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COPT Updates 4Q15 Dispositions and Investment Activity

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust (“COPT” or the “Company”) (NYSE: OFC) has completed the disposition of 9690 Deereco Road and 375 W. Padonia Road in Timonium, a suburban submarket of Greater Baltimore, Maryland, for $44.5 million (approximately $181 per foot). The two previously held-for-sale properties contain roughly 246,000 rentable square feet that were 100% occupied at September 30, 2015. The Company will recognize gains on sale of $15 million in the fourth quarter of 2015.

Including these sales, COPT has now sold over $150 million of suburban property in the fourth quarter of 2015, and approximately $200 million of buildings and non-strategic land year-to-date. Counting the transfer of two properties in exchange for extinguishing secured debt in August, COPT has disposed of approximately $350 million of properties. COPT has an additional $95 million of suburban properties and non-strategic land dispositions under contract or letter of intent that are expected to close in 2016. (Please see the Company’s other press release with today’s date, “COPT Establishes 2016 FFO Per Share Guidance,” for more information on 2016 sales.)

New Investment Activity Highlights Strength of Strategic Locations

COPT also announces two new developments that, on average, are 75% pre-leased to strategic tenants in two markets. The Company expects to invest an incremental $55 million in these two projects as follows:

- At The National Business Park in Annapolis Junction, Maryland, the Company has signed a 50% pre-lease with a defense contractor for NBP 540, a 144,500 square foot project that will be the first building in the park’s 500 series. Construction will start immediately in anticipation of the tenant taking occupancy in the first quarter of 2017.
- In Northern Virginia, the Company is finalizing a long-term lease with a subsidiary of an investment grade Fortune 500 company to deliver an approximate 149,000 square foot shell building in the second quarter of 2016. The development will be the third and final building at the project known as Patriot Point in Ashburn, Virginia. Patriot Point will be 100% leased to this strategic tenant.

“Our customer and market relationships, combined with rebounding defense contractor activity, have resulted in a growing pipeline of development opportunities,” stated Roger A. Waesche, Jr., COPT’s President & Chief Executive Officer. “The Bipartisan Budget Act of 2015 increases the Department of Defense’s base budget for the next two years, including 5% growth in the current fiscal year. Clearly, contractors are regaining confidence in the outlook for their businesses.”

Joint Venture with Akridge Provides Option to Build Trophy Office Asset in DC

The Company has entered into a joint venture with Akridge (“Akridge”) to acquire and improve land at the southwest corner of 21st and L Streets ("2100 L Street") in Washington, DC. The site is located at the western-edge of the Central Business District's Golden Triangle – one of downtown Washington, DC's most vibrant and established office locations. 2100 L Street is within walking distance of several major metro stations, including Farragut North, Farragut West, DuPont Circle and Foggy Bottom-GWU. Design and preconstruction work on the approximately 190,000 square foot trophy office building are underway. Subject to certain pre-construction conditions, the site will be available for construction to commence in early 2017, and completion is anticipated in late 2018 or early 2019. COPT owns a 95% controlling interest in the joint venture, which will secure property-level debt to fund the majority of the construction costs. COPT will fund its equity contributions primarily with proceeds from the sale of non-strategic land in 2016.

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 September 30, 2015, COPT derived 75% of its core portfolio's annualized revenue from its strategic niche properties and 25% 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 September 30, 2015, the Company's core portfolio consisted of 164 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, 2014.

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