April 28, 2011

COPT Reports First Quarter 2011 Results and Launches Strategic Reallocation Plan

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust (COPT) (NYSE: OFC) today announced financial and operating results for the first quarter ended March 31, 2011. Diluted earnings per share was ($0.33) for the quarter ended March 31, 2011 as compared to $0.10 for the quarter ended March 31, 2010. Excluding a previously announced, non-cash impairment charge associated with the Company's Fort Ritchie investment, funds from operations (FFO) per diluted share for the first quarter of 2011 was $0.52, a 2% decline from the $0.53 FFO per share reported in the first quarter of 2010. Including the impairment charge, FFO per diluted share for the quarter ended March 31, 2011 was $0.13.

Strategic Reallocation Plan:

COPT's management also announced it is accelerating asset dispositions as part of a Strategic Reallocation Plan designed to increase its concentration of buildings serving the specialized needs of tenants in the U.S. Government and Defense Information Technology industries (Defense IT), and Data Centers catering to both sectors.

"By executing our Strategic Reallocation Plan, COPT will increase its percentage of real estate revenues serving our super core customers from 59% today, to 67% at the end of 2013," stated Randall M. Griffin, Chief Executive Officer of Corporate Office Properties Trust. "We also will decrease our exposure to traditional suburban office buildings, which will position us to better weather future economic downturns. In short, COPT will be an even stronger, more focused company that can deliver impressive earnings growth and shareholder returns."

Revised 2011 Guidance:

Management is revising its prior earnings and FFO guidance to reflect its updated outlook for the year and the near-term dilution it anticipates from assets to be sold as part of the Strategic Reallocation Plan. Details will be provided on its conference call today at 11:00 a.m. Eastern Time. Conference call details are provided later in this press release.

First Quarter 2011 Results:

For the first quarter ended March 31, 2011 - EPS was ($0.33) for the quarter ended March 31, 2011 as compared to $0.10 for the quarter ended March 31, 2010. Excluding a $27.7 million non-cash impairment charge associated with its investment in Fort Ritchie, FFO for the first quarter ended March 31, 2011 totaled $42.3 million, or $0.52 per diluted share. First quarter 2011 results represent a 2% decrease on a per share basis from the $0.53 per diluted share, or $38.2 million of FFO for the first quarter of 2010. Including the impairment charge, FFO per diluted share for the first quarter of 2011 was $0.13 versus $0.53 reported in the first quarter of 2010.

Operating Performance:

Portfolio Summary - At March 31, 2011, the Company's wholly-owned portfolio of 252 office properties totaled 20.2 million square feet. The weighted average remaining lease term for the portfolio was 4.9 years and the average rental rate (including tenant reimbursements) was $25.75 per square foot. The Company's wholly-owned portfolio was 87.0% occupied and 89.2% leased as of March 31, 2011.

Same Office Performance - The Company's same office portfolio for the quarter ended March 31, 2011 represents 91% of the rentable square feet of its consolidated portfolio and consists of 241 properties. For the quarter ended March 31, 2011, the Company's same office property cash NOI decreased 5% as compared to the three months ended March 31, 2010.

Leasing - For the quarter ended March 31, 2011, 784,000 square feet were renewed equating to a 67% renewal rate, at an average committed cost of $10.69 per square foot. Total rent on renewed space increased 5.5% on a straight-line basis, as measured from the straight-line rent in effect preceding the renewal date, and remained flat on a cash basis. For renewed and retenanted space of 1.0 million square feet, total straight-line rent increased 4.3% and total rent on a cash basis remained flat. The average committed cost for renewed and retenanted space was $15.61 per square foot.

Investment Activity:

Developments - At March 31, 2011, the Company had properties totaling 3.1 million square feet under construction, development and redevelopment for a total projected cost of $672.8 million. The Company controlled land at March 31, 2011 of 2,265 acres that can support up to 21.8 million square feet of development.

Acquisitions - The Company did not complete any acquisitions during the first quarter 2011.

Balance Sheet and Financial Flexibility:

As of March 31, 2011, the Company had a total market capitalization of $5.2 billion, with $2.4 billion in debt outstanding, equating to a 46% debt-to-total market capitalization ratio. Also, the Company's weighted average interest rate was 4.9% for the quarter ended March 31, 2011 and 82% of its debt was subject to fixed interest rates as of March 31, 2011.

For the first quarter 2011, the Company's adjusted EBITDA to interest expense coverage ratio was 2.93x, and the adjusted EBITDA fixed charge coverage ratio was 2.49x. Adjusting for construction in progress, the Company's adjusted debt-to-adjusted EBITDA ratio was 7.23x as of March 31, 2011.

Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included in the tables that follow the text of this press release.

Conference Call:

Supplemental presentation - COPT will be posting a supplemental presentation that discusses the Strategic Reallocation Plan approximately 15 minutes before its 11:00 a.m. Eastern Time conference call in the Investor Relations section of COPT's website,

www.copt.com.

Management will discuss first quarter earnings results, the details of its Strategic Reallocation Plan and its revised earnings and FFO guidance for 2011 on its conference call today at 11:00 a.m. Eastern Time, details of which are listed below:

Conference Call Date:	Thursday, April 28, 2011
Time:	11:00 a.m. Eastern Time
Telephone Number: (within the U.S.)	888-679-8034
Telephone Number: (outside the U.S.)	617-213-4847
Passcode:	18057385

Please use the following link to pre-register and view important information about this conference call. Pre-registering is not mandatory but is recommended as it will provide you immediate entry into the call and will facilitate the timely start of the conference. Pre-registration only takes a few moments and you may pre-register at anytime, including up to and after the call start time. To pre-register, please click on the below link: https://www.theconferencingservice.com/prereg/key.process?key=PG9V4G73R

You may also pre-register in the Investor Relations section of the Company's website at www.copt.com. Alternatively, you may be placed into the call by an operator by calling the number provided above at least 5 to 10 minutes before the start of the call. A replay of this call will be available beginning Thursday, April 28 at 2:00 p.m. Eastern Time through Thursday, May 5 at midnight Eastern Time. To access the replay within in the United States, please call 888-286-8010 and use passcode 96513809. To access the replay outside the United States, please call 617-801-6888 and use passcode 96513809.

The conference call will also be available via live webcast in the Investor Relations section of the Company's website at www.copt.com. A replay of the conference call will be immediately available via webcast in the Investor Relations section of the Company's website.

Definitions:

Please refer to the information furnished with our Form 8-K or our website (www.copt.com) for definitions of certain terms used in this press release. Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included in the attached tables.

Company Information

Corporate Office Properties Trust (COPT) (NYSE: OFC) is a specialty office real estate investment trust (REIT) that focuses primarily on strategic customer relationships and specialized tenant requirements in the U.S. Government and Defense Information Technology sectors and Data Centers serving such sectors. The Company acquires, develops, manages and leases office and data center properties that are typically

concentrated in large office parks primarily located adjacent to government demand drivers and/or in strong markets that we believe possess growth opportunities. As of March 31, 2011, the Company owned 272 office properties totaling 21.3 million rentable square feet, which includes 20 properties totaling 1.1 million square feet held through joint ventures. The Company's portfolio primarily consists of technically sophisticated buildings in visually appealing settings that are environmentally sensitive, sustainable and meet unique customer requirements. COPT is an S&P MidCap 400 company and more information can be found at www.copt.com.

Forward-Looking Information

This press release may contain "forward-looking" statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on the Company's current expectations, estimates and projections about future events and financial trends affecting the Company. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "could," "believe," "anticipate," "expect," "estimate," "plan" or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Accordingly, the Company can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements.

Important factors that may affect these expectations, estimates, and projections include, but are not limited to:

- general economic and business conditions, which will, among other things, affect office property demand and rents, tenant creditworthiness, interest rates and financing availability;
- adverse changes in the real estate markets including, among other things, increased competition with other companies;
- the Company's ability to borrow on favorable terms;
- risks of real estate acquisition and development activities, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated;
- risks of investing through joint venture structures, including risks that the Company's joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with the Company's objectives;
- changes in our plans or views of market economic conditions or failure to obtain development rights, either of which could result in recognition of impairment losses;
- our ability to satisfy and operate effectively under Federal income tax rules relating to real estate investment trusts and partnerships;
- governmental actions and initiatives; and
- environmental requirements.

The Company undertakes no obligation to update or supplement any forward-looking statements. For further information, please refer to the Company's filings with the Securities and Exchange Commission, particularly the section entitled "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Corporate Office Properties Trust

Summary Financial Data

(unaudited)

(Amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2011	2010
Revenues		
Real estate revenues	$ 122,367	$ 112,228
Construction contract and other service revenues	21,028	37,365
Total revenues	143,395	149,593
Expenses		
Property operating expenses	50,905	48,135
Depreciation and amortization associated with real estate operations	33,020	27,596
Construction contract and other service expenses	20,618	36,399
Impairment loss	27,742	-
General and administrative expenses	6,777	5,900
Business development expenses	488	155
Total operating expenses	139,550	118,185
Operating income	3,845	31,408
Interest expense	(26,928)	(22,638)
Interest and other income	1,168	1,302
(Loss) income from continuing operations before equity in income (loss) of unconsolidated entities and income taxes	(21,915)	10,072
Equity in income (loss) of unconsolidated entities	30	(205)
Income tax benefit (expense)	544	(41)
(Loss) income from continuing operations	(21,341)	9,826
Discontinued operations	74	832
(Loss) income before gain on sales of real estate	(21,267)	10,658
Gain on sales of real estate, net of income taxes	2,701	17
Net (loss) income	(18,566)	10,675

Less net (loss) income attributable to noncontrolling interests		
Common units in the Operating Partnership	1,479	(527)
Preferred units in the Operating Partnership	(165)	(165)
Other consolidated entities	(538)	(45)
Net (loss) income attributable to COPT	(17,790)	9,938
Preferred share dividends	(4,025)	(4,025)
Net (loss) income attributable to COPT common shareholders	$ (21,815)	$ 5,913
Earnings per share "EPS" computation:		
Numerator for diluted EPS:		
Net (loss) income attributable to common shareholders	$ (21,815)	$ 5,913
Amount allocable to restricted shares	(282)	(290)
Numerator for diluted EPS	(22,097)	5,623
Denominator:		
Weighted average common shares - basic	66,340	57,844
Dilutive effect of share-based compensation awards	-	364
Weighted average common shares - diluted	66,340	58,208
Diluted EPS	$ (0.33)	$ 0.10

Corporate Office Properties Trust

Summary Financial Data

(unaudited)

(Amounts in thousands, except per share data and ratios)

	Three Months Ended March 31,	
	2011	2010
Net (loss) income	$ (18,566)	$ 10,675
Add: Real estate-related depreciation and amortization	33,020	27,603
Add: Depreciation and amortization on unconsolidated real estate entities	119	175

Less: Gain on sales of previously depreciated operating properties, net of income taxes	-	(297)
Funds from operations ("FFO")	14,573	38,156
Less: Noncontrolling interests - preferred units in the Operating Partnership	(165)	(165)
Less: Noncontrolling interests - other consolidated entities	(538)	(45)
Less: Preferred share dividends	(4,025)	(4,025)
Less: Depreciation and amortization allocable to noncontrolling interests in other consolidated entities	(65)	(282)
Less: Basic and diluted FFO allocable to restricted shares	(282)	(379)
Basic and diluted FFO available to common share and common unit holders ("Basic and diluted FFO")	9,498	33,260
Less: Straight line rent adjustments	(3,912)	(2,346)
Less: Amortization of acquisition intangibles included in net operating income	161	(270)
Less: Recurring capital expenditures	(14,344)	(6,211)
Add: Amortization of discount on Exchangeable Senior Notes, net of amounts capitalized	1,558	782
Add: Impairment loss	27,742	-
Add: Operating property acquisition costs	23	19
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	$ 20,726	$ 25,234
Weighted average shares		
Weighted average common shares	66,340	57,844
Conversion of weighted average common units	4,396	5,017
Weighted average common shares/units - basic FFO per share	70,736	62,861
Dilutive effect of share-based compensation awards	261	364
Weighted average common shares/units - diluted FFO per share	70,997	63,225
Diluted FFO per share	$ 0.13	$ 0.53
Diluted FFO per share, as adjusted for comparability	$ 0.52	$ 0.53
Dividends/distributions per common share/unit	$ 0.4125	$ 0.3925
Diluted FFO payout ratio, as adjusted for comparability	79.2 %	75.2 %

Diluted AFFO payout ratio	142.4	%	99.2	%
Adjusted EBITDA interest coverage ratio	2.93x		2.97x	
Adjusted EBITDA fixed charge coverage ratio	2.49x		2.47x	
Debt to Adjusted EBITDA ratio (1)	8.66x		8.54x	
Adjusted debt to Adjusted EBITDA ratio (2)	7.23x		7.25x	
Reconciliation of denominators for diluted EPS and diluted FFO per share				
Denominator for diluted EPS	66,340		58,208	
Weighted average common units	4,396		5,017	
Anti-dilutive EPS effect of share-based compensation awards	261		-	
Denominator for diluted FFO per share	70,997		63,225	

(1) Represents debt divided by Adjusted EBITDA for the three month period multiplied by four.

(2) Represents debt adjusted to subtract construction in progress as of period end divided by Adjusted EBITDA for the three month period multiplied by four.

Corporate Office Properties Trust

Summary Financial Data

(unaudited)

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

	March 31, 2011	December 31, 2010
Balance Sheet Data (in thousands) (as of period end)		
Properties, net of accumulated depreciation	$ 3,468,771	$ 3,445,455
Total assets	3,865,809	3,844,517
Debt, net	2,396,795	2,323,681
Total liabilities	2,594,151	2,521,379
Beneficiaries' equity	1,271,658	1,323,138

Debt to total assets	62.0	%	60.4	%	
Debt to undepreciated book value of real estate assets	58.4	%	57.2	%	
Debt to total market capitalization	46.0	%	46.1	%	
Property Data (wholly owned office properties)					
(as of period end)					
Number of operating properties owned	252		252		
Total net rentable square feet owned (in thousands)	20,183		19,990		
Occupancy	87.0	%	88.2	%	
Reconciliation of denominator for debt to total assets to denominator for debt to undepreciated book value of real estate assets					
Denominator for debt to total assets	$ 3,865,809		$ 3,844,517		
Assets other than assets included in properties, net	(397,038	)	(399,062	)	
Accumulated depreciation on real estate assets	526,825		503,032		
Intangible assets on real estate acquisitions, net	106,444		113,735		
Denominator for debt to undepreciated book value of real estate assets	$ 4,102,040		$ 4,062,222		

	Three Months Ended March 31,	
	2011	2010
Reconciliation of tenant improvements and incentives, capital improvements and leasing costs for operating properties to recurring capital expenditures		
Total tenant improvements and incentives on operating properties	$ 13,270	$ 4,071
Total capital improvements on operating properties	1,990	870
Total leasing costs on operating properties	2,736	1,338
Less: Nonrecurring tenant improvements and incentives on operating properties	(2,448)	(77)
Less: Nonrecurring capital improvements on operating properties	(610)	(60)
Less: Nonrecurring leasing costs incurred on operating properties	(616)	54

Add: Recurring capital expenditures on operating properties held through joint ventures	22	15
Recurring capital expenditures	$ 14,344	$ 6,211

Corporate Office Properties Trust

Summary Financial Data

(unaudited)

(Dollars in thousands)

	Three Months Ended March 31,	
	2011	2010
Reconciliation of common share dividends to dividends and distributions for payout ratios		
Common share dividends	$ 27,704	$ 23,160
Common unit distributions	1,809	1,867
Dividends and distributions for payout ratios	$ 29,513	$ 25,027
Reconciliation of FFO to FFO, as adjusted for comparability		
FFO	$ 14,573	$ 38,156
Impairment loss	27,742	-
Operating property acquisition costs	23	19
FFO, as adjusted for comparability	$ 42,338	$ 38,175
Reconciliation of diluted FFO to diluted FFO available to common share and common unit holders, as adjusted for comparability		
Diluted FFO	$ 9,498	$ 33,260
Impairment loss	27,742	-
Operating property acquisition costs	23	19
Diluted FFO available to common share and common unit holders, as adjusted for comparability	$ 37,263	$ 33,279
Reconciliation of GAAP net income to adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA")		
Net income	$ (18,566)	$ 10,675

Interest expense on continuing operations	26,928	22,638
Interest expense on discontinued operations	-	65
Income tax (benefit) expense	(544)	52
Real estate-related depreciation and amortization	33,020	27,603
Depreciation of furniture, fixtures and equipment	625	650
Impairment loss	27,742	-
Adjusted EBITDA	$ 69,205	$ 61,683
Reconciliation of interest expense from continuing operations to the denominators for interest coverage-Adjusted EBITDA and fixed charge coverage-Adjusted EBITDA		
Interest expense from continuing operations	$ 26,928	$ 22,638
Interest expense from discontinued operations	-	65
Less: Amortization of deferred financing costs	(1,759)	(1,126)
Less: Amortization of discount on Exchangeable Senior Notes, net of amounts capitalized	(1,558)	(782)
Denominator for interest coverage-Adjusted EBITDA	23,611	20,795
Preferred share dividends	4,025	4,025
Preferred unit distributions	165	165
Denominator for fixed charge coverage-Adjusted EBITDA	$ 27,801	$ 24,985
Reconciliation of same office property net operating income to same office property cash net operating income and same office property cash net operating income, excluding gross lease termination fees		
Same office property net operating income	$ 62,123	$ 64,935
Less: Straight-line rent adjustments	(3,136)	(2,293)
Less: Amortization of deferred market rental revenue	(278)	(605)
Same office property cash net operating income	$ 58,709	$ 62,037
Less: Lease termination fees, gross	(157)	(278)
Same office property cash net operating income, excluding gross lease termination fees	$ 58,552	$ 61,759
Reconciliation of debt, net to denominator for adjusted debt to Adjusted EBITDA ratio		
Debt, net	$ 2,396,795	$ 2,107,131

Less: Construction in progress	(396,170)	(317,283)
Denominator for adjusted debt to Adjusted EBITDA ratio	$ 2,000,625	$ 1,789,848

First Quarter
2011

Top 20 Tenants

(Based on Annualized Rental Revenue of wholly owned office properties, dollars in thousands)

Tenant		Number of Leases	Total Occupied Square Feet	Percentage of Total Occupied Square Feet	Total Annualized Rental Revenue (2)	Percentage of Total Annualized Rental Revenue	Weighted Average Remaining Lease Term (3)
United States of America	(4)	77	3,165,508	18.0%	$95,956	21.2%	5.9
Northrop Grumman Corporation	(5)	16	1,204,210	6.9%	31,957	7.1%	6.5
Booz Allen Hamilton, Inc.		9	806,288	4.6%	24,627	5.5%	4.9
Computer Sciences Corporation	(5)	6	609,715	3.5%	18,539	4.1%	2.9
ITT Corporation	(5)	9	332,490	1.9%	8,162	1.8%	3.9
The MITRE Corporation		4	267,087	1.5%	7,880	1.7%	5.6
Wells Fargo & Company	(5)	6	216,374	1.2%	7,780	1.7%	7.2
The Aerospace Corporation		3	238,610	1.4%	7,631	1.7%	3.9
L-3 Communications Holdings, Inc.	(5)	4	258,192	1.5%	7,521	1.7%	3.0
CareFirst, Inc.		2	222,610	1.3%	7,247	1.6%	5.5

Integral Systems, Inc.	(5)	4	241,627	1.4%	6,249	1.4%	8.9
Comcast Corporation	(5)	7	308,332	1.8%	6,156	1.4%	2.5
The Boeing Company	(5)	6	196,939	1.1%	5,974	1.3%	3.5
AT&T Corporation	(5)	4	317,570	1.8%	5,408	1.2%	7.7
Ciena Corporation		5	270,557	1.5%	5,074	1.1%	2.0
General Dynamics Corporation	(5)	6	208,264	1.2%	4,601	1.0%	2.4
Raytheon Company		6	164,404	0.9%	4,402	1.0%	3.0
Unisys Corporation		1	156,695	0.9%	4,143	0.9%	9.2
The Johns Hopkins Institutions	(5)	5	141,403	0.8%	3,634	0.8%	5.6
Merck & Co., Inc.		2	225,894	1.3%	2,949	0.7%	1.3
Subtotal Top 20 Office Tenants		182	9,552,769	54.4%	265,890	58.8%	5.3
All remaining tenants		713	7,998,604	45.6%	185,971	41.2%	4.2
Total/Weighted Average		895	17,551,373	100.0%	$451,861	100.0%	4.9

(1) Table excludes owner occupied leasing activity which represents 173,085 square feet with total annualized rental revenue of $4.0 million, and a weighted average remaining lease term of 4.9 years as of March 31, 2011.

(2) Total Annualized Rental Revenue is the monthly contractual base rent as of March 31, 2011, multiplied by 12, plus the estimated annualized expense reimbursements under existing office leases.

(3) The weighting of the lease term was computed using Total Rental Revenue.

(4) Many of our government leases are subject to early termination provisions which are customary to government leases. The weighted average remaining lease term was computed assuming no exercise of such early termination rights.

(5) Includes affiliated organizations or agencies.

Source: Corporate Office Properties Trust (COPT)