December 22, 2011

COPT Increases Strategic Reallocation Plan; Updates 2011 Fourth Quarter Guidance for One-Time Charges

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust (COPT) (NYSE: OFC), a specialty office real estate investment trust (REIT) that focuses primarily on serving the specialized requirements of U.S. Government and Defense Information Technology tenants, announced today that it is expanding the scope of its previously announced Strategic Reallocation Plan (SRP) to include an additional $312 million of assets to be sold within the next three years, bringing the size of the SRP to $572 million. In addition, COPT also is revising its diluted earnings per share (EPS) and FFO per diluted share (FFOPS) guidance for the quarter ending December 31, 2011 to reflect non-cash impairment losses on assets associated with the SRP and a loss from derivatives that management has determined will expire unused.

Management originally issued guidance for fourth quarter 2011 EPS of $0.10−$0.13 and FFOPS of $0.54−$0.57 during its regularly scheduled third quarter earnings call on October 27, 2011. Since October 27, 2011, management:

- Completed the sale of $52.2 million of assets pursuant to the SRP, bringing total sales under the SRP to $76.7 million and aggregating approximately 894,150 square feet. Fourth quarter 2011 sales volume is consistent with management's October 27, 2011 guidance and therefore has no incremental effect on its updated guidance.
- Identified additional properties for sale. On December 21, 2011, COPT's Board of Trustees approved a plan by management to increase the size of the SRP to include an additional $312 million of assets. In connection with assets now included in the SRP, the Company will recognize an additional non-cash impairment of $77 million, or ($1.03) per diluted share, in the quarter ending December 31, 2011. The Company will also recognize a tax benefit of $4 million, or $0.06 per diluted share, related to this impairment.
- Elected not to issue 10-year debt, as originally anticipated when the Company entered into two forward starting LIBOR swaps in April 2011 for an aggregate notional amount of $175 million. As a result, COPT has discontinued hedge accounting on the 10-year forward starting swaps and is reclassifying $28.5 million from accumulated other comprehensive loss to net earnings (loss) in the three months ending December 31, 2011. The one-time loss amounts to ($0.38) per diluted share for EPS and FFOPS purposes.

Revised Fourth Quarter 2011 Guidance

Incorporating the SRP impairment and loss on derivatives, management now expects a fourth quarter 2011 EPS loss of ($1.25)−($1.22), and negative FFOPS of ($0.30)−($0.27). A reconciliation of fourth quarter projected EPS loss to FFOPS is provided, as follows:

	Quarter Ending December 31, 2011 Low	Quarter Ending December 31, 2011 High
Previously projected diluted FFOPS	$ 0.54	$ 0.57
Impairment losses on undepreciated real estate	(0.52)	(0.52)
Income tax benefit related to impairment losses	0.06	0.06
Loss on discontinuation of hedge accounting	(0.38)	(0.38)
Revised projected diluted FFOPS	(0.30)	(0.27)
Real estate-related depreciation and amortization	(0.44)	(0.44)
Impairment losses on depreciated real estate	(0.51)	(0.51)
Revised diluted EPS	$ (1.25)	$ (1.22)

Asset Sales

In the fourth quarter ending December 31, 2011, COPT has completed the sale of 15 operating properties containing approximately 641,000 square feet, and 13.7 acres of land for total gross proceeds of $52.2 million:

- In November, COPT completed the sale of 11011 McCormick Road in the Hunt Valley/I-83 Corridor for $3.45 million.
- In December, the Company completed the sale of 13 operating properties and a small parcel of land in the Rutherford Business Center in Woodlawn, MD, for $32.5 million; it also sold White Marsh Commerce Center, which consisted of a 218,000 square foot warehouse building and 13.4 acres of land, for $16.25 million. (Please refer to the Company's press release dated December 19, 2011 for additional information.)

The fourth quarter 2011 asset sales were part of the SRP announced by COPT management earlier this year. Since announcing that plan in April 2011, COPT has sold $76.7 million of properties containing approximately 894,150 square feet.

Strategic Reallocation Plan

On December 21, 2011, the Company's Board of Trustees approved a plan by management to increase the scope of the SRP to include the disposition of additional properties during the next three years. COPT estimates the aggregate fair value of the properties added to the SRP in December 2011 totals $312 million and that net proceeds from the plan's execution after the repayment of debt secured by the properties will approximate $241 million. The properties added to the SRP in December 2011 consisted primarily of: (1) office properties and land holdings in Colorado Springs, Colorado; (2) office properties in Frederick and Montgomery counties in Maryland; (3) certain other office properties primarily in the Baltimore/Washington Corridor; and (4) certain other land holdings in non-strategic submarkets.

During the three months ending December 31, 2011, the Company will recognize aggregate non-cash impairment losses of approximately $77 million on assets in the SRP, and a related tax benefit of $4 million.

Loss from Derivatives

On April 5, 2011, COPT entered into two forward starting LIBOR swaps for an aggregate notional amount of $175 million designated as cash flow hedges of interest payments on ten-year, fixed-rate borrowings forecasted to occur between August 2011 and April 2012. After meeting with the Company's Board of Trustees on December 21, 2011, management determined it would pursue other financing options and concluded that the originally forecasted borrowings were expected not to occur. Accordingly, the swaps no longer qualified for hedge accounting and COPT reclassified losses of approximately $28.5 million from accumulated other comprehensive loss to net earnings (loss) in the three months ending December 31, 2011.

Conference Call Information

COPT will provide 2012 guidance and discuss Management's outlook on January 12, 2012 at 11:00 AM Eastern Time. The scheduled date, time, and dial-in information for this call are as follows:

Conference Call Date:	Thursday, January 12, 2012
Time:	11:00 AM Eastern Time
Telephone Number: (within the U.S.)	888-679-8037
Telephone Number: (outside the U.S.)	617-213-4849
Passcode:	86081793

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=PDDNFPCMM

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.

Conference Call Replay

A replay of this call will be available beginning Thursday, January 12 at 3:00 p.m. Eastern Time through Thursday, January 26 at midnight Eastern Time. To access the replay within the United States, please call 888-286-8010 and use passcode 29597688. To access the replay outside the United States, please call 617-801-6888 and use passcode 29597688.

The conference calls 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 a specialty office 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 September 30, 2011, the Company owned 266 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, including risks associated with the impact of a government shutdown such as a reduction in rental revenues or non-renewal of leases;*
- *the dilutive effect 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, 2010.

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