateral.

(a) Upon request from Grantor, and at Grantor's expense, Trustees shall release from the lien of this Deed of Trust any one or more of the parcels constituting the Property, upon conveyance by Grantor and/or its affiliates of substitute collateral property (the "Substitute Collateral") from time to time, but not more than one time for each parcel, and not more than three times during the duration the lien of this Deed of Trust, upon the following terms and subject to the following conditions:

- (i) the quality of the Substitute Collateral shall be comparable to or greater than that of the parcel of Property for which the Substitute Collateral is replacing the current-to-be-released Property;
- (ii) No Event of Default shall exist under this Deed of Trust or any other Loan Document;
- (iii) The appraised value of the Substitute Collateral shall be equal to or greater than the greater of (A) the appraised value of current-to-be-released Property, as determined at the time of the closing of the substitution of collateral, or (B) the appraised value of the current-to-be released Property at the time of such substitution;

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- (iv) the Debt Service Coverage Ratio (as defined below) for the aggregate Property (inclusive of the Substitute Collateral) shall be greater than or equal to the actual Debt Service Coverage Ratio for the aggregate Property (inclusive of the current-to-be released Property), for the one year prior to the substitution, and Grantor shall execute and deliver appropriate amendments to this Deed of Trust and Loan Documents making the Substitute Collateral part of the security for the Guaranty, and Lender shall have received such title assurances and endorsements to its then-existing policies confirming the priority of its lien under this Deed of Trust on the Substitute Collateral, consenting to the release of the released Property, and otherwise confirming no adverse changes in title coverage or the amount thereof.
- (v) the Substitute Collateral shall satisfy each of the covenants and conditions to closing set forth in the commitment letter with the Lender for the Loan guaranteed under the Guaranty, that would have been applicable had such Substitute Collateral been an original parcel of the Property;
- (vi) the Substitute Collateral shall conform in all respects to such other underwriting standards and criteria of the Lender and criteria

such as other appraisal, legal, business, environmental, engineering, diversification, leasing or title requirements, all as Lender may determine in its sole discretion.

As used herein, the following defined term shall apply:

"Debt Service Coverage Ratio" means the Net Operating Income of the Property divided by the amount of scheduled annual payments of Debt Service on the Loan guaranteed by the Guaranty.

"Net Operating Income" means the total gross rental income received in the most recent twelve month period, plus other income received during the most recent twelve month period, less actual operating expenses for the most recent twelve month period.

(b) The parties acknowledge that the Army Corps of Engineers (Government Services Administration) ("ACE") has an option under its lease at that parcel of the Property known as "One National Business Park" ("One NBP") to purchase (the "Purchase Option") the fee interest in One NBP from NBP One, LLC, an entity of Grantor. Grantor and Lender agree that if ACE exercises its Purchase Option, Grantor shall promptly (but in no event later than five (5) business days) after such exercise provide Lender with a copy of the notice exercising the same (the "Exercise Date"). An exercise by GSA of its Purchase Option shall constitute an Event of Default (without any obligation of Lender to provide notice of default or right on behalf of Grantor to cure the same), under this Deed of Trust unless, within fifteen (15) days after ACE's exercise of its Purchase Option, Grantor satisfies one of the two following requirements:

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(i) Grantor, at Grantor's expense, conveys Substitute Collateral satisfying the requirements of Section 12.4(a); or

(ii) Grantor prepays the Loan in an amount equal to the then-existing principal balance of the Loan allocated to One NBP, plus the Prepayment Premium due on such prepayment (but without the payment of any Evasion Premium, if applicable); provided, however, that if an appraisal obtained by Lender (at Grantor's expense) at such time indicates that the remaining parcels of Land constituting the Property do not constitute greater than a 75% loan to value ratio, then Grantor shall have the right to prepay any additional amounts of Principal (with Prepayment Premium) necessary to cause the remaining Property to have greater than a 75% loan to value ratio; and Grantor shall execute and deliver, and shall cause Borrower to execute and deliver to Lender such amending documents necessary to keep the loan constant the same over the remaining principal balance of the Loan over the remaining term.

ARTICLE XIII
ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 13.1. Further Assurances.

(a) Grantor will execute, acknowledge and deliver to Lender or to any other entity Lender designates any additional or replacement documents and perform any additional actions that Lender determines are reasonably necessary to evidence, perfect or protect Lender's first lien on and prior security interest in the Property or to carry out the intent or facilitate the performance of the provisions of the Financing Documents and the Note.

(b) Grantor appoints Lender as Grantor's attorney-in-fact to perform, at Lender's election, any actions and to execute and record any of the additional or replacement documents referred to in this Section, in each instance only at Lender's election and only to the extent Grantor or Borrower has failed to comply with the terms of this Section.

(c) Grantor shall pay upon demand of Lender all costs of, and incidental to, the recording of this Deed of Trust and any such documents described above, whether now or hereafter due and payable, including, without limitation, the Maryland recordation tax and any other tax required to be paid at any time with respect to such recording. The Grantor hereby agrees to indemnify and hold the Trustees and Lender harmless from and against any liability or loss incurred by the Trustees or Lender resulting from the failure of the Grantor to pay

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when due and payable any such amounts. The foregoing indemnity will survive the payment of the Obligations and the Guaranty and the release of this Deed of Trust. The obligations of the Grantor pursuant to such indemnity will bear interest payable upon demand of Lender from the date due until paid in full at the Default Interest Rate and such obligations with interest thereon as aforesaid shall be a part of the Obligations secured hereby.

Section 13.2. Estoppel Certificates.

(a) Within 10 days of Lender's request, Grantor will deliver to Lender or to any entity Lender designates a certificate certifying (i) the original principal amount of the Note; (ii) the unpaid principal amount of the Note; (iii) the Fixed Interest Rate; (iv) the amount of the then current Debt Service Payments; (v) the Maturity Date; (vi) the date a Debt Service Payment was last made; (vii) that, except as may be disclosed in the statement, there are no defaults or events which, with the passage of time or the giving of notice, would constitute an Event of Default; and (viii) there are no offsets or defenses against any portion of the Obligations except as may be disclosed in the statement.

(b) If Lender requests, Grantor promptly will deliver to Lender or to any entity Lender designates a certificate from each party to any Property Document, certifying that the Property Document is in full force and effect with no defaults or events which, with the passage of time or the giving of notice, would constitute an event of default under the Property Document and that there are no defenses or offsets against the performance of its obligations under the Property Document.

(c) If Lender requests, Grantor promptly will use its commercially reasonable efforts to obtain and deliver to Lender, or to any entity Lender designates, a certificate from each tenant under a Lease then affecting the Property, certifying to any facts regarding the Lease as Lender may require, including that the Lease is in full force and effect with no defaults or events which, with the passage of time or the giving of notice, would constitute an event of default under the Lease by any party, that the rent has not been paid more than one month in advance and that the tenant claims no defense or offset against the performance of its obligations under the Lease; provided, that Lender shall not request such certificates more often than one time in any two calendar year period except for the purpose of a sale of the Loan.

ARTICLE XIV
DEFAULTS AND REMEDIES

Section 14.1. Events of Default. The term "Event of Default" means the

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occurrence of any of the following events:

(i) if Grantor fails to pay any amount due, as and when required, under any Financing Document and the failure continues for a period of 5 days;

(ii) if Grantor makes a general assignment for the benefit of creditors or generally is not paying, or is unable to pay, or admits in writing its inability to pay, its debts as they become due; or if Grantor or any other party commences any Proceeding (A) relating to bankruptcy, insolvency, reorganization, conservatorship or relief of debtors, in each instance with respect to Grantor; (B) seeking to have an order for relief entered with respect to Grantor; (C) seeking attachment, distraint or execution of a judgment with respect to Grantor; (D) seeking to adjudicate Grantor as bankrupt or insolvent; (E) seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Grantor or Grantor's debts; or (F) seeking appointment of a Receiver, trustee, custodian, conservator or other similar official for Grantor or for all or any substantial part of Grantor's assets, provided that if the Proceeding is commenced by a party other than Grantor or any of Grantor's general partners or members, Grantor will have 120 days to have the Proceeding dismissed or discharged before an Event of Default occurs;

(iii) if Grantor is in default beyond any applicable grace and cure period under any other mortgage, deed of trust, deed to secure debt or other security agreement encumbering the Property whether junior or senior to the lien of this Deed of Trust;

(iv) if a Transfer occurs except in accordance with the provisions of this Deed of Trust;

(v) if Grantor abandons the Property or ceases to conduct its business at the Property; or

(vi) if Grantor fails to deposit either the letter of credit required under the letter agreement of even date herewith between Grantor and Lender, or fails to make the deposits required or otherwise defaults under the Pledge and Security Agreement of even date among, inter alia, Grantor and Lender; or

(vii) if Grantor fails to comply with the requirements of Section

5.6(b) or (c) of this Deed of Trust; or

(viii) if there is a default in the performance of any other provision of any Financing Document or if there is any inaccuracy or falsehood in any representation or warranty contained in any Financing Document which is not remedied within 15 days after Grantor receives notice thereof, provided that if the default, inaccuracy or falsehood is

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of a nature that it cannot be cured within the 15-day period and during that period Grantor commences to cure, and thereafter diligently continues to cure, the default, inaccuracy or falsehood, then the 15-day period will be extended for a reasonable period not to exceed 120 days after the notice to Grantor.

Section 14.2. Remedies.

(a) If an Event of Default occurs, Lender may take any of the following actions (the "Remedies") without notice to Grantor or Borrower:

(i) declare all or any portion of the Obligations immediately due and payable ("Acceleration");

(ii) pay or perform any Obligation;

(iii) institute a Proceeding for the specific performance of any Obligation;

(iv) apply for the appointment of a Receiver to be vested with the fullest powers permitted by Law, without bond being required, which appointment may be made ex parte, as a matter of right and without regard to the value of the Property, the amount of the Debt or the solvency of Grantor or Borrower or any other person liable for the payment or performance of any portion of the Obligations;

(v) directly, by its agents or representatives or through a Receiver appointed by a court of competent jurisdiction, enter on the Land and Improvements, take possession of the Property, dispossess Grantor and exercise Grantor's rights with respect to the Property, either in Grantor's name or otherwise;

(vi) institute a Proceeding for the foreclosure of this Deed of Trust or, if applicable, sell by power of sale all or any portion of the Property;

(vii) institute proceedings for the partial foreclosure of this Deed of Trust for the portion of the Obligations then due and payable, subject to the continuing lien of this Deed of Trust for the balance of the Obligations not then due;

(viii) deliver to Trustees a declaration of default and demand for sale and a notice of default and election to cause Grantor's interest in the Property or any portion of the Property to be sold, which notice Trustees or Lender will file in the official records of the county in which the Property is located or any parcel comprising the same is located;

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(ix) exercise any and all rights and remedies granted to a secured party under the Uniform Commercial Code; and

(x) pursue any other right or remedy available to Lender at Law, in equity or otherwise.

(b) If an Event of Default occurs, the license granted to Grantor in the Financing Documents to collect Rents will terminate automatically without any action required of Lender.

Section 14.3. General Provisions Pertaining to Remedies.

(a) The Remedies are cumulative and may be pursued by Lender or Trustees concurrently or otherwise, at such time and in such order as Lender or Trustees may determine in their sole discretion and without presentment, demand, protest or further notice of any kind, all of which are expressly waived by Grantor.

(b) The enumeration in the Financing Documents of specific rights or powers will not be construed to limit any general rights or powers or impair Lender's or Trustees' rights with respect to the Remedies.

(c) If Lender or Trustees exercise any of the Remedies, Lender will not

be deemed a mortgagee-in-possession unless Lender has elected affirmatively to be a mortgagee-in-possession.

(d) Lender and Trustees will not be liable for any act or omission of Lender or Trustee in connection with the exercise of the Remedies.

(e) Lender's and Trustees' right to exercise any Remedy will not be impaired by any delay in exercising or failure to exercise the Remedy and the delay or failure will not be construed as extending any cure period or constitute a waiver of the default or Event of Default.

(f) If an Event of Default occurs, Lender's payment or performance or acceptance of payment or performance will not be deemed a waiver or cure of the Event of Default.

(g) Lender's acceptance of partial payment or receipt of Rents will not extend or affect any grace period or constitute a waiver of a default or Event of Default or constitute a recision of Acceleration.

Section 14.4. Foreclosure; Assent to Decree and Power of Sale.

In the event the Trustee or Lender elects to institute foreclosure proceedings upon the occurrence of

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an Event of Default, the Grantor and Acquisition Grantors each assent to the passage of a decree for the sale of the Property and any or all of the parcels comprising the same and further authorizes the Trustee to sell the Property. Any sale of the Property or any of the parcels so being sold, whether by way of the assent to decree or power of sale, shall be made in accordance with the provisions of Section 7-105, Real Property Article, Annotated Code of Maryland, as amended, and Section 14-200 et seq. of the Maryland Rules of Procedure, as amended, or other applicable Laws. The terms of the sale may be cash upon settlement of the sale or upon such other and additional terms as the Trustee deems necessary, proper or convenient, except as specifically limited by applicable law or court rule. Such sale may be of the entire Property as a unit or of such parts or parcels of the entire Property as the Trustee, in its sole and absolute discretion, deems necessary, proper, or convenient.

(a) Application Of Proceeds. Upon the sale of the Property, the proceeds shall be applied as follows:

(i) To the payment of all expenses incident to the sale, including reasonable and necessary counsel fees and expenses; and a commission to the Trustee equal to the commission allowed the Trustee for making sales of property by virtue of a decree of a court of equity in the State of Maryland. As used herein, expenses of sale shall specifically include auctioneer's fees at the auctioneer's customary rate, which shall be in addition to the Trustee's commission, and the costs of a preforeclosure appraisal;

(ii) To the payment of the Obligations other than those owed with respect to the Guaranty and then to the payment of those Obligations owed with respect to the Guaranty, if such Obligations have matured and are due under the terms of the Guaranty, and including without limitation the payment of any Evasion Premium, or if not, to be held in a demand account as a pledged fund (which shall be interest bearing for the benefit of the Grantor) up to the maximum sum, as determined by Lender, which could be due under the Guaranty by the Grantor as security for the Obligations owed with respect to the Guaranty, and to be applied to the Obligations owed with respect to the Guaranty after a default under the Guaranty;

(iii) And the balance remaining, if any, shall be paid to the Grantor, or to whomsoever shall be judicially determined to be entitled to the same.

(b) Payment Before Sale. In the event the Obligations shall be paid after the filing of a foreclosure proceeding, but before sale of the Property, the Grantor shall also be required to pay all of the expenses of any advertisement or notice, all court costs, and all other expenses incident to or resulting from the foreclosure proceedings under this Deed of Trust, and a commission on the total amount of the indebtedness owed with respect to the Loan, both principal and interest, remaining unpaid, equal to one-half (1/2) of the percentage allowed as commission to trustees making a sale under a decree of a court of equity in Maryland and such reasonable and necessary counsel fees and expenses as the Trustee or Lender may have incurred; provided, however, that the sale may be proceeded with unless, prior to the date on which the sale is scheduled, payment is made by Grantor of the Obligations then due (including payment of all costs, expenses, commissions and fees, as provided herein).

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(c) Lender May Bid. Upon any sale made under this Section 14, whether

made under the power of sale or by virtue of judicial proceedings or a judgment of foreclosure, Lender may bid for and acquire the Property. If the Obligations owed with respect to the Guaranty are then due, in lieu of paying cash therefor the Lender may make settlement for the purchase price by crediting the Obligations of Grantor secured by this Deed of Trust against the net sales price, after deducting the expenses and costs of the sale and any other sums which Lender is authorized to deduct under this Deed of Trust.

(d) Leases. In the event of a sale of the Property under either the power of sale or assent to decree, such sale may be made, at the option of Lender, subject to one or more of the tenancies entered into subsequent to the recording of this Deed of Trust, in accordance with the provisions of Section 7-105(f)(2), Real Property Article, Annotated Code of Maryland, as amended.

(e) Right To Maintain Separate Action. In the event Grantor shall fail to pay the Obligations, Trustee and Lender shall be empowered to institute Proceedings as may be advised by its counsel for the collection of the sums so due and unpaid, and may prosecute any Proceedings to judgment or final decree, and may enforce any judgments or final decree against Grantor and collect, out of the Property in any manner provided by law, monies adjudged to be payable. Lender shall be entitled to recover judgment before, after, or during the pendency of any Proceedings, or the foreclosure of the lien of this Deed of Trust. In the event of a sale of all or any parcel of the Property, and of the application of the proceeds of sale as provided in this Deed of Trust to the payment of the Obligations, Lender and the Trustee shall be entitled to enforce payment of and to receive all amounts then remaining due upon the Obligations, and shall be entitled to recover judgment for any portion of the Obligations remaining unpaid, with interest as provided in the Guaranty. The recovery of any judgment by Lender, and the levy of an execution under any judgment upon all or any parcel of the Property, shall not affect in any manner the lien of this Deed of Trust upon the Property, or any Remedies of the Trustee or of the Lender, and the Remedies shall continue unimpaired. Any monies collected by the Trustee or Lender under this Section 14.4(e) shall be applied in accordance with the provisions of Section 14.4(a).

(f) Waivers of Stay, Exemptions. Grantor shall not claim or take any advantage of any stay or extension or moratorium law, or any exemption from execution of sale of all or any parcels of the Property, wherever enacted, which may affect the covenants of this Deed of Trust, nor claim or insist upon any advantage of any Law providing for the valuation or appraisal of all or any parcels of the Property prior to any sale or pursuant to the order of any court; nor after any sale, claim or any right under any Law to redeem the property so sold. Grantor expressly waives all benefit or advantage of any such Law and covenants not to impede the execution of any power herein granted or delegated to the Trustee, but to suffer the execution of every power as though no Law had been enacted.

Section 14.5. General Provisions Pertaining to Mortgagee-in-Possession or Receiver.

(a) If an Event of Default occurs, any court of competent jurisdiction will, upon application by Lender, appoint a Receiver as designated in the application and issue an

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injunction prohibiting Grantor from interfering with the Receiver, collecting Rents, disposing of any Rents or all of or any parcel of the Property, committing waste or doing any other act that will tend to affect the preservation of the Leases, the Rents and the Property and Grantor approves the appointment of the designated Receiver or any other Receiver appointed by the court. Grantor agrees that the appointment may be made ex parte and as a matter of right to Lender or Trustees, either before or after sale of all or any parcels of the Property, without further notice, and without regard to the solvency or insolvency, at the time of application for the Receiver, of the person or persons, if any, liable for the payment of any portion of the Obligations and the performance of any portion of the Obligations and without regard to the value of the Property or whether the Property is occupied as a homestead and without bond being required of the applicant.

(b) The Receiver will be vested with the fullest powers permitted by Law including all powers necessary or usual in similar cases for the protection, possession and operation of all or any parcels of the Property and all the powers and duties of Lender as a mortgagee-in-possession as provided in this Deed of Trust and may continue to exercise all the usual powers and duties until the Receiver is discharged by the court.

(c) In addition to the Remedies and all other available rights, Lender or the Receiver may take any of the following actions:

(i) take exclusive possession, custody and control of all or any parcels of the Property and manage the same so as to prevent waste;

(ii) require Grantor to deliver to Lender or the Receiver all keys, security deposits, operating accounts, prepaid Rents, past due Rents, the Books and Records and all original counterparts of the Leases and the Property Documents;

(iii) collect, sue for and give receipts for the Rents and, after paying all expenses of collection, including reasonable receiver's, broker's and attorney's fees, apply the net collections to any portion of the Obligations selected by Lender in its sole discretion,

(iv) enter into, modify, extend, enforce, terminate, renew or accept surrender of Leases and evict tenants except that in the case of a Receiver, such actions may be taken only with the written consent of Lender as provided in this Deed of Trust and in the Assignment;

(v) enter into, modify, extend, enforce, terminate or renew Property Documents except that in the case of a Receiver, such actions may be taken only with the written consent of Lender as provided in this Deed of Trust and in the Assignment;

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(vi) appear in and defend any Proceeding brought in connection with the Property and bring any Proceeding to protect all or any parcels of the Property as well as Grantor's and Lender's respective interests in all or any parcels of the Property (unless any such Proceeding has been assigned previously to Lender in the Assignment, or if so assigned, Lender has not expressly assigned such Proceeding to the Receiver and consented to such appearance or defense by Receiver); and

(vii) perform any act in the place of Grantor that Lender or the Receiver deems necessary (A) to preserve the value, marketability or rentability of all or any parcels of the Property; (B) upon consent by Lender, to increase the gross receipts from all or any parcels of the Property; or (C) otherwise to protect Grantor's and Lender's respective interests in all or any parcels of the Property.

(d) Grantor appoints Lender as Grantor's attorney-in-fact, at Lender's election, to perform any actions and to execute and record any instruments necessary to effectuate the actions described in this Section, in each instance only at Lender's election and only to the extent Grantor has failed to comply with the provisions of this Section.

Section 14.6. General Provisions Pertaining to Foreclosures and the Power of Sale. The following provisions will apply to any Proceeding to foreclose and to any sale of the Property by power of sale or pursuant to a judgment of foreclosure and sale:

(i) Lender's or Trustees' right to institute a Proceeding to foreclose or to sell by power of sale will not be exhausted by a Proceeding or a sale that is defective or not completed;

(ii) a sale pursuant to a judgment of foreclosure and sale may be held at such time or times and such place or places and upon such terms and conditions or after such previous public announcement as required by Law and as Trustees may deem appropriate;

(iii) with respect to sale pursuant to a judgment of foreclosure and sale, the Property may be sold as an entirety or in parcels, at one or more sales, at the time and place, on terms and in the order that Trustees deem expedient in its sole discretion with such postponement of any such sale as Trustees may deem appropriate without regard to any right of Grantor or any other person to the marshalling of assets and Grantor hereby waives all right to have the Property marshalled upon any foreclosure under this Deed of Trust;

(iv) if a portion of the Property is sold pursuant to this Article, the Financing Documents will remain in full force and effect with respect to any portion of the Obligations and this Deed of Trust will continue as a valid and enforceable first lien on

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and security interest in the remaining portion of the Property, subject only to the Permitted Exceptions, without loss of priority and without impairment of any of Lender's or Trustees' rights and remedies with respect to the unmatured portion of the Obligations;

(v) Lender may bid and become the purchaser at any such sale, and will, upon presentation of the Guaranty or a true copy thereof at such sale, be credited for the unpaid balance due under the Guaranty and any interest accrued and unpaid thereon, or such portion of such unpaid balance or interest as Lender may specify, against any price bid by

Lender at such sale. The terms of sale being complied with, Trustees will convey to and at the cost of the purchaser at such sale Grantor's interest in, so much of the Property as is so sold, free of and discharged from all estate, right, title or interest of Grantor at law or in equity. Lender's receipt of the proceeds of a sale will be sufficient consideration for the portion of the Property sold and Lender will apply the proceeds set forth in the Deed of Trust; and

(vi) Upon any sale of Grantor's interest in any or all of the Property, whether under the assent to a decree or power of sale herein granted, or by other foreclosure or judicial proceedings, Trustees will apply the proceeds of such sale, together with any other sum then held as security hereunder or due under any of the provisions of the Financing Documents as part of the Property (after paying all expenses of sale, including reasonable attorneys' fees and a commission to the party making the sale equal to the commission allowed to trustees for making sales of property under orders or decrees of a court having competent jurisdiction, and all Impositions which either Trustees or Lender deem it advisable or expedient to pay and all sums advanced, with interest thereon, as herein provided) to the payment of the aggregate Obligations and interest thereon to the date of payment and prepayment fees, if any, paying over the surplus, if any, less the expense, if any, of obtaining possession, to Grantor or any person entitled thereto upon the surrender and delivery to the purchaser of possession of the Property.

Section 14.7. Uniform Commercial Code. Lender, or the Trustee acting on behalf of Lender, may exercise all rights and remedies of a secured creditor under the Maryland Uniform Commercial Code, as amended, with respect to any part of the Property constituting personal property and subject to the security interest created by this Deed of Trust. These rights include the right to take possession of the personal property without the use of judicial process (Grantor hereby waiving all right to prior notice and a judicial hearing) and the right to require Grantor to assemble the same at the Property or such other place as Lender or Trustee may notify the Grantor. Any disposition of the personal property shall be considered commercially reasonable if made pursuant to a public sale which is advertised at least twice in a newspaper of local circulation in Howard County, Maryland. Any notice required by Section 9-504 of the Maryland Uniform Commercial Code to be given to Grantor shall be considered reasonable and properly

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given if given in the manner and at the address provided in the notice provisions of this Deed of Trust at least five (5) business days prior to the date of any scheduled public sale.

Section 14.8. Power of Attorney. Grantor appoints Lender as Grantor's attorney-in-fact to perform any actions necessary and incidental to exercising the Remedies.

Section 14.9. Tenant at Sufferance. If Lender, Trustees, or a Receiver enters the Property in the exercise of the Remedies and Grantor is allowed to remain in occupancy of the Property, Grantor will pay to Lender, Trustees, or the Receiver, as the case may be, in advance, a reasonable rent for the Property occupied by Grantor. If Grantor fails to pay the rent, Grantor may be dispossessed by the usual Proceedings available against defaulting tenants.

ARTICLE XV
LIMITATION OF LIABILITY

Section 15.1. Limitation of Liability.

(a) Notwithstanding any provision in the Financing Documents to the contrary, except as set forth in subsections (b) and (e), if Lender seeks to enforce the collection of the Obligations, Lender will foreclose this Deed of Trust instead of instituting suit on the Guaranty. If following a foreclosure and sale of all parcels comprising the Property under this Deed of Trust a lesser sum is realized therefrom than that due under the Obligations, Lender will not institute any Proceeding against Grantor or Grantor's general partners, if any, for or on account of the deficiency, and Lender shall not have recourse against any entity constituting Grantor for any portion of the Obligations, except in each instance as set forth in subsections (b) through (e).

(b) The limitation of liability in subsection (a) will not affect or impair (i) the lien of this Deed of Trust or Lender's other rights and Remedies under the Financing Documents, including Lender's right as mortgagee or secured party to commence an action to foreclose any lien or security interest Lender has under the Financing Documents against any parcel remaining encumbered by this Deed of Trust and against any additional collateral held; (ii) the validity of the Financing Documents or the Obligations; or (iii) Lender's right to present and collect on any letter of credit or other credit enhancement document

held by Lender in connection with the Obligations.

(c) The following are excluded and excepted from the limitation of liability in

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subsection (a) and Lender may recover personally against Grantor for the following:

(i) all losses suffered and liabilities and expenses incurred by Lender relating to any fraud or intentional misrepresentation or omission by Grantor or Borrower or any of their partners, members, officers, directors, shareholders or principals in connection with (A) the performance of any of the conditions to Lender making the Loan; (B) any inducements to Lender to make the Loan; (C) the execution and delivery of the Financing Documents; (D) any certificates, representations or warranties given in connection with the Loan; or (E) Grantor's performance of the Obligations;

(ii) all Rents derived from the Property after a default under the Financing Documents which default is a basis of a Proceeding by Lender to enforce collection of the Obligations and all moneys that, on the date such a default occurs, are on deposit in one or more accounts used by or on behalf of Grantor relating to the operation of the Property, except to the extent properly applied to payment of Debt Service Payments, Impositions, Insurance Premiums and any reasonable and customary expenses incurred by Grantor in the operation, maintenance and leasing of the Property or delivered to Lender;

(iii) the cost of remediation of any Environmental Activity affecting the Property and any other losses suffered and liabilities and expenses incurred by Lender relating to a default under the Article entitled "Environmental";

(iv) all security deposits collected by Grantor or any of Grantor's predecessors and not refunded to Tenants in accordance with their respective Leases, applied in accordance with the Leases or Law or delivered to Lender, and all advance rents (more than thirty (30) days in advance) collected by Grantor or any of Grantor's predecessors and not applied in accordance with the Leases or delivered to Lender;

(v) the replacement cost of any Fixtures or Personal Property removed from the Property after a default occurs;

(vi) all losses suffered and liabilities and expenses incurred by Lender relating to any acts or omissions by Grantor that result in waste (including economic and non-physical waste) on the Property;

(vii) all losses suffered or expenses incurred by Lender by virtue of a failure of Grantor (or any entity constituting Grantor) to comply with the requirements of Section 5.6(b) and (c) of this Deed of Trust;

(viii) all protective advances and other payments made by Lender pursuant to express

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provisions of the Financing Documents to protect Lender's security interest in the Property or to protect the assignment of the property described in and effected by the Assignment, but only to the extent that the Rents would have been sufficient to permit Grantor to make the payment and Grantor failed to do so;

(ix) all mechanics' or similar liens relating to work performed on or materials delivered to the Property prior to Lender exercising its Remedies, but only to the extent Lender had advanced funds to pay for the work or materials;

(x) all Proceeds that are not applied in accordance with this Deed of Trust or not paid to Lender as required under this Deed of Trust; and

(xi) all losses suffered and liabilities and expenses incurred by Lender or Trustees in connection with the imposition or collection by any Government or any person, at any time, of any recordation tax, transfer tax or any other charge relating to or on account of the recordation of this Deed of Trust or Lender's lien hereunder.

(d) Nothing under subparagraph (a) above will be deemed to be a waiver of any right which Lender may have under Section 506(a), 506(b), 1111(b) or any

other provisions of the Bankruptcy Code or under any other Law relating to bankruptcy or insolvency to file a claim for the full amount of the Obligations or to require that all collateral will continue to secure all of the Obligations in accordance with the Financing Documents.

(e) Notwithstanding the foregoing, it is expressly understood and agreed that the aforesaid limitation of liability shall in no way affect or apply to Grantor, and Grantor shall be liable for the entire indebtedness evidenced hereby (including all principal, interest, prepayment charges and other charges), if Grantor, or any of its general partners, members or officers, as the case may be, or any person, seeks to set aside the Guaranty as a preference in any bankruptcy or similar proceeding.

ARTICLE XVI
WAIVERS

SECTION 16.1. WAIVER OF STATUTE OF LIMITATIONS. GRANTOR WAIVES THE RIGHT TO CLAIM ANY STATUTE OF LIMITATIONS AS A DEFENSE TO GRANTOR'S PAYMENT AND PERFORMANCE OF THE OBLIGATIONS.

SECTION 16.2. WAIVER OF NOTICE. GRANTOR WAIVES THE RIGHT

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TO RECEIVE ANY NOTICE FROM LENDER OR TRUSTEES WITH RESPECT TO THE FINANCING DOCUMENTS EXCEPT FOR THOSE NOTICES THAT LENDER OR TRUSTEES ARE EXPRESSLY REQUIRED TO DELIVER PURSUANT TO THE FINANCING DOCUMENTS.

SECTION 16.3. WAIVER OF MARSHALLING AND OTHER MATTERS. GRANTOR WAIVES THE BENEFIT OF ANY RIGHTS OF MARSHALLING OR ANY OTHER RIGHT TO DIRECT THE ORDER IN WHICH ANY OF THE PROPERTY WILL BE (i) SOLD; OR (ii) MADE AVAILABLE TO ANY ENTITY IF THE PROPERTY IS SOLD BY POWER OF SALE OR PURSUANT TO A JUDGMENT OF FORECLOSURE AND SALE. GRANTOR ALSO WAIVES THE BENEFIT OF ANY LAWS RELATING TO APPRAISEMENT, VALUATION, STAY, EXTENSION, REINSTATEMENT, MORATORIUM, HOMESTEAD AND EXEMPTION RIGHTS OR A SALE IN INVERSE ORDER OF ALIENATION.

SECTION 16.4. WAIVER OF TRIAL BY JURY. GRANTOR WAIVES TRIAL BY JURY IN ANY PROCEEDING BROUGHT BY, OR AGAINST, OR COUNTERCLAIM OR CROSS-COMPLAINT ASSERTED BY OR AGAINST, LENDER OR TRUSTEES RELATING TO THE LOAN, THE PROPERTY DOCUMENTS OR THE LEASES.

SECTION 16.5. [INTENTIONALLY DELETED]

SECTION 16.6. WAIVER OF JUDICIAL NOTICE AND HEARING. GRANTOR WAIVES ANY RIGHT GRANTOR MAY HAVE UNDER LAW TO NOTICE OR TO A JUDICIAL HEARING PRIOR TO THE EXERCISE OF ANY RIGHT OR REMEDY PROVIDED BY THE FINANCING DOCUMENTS TO LENDER AND GRANTOR WAIVES THE RIGHTS, IF ANY, TO SET ASIDE OR INVALIDATE ANY SALE DULY CONSUMMATED IN ACCORDANCE WITH THE PROVISIONS OF THE FINANCING DOCUMENTS ON THE GROUND (IF SUCH BE THE CASE) THAT THE SALE WAS CONSUMMATED WITHOUT A PRIOR JUDICIAL HEARING.

SECTION 16.7. WAIVER OF SUBROGATION. GRANTOR WAIVES ALL RIGHTS OF SUBROGATION TO LENDER'S RIGHTS OR CLAIMS RELATED TO OR AFFECTING THE PROPERTY OR ANY OTHER SECURITY FOR THE LOAN UNTIL THE LOAN IS PAID IN FULL AND ALL FUNDING OBLIGATIONS UNDER

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THE FINANCING DOCUMENTS HAVE BEEN TERMINATED.

SECTION 16.8. GENERAL WAIVER. GRANTOR ACKNOWLEDGES THAT (A) GRANTOR AND GRANTOR'S PARTNERS, MEMBERS OR PRINCIPALS, AS THE CASE MAY BE, ARE KNOWLEDGEABLE BORROWERS OF COMMERCIAL FUNDS AND EXPERIENCED REAL ESTATE DEVELOPERS OR INVESTORS WHO UNDERSTAND FULLY THE EFFECT OF THE ABOVE PROVISIONS; (B) LENDER WOULD NOT MAKE THE LOAN WITHOUT THE PROVISIONS OF THIS ARTICLE; (C) THE LOAN IS A COMMERCIAL OR BUSINESS LOAN UNDER THE LAWS OF THE STATE OR COMMONWEALTH WHERE THE PROPERTY IS LOCATED NEGOTIATED BY LENDER, GRANTOR AND BORROWER AND THEIR RESPECTIVE ATTORNEYS AT ARMS LENGTH; AND (D) ALL WAIVERS BY GRANTOR IN THIS ARTICLE HAVE BEEN MADE VOLUNTARILY, INTELLIGENTLY AND KNOWINGLY, AFTER GRANTOR FIRST HAVE BEEN INFORMED BY COUNSEL OF GRANTOR'S OWN CHOOSING AS TO POSSIBLE ALTERNATIVE RIGHTS, AND HAVE BEEN MADE AS AN INTENTIONAL RELINQUISHMENT AND ABANDONMENT OF A KNOWN RIGHT AND PRIVILEGE. THE FOREGOING ACKNOWLEDGMENT IS MADE WITH THE INTENT THAT LENDER AND ANY SUBSEQUENT HOLDER OF THE GUARANTY WILL RELY ON THE ACKNOWLEDGMENT.

ARTICLE XVII
NOTICES

Section 17.1. Notices. All acceptances, approvals, consents, demands,

notices, requests, waivers and other communications (the "Notices") required or permitted to be given under the Financing Documents must be in writing and (a) delivered personally by a process server providing a sworn declaration evidencing the date of service, the individual served, and the address where the service was made; (b) sent by certified mail, return receipt requested; or (c) delivered by nationally recognized overnight delivery service that provides evidence of the date of delivery, with all charges prepaid (for next morning delivery if sent by overnight delivery service), addressed to the appropriate party at its address listed below:

If to Lender: Teachers Insurance and Annuity
Association of America
730 Third Avenue
New York, New York 10017
Attention: Director Portfolio Management
Mortgage and Real Estate

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Application #MD-534
Mortgage #M-000454 100

with a courtesy
copy to:

Teachers Insurance and Annuity
Association of America
730 Third Avenue
New York, New York 10017
Attention: Vice President and Chief
Counsel - Mortgage and
Real Estate Law
Application #MD-534
Mortgage #M-000454 100

If to Grantor:

NBP ONE, LLC
NBP 131-133-141, LLC
THREE CENTRE PARK, LLC
LAKEVIEW AT GREENS, LLC, and
CORPORATE GATESPRING, LLC,
c/o Corporate Office Management, Inc.
8815 Centre Park Drive
Suite 400
Columbia, Maryland 21045
Attn: General Counsel

If to Trustee:

William H. Goebel, Esquire
Mr. Matthew T. Murphy
c/o Teachers Insurance and Annuity
Association of America
730 Third Avenue
New York, New York 10017

Lender and Grantor each may change from time to time the address to which Notices must be sent, by notice given in accordance with the provisions of this Section. All Notices given in accordance with the provisions of this Section will be deemed to have been received on the earliest of (i) actual receipt; (ii) Grantor's and Borrower's rejection of delivery; or (iii) 3 Business Days after having been deposited in any mail depository regularly maintained by the United States postal service, if sent by certified mail, or 1 Business Day after having been deposited with a nationally recognized overnight delivery service, if sent by overnight delivery or on the date of personal service, if served by a process server.

Section 17.2. Change in Grantor's Name or Place of Business. Grantor will

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immediately notify Lender in writing of any change in Grantor's name or the place of business set forth in the beginning of this Deed of Trust.

ARTICLE XVIII
MISCELLANEOUS

Section 18.1. Applicable Law. The Financing Documents are governed by and will be construed in accordance with the Laws of the State of Maryland.

Section 18.2. Usury Limitations. Grantor and Lender intend to comply with all Laws with respect to the charging and receiving of interest. Any amounts charged or received by Lender for the use or forbearance of the Principal to the extent permitted by Law, will be amortized and spread throughout the Term until payment in full so that the rate or amount of interest charged or received by Lender on account of the Principal does not exceed the

Maximum Interest Rate. If any amount charged or received under the Financing Documents that is deemed to be interest is determined to be in excess of the amount permitted to be charged or received at the Maximum Interest Rate, the excess will be deemed to be a prepayment of Principal when paid, without premium, and any portion of the excess not capable of being so applied will be refunded to Grantor. If during the Term the Maximum Interest Rate, if any, is eliminated, then for purposes of the Loan, there will be no Maximum Interest Rate.

Section 18.3. Lender's Discretion. Wherever under the Financing Documents any matter is required to be satisfactory to Lender, Lender has the right to approve or determine any matter or Lender has an election, Lender's approval, determination or election will be made in Lender's reasonable discretion unless expressly provided to the contrary.

Section 18.4. Unenforceable Provisions. If any provision in the Financing Documents is found to be illegal or unenforceable or would operate to invalidate any of the Financing Documents, then the provision will be deemed expunged and the Financing Documents will be construed as though the provision was not contained in the Financing Documents and the remainder of the Financing Documents will remain in full force and effect.

Section 18.5. Survival of Grantor's Obligations. Grantor's representations, warranties and covenants contained in the Financing Documents will continue in full force and effect and survive (i) satisfaction of the Obligations; (ii) reconveyance of the lien of this property by Trustees; (iii) assignment or other transfer of all or any portion of Lender's interest in the Financing Documents or the Property; (iv) Lender's or Trustees' exercise of any of the Remedies or any of Lender's or Trustees' other rights under the Financing Documents; (v) a Transfer; (vi) amendments to the Financing Documents; and (vii) any other act or omission

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that might otherwise be construed as a release or discharge of Grantor.

Section 18.6. Relationship Between Grantor and Lender; No Third Party Beneficiaries.

(a) Lender is not a partner of or joint venturer with Grantor or any other entity as a result of the Loan or Lender's rights under the Financing Documents; the relationship between Lender and Grantor is strictly that of creditor and debtor. Each Financing Document and the Note is an agreement between the parties to that Financing Document or Note for the mutual benefit of the parties and no entities other than the parties to that Financing Document or Note will be a third party beneficiary or will have any claim against Lender or Grantor by virtue of the Financing Document or the Note. As between Lender and Grantor, any actions taken by Lender under the Financing Documents and the Note will be taken for Lender's protection only, and Lender has not and will not be deemed to have assumed any responsibility to Grantor or to any other entity by virtue of Lender's actions.

(b) All conditions to Lender's performance of its obligations under the Financing Documents are imposed solely for the benefit of Lender. No entity other than Lender will have standing to require satisfaction of the conditions in accordance with their provisions or will be entitled to assume that Lender will refuse to perform its obligations in the absence of strict compliance with any of the conditions.

Section 18.7. Partial Reconveyances or Releases, Extensions, Waivers. Lender may: (i) permit the reconveyance of any part of the Property or release any entity obligated for the Obligations; (ii) extend the time for payment or performance of any of the Obligations or otherwise amend the provisions for payment or performance by agreement with any entity that is obligated for the Obligations or that has an interest in the Property; (iii) accept additional security for the payment and performance of the Obligations; and (iv) waive any entity's performance of an Obligation, release any entity or individual now or in the future liable for the performance of the Obligation or waive the exercise of any Remedy or option. Lender may exercise any of the foregoing rights without notice, without regard to the amount of any consideration given, without affecting the priority of the Financing Documents, without releasing any entity not specifically released from its obligations under the Financing Documents, without releasing any guarantor(s) or surety(ies) of the Obligations, without effecting a novation of the Financing Documents and, with respect to a waiver, without waiving future performance of the Obligation or exercise of the Remedy waived.

Section 18.8. Service of Process. Grantor irrevocably consents to service of process by registered or certified mail, postage prepaid, return receipt requested, to Grantor or at address set forth for Grantor in the Article entitled "Notices".

Section 18.9. Entire Agreement. Oral agreements or commitments between

and/or Borrower and Lender to lend money, to extend credit or to forbear from enforcing repayment of a debt, including promises to extend or renew the debt, are not enforceable. Any agreements among Grantor, Lender and Trustee relating to the Loan are contained in the Financing Documents and the Note, which contain the complete and exclusive statement of the agreements among Grantor, Lender and Trustee, except as Grantor, Lender and, if applicable, Trustees may later agree in writing to amend the Loan Documents. The language of each Financing Document will be construed as a whole according to its fair meaning and will not be construed against the draftsman.

Section 18.10. No Oral Amendment. The Financing Documents may not be amended, waived or terminated orally or by any act or omission made individually by Grantor, Lender or Trustees but may be amended, waived or terminated only by a written document signed by the party against which enforcement of the amendment, waiver or termination is sought.

Section 18.11. Severability. The invalidity, illegality or unenforceability of any provision of any of the Financing Documents will not affect any other provisions of the Financing Documents, which will be construed as if the invalid, illegal or unenforceable provision never had been included.

Section 18.12. Covenants Run with the Land. Subject to the restrictions on transfer contained in the Article entitled "TRANSFERS, LIENS AND ENCUMBRANCES", all of the covenants of this Deed of Trust and the Assignment run with the Land, will bind all parties hereto and all tenants and subtenants of the Land or the Improvements and their respective heirs, executors, administrators, successors and assigns, and all occupants and subsequent owners of the Property, and will inure to the benefit of Lender and all subsequent holders of the Note and this Deed of Trust.

Section 18.13. Time of the Essence. Time is of the essence with respect to Grantor's payment and performance of the Obligations.

Section 18.14. Subrogation. If the Principal or any other amount advanced by Lender is used directly or indirectly to pay off, discharge or satisfy all or any part of an encumbrance affecting the Property, then Lender is subrogated to the encumbrance and to any security held by the holder of the encumbrance, all of which will continue in full force and effect in favor of Lender as additional security for the Obligations.

Section 18.15. Joint and Several Liability. If Grantor consists of more than one person or entity, the obligations and liabilities of each such person or entity under this Deed of Trust are joint and several.

Section 18.16. Successors and Assigns. The Financing Documents bind the parties to the Financing Documents and their respective successors, assigns, heirs, administrators,

executors, agents and representatives and inure to the benefit of Lender and its successors, assigns, heirs, administrators, executors, agents and representatives and to the extent applicable inure to the benefit of Trustees and their successors, assigns, heirs, administrators, executors, agents and representatives.

Section 18.17. Duplicates and Counterparts. Duplicate counterparts of any of the Financing Documents, other than the Note, may be executed and together will constitute a single original document.

ARTICLE XIX
TRUSTEE PROVISIONS

Section 19.1. Acceptance by Trustees. Trustees accept this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

Section 19.2. Action in Accordance With Instructions. Upon receipt by Trustees of instructions from Lender at any time or from time to time, Trustees will (a) give any notice or direction or exercise any right, remedy or power hereunder or in respect of any part or all of the Property as shall be specified in such instructions and (b) approve as satisfactory all matters required by the terms hereof to be satisfactory to Trustees or to Lender. Trustees may, but need not, take any of such actions in the absence of such instructions. The powers and duties of the Trustees may be executed by either one of them with the same legal force and effect as though executed by both of them, including the right

and power by either Trustees to execute and deliver a full or partial release of this Deed of Trust or an amendment or modification of this Deed of Trust. At any time or from time to time, upon request of Lender, and without affecting the liability of any person for payment of the Obligations, Trustees will reconvey all or any part of the Property, consent to the making of any map or plat thereof, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien and estate hereof.

Section 19.3. Resignation. Trustees may resign at any time upon giving not less than sixty (60) days prior notice to Lender, but shall continue to act as trustees until a successor or successors shall have been chosen and qualified.

Section 19.4. Successor Trustees. In the event of the death, removal, resignation or refusal or inability of either or both of the Trustees to act, or for any reason, at any time, Lender shall have the irrevocable power, with or without cause, without prior notice of any kind, and without applying to any court, to select and appoint a successor trustee. Each such appointment and substitution shall be made by recording notice of such in each office in which

this Deed of Trust is recorded. Such notice shall be executed and acknowledged by Lender and shall contain reference to this Deed of Trust and when so recorded shall be conclusive proof of proper appointment of the successor trustee. Such successors shall not be required to give bond for the faithful performance of its duties unless required by Lender.

Section 19.5. Trust is Irrevocable. The trust created hereby is irrevocable by Grantor subject to defeasance in accordance with this Deed of Trust.

Section 19.6. General. Trustees shall be protected by any document believed by them to be genuine and to have been signed by the party or parties purporting to sign the same. Trustees shall not be liable for any error of judgment nor for any act done or step taken or omitted, nor for any mistakes of law or fact, nor for anything which the Trustees may do or refrain from doing in good faith. The Trustees make no representations as to the validity, legality or sufficiency of this Deed of Trust, the Note or any of the other Financing Documents. Lender shall have the power to remove or substitute the Trustees at any time and from time to time.

IN WITNESS WHEREOF, Grantor has executed and delivered this Deed of Trust as of the date first set forth above.

WITNESS/ATTEST NBP ONE, LLC
By: Corporate Office Properties, L.P., its member
by: Corporate Office Properties Trust, its general partner

/s/ Karen M. Singer by: /s/ Roger A. Waesche, Jr. (SEAL)

Name: Roger A. Waesche, Jr.

Title: Senior Vice President

NBP 131-133-141, LLC
By: Corporate Office Properties, L.P., its member
by: Corporate Office Properties Trust, its general partner

/s/ Karen M. Singer by: /s/ Roger A. Waesche, Jr. (SEAL)

Name: Roger A. Waesche, Jr.

Title: Senior Vice President

THREE CENTRE PARK, LLC
By: Corporate Office Properties, L.P., its member
by: Corporate Office Properties Trust, its general partner

/s/ Karen M. Singer by: /s/ Roger A. Waesche, Jr. (SEAL)

Name: Roger A. Waesche, Jr.

Title: Senior Vice President

LAKEVIEW AT GREENS, LLC
By: Corporate Office Properties, L.P., its member

by: Corporate Office Properties Trust, its general partner

/s/ Karen M. Singer by: /s/ Roger A. Waesche, Jr. (SEAL)

Name: Roger A. Waesche, Jr.

Title: Senior Vice President

CORPORATE GATESPRING, LLC
By: Corporate Office Properties, L.P., its member

by: Corporate Office Properties Trust, its general partner

/s/ Karen M. Singer by: /s/ Roger A. Waesche, Jr. (SEAL)

Name: Roger A. Waesche, Jr.

Title: Senior Vice President

WITNESS: TRUSTEE:

/s/ James K. Thomson /s/ William H. Goebel (SEAL)

James K. Thomson WILLIAM H. GOEBEL

WITNESS: TRUSTEE:

/s/ James K. Thomson /s/ Matthew T. Murphy (SEAL)

James K. Thomson MATTHEW T. MURPHY

WITNESS/ATTEST: TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA

/s/ James K. Thomson

James K. Thomson By: /s/ Illegible (SEAL)

Name: Illegible

Title: Associate Director

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY, that on this 22nd day of October, 1998, before

me, the undersigned Notary Public of the State of Maryland, personally appeared
Roger A. Waesche, Jr., who acknowledged himself to be the Senior Vice President

of Corporate Office Properties Trust, the general partner of Corporate Office
Properties, L.P., which is the member of NBP ONE, LLC, a Maryland limited
liability company, known to me (or satisfactorily proven) to be the person whose
name is subscribed to the within instrument, and acknowledged that he executed
the same for the purposes therein contained in the capacity described above.

AS WITNESS my hand and Notarial Seal.
/s/ Illegible

Notary Public

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY, that on this 22nd day of October, 1998, before

me, the undersigned Notary Public of the State of Maryland, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be the Senior Vice President

of Corporate Office Properties Trust, the general partner of Corporate Office Properties, L.P., which is the member of NBP ONE, LLC, a Maryland limited liability company, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained in the capacity described above.

AS WITNESS my hand and Notarial Seal.

/s/ Illegible

Notary Public

Commission Expires: 05/01/02

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STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY, that on this 22nd day of October, 1998, before

me, the undersigned Notary Public of the State of Maryland, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be the Senior Vice President

of Corporate Office Properties Trust, the general partner of Corporate Office Properties, L.P., which is the member of NBP 131-133-141, LLC, a Maryland limited liability company, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained in the capacity described above.

AS WITNESS my hand and Notarial Seal.

/s/ Illegible

Notary Public

Commission Expires: 05/01/02

STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY, that on this 22nd day of October, 1998, before

me, the undersigned Notary Public of the State of Maryland, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be the Senior Vice President

of Corporate Office Properties Trust, the general partner of Corporate Office Properties, L.P., which is the member of THREE CENTRE PARK, LLC, a Maryland limited liability company, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained in the capacity described above.

AS WITNESS my hand and Notarial Seal.

/s/ Illegible

Notary Public

Commission Expires: 05/01/02

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STATE OF MARYLAND, COUNTY OF ANNE ARUNDEL, TO WIT:

I HEREBY CERTIFY, that on this 22nd day of October, 1998, before

me, the undersigned Notary Public of the State of Maryland, personally appeared Roger A. Waesche, Jr., who acknowledged himself to be the Senior Vice President

of Corporate Office Properties Trust, the general partner of Corporate Office Properties, L.P., which is the member of LAKEVIEW AT GREENS, LLC, a Maryland limited liability company, known to me (or satisfactorily proven) to be the

person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained in the capacity described above.

AS WITNESS my hand and Notarial Seal.

/s/ Illegible

Notary Public

Commission Expires: 05/01/02

STATE OF NEW YORK)
To Wit:
CITY/COUNTY OF NEW YORK)

I HEREBY CERTIFY that on this 19th day of October, 1998, before me, the undersigned, a Notary Public of said State aforesaid, personally appeared WILLIAM H. GOEBEL, as Trustee under this Deed of Trust, and executed the same for the purposes contained therein by signing his name, as Trustee.

AS WITNESS my hand and Notarial Seal.

/s/ Julie A. Hathaway

Notary Public Julie A Hathaway
Notary Public in and for
the State of New York
Commission No. 01HA5075538
My Commission Expires: April 7, 1998

My Commission Expires:

STATE OF NEW YORK)
To Wit:
CITY/COUNTY OF NEW YORK)

I HEREBY CERTIFY that on this 19th day of October, 1998, before me, the undersigned, a Notary Public of said State aforesaid, personally appeared MATTHEW T. MURPHY, as Trustee under this Deed of Trust, and executed the same for the purposes contained therein by signing his name, as Trustee.

AS WITNESS my hand and Notarial Seal.

/s/ Julie A. Hathaway

Julie A Hathaway
Notary Public in and for
the State of New York
Commission No. 01HA5075538
My Commission Expires: April 7, 1998

STATE OF NEW YORK)
To Wit:
CITY/COUNTY OF NEW YORK)

I HEREBY CERTIFY that on this 19th day of October, 1998, before me, the undersigned, a Notary Public of said State aforesaid, personally appeared BRIAN R. BELLJVEAU, who acknowledged himself to be the Associate Director of TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA, a New York corporation, and that he as Associate Director, being authorized so to do, executed the same for the purposes contained therein by signing the name of TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA, by himself as Associate Director.

WITNESS my hand and Notarial Seal.

/s/ Julia A Hathaway (SEAL)

Notary Public Julie A Hathaway
Notary Public in and for

My Commission Expires:

Attorney Certification

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

/s/ Theresa Burian Shea

Theresa Burian Shea

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Exhibit A

LEGAL DESCRIPTION

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ONE NATIONAL BUSINESS PARK

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of Anne Arundel, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED AS LOT 3-B AS SHOWN ON A PLAT ENTITLED "PHASE THREE, AN INDUSTRIAL RESUBDIVISION OF LOTS 3, 4, AND RESERVED PARCEL "D" PREVIOUSLY RECORDED IN PLAT BOOK 112 PAGE 39, PLAT NUMBER 5914 AND RESUBDIVISION OF RESERVED PARCEL "H, I, J", LOT A AND LOTS 5-7 PREVIOUSLY RECORDED IN PLAT BOOK 114, PAGE 12, PLAT NUMBER 5986, THE NATIONAL BUSINESS PARK" AND RECORDED AMONG THE PLAT RECORDS OF ANNE ARUNDEL COUNTY, MARYLAND IN PLAT BOOK 143 AT PAGE 31, PLAT NUMBER 7754.

BEING the same premises described in the following metes and bounds description:

BEGINNING FOR THE SAME AT A IRON BAR FOUND ON THE NORTHWESTERLY RIGHT OF WAY LINE OF BALTIMORE WASHINGTON PARKWAY, AS SHOWN ON MARYLAND STATE HIGHWAY ADMINISTRATION RIGHT OF WAY PLAT NUMBER 46805, SAID POINT ALSO BEING KNOWN AS POINT NUMBER 756 AS SHOWN ON A PLAT ENTITLED "PHASE THREE, AN INDUSTRIAL RESUBDIVISION OF LOTS 3, 4, AND RESERVED PARCEL "D" PREVIOUSLY RECORDED IN PLAT BOOK 112 PAGE 39, PLAT NUMBER 5914 AND RESUBDIVISION OF RESERVED PARCEL "H, I, J", LOT A AND LOTS 5-7 PREVIOUSLY RECORDED IN PLAT BOOK 114, PAGE 12, PLAT NUMBER 5986, THE NATIONAL BUSINESS PARK" AND RECORDED AMONG THE PLAT RECORDS OF ANNE ARUNDEL COUNTY, MARYLAND IN PLAT BOOK 143 AT PAGE 31, PLAT NUMBER 7754, THENCE BINDING ON SAID RIGHT OF WAY LINE AND ALSO RUNNING ALONG THE OUTLINE OF SAID PLAT, WITH MERIDIAN REFERENCE TO MARYLAND STATE GRID NORTH:

1. SOUTH 43 DEGREES 41 MINUTES 04 SECONDS WEST 740.17 FEET TO AN IRON BAR FOUND, THENCE
 2. SOUTH 49 DEGREES 36 MINUTES 13 SECONDS WEST 265.00 FEET, THENCE
 3. SOUTH 80 DEGREES 54 MINUTES 12 SECONDS WEST 213.79 FEET TO THE SOUTHWESTERLY CORNER OF LOT 3B AS SHOWN ON SAID PLAT. THENCE LEAVING SAID RIGHT OF WAY LINE AND THE OUTLINE OF SAID PLAT AND BINDING ON THE WESTERLY LINE OF LOT 3B
 4. NORTH 09 DEGREES 05 MINUTES 48 SECONDS WEST 140.00 FEET, THENCE
 5. BY A CURVE, TO THE LEFT, WITH A RADIUS OF 171.14 FEET AND AN ARC LENGTH OF 93.49 FEET, SAID CURVE HAVING A CHORD BEARING OF NORTH 24 DEGREES 44 MINUTES 47 SECONDS WEST 92.33 FEET, THENCE
 6. NORTH 40 DEGREES 23 MINUTES 47 SECONDS WEST 145.01 FEET, THENCE
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7. NORTH 18 DEGREES 44 MINUTES 32 SECONDS WEST 39.28 FEET TO INTERSECT THE OUTLINE OF THE PLAT, THENCE RUNNING ALONG THE OUTLINE OF SAID PLAT
 8. NORTH 28 DEGREES 52 MINUTES 21 SECONDS EAST 35.84 FEET, THENCE
 9. NORTH 58 DEGREES 13 MINUTES 50 SECONDS EAST 231.72 FEET, THENCE
 10. SOUTH 89 DEGREES 19 MINUTES 05 SECONDS EAST 168.01 FEET, THENCE

11. NORTH 72 DEGREES 03 MINUTES 27 SECONDS EAST 110.37 FEET, THENCE
12. NORTH 56 DEGREES 14 MINUTES 37 SECONDS EAST 239.35 FEET, THENCE
13. NORTH 62 DEGREES 03 MINUTES 12 SECONDS EAST 241.12 FEET, THENCE
14. NORTH 83 DEGREES 11 MINUTES 55 SECONDS EAST 109.77 FEET, THENCE
15. NORTH 68 DEGREES 22 MINUTES 27 SECONDS EAST 99.87 FEET TO POINT NUMBER 265 AS SHOWN ON SAID PLAT, THENCE
16. BY A NONTANGENT CURVE, TO THE LEFT, WITH A RADIUS OF 557.72 FEET AND AN ARC LENGTH OF 110.72 FEET, SAID CURVE HAVING A CHORD BEARING OF SOUTH 04 DEGREES 59 MINUTES 29 SECONDS WEST 110.54 FEET TO THE POINT OF BEGINNING

CONTAINING 372699 SQUARE FEET OR 8.556 ACRES OF LAND MORE OR LESS

TOGETHER WITH the rights of access and such other benefits contained in Deed of Easement and Agreement recorded among the Land Records of Anne Arundel County, Maryland in Liber 5721, Folio 333.

TOGETHER WITH the rights of parking and access under and such other benefits contained in the Cross Parking Easement Declaration recorded among the Land Records of Anne Arundel County, Maryland in Liber 5459, folio 620.

BEING part of the lands conveyed by Jolly Acres Limited Partnership to NBP-I Limited Partnership by deed dated December 2, 1988 and recorded among the Land Records of Anne Arundel County, Maryland in Liber 4751 at Folio 295.

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131 NATIONAL BUSINESS PARK

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of Anne Arundel, State of Maryland, and described as follows:

BEING KNOW AND DESIGNATED as LOT 6-AR as shown on plat entitled "Plat 2 of 2, ADMINISTRATIVE LOT LINE CHANGE, LOTS 6A, 6B AND 7A, AN INDUSTRIAL RESUBDIVISION, PHASE THREE, THE NATIONAL BUSINESS PARK, LOTS 6AR, 6BR AND 7AR", which plat is recorded among the Plat Records of Anne Arundel County, Maryland in Plat Book 188, Page 37, Plat No. 9962.

BEING the same premises described in the following metes and bounds description:

BEGINNING for the same at Point No. 232 being a P.K. Nail set as shown on Plat 2 of 2 of a set of plats entitled "ADMINISTRATIVE LOT LINE CHANGE, LOTS 6A, 6B AND 7A, AN INDUSTRIAL RESUBDIVISION, PHASE THREE, THE NATIONAL BUSINESS PARK, LOTS 6AR, 6BR AND 7AR", dated March, 1996 and recorded among the Plat Records of Anne Arundel County, Maryland in Plat Book 188, Pages 36 and 37, Plat Nos. 9961 and 9962, said point being on the Easterly right-of-way line of the National Business Parkway (Variable Width Public R/W) formerly Orion Boulevard, said point also being the Southwest corner of the herein described parcel, thence leaving said point of beginning and running with and binding on the aforesaid Easterly right-of-way line of the National Business Parkway the two (2) following courses and distances with all courses and distances referenced to the Maryland N.A.D. 1927 North Grid Meridian, viz:

1. 312.74 along an arc of a curve to the left, having a radius of 660.31 feet and being subtended by a chord bearing North 32 degrees 31 minutes 33 seconds East 309.83 feet to a point of tangency, being designated as Point No. 176 on the aforesaid Record Plats, thence continuing with a tangent line.
2. North 18 degrees 57 minutes 26 seconds East 93.28 feet to the Northwest corner of the herein described parcel, thence leaving the aforesaid right-of-way of the National Business Parkway and running with and binding on the common line of division between LOT 6AR AND LOT 6BR as delineated on the aforesaid record plats recorded in Plat Book 188, Pages 36 and 37, Plat Nos. 9961 and 9962, the three (3) following courses and distances, viz:
 3. South 67 degrees 13 minutes 43 seconds East 168.07 feet,
 4. North 22 degrees 46 minutes 17 seconds East 39.13 feet,

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5. South 67 degrees 13 minutes 43 seconds East 290.00 feet to intersect the Westerly outline of the First Parcel of the Cedar Knoll School property conveyed by the National Junior Republic of the City of Baltimore to The Inner Mission Society of the Evangelical Lutheran Church of Baltimore City and Vicinity, Incorporated by deed dated February 20, 1933 and recorded among the Land Records of Anne Arundel County, Maryland in Liber F.S.R. 115 at Folio 120, thence running with and binding on the outline of the aforesaid Cedar Knoll School Property,
6. South 22 degrees 46 minutes 17 seconds West 536.46 feet to Point No. 577 being designated as a P.K. Nail set on the aforesaid record plats, said point being located on the Northerly right-of-way of Jolly Acres Road (30 feet right-of-way), North 22 degrees 46 minutes 17 seconds East 30.57 feet from a stone found on South side of Jolly Acres Road, thence running with and binding on the Northerly right-of-way of Jolly Acres Road (30 feet right-of-way) the two (2) following courses and distances, viz:
7. North 56 degrees 08 minutes 12 seconds West 502.13 feet to on iron pipe, thence,
8. North 55 degrees 58 minutes 39 seconds West 11.83 feet to the point of beginning,

CONTAINING 220,816 square feet or 5.069 acres of land, more or less.

TOGETHER WITH the rights to use parking and access on Lot 6 B-R and such other benefits contained in Declaration of Reciprocal Parking and Access Easements recorded among the Land Records of Anne Arundel County, Maryland in Liber 7473, folio 720.

BEING part of the lands conveyed by Jolly Acres Limited Partnership to NBP-II Limited Partnership by deed dated December 2, 1988 and recorded among the Land Records of Anne Arundel County, Maryland in Liber 4751 at Folio 293.

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133 NATIONAL BUSINESS PARK

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of Anne Arundel, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED at Lot 6-BR as shown on plat entitled "Plat 2 of 2, ADMINISTRATIVE LOT LINE CHANGE, LOTS 6A, 6B AND 7A, AN INDUSTRIAL RESUBDIVISION, PHASE THREE, THE NATIONAL BUSINESS PARK, LOTS 6AR, 6BR AND 7AR", which plat is recorded among the Plat Records of Anne Arundel County, Maryland in Plat Book 188, Page 37, Plat No. 9962.

BEING the same premises described in the following metes and bounds description:

BEGINNING for the same where the common line of division between Lot 6-BR and Lot 7-AR intersect the Easterly right-of-way line of National Business Parkway (previously known as Orion Boulevard) as shown on a record plat entitled "The National Business Park, Lots 6-AR 6-BR, and 7-AR", dated March, 1996 and recorded among the Plat Records of Anne Arundel County, Maryland in Plat Book 188, Pages 36 & 37, Plat Nos. 9961 & 9962, thence leaving said right-of-way and running with and binding on the aforesaid line of division the following course and distance, with all courses and distances referenced to the Maryland N.A.D. 1927 Grid North.

1. South 67 degrees 13 minutes 43 seconds East 489.25 feet to the Northeast corner of the aforesaid Lot 6-BR as described herein and the Southeast corner of Lot 7-AR, also being a point in the outline of Cedar Knoll School property as recorded among the aforesaid Land Records in Liber F.S.R. 115 at Folio 120, thence running with and binding on the Easterly line of the herein described Lot 6-BR and part of the outline of Cedar Knoll School the following course and distance;
2. South 22 degrees 46 minutes 17 seconds West 428.66 feet to the Southeast corner of the herein described Lot 6-BR and the Northeast corner of Lot 6-AR, thence leaving the outline of the aforesaid Cedar Knoll School property and running with and binding on the common line of division between Lot 6-AR and Lot 6-BR the following three (3) courses and distances, viz;
3. North 67 degrees 13 minutes 43 seconds West 290.00 feet,
4. South 22 degrees 46 minutes 17 seconds West 39.13 feet,

5. North 67 degrees 13 minutes 43 seconds West 168.07 feet to intersect the aforesaid Easterly right-of-way line of National Business Parkway, thence leaving the aforesaid common line of division and running with and binding on the aforesaid right-of-way the following course and distance,
6. North 18 degrees 57 minutes 26 seconds East 468.83 feet to the point of beginning,

CONTAINING 210,226 square feet or 4.826 acres of land, more or less.

TOGETHER WITH the rights to use parking and access on Lot 6A-R and 7A-R and such other benefits contained in Declaration of Reciprocal Parking and Access Easements recorded among the Land Records of Anne Arundel County, Maryland in Liber 7473, folio 720 and in the declaration of Reciprocal Parking and Access Easement recorded among the Land Records of Anne Arundel County, Maryland in Liber 7473, folio 747.

BEING part of the same premises which was conveyed by Jolly Acres Limited Partnership to NBP-II Limited Partnership by deed dated December 2, 1988 and recorded among the Land Records of Anne Arundel County, Maryland in Liber 4751 at Folio 293.

[4] NATIONAL BUSINESS PARK

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of Anne Arundel, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED as Lot 7-B as shown on plat entitled "Phase Three, An Industrial Resubdivision of Lots 3, 4 and Reserved Parcel D, previously recorded in Plat Book 112, Page 39, Plat No. 5914 and Resubdivision of Reserved Parcels 'H', 'I', 'J', Lot "A" and Lots 5-7 previously recorded in Plat Book 114, Page 12, Plat No. 5986. The National Business Park", which plat is recorded among the Land Records of Anne Arundel County, Maryland in Plat Book 143, Page 36, Plat No. 7759.

BEING the same premises described in the following metes and bounds description:

BEGINNING for the same at a point located on the Easterly right-of-way of the National Business Parkway (Variable Width Public R/W) formerly Orion Boulevard at the intersection of the division line between LOTS 7A AND 7B and the aforesaid right-of-way, said point being the Southwest corner of LOT 7B as designated on a record plat entitled "PHASE THREE, THE NATIONAL BUSINESS PARK", dated October, 1991 and recorded among the Plat Records of Anne Arundel County, Maryland in Plat Book 143, Pages 28 through 37, Plat Nos. 7751 through 7760, and specifically Page 36, Plat No. 7759, thence leaving said point of beginning and running with and binding on the aforesaid Easterly right-of-way the following five (5) courses and distances with all courses and distances referenced to the Maryland N.A.D. 1927 North Grid Meridian, viz:

1. 437.14 feet along the arc of a curve to the right, having a radius of 850.00 feet and being subtended by a chord bearing North 44 degrees 28 minutes 32 seconds East 432.34 feet to a point of tangency and Point No. 166 on the aforesaid record plat, thence with a tangent line,
2. North 59 degrees 12 minutes 32 seconds East 408.87 feet to Point No. 167 on the aforesaid plat, being a point of curvature, thence with a tangent curve,
3. 9.78 feet along the arc of a curve to the left, having a radius of 420.00 feet and being subtended by a chord bearing North 58 degrees 32 minutes 31 seconds East 9.78 feet to Point No. 243 of the aforesaid plot recorded in Plat Book 143, Page 36, Plot No. 7759, thence with a non-tangent line.

4. South 81 degrees 43 minutes 37 seconds East 37.10 feet to Point No. 244,
5. South 39 degrees 37 minutes 53 seconds East 68.24 feet to Point No. 248 on the aforesaid plat, said point being a point of intersection with the Westerly outline of the First Parcel of the Cedar Knoll School property conveyed by the National Junior Republic of the City of Baltimore to the Inner Mission Society of the Evangelical Lutheran Church of Baltimore

City and Vicinity, Incorporated by deed dated February 20, 1933 and recorded among the Land Records of Anne Arundel County, Maryland in Liber F.S.R. 115 at Folio 120, thence running with the binding on the Westerly outline of the aforesaid Cedar Knoll School the following course and distance,

6. South 22 degrees 46 minutes 17 seconds West 791.00 feet, thence leaving the outline of Cedar Knoll School and running with and binding on the division line between LOTS 7AR and 7B the following four (4) courses and distances as designated on the aforesaid record plat, viz:
7. North 67 degrees 13 minutes 43 seconds West 58.00 feet,
8. North 22 degrees 46 minutes 17 seconds East 60.00 feet,
9. North 67 degrees 13 minutes 43 seconds West 326.06 feet,
10. North 60 degrees 15 minutes 27 seconds West 121.68 feet to the point of beginning.

CONTAINING 262,889 square feet or 6.035 acres of land, more or less.

BEING part of the lands conveyed by Jolly Acres Limited Partnership to NBP-II Limited Partnership by deed dated December 2, 1988 and recorded among the Land Records of Anne Arundel County, Maryland in Liber 4751, at Folio 293.

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LAKEVIEW AT THE GREENS 1 - 2A

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of Prince George's, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED AS TRACT 2A, AS SHOWN ON PLAT ENTITLED "THE OFFICES AT THE GREENS, THE GREENS AT PATUXENT, TRACT TWO, LAUREL DISTRICT NO. 10, PRINCE GEORGE'S COUNTY, MARYLAND", WHICH PLAT IS RECORDED AMONG THE LAND RECORDS OF PRINCE GEORGE'S COUNTY IN PLAT BOOK NO. NLB 125 AT PLAT NO. 53.

BEING the same premises described in the following metes and bounds description:

BEGINNING FOR THE SAME AT A POINT AT THE INTERSECTION OF THE SOUTHWESTERN MOST RIGHT OF WAY LINE OF GREENVIEW DRIVE (60 FEET RIGHT TO WAY). AND THE EASTERN MOST RIGHT OF WAY LINE OF MARYLAND RT. 197, AS SHOWN ON THE AFORESAID PLAT, ALSO AS SHOWN ON STATE ROAD COMMISSION PLAT NO. 26471; THENCE, BINDING ON THE SAID GREENVIEW DRIVE, THE FOLLOWING COURSES WITH COURSES AND DISTANCES REFERRED TO THE MERIDIAN USED ON THE BEFORE SAID PLAT OF THE GREENS AT PATUXENT.

1. NORTH 73 DEGREES 40 MINUTES 16 SECONDS EAST 27.50 FEET TO A POINT; THENCE,
2. SOUTH 59 DEGREES 39 MINUTES 39 SECONDS EAST 75.43 FEET TO A POINT; THENCE,
3. 75.51 FEET ALONG THE ARC OF A TANGENT CURVE DEFLECTING TO THE RIGHT, HAVING A RADIUS OF 260.00 FEET, SUBTENDED BY A CHORD BEARING AND DISTANCE SOUTH 51 DEGREES 20 MINUTES 26 SECONDS EAST 75.25 FEET TO A POINT OF TANGENCY; THENCE,
4. SOUTH 21 DEGREES 59 MINUTES 12 SECONDS EAST 15.00 FEET TO A POINT; THENCE,
5. SOUTH 34 DEGREES 08 MINUTES 24 SECONDS EAST 50.94 FEET TO A POINT; THENCE,
6. SOUTH 69 DEGREES 52 MINUTES 17 SECONDS EAST 21.90 FEET TO A POINT; THENCE,
7. 104.33 FEET ALONG THE ARC OF A NON-TANGENT CURVE DEFLECTING TO THE RIGHT, HAVING A RADIUS OF 270.00 FEET, SUBTENDED BY A CHORD BEARING AND DISTANCE SOUTH 13 DEGREES 51 MINUTES 08 SECONDS EAST 103.69 FEET TO A POINT OF TANGENCY; THENCE,
8. SOUTH 02 DEGREES 46 MINUTES 56 SECONDS EAST 80.93 FEET TO A POINT; THENCE,
9. SOUTH 42 DEGREES 13 MINUTES 04 SECONDS WEST 21.21 FEET TO A POINT; THENCE,
10. SOUTH 02 DEGREES 46 MINUTES 56 SECONDS EAST 50.00 FEET TO A POINT; THENCE,
11. SOUTH 47 DEGREES 46 MINUTES 56 SECONDS EAST 21.21 FEET TO A POINT; THENCE,

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12. SOUTH 02 DEGREES 46 MINUTES 56 SECONDS EAST 120.00 FEET TO A POINT;
THENCE,
13. SOUTH 42 DEGREES 13 MINUTES 04 SECONDS WEST 21.21 FEET TO A POINT;
THENCE,
14. SOUTH 02 DEGREES 46 MINUTES 56 SECONDS EAST 50.00 FEET TO A POINT;
THENCE, LEAVING GREENVIEW DRIVE AND BINDING ON THE DIVISION LINE
BETWEEN TRACTS 2A AND 2B AS SHOWN ON THE BEFORE SAID PLAT OF THE
GREENS AT PATUXENT
15. SOUTH 87 DEGREES 13 MINUTES 04 SECONDS WEST 37.00 FEET TO A POINT;
THENCE,
16. 38.92 FEET ALONG THE ARC OF A TANGENT CURVE, HAVING A RADIUS OF
36.98 FEET, AND SUBTENDED BY A CHORD BEARING AND DISTANCE OF SOUTH
57 DEGREES 04 MINUTES 04 SECONDS WEST 37.15 FEET TO A POINT OF TANGENCY;
THENCE,
17. SOUTH 26 DEGREES 55 MINUTES 04 SECONDS WEST 29.00 FEET TO A POINT;
THENCE,
18. NORTH 63 DEGREES 04 MINUTES 56 SECONDS WEST 385.20 FEET TO A POINT ON
THE BEFORE SAID RIGHT OF WAY LINE OF MD ROUTE 197; THENCE, BINDING ON
SAID RIGHT OF WAY
19. NORTH 29 DEGREES 29 MINUTES 21 SECONDS EAST 34.76 FEET TO A POINT;
THENCE,
20. NORTH 14 DEGREES 10 MINUTES 21 SECONDS EAST 175.43 FEET TO A POINT;
THENCE,
21. NORTH 27 DEGREES 00 MINUTES 10 SECONDS EAST 292.96 FEET TO THE POINT
OF BEGINNING.

CONTAINING 4.1896 ACRES OF LAND.

TOGETHER WITH rights of parking and sewer and water facilities over
"Greenview Tract" under and such other benefits contained in that Cross
Easement Agreement dated December 27, 1985, and recorded among the Land
Records of Prince George's County, Maryland at Liber 6245, folio 608, by and
between Greenview Drive Associates Limited Partnership and Laurel Tower
Associates Limited Partnership.

TOGETHER WITH rights of parking over Lot 2B on the aforementioned Plat and
"Patuxent Tract" under and such other benefits contained in that certain
Reciprocal Parking Easement Agreement dated December 1, 1987, and recorded
among the Land Records of Prince George's County, Maryland at Liber 6855,
folio 563, between Greenview Drive Associates Limited Partnership, and Laurel
Tower Associates Limited Partnership.

BEING the same land which was conveyed by Greenview Drive Associates Limited
Partnership to Laurel Tower Associates Limited Partnership by Deed dated
April 12, 1996 and recorded among the Land Records of Prince George's County,
Maryland at Liber 10728, folio 340.

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LAKEVIEW AT THE GREENS II-2B

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of
Prince George's, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED AS TRACT 2B, AS SHOWN ON PLAT ENTITLED "THE OFFICES
AT THE GREENS, THE GREENS AT PATUXENT, TRACT TWO, LAUREL DISTRICT NO 10,
PRINCE GEORGE'S COUNTY, MARYLAND", WHICH PLAT IS RECORDED AMONG THE LAND
RECORDS OF PRINCE GEORGE'S COUNTY IN PLAT BOOK NO. NLB 125 AT PLAT NO. 53.

BEING the same premises described in the following metes and bounds
description:

BEARING FOR THE SAME AT A POINT AT THE INTERSECTION OF THE NORTHEASTERN MOST
RIGHT OF WAY LINE OF CLUBHOUSE BOULEVARD (100 FOOT RIGHT TO WAY), AND THE
EASTERN MOST RIGHT OF WAY LINE OF MARYLAND RT. 197, AS SHOWN ON THE AFORESAID
PLAT, ALSO AS SHOWN ON STATE ROAD COMMISSION PLAT NO. 26472; THENCE, BINDING
ON THE SAID MD 197 THE FOLLOWING COURSES WITH COURSES AND DISTANCES REFERRED
TO THE MERIDIAN USED ON THE BEFORE SAID PLAT OF THE GREENS AT PATUXENT.

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1. NORTH 19 DEGREES 47 MINUTES 52 SECONDS EAST 163.08 FEET TO A POINT;
THENCE, BINDING ON SAID MD 197 AS SHOWN ON STATE ROAD COMMISSION PLAT
NO. 26471
2. NORTH 29 DEGREES 29 MINUTES 21 SECONDS EAST 62.74 FEET TO A POINT;
THENCE, LEAVING SAID MD 197 AND BINDING ON THE DIVISION LINE BETWEEN
TRACTS 2A AND 2B AS SHOWN ON THE BEFORE SAID PLAT OF THE GREENS AT
PATUXENT
3. SOUTH 63 DEGREES 04 MINUTES 56 SECONDS EAST 385.20 FEET TO A POINT;

- THENCE,
 4. NORTH 26 DEGREES 55 MINUTES 04 SECONDS EAST 29.00 FEET TO A POINT;
 THENCE,
 5. 38.92 FEET ALONG THE ARC OF A TANGENT CURVE, HAVING A RADIUS OF 36.98
 AND SUBTENDE BY A CHORD BEARING AND DISTANCE OF SOUTH 57 DEGREES 04
 MINUTES 04 SECONDS EAST 37.15 FEET TO A POINT OF TANGENCY; THENCE,
 6. NORTH 87 DEGREES 13 MINUTES 04 SECONDS EAST 37.0 FEET TO A POINT;
 THENCE,
 7. SOUTH 47 DEGREES 46 MINUTES 56 SECONDS EAST 21.21 FEET TO A POINT ON
 THE SOUTHWESTERN MOST RIGHT OF WAY LINE OF GREENVIEW DRIVE (60 FEET
 RIGHT OF WAY); THENCE,
 8. SOUTH 02 DEGREES 46 MINUTES 56 SECONDS EAST 113.25 FEET TO A POINT;
 THENCE,
 9. 145.37 FEET ALONG THE ARC OF A TANGENT CURVE DEFLECTING TO THE RIGHT,
 HAVING A RADIUS OF 270.00 FEET, SUBTENDE BY A CHORD

</TABLE>

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- <S> <C>
 BEARING AND DISTANCE SOUTH 12 DEGREES 38 MINUTES 30 SECONDS WEST 143.62
 FEET TO A POINT OF TANGENCY; THENCE,
 10. SOUTH 39 DEGREES 08 MINUTES 04 SECONDS WEST 84.17 FEET TO A POINT;
 THENCE,
 11. SOUTH 78 DEGREES 36 MINUTES 00 SECONDS WEST 30.88 FEET TO A POINT ON
 THE NORTHEASTERN MOST RIGHT OF WAY LINE OF CLUBHOUSE BOULEVARD (100 FOOT
 RIGHT OF WAY); THENCE, BINDING ON SAID RIGHT OF WAY LINE THE FOLLOWING
 COURSES
 12. NORTH 61 DEGREES 56 MINUTES 05 SECONDS WEST 41.13 FEET TO A POINT;
 THENCE,
 13. 64.43 FEET ALONG THE ARC OF A TANGENT CURVE DEFLECTING TO THE RIGHT,
 HAVING A RADIUS OF 250.00 SUBTENDE BY A CHORD BEARING AND DISTANCE
 NORTH 54 DEGREES 33 MINUTES 05 SECONDS WEST 64.25 FEET TO A POINT OF
 TANGENCY; THENCE,
 14. NORTH 47 DEGREES 10 MINUTES 04 SECONDS WEST 10.00 FEET TO A POINT;
 THENCE,
 15. NORTH 02 DEGREES 10 MINUTES 04 SECONDS WEST 21.21 FEET TO A POINT;
 THENCE,
 16. NORTH 47 DEGREES 10 MINUTES 04 SECONDS WEST 50.00 FEET TO A POINT;
 THENCE,
 17. SOUTH 87 DEGREES 49 MINUTES 56 SECONDS WEST 21.21 FEET TO A POINT;
 THENCE,
 18. NORTH 47 DEGREES 10 MINUTES 04 SECONDS WEST 24.11 FEET TO A POINT;
 THENCE,
 19. 195.75 FEET ALONG THE ARC OF A TANGENT CURVE DEFLECTING TO THE LEFT,
 HAVING A RADIUS OF 450.00 AND SUBTENDE BY A CHORD BEARING AND DISTANCE
 OF NORTH 59 DEGREES 37 MINUTES 47 SECONDS, WEST 194.21 FEET TO A POINT;
 THENCE,
 20. NORTH 72 DEGREES 05 MINUTES 30 SECONDS WEST 81.29 FEET TO THE POINT OF
 BEGINNING.

CONTAINING 2.9266 ACRES OF LAND.

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TOGETHER WITH rights of parking and sewer and water facilities over
 "Greenview Tract" under and such other benefits contained in that Cross
 Easement Agreement dated December 27, 1985, and recorded among the Land
 Records of Prince George's County, Maryland at Liber 6245, folio 608, by and
 between Greenview Drive Associates Limited Partnership and Laurel Tower
 Associates Limited Partnership.

TOGETHER WITH rights of parking over Lot 2A shown on the aforementioned Plat
 and "Patuxent Tract" under the such other benefits contained in that certain
 Reciprocal Parking Easement Agreement dated December 1, 1987, and recorded
 among the Land Records of Prince George's County, Maryland at Liber 6855,
 folio 563, between Greenview Drive Associates Limited Partnership, and Laurel
 Tower Associates Limited Partnership.

BEING the same land which was conveyed by Patuxent Group One Limited
 Partnership to Laurel Tower Associates Limited Partnership by Deed dated
 December 27, 1985 and recorded among the Land Records of Prince George's
 County, Maryland in Liber 6245, folio 631.

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WOODLANDS 1

EXHIBIT A
 LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of
 Howard, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED as Parcel S-19 as shown on Plat entitled "Columbia Gateway, Parcels S-19 thru S-21, A Resubdivision of Parcels S-4, S-5 & S-7, as Shown on Plan No. 8803", which plat is recorded among the Land Records of Howard County, Maryland as Plat No. 12882.

BEING the same premises described in the following metes and bounds description:

Beginning for the same of a point on the western side of Columbia Gateway Drive (100 feet wide), said point of beginning being on the east outline of Parcel "S-19", said point of beginning also being designated 1012 on a Plat entitled "COLUMBIA GATEWAY PARCELS 'S-19' THROUGH 'S-21' A RESUBDIVISION OF COLUMBIA GATEWAY, PARCELS S-4, S-5 and S-7, AS SHOWN ON PLAT No. 8803" dated August 1997, recorded among the Plat Records of Howard County, Maryland as Plat 12882, running thence leaving said point of beginning binding on part of said western side Columbia Gateway Drive and binding on part of said easterly outline of Parcel "S-19" shown on said Plat,

1. Southeasterly by a curve to the right having a radius of 650.00 feet for a distance of 130.00 feet, said curve being subtended by a chord bearing South 01 degrees 23 minutes 33 seconds East 129.79 feet to the southeasternmost corner of said Parcel "S-19", thence leaving said western side of Columbia Gateway Drive, binding on the common division lines of Parcel "S-19" and Parcel "S-21" on said Plat the seven following courses;
2. North 88 degrees 45 minutes 33 seconds, West 159.19 feet,
3. North 59 degrees 20 minutes 58 seconds West 188.31 feet,
4. North 52 degrees 00 minutes 16 seconds West 392.09 feet,
5. North 88 degrees 24 minutes 28 seconds West 98.37 feet,
6. North 01 degrees, 35 minutes, 32 seconds East 47.56 feet,
7. North 88 degrees 24 minutes 28 seconds West 110.39 feet and
8. North 74 degrees 09 minutes 16 seconds West 65.97 feet to the westernmost corner of said Parcel "S-19" on said Plat, thence binding on part of the westerly outline of said Plat and binding on the westerly outline of said Parcel "S-19" on said Plat.
9. North 14 degrees 02 minutes 10 seconds East 362.19 feet to the westernmost division corner of Parcel "S-19" and Parcel "S-20", thence leaving the westerly outline of said Plat binding on the common division lines of Parcel "S-19" and Parcel "S-20" on said Plat the three following courses.

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10. South 89 degrees 39 minutes 58 seconds East 310.66 feet
11. South 45 degrees 46 minutes 44 seconds East 222.92 feet, and
12. North 89 degrees 45 minutes 25 seconds East 279.85 feet to said western side of Columbia Gateway Drive, thence binding on part of said western side of Columbia Gateway Drive and binding on part of said easterly outline of Parcel "S-19" on said Plat,
13. South 07 degrees 07 minutes 30 seconds East 481.43 feet to the point of beginning.

CONTAINING 411,459 square feet or 9.4458 acres of land, more or less.

TOGETHER WITH the rights of access and parking over Lot S-20 in Columbia Gateway and such other benefits contained in Agreement and Declaration of Annexation recorded in Liber 4047, folio 377 and in deed recorded in Liber 4047, folio 381.

BEING the same premises conveyed by The Howard Research and Development Corporation to Constellation Gatespring, LLC by Deed dated 8/21/1997 and recorded among the land records of Howard County, Maryland in Liber 4047, folio 381.

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THREE CENTRE PARK

EXHIBIT A
LEGAL DESCRIPTION

The land referred to in this instrument is situated in the County of Howard, State of Maryland, and described as follows:

BEING KNOWN AND DESIGNATED as Parcel A-3 as shown on plat entitled "Oakland Executive Park, Parcels A-1 to A-4, Resubdivision of Parcel "A", which is recorded among the land records of Howard County, Maryland as Plat No. 6558.

BEING the same premises described in the following metes and bounds description:

Beginning for the same on the north side of Centre Park Drive, 100 feet wide,

at the common corner of Parcel A-2 and Parcel A-3, shown on a Plat entitled "Oakland Executive Park Parcels A-1 to A-4, Resubdivision of Parcel A", dated August 20, 1985, recorded among the Plat Records of Howard County, Maryland as Plat 6558, running thence leaving said point of beginning, binding on part of said north side of Centre Park Drive, shown on said plat;

1) Southwesterly by a curve to the left having a radius of 700.00 feet for a distance of 60.07 feet, said curve being subtended by a chord bearing South 65 degrees 30 minutes 37 seconds West 60.06 feet to the common corner of Parcel A-1 and Parcel A-3, shown on said Plat, running thence leaving said north side of Centre Park Drive, binding on the division line between Parcel A-1 and Parcel A-3, shown on said Plat;

2) North 26 degrees 56 minutes 54 seconds West 600.31 feet, running thence binding on part of the northern outline of said Plat, the two following courses;

3) North 58 degrees 06 minutes 53 seconds East 41.00 feet to the point designated 22 on said Plat and

4) North 85 degrees 42 minutes 27 seconds East 388.90 feet to the point designated 24 on said Plat, running thence binding on part of the northeastern outline of said Plat;

5) South 56 degrees 56 minutes 22 seconds East 275.70 feet, running thence leaving said northeastern Plat outline and binding for part of the distance on the division line between Parcel A-3 and Parcel A-4, and binding for part of the distance on the division line between Parcel A-3 and Parcel A-2, reversing the bearing on said Plat, in all;

6) South 72 degrees 30 minutes 00 seconds West 484.12 feet, running thence continuing to bind on the division line between Parcel A-3 and Parcel A-2, reversing the bearing on said Plat;

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7) South 26 degrees 56 minutes 54 seconds East 297.30 feet to the point of beginning.

CONTAINING 3.187 acres of land, more or less.

TOGETHER WITH rights of use of storm water management areas and driveway areas on Lot A-1, owned by MJF-2 Limited Partnership and being part of the land conveyed by MJF-2 Limited Partnership to Three Centre Park Associates Limited Partnership by, and such other benefits contained in, Deed and Agreement dated June 5, 1987 and recorded among the Land Records of Howard County, Maryland in Liber 1665, folio 270.

Being the same land which was conveyed by MJF-2 Limited Partnership to Three Centre Park Associates Limited Partnership by Deed dated June 5, 1987 and recorded among the Land Records of Howard County, Maryland in Liber 1665, folio 270.

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Exhibit B

DEFINITIONS

"Acceleration" is defined in Section 14.2(a) (i).

"Accumulations" is defined in Section 2.1(xii).

"Accumulations Depository" is defined in Section 6.2(a).

"Additional Funds" is defined in Section 7.4(v).

"Annual Financial Statement" is defined in Section 10.1(a).

"Assessments" is defined as all assessments now or hereafter levied, assessed or imposed against the Property.

"Assignment" is defined as the Assignment of Leases and Rents dated of even date with this Deed of Trust made by Grantor for the benefit of Lender.

"Bankruptcy Code" means Title 11 of the United States Code.

"Borrower" is defined in the Recitals.

"Budget" is defined in Section 10.2.

"Business Days" is defined as any day on which commercial banks are not authorized or required by Law to close in New York, New York.

"Casualty" is defined as damage to or destruction of the Property by fire or other casualty.

"Code" is defined as the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

"Condemnation" is defined as the permanent or temporary taking of all or any portion of the Property, or any interest therein or right accruing thereto, by the exercise of the right of eminent domain (including any transfer in lieu of or in anticipation of the exercise of the right), inverse condemnation or any similar injury or damage to or decrease in the value of the Property, including severance and change in the grade of any streets

"Condemnation Awards" is defined in Section 2.1(viii).

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"Condemnation Proceeding" is defined as a Proceeding that could result in a Condemnation.

"CPA" is defined as an independent certified public accountant satisfactory to Lender.

"Debt" means the Principal, the Interest, the Late Charges, the prepayment Premiums, the Expenses, any additional advances made by Lender in connection with the Loan and all other amounts payable under the Loan Documents.

"Debt Service Payments" is defined as the monthly installments of principal and interest payable by Borrower to Lender as set forth in the Note.

"Deed of Trust" is defined as this Indemnity Deed of Trust, Assignment of Leases and Rents and Security Agreement.

"Destruction Event" is defined in Section 7.4.

"Environmental Activity" is defined as any actual, suspected or threatened abatement, cleanup, disposal, generation, handling, manufacture, possession, release, remediation, removal, storage, transportation, treatment or use of any Hazardous Material. The actual, suspected or threatened presence of any Hazardous Material, or the actual, suspected or threatened noncompliance with any Environmental Laws, will be deemed Environmental Activity.

"Environmental Indemnity" is defined as the Environmental Indemnity Agreement of even date with this Deed of Trust by Grantor and Borrower to Lender.

"Environmental Laws" is defined as all Laws pertaining to health, safety, protection of the environment, natural resources, conservation, wildlife, waste management, Environmental Activities and pollution.

"Environmental Report" is defined as the report prepared by _____, dated _____, as amended.

"ERISA" is defined in Section 8.3(a).

"Event of Default" is defined in Section 14.1.

"Existing Member" is defined in Section 12.1(b).

"Expenses" is defined in Section 11.1(a).

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"Financial Books and Records" is defined as detailed accounts of the income and expenses of the Property and of Grantor and all other data, records and information that either are specifically referred to in the Article entitled "FINANCIAL REPORTING" or are necessary to the preparation of any of the statements, reports or certificates required under such Article and includes all supporting schedules prepared or used by the CPA in auditing the Annual Financial Statement or in issuing its opinion.

"Financing Documents" is defined as the Guaranty, this Deed of Trust, the Assignment and all documents now or hereafter executed by Grantor or held by Lender or Trustees relating to the Guaranty, including all amendments.

"Fiscal Year" is defined as any calendar year or partial calendar year during the Term.

"Fixtures and Personal Property" is defined in Section 2.1(iv).

"Government" is defined as any federal, state or municipal governmental or quasi-governmental authority including executive, legislative or judicial branch, division and any subdivision or agency of any of them and any entity to which any of them has delegated authority.

"Grantor" is defined in the introductory paragraph.

"Guaranty" is defined in the introductory paragraph.

"Hazardous Materials" is defined as any by-product, chemical, compound, contaminant, pollutant, product, substance, waste or other material (i) that is hazardous or toxic or (ii) the abatement, cleanup, discharge, disposal, emission, exposure to, generation, handling, manufacture, possession, presence, release, removal, remediation, storage, transportation, treatment or use of which is controlled, prohibited or regulated by any Environmental Laws, including asbestos, petroleum and petroleum products and polychlorinated biphenyls.

"Imposition Penalty Date" is defined in Section 6.1(a).

"Impositions" is defined as all Taxes, Assessments, ground rent, if any, water and sewer rents, fees and charges, levies, permit, inspection and license fees and other dues, charges or impositions, including all charges and license fees for the use of vaults, chutes and similar areas adjoining the Land, maintenance and similar charges and charges for utility services, in each instance whether now or in the future, directly or indirectly, levied, assessed or imposed on the Property or Grantor and whether levied, assessed or imposed as excise, privilege or property taxes.

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"Improvements" is defined in Section 2.1(ii).

"Insurance Premiums" is defined as all present and future premiums and other charges due and payable on policies of fire, rental value and other insurance covering the Property and required pursuant to the provisions of this Deed of Trust.

"Insurance Proceeds" is defined in Section 2.1(ix).

"Insurers" is defined in Section 7.1(c).

"Institutional Investor" is defined as any bank, savings institution, charitable foundation, insurance company, real estate investment trust, pension fund or investment advisor registered under the Investment Advisors Act of 1940, as amended, and acting as trustee or agent.

"Land" is defined in the Recitals.

"Late Charge" is defined in the Note.

"Law" is defined as all present and future codes, constitutions, cases, opinions, rules, manuals, regulations, determinations, laws, orders, ordinances, requirements and statutes, as amended, of any Government that affect or that may be interpreted to affect the Property, Grantor or the Loan, including amendments and all guidance documents and publications promulgated thereunder.

"Leases" is defined as all present and future leases, subleases, licenses and other agreements for the use and occupancy of the Land and Improvements, any related guarantees and including any use and occupancy arrangements created pursuant to Section 365 (h) of the Bankruptcy Code or otherwise in connection with the commencement or continuation of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership or similar Proceedings, or any assignment for the benefit of creditors, in respect of any tenant or other occupant of the Land and Improvements.

"Lender" is defined in the introductory paragraph.

"Loan" is defined in the Recitals.

"Loan Documents" means the Note and the Financing Documents.

"Material Environmental Contamination" is defined as contamination of the Property with Hazardous Materials (i) that constitutes a violation of one or more Environmental Laws; (ii) for which there is a significant possibility that remediation will be required under

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Environmental Laws; (iii) that results in a material risk of liability or expense to Lender; or (iv) that diminishes the value of the Property.

"Maturity Date" is defined in the Recitals.

"Maximum Interest Rate" is defined as the maximum rate of interest, if any, permitted by Law as of the date of this Deed of Trust to be charged with respect to the Loan.

"Note" is defined in the Recitals.

"Note Payments" is defined in the Note.

"Notices" is defined in Section 17.1.

"Obligations" is defined in the Recitals.

"Permitted Exceptions" is defined as the matters shown in Schedule B, Part 1 and 2 of the title insurance policy insuring the lien of this Deed of Trust.

"Permitted Transfers" is defined in Section 12.2.

"Permitted Use" is defined as use as a first-class commercial office building consistent in character, size and age of similar buildings in the Baltimore-Washington, D.C. suburban area, and uses incidentally and directly related to such use.

"Pledge and Security Agreement" is defined in Section 6.2.

"Policies" is defined in Section 7.1(b).

"Prepayment Premium" is defined in the Note.

"Principal" is defined in the Recitals.

"Proceeding" is defined as a pending or threatened action, claim or litigation before a legal, equitable or administrative tribunal having proper jurisdiction.

"Proceeds" is defined in Section 7.2(c).

"Property" is defined in Section 2.1.

"Property Documents" is defined in Section 2.1(v).

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"Receiver" is defined as a receiver, custodian, trustee, liquidator or conservator of the Property.

"Remedies" is defined in Section 14.2(a).

"Rents" is defined as all rents, prepaid rents, percentage, participation or contingent rents, issues, profits, proceeds, revenues and other consideration accruing under the Leases or otherwise derived from the use and occupancy of the Land or the Improvements, including tenant contributions to expenses, security deposits, royalties and contingent rent, if any, all other fees or payments paid to or for the benefit of Grantor and any payments received pursuant to Section 502(b) of the Bankruptcy Code or otherwise in connection with the commencement or continuance of any bankruptcy, reorganization, arrangement, insolvency, dissolution, receivership or similar proceedings, or any assignment for the benefit of creditors, in respect of any tenant or other occupant of the Land or the Improvements and all claims as a creditor in connection with any of the foregoing.

"Restoration" is defined as the restoration of the Property after a Destruction Event as nearly as possible to its condition immediately prior to the Destruction Event, in accordance with the plans and specifications, in a first-class workmanlike manner using materials substantially equivalent in quality and character to those used for the original improvements, in accordance with Law and free and clear of all liens, encumbrances or other charges other than this Deed of Trust and the Permitted Exceptions.

"Restoration Completion Date" is defined in Section 7.4(viii).

"Restoration Funds" is defined in Section 7.5(b).

"Taxes" is defined as all present and future real estate taxes levied, assessed or imposed against the Property.

"Term" is defined as the scheduled term of this Deed of Trust commencing on the date Lender makes the first disbursement of the Loan and terminating on the Maturity Date.

"Transfer" is defined in Section 12.1(a).

"Uniform Commercial Code" is defined as the Uniform Commercial Code in effect in the jurisdiction where the Land is located.

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(a) References in any Financing Document to numbered Articles or Sections are references to the Articles and Sections of that Financing Document. References in any Financing Document to lettered Exhibits are references to the Exhibits attached to that Financing Document, all of which are incorporated in and constitute a part of that Financing Document. Article, Section and Exhibit captions used in any Financing Document are for reference only and do not describe or limit the substance, scope or intent of that Financing Document or the individual Articles, Sections or Exhibits of that Financing Document.

(b) The terms "include", "including" and similar terms are construed as if followed by the phrase "without limitation".

(c) The terms "Land", "Improvements", "Fixtures and Personal Property", "Condemnation Awards", "Insurance Proceeds" and "Property" are construed as if followed by the phrase "or any part thereof".

(d) Any agreement by or duty imposed on Grantor or Borrower in any Financing Document to perform any obligation or to refrain from any act or omission constitutes a covenant running with the ownership or occupancy of the Land and the Improvements, which will bind all parties hereto and their respective successors and assigns, and all lessees, subtenants and assigns of same, and all occupants and subsequent owners of the Property, and will inure to the benefit of Lender and all subsequent holders of the Note and this Deed of Trust and includes a covenant by Grantor and Borrower to cause its partners, members, principals, agents, representatives and employees to perform the obligation or to refrain from the act or omission in accordance with the Financing Documents. Any statement or disclosure contained in any Financing Document about facts or circumstances relating to the Property, Grantor or Borrower or the Loan constitutes a representation and warranty by Grantor and Borrower made as of the date of the Financing Document in which the statement or disclosure is contained.

(e) The term "to Grantor's knowledge" is construed as meaning to the best of Grantor's knowledge after diligent inquiry.

(f) The singular of any word includes the plural and the plural includes the singular. The use of any gender includes all genders.

(g) The terms "person", "party" and "entity" include natural persons, firms, partnerships, limited liability companies and partnerships, corporations and any other public or

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private legal entity.

(h) The term "provisions" includes terms, covenants, conditions, agreements and requirements.

(i) The term "amend" includes modify, supplement, renew, extend, replace or substitute and the term "amendment" includes modification, supplement, renewal, extension, replacement and substitution.

(j) Reference to any specific Law or to any document or agreement, including the Note, this Deed of Trust, any of the other Financing Documents, the Leases and Property Documents includes any future amendments to the Law, document or agreement, as the case may be.

(k) No inference in favor of or against a party with respect to any provision in any Financing Document may be drawn from the fact that the party drafted the Financing Document.

(l) The term "certificate" means the sworn, notarized statement of the entity giving the certificate, made by a duly authorized person satisfactory to Lender affirming the truth and accuracy of every statement in the certificate. Any document that is "certified" means the document has been appended to a certificate of the entity certifying the document that affirms the truth and accuracy of everything in the document being certified. In all instances the entity issuing a certificate must be satisfactory to Lender.

(m) Any appointment of Lender as Grantor's attorney-in-fact is irrevocable and coupled with an interest. Lender may appoint a substitute attorney-in-fact. Grantor ratifies all actions taken by the attorney-in-fact but, nevertheless, if Lender requests, Grantor will specifically ratify any action taken by the attorney-in-fact by executing and delivering to the attorney-in-fact or to any entity designated by the attorney-in-fact all documents necessary to effect the ratification.

(n) Any document, instrument or agreement to be delivered by Grantor will be in form and content satisfactory to Lender.

(o) All obligations, rights, remedies and waivers contained in the Note or the Financing Documents will be construed as being limited only to the extent

required to be enforceable under the Law.

(p) The unmodified word "days" means calendar days.

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Exhibit D

Parcel 1

- - - - -

1. Deed of Easement and Agreement recorded among the Land Records of Anne Arundel County, Maryland, in Liber 5721, Folio 333.
2. Cross Parking Easement Declaration recorded among the Land Records of Anne Arundel County, Maryland, in Liber 5459, Folio 620.

Parcel 2

- - - - -

1. Declaration of Reciprocal Parking and Access Easements recorded among the Land Records of Anne Arundel County, Maryland, in Liber 7473, Folio 720.

Parcel 3

- - - - -

1. Declaration of Reciprocal Parking and Access Easements recorded among the Land Records of Anne Arundel County, Maryland, in Liber 7473, Folio 720.
2. Declaration of Reciprocal Parking and Access Easements recorded among the Land Records of Anne Arundel County, Maryland, in Liber 7473, Folio 747.

Parcels 5 and 6

- - - - -

1. Cross Easement Agreement dated December 27, 1985, and recorded among the Land Records of Prince George's County, Maryland, at Liber 6245, Folio 608.
2. Reciprocal Parking Easement dated December 1, 1987, and recorded among the Land Records of Prince George's County, Maryland, at Liber 6855, Folio 563.

Parcel 7

- - - - -

1. Deed and Agreement dated June 5, 1987, and recorded among the Land Records of Howard County, Maryland, in Liber 1665, Folio 270.

Parcel 8

- - - - -

1. Agreement and Declaration of Annexation recorded among the Land Records of Howard County, Maryland, in Liber 4047, Folio 377.
2. Deed recorded among the Land Records of Howard County, Maryland, in Liber 4047, 381.

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<F1>Reflects nonrecurring reformation costs of \$ 637 associated with the Reformation of the Company as a Maryland Trust.
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