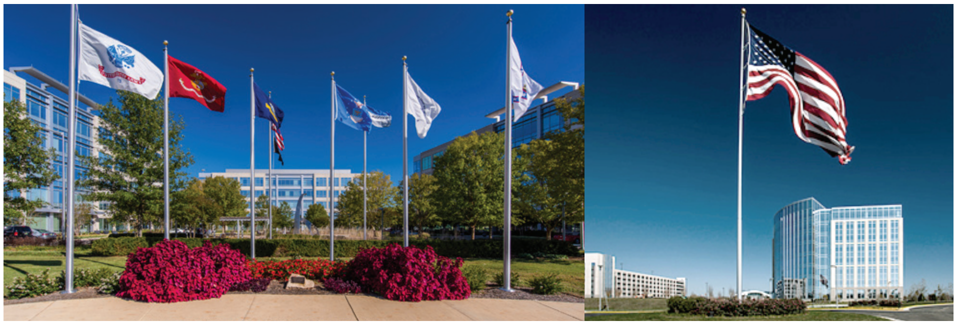
Today's featured company is:



COPT

CORPORATE OFFICE PROPERTIES TRUST

A Unique Office REIT that Creates Value with Defense

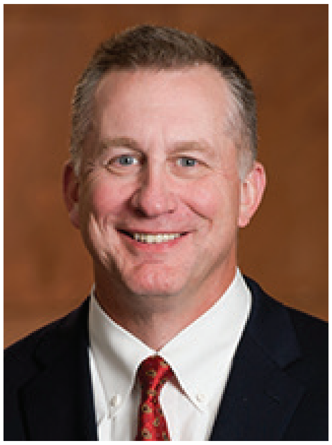
Corporate Office Properties Trust (COPT) (NYSE: OFC) is an office REIT headquartered in Columbia, Maryland, which is equidistant between Baltimore and Washington, DC. As of December 31, 2016, COPT's core portfolio of 152 office properties encompassed 16.3 million square feet and was 94.4% leased. What differentiates COPT from other office REITs is its unique franchise of US-government, information technology-oriented locations (Defense/IT locations). These Defense/IT locations are adjacent to knowledge-based defense installations that execute high-tech and research-oriented defense missions encompassing intelligence, surveillance & reconnaissance (ISR), research and development (R&D) for unmanned drones and missiles, and cybersecurity.

- Positive outlook for defense spending in the United States supports expectations for increased demand for COPT's unique locations and, by extension, attractive cash flow growth
- Ownership and control of the most relevant land locations limits competition for other landlords and is a significant competitive advantage
- A five-year development track record of delivering approximately 800,000 square feet annually that have been 90% leased, on average
- An attractive and secure quarterly dividend of $0.275/share represents a 3.8% yield and a 1.4 percentage point premium to the 2.4% yield from 10-year US Treasuries
- An investment grade-rated balance sheet supports future growth through development, and ensures dividend safety

Click here to view the Corporate Office Properties Fact Sheet.
Click here to view the Corporate Office Properties Investor Presentation.

Advisor Access spoke with Corporate Office Properties' President and CEO, **Stephen Budorick**, about the trust's business model and growth strategy.

Advisor Access: ***COPT has a unique office portfolio because of its focus on defense-related tenants. Can you provide more color on this franchise?***



Stephen Budorick: As of Dec. 31, 2016, we derived 87% of our business from Defense/IT locations, which encompass 14.3 million square feet of office space and more than 1 million acres of strategic developable land. Our buildings and land positions are unique, as is our decades-long track record of successful execution and mutual trust with our US government customers. An important distinction is that the government locations we support are not involved with weapons manufacturing or in the training and deployment of troops; rather, the missions involve high-tech, R&D, and cybersecurity aspects of national defense.

AA: ***Does the US government lease space with you through the General Services Administration (GSA)?***

SB: No. Within the 3.8 million square feet of government leases in our portfolio, we have less than 100,000 square feet leased to the GSA, representing only about 0.5% of our annualized revenues.

Understanding the difference between our government leases and GSA leases is another important difference between our company and two other REITs that have a lot of government leases with the GSA—namely, Government Properties Income Trust (NYSE:GOV) and Easterly Government Properties (NYSE:DEA). In contrast to GOV and DEA, our government customers and related defense contractors need to be in specific locations to execute their missions. These government customers have their own independent procurement authority and procedures to accommodate the location sensitivity that governs their work, a benefit that cannot be accommodated in the GSA lease procurement process.

AA: ***How many Defense/IT locations does COPT have, and where are they located?***

SB: We have fifteen Defense/IT demand drivers and twenty-one business parks serving them. Our most established park is the National Business Park (NBP), which supports the missions at Fort Meade in Annapolis Junction, Maryland, where US Cyber Command and other priority missions are located. At the end of 2016, NBP consisted of 3.5 million square feet, 22% of which is behind a secure government fence and is essentially an extension of Fort Meade. In total, 55% of our Defense/IT square feet are in Maryland, 34% are in the Washington, DC/northern Virginia market, 7% are in San Antonio, Texas, and 4% are in Huntsville, Alabama, on land leased from the US government on the Redstone Arsenal.

AA: ***Has there been any change to your business since the presidential election, or do you anticipate any meaningful change under Trump's leadership?***

"... We expected demand for space to improve regardless of the election's outcome."

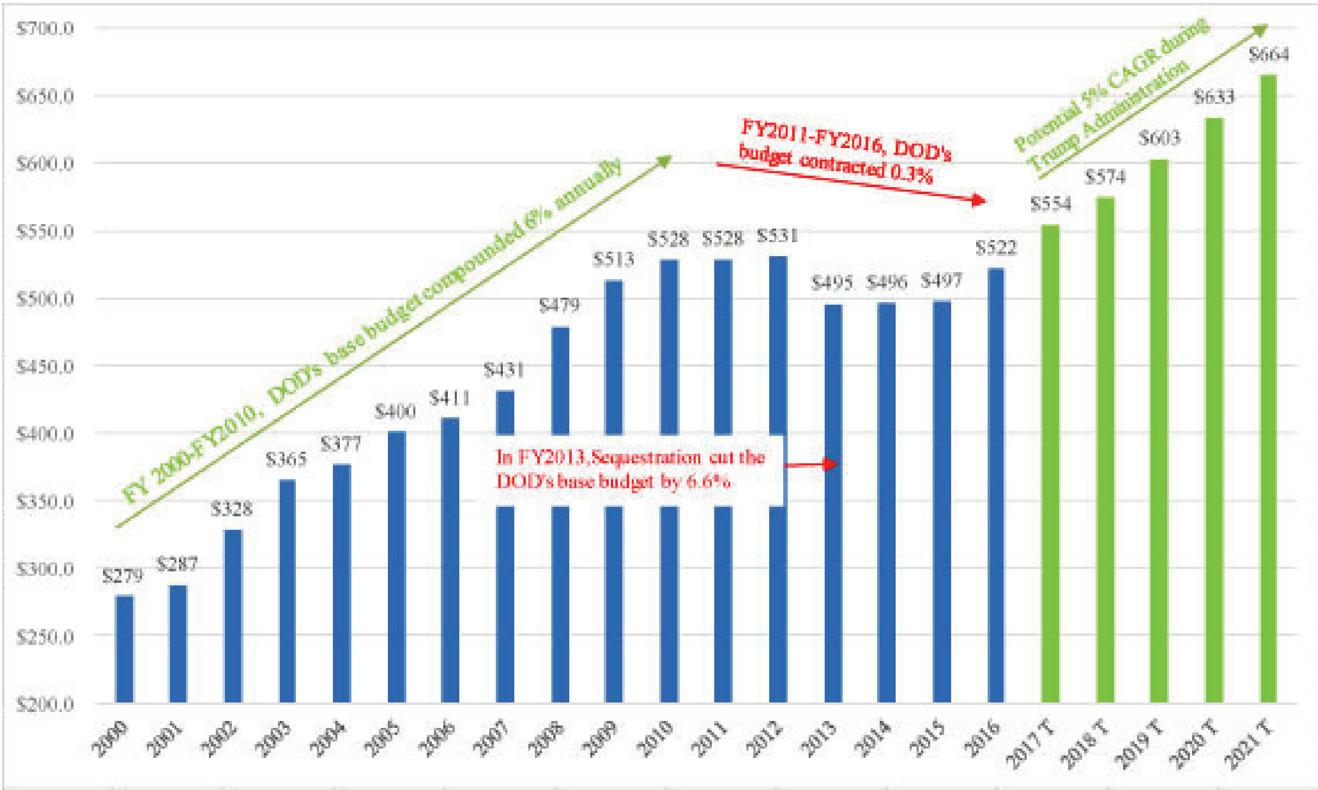
SB: Because of the essential nature of our Defense/IT locations, we expected demand for space to improve regardless of the election's outcome. Trump's administration has made it clear that increasing defense spending to restore and improve our military's readiness and effectiveness is a priority. The administration's current request to increase defense spending in fiscal 2017 by $30 billion would represent a 6% increase over fiscal 2016 levels, and the consensus view among defense contractors and analysts is that defense spending is likely to compound 5% annually during Trump's administration (see Figure 1). As a result of the 5% increase in defense spending from the fiscal year 2016 budget (approved prior to the 2016 election), we have been enjoying a return to healthy demand throughout our portfolio, so a continuation of that trend should be beneficial to COPT and to our shareholders.

AA: ***What is COPT's growth strategy?***

SB: Regardless of defense spending levels, our growth strategy is very straightforward and low-risk. Based on our demand forecast, we expect our existing portfolio to generate internal growth of 3% or more. We measure this through increases in our same-office cash net operating income (NOI), which measures profitability at the property level before corporate expenses, such as overhead (also called G&A) and interest expense on debt.

In addition to generating reliable levels of internal cash flow growth, we will invest between $200 million and $300 million each year to develop highly preleased projects at our proven Defense/IT locations. This combination of tactics should produce 5–6% growth in cash flows, regardless of broader economic conditions.

Figure 1: DOD’s Discretionary Budget Authority (Base Budget)



Current dollars, in billions. Forecasted FY 2017–2021 spending levels reflect the $30B supplemental request Trump’s Administration has requested be added to the FY 2017 Defense Authorization Bill, the $574B base spending proposed for FY 2018, and 5% annual increases thereafter. Source: National Defense Budget Estimates for FY 2016; Capital Alpha Partners; COPT’s IR Department.

AA: ***COPT hasn’t increased its dividend since 2011. Why not?***

SB: Early in 2011, my predecessor launched a multiyear strategy to sell nondefense and/or underperforming assets to improve COPT’s balance sheet, portfolio quality, and the durability of future cash-flow growth. Between 2011 and 2016, we sold over $1.5 billion of mostly commodity suburban office assets, earned an investment grade rating that we have continued to strengthen, and increased our concentration of Defense/IT locations from approximately 50% of our total square footage at the beginning of 2011 to 85% today. Upon completing the final $50 million of assets sales later this year, that percentage should approach 90%.

When we began this five-year transformation, we reset our annualized common dividend to $1.10 per share, a level we forecasted would be safe in light of the planned dispositions—and it was. We used surplus cash from sales to reduce leverage, and reinvested over $1 billion into the development of 5 million square feet of highly leased, value-creating Defense/IT projects. Our new development opportunities remain strong, and we will continue to prioritize capital allocation toward this value creation. Given the growth these developments should generate, we also anticipate reevaluating our dividend policy to incorporate regular dividend increases in the future.

AA: ***Thank you, Stephen.***

Stephen E. Budorick is president and chief executive officer of Corporate Office Properties Trust (COPT). Mr. Budorick was elected trustee in May 2016. Mr. Budorick was COPT’s executive vice president and chief operating officer from September 2011 through May 2016. Prior to joining COPT, Mr. Budorick served as executive vice president of asset management at Callahan Capital Partners LLC, starting in 2006. Before his tenure at Callahan Capital Partners, he was executive vice president in charge of Trizec Properties Inc.’s Central Region from 1997–2006, and executive vice president in charge of third-party management and leasing at Miglin Beitler Management Company from 1991–1997. Mr. Budorick also worked in asset management at LaSalle Partners Inc. from 1988–1991, and in facilities management and planning at American Hospital Association from 1983-1988. Mr. Budorick earned a bachelor's degree in Industrial Engineering from the University of Illinois in 1982, and an MBA in Finance from the University of Chicago in 1988.

Analyst Commentary

"We think the fundamental backdrop for OFC remains at the early stages, given significant occupancy and rental rate upside potential across the portfolio, and the possibility of additional US military/cyber/IT spending increases (which is the critical demand driver to OFC's defense-intelligence tenant focus). . . . Reiterate Buy."

—**Richard Anderson**, Mizuho Securities
April 3, 2017

"OFC sits at a rare intersection of political agreement, with US defense spending increases being in general agreement from both sides of the aisle . . . OFC is seeing the positive sentiment turn into real cash-flowing results for its defense/IT niche."

—**Richard Anderson**, Mizuho Securities
Feb. 13, 2017

"Following years of 'noisy' earning as Corporate Office remade its portfolio, 4Q16 represents what we expect to be a steady state going forward; consistent, measured growth in [an] otherwise changing market with development upside that benefits from DOD/Intelligence demand drivers. Reiterate Buy."

—**Thomas Catherwood**, BTIG
Feb. 9, 2017

"With the OFC story getting a thematic boost from an expected emphasis on defense spending by Trump, we think this final year of transition could be well-primed for shareholders."

—**Richard Anderson**, Mizuho Securities
Jan. 17, 2017

"We view OFC as a defensive play against continued weakness in the Washington, DC Area, with additional upside from regional office assets and new developments."

—**Thomas Catherwood**, BTIG
Aug. 25, 2016

About Advisor Access

Advisor-Access LLC was designed to bring compelling investment ideas to investors in the form of in-depth interviews with company management and the latest fact sheets and corporate presentations, in a concise format: the critical pieces of information an investor needs to make an informed investment decision.