

May 15, 2014



COPT Calls Series H Cumulative Redeemable Preferred Shares for Redemption; Revises Guidance for 2Q14 and Affirms Full Year

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust ("COPT" or the "Company") (NYSE: OFC) announced that it has called for redemption of all of its 2,000,000 outstanding 7.5% Series H Cumulative Redeemable Preferred Shares (the "Series H Preferred Shares") (NYSE: OFCPrH), at a price of \$25.3230 per Series H Preferred Share, which includes accrued and unpaid dividends through the date of redemption (the "Series H Redemption Price").

The redemption date for the Series H Preferred Shares will be June 16, 2014 (the "Redemption Date"). From and after the Redemption Date, dividends on the Series H Preferred Shares shall cease to accrue and holders of the Series H Preferred Shares will have no rights as such holders other than the right to receive the Series H Redemption Price, without interest, upon surrender of the Series H Preferred Shares.

The Notice of Redemption and related materials are being mailed to holders of record of the Series H Preferred Shares. Wells Fargo Shareowner Services is acting as the redemption agent. Requests for additional copies of the materials should be directed to COPT's Investor Relations Department at ir@copt.com.

Redeeming the Series H Preferred Shares will reduce second quarter 2014 net earnings available to common shareholders by \$1.8 million, an amount equal to the Series H Preferred Shares' initial offering costs. The impact of the redemption was not included in the second quarter 2014 or full year earnings guidance issued by the Company in an April 25, 2014 press release.

2014 FFO Guidance:

Management is affirming full year guidance for 2014 diluted funds from operations per share ("FFOPS"), as adjusted for comparability, in the range of \$1.85–\$1.92. Management is revising previously issued guidance for second quarter 2014 FFOPS, as adjusted for comparability, from the range of \$0.43–\$0.45 to a new range of \$0.42–\$0.44 to recognize the impact of the Company's May 14, 2014 senior notes issuance that originally was forecasted to occur later in the year. A reconciliation of projected diluted EPS to projected FFOPS, as adjusted for comparability, for the quarter ending June 30, 2014 and the year ending December 31, 2014 is provided in the following table.

	Quarter Ending June 30, 2014		Year Ending December 31, 2014	
	Low	High	Low	High
EPS	\$ 0.04	\$ 0.06	\$ 0.95	\$ 1.02
Real estate depreciation and amortization	0.32	0.32	1.44	1.44
FFOPS, NAREIT definition	0.36	0.38	2.39	2.46
Issuance cost of Redeemed Preferred Shares	0.02	0.02	0.02	0.02
Net operating income from properties to be conveyed (a)	(0.01)	(0.01)	(0.02)	(0.02)
Interest expense on loan secured by properties to be conveyed (a)	0.05	0.05	0.14	0.14
Net gains on early extinguishment of debt (b)	-	-	(0.68)	(0.68)
FFOPS, as adjusted for comparability	<u>\$ 0.42</u>	<u>\$ 0.44</u>	<u>\$ 1.85</u>	<u>\$ 1.92</u>

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 April 1st through year-end, and assuming a transfer date of December 31, 2014.

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

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 March 31, 2014, COPT derived 73% 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 March 31, 2014, the Company's consolidated portfolio consisted of 183 office properties totaling 17.5 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 (COPT)

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