February 10, 2015

COPT Establishes 2015 FFO Per Share Guidance

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust ("COPT" or the "Company") (NYSE:OFC) is establishing the following guidance ranges for the year ending December 31, 2015 (detailed assumptions provided on the following page):

- Diluted FFO per share ("FFOPS"), as adjusted for comparability, in the range of $1.97−$2.03
- FFOPS, as defined by NAREIT, in the range of $2.74−$2.80
- Diluted earnings per share ("EPS") in the range of $1.24−$1.30

For the first quarter ending March 31, 2015, the Company is establishing the following ranges:

- FFOPS, as adjusted for comparability, in the range of $0.44−$0.46
- FFOPS, as defined by NAREIT, in the range of $1.21−$1.23
- EPS in the range of $0.86−$0.88

"Our 6.4% growth from $1.88 in 2014 to the mid-point of $2.00 this year reflects our confidence in the stability of our same office portfolio and that we are well positioned to capitalize on growth opportunities across several strategic markets," stated Roger A. Waesche, Jr., COPT's President & Chief Executive Officer.

2015 Guidance Reconciliation Tables

A reconciliation of projected EPS to projected FFOPS, in accordance with NAREIT and as adjusted for comparability, for the first quarter ending March 31, 2015, and the year ending December 31, 2015 is provided as follows:

	Three months ending March 31, 2015		Year ending December 31, 2015	
	Low	High	Low	High
EPS	$ 0.86	$ 0.88	$ 1.24	$ 1.30
Real estate depreciation and amortization	0.35	0.35	1.50	1.50
FFOPS, NAREIT definition	1.21	1.23	2.74	2.80
NOI from properties to be conveyed (a)	(0.01)	(0.01)	(0.01)	(0.01)
Interest expense on loan secured by properties to be conveyed(a)	0.03	0.03	0.03	0.03
Gains on sales of undepreciated properties	(0.04)	(0.04)	(0.04)	(0.04)
Net gains on extinguishment of debt (b)	(0.75)	(0.75)	(0.75)	(0.75)
FFOPS, as adjusted for comparability	$ 0.44	$ 0.46	$ 1.97	$ 2.03

Footnotes to Guidance Reconciliation tables:

a. The Company expects to transfer two operating properties in satisfaction of non-recourse secured indebtedness. These amounts represent the Company's forecast of net operating income generated by these assets and interest expense (accrued at the default rate) from January 1, 2015 through the assumed transfer date of March 31, 2015.

b. Represents debt and accrued interest in excess of the book value of the assets to be conveyed.

Assumptions Underpinning 2015 Guidance

The table below details assumptions that underpin the Company's 2015 FFOPS and EPS guidance:

Portfolio Metrics (a)(b)		**Investment Activity** (a)		**Yield**
2015 Same Office Pool:		Acquisitions:		
% increase in Cash NOI (c)	0.5% - 1.5%	Operating properties	$0 - $100	7.5%
Average occupancy	91%			
Forecasted year-end occupancy	92% - 93%	Dispositions: (f)		
Cash rental rates on renewing leases	(3%) - (2%)	Operating properties	$0 - $50	8.5%
		Land	$20	--
2015-2016 expected renewal rate	60%-65%			
Revenue at Risk (d)	$21.9	Development & Redevelopment		
- Portion in lease negotiation	($15.8)	Spend: (g)	$200 - $250	7.5%-10%
Remaining revenue at risk	$6.1			
NOI from developments placed into service (e)	$15.5			
Balance Sheet Metrics (b)				
Year End Debt to Adjusted Book ratio	approx. 40%	Adj. Debt-to-In-Place Adj. EBITDA ratio		< 6.5x
Other (a)				
Development fee and interest income	$7.0 - $9.0	Capitalized interest expense		$8.5
COPT DC-6 cash NOI	$10.0	GAAP straight lined rent		$14.0
Lease termination fee income	$1.0-$2.0	Other GAAP adjustments		($4.0)
G&A, Selling Costs and New Business Costs	$34-$35	Recurring Capital Expenditures		$50-$55

a. Dollars in millions.

b. Excludes two properties to be conveyed.

c. Based on cash NOI excluding lease termination fee income and prepayments of rent.

d. Revenue at risk is the amount of revenue not yet associated with an executed lease required to achieve the mid-point of guidance.

e. This amount represents cash NOI from developments placed into service during 2014 and 2015, all of which was under executed leases as of December 31, 2014.

f. The Company expects to transfer two properties in satisfaction of a $150 million of non-recourse secured loan. Please refer to Footnote (a) associated with the 2015 Guidance reconciliation table, above.

g. Yields on developments are initial stabilized cash yields.

Details for Conference Call to Discuss Fourth Quarter & Year-End 2014 Results

Management is not hosting a conference call to discuss 2015 guidance, but is available to answer questions. The Company's next scheduled conference call will take place as follows:

Earnings Release Date:	Tuesday, February 10, 2015 at 6:00 a.m. Eastern Time
Conference Call Date:	Tuesday, February 10, 2015
Time:	12:00 p.m. Eastern Time
Telephone Number:	(within the U.S.) 888-713-4199
Telephone Number:	(outside the U.S.) 617-213-4861
Passcode:	44019327

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=PL46J93RD

You may also pre-register in the Investors 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 Tuesday, February 10 at 4:00 p.m. Eastern Time through Tuesday, February 24 at midnight Eastern Time. To access the replay within the United States, please call 888-286-8010 and use passcode 70008103. To access the replay outside the United States, please call 617-801-6888 and use passcode 70008103.

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 calls will be immediately available via webcast in the Investor Relations section of the Company's website.

Company Information

COPT is an office REIT that focuses primarily on serving the specialized requirements of U.S. Government agencies and defense contractors, most of which are engaged in defense information technology and national security-related activities. As of December 31, 2014, COPT derived 77% of its annualized revenue from its strategic tenant niche properties and 23% from its regional office properties. The Company generally acquires, develops, manages and leases office and data center properties concentrated in large office parks primarily located near knowledge-based government demand drivers and/or in targeted markets or submarkets in the Greater Washington, DC/Baltimore region. As of December 31, 2014, the Company's consolidated portfolio consisted of 173 office properties totaling 16.8 million rentable square feet. COPT is an S&P MidCap 400 company.

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 and data center demand and rents, tenant creditworthiness, interest rates, financing availability and property values;*
- *adverse changes in the real estate markets including, among other things, increased competition with other companies;*
- *governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses, such as a reduction in rental revenues, non-renewal of leases, and/or a curtailment of demand for additional space by the Company's strategic customers;*
- *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 the Company's plans for properties or views of market economic conditions or failure to obtain development rights, either of which could result in recognition of significant impairment losses;*
- *the Company's ability to satisfy and operate effectively under Federal income tax rules relating to real estate investment trusts and partnerships;*
- *the Company's ability to achieve projected results;*
- *the dilutive effects of issuing additional common shares; 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, 2013.

Corporate Office Properties Trust

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Source: Corporate Office Properties Trust