ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2008

$15,655,000 Anne Arundel County, Maryland
National Business Park Project
Series 2004 Refunding Bonds

Prepared by:

MUNICAP, INC.

February 10, 2009

DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

I. UPDATED INFORMATION

Information updated for the quarterly development activity and disclosure report for the period ending December 31, 2008 is as follows:

- The developer reports that Corporate Office Properties Trust (COPT) bought out Constellation Real Estate, Inc. in late 2003. All buildings and associated land in the National Business Park development are owned by COPT through a limited liability corporation. Corporate Office Properties, LP (COPLP) is the sole member of the limited liability corporation and COPT is the general partner of COPLP.

- As of December 31, 2008, total investment in National Business Park by COPT or related entities as reported by the developer is $439,984,700. Additionally, COPT has invested $9,709,000 in the remaining undeveloped land parcels in both Phases I and II, resulting in a total investment of $449,693,700.

- As of December 31, 2008, the developer reported that 1,539,945 square feet of the 1,560,108 square feet of available space within Phase I of National Business Park was leased. This represents 99 percent of the total leaseable space within Phase I.

- As of December 31, 2008, the developer reports that construction on seven of the twelve planned office buildings in Phase II is complete. These seven buildings are located on lots 21R, 22R, 23R, 28RR, 29RR, 30R and 31RRR, and consist of 857,517 square feet of the planned 1,820,596 square feet for Phase II.

- As of December 31, 2008, the developer reports that three of the twelve office buildings for Phase II are under construction. These buildings are located on lots 27RR, 26RR and 25RR. The total square footage for these three buildings is equal to 587,016 square feet of the planned 1,820,596 square feet for Phase II.

- As of December 31, 2008, the developer reports that one of the twelve office buildings for Phase II (located on Lot 32RRR) is under construction and one of the twelve office buildings for Phase II (located on Lot 24RR) is anticipated to begin construction in the third quarter of 2009. The total square footage for these two buildings is equal to 376,063 square feet of the planned 1,820,596 square feet for Phase II.

- As of December 31, 2008, the developer reports that leases have been signed for 824,461 square feet of the 857,335 available square feet in the first seven buildings in Phase II, which represents approximately 96 percent of the estimated leaseable space of the first seven buildings in Phase II.

- As of December 31, 2008, construction draws funded from bond proceeds totaled $11,614,000, representing 100 percent of the budget for public improvements.

- The July 1, 2009 phased-in assessed value of the taxable property within the district is $450,091,576, which represents a $412,387,076 increase from the base year assessed value of $37,704,600.

- Tax increment revenues for fiscal year 2008-2009 were estimated to be $3,697,289. According to Anne Arundel County, actual tax increment revenues for fiscal year 2008-2009 are $3,661,996. According to Anne Arundel County, the difference between the estimated and actual tax increment revenues is explained by a decrease in the tax rate from $0.888 per $100 of the assessed value to $0.891 per $100 of assessed value and a decrease in the aggregate assessed value $40,256,232 from $452,643,308 to $412,387,076, as a result of a mid year adjustment of the assessed value.

- Tax increment revenues were estimated to be sufficient to pay annual expenses for fiscal year 2008-2009. As a result, special taxes were not levied in fiscal year 2008-2009. Accordingly, there are no delinquent special taxes for fiscal year 2008-2009.

II. INTRODUCTION

Anne Arundel County, Maryland (the "County") issued the $15,660,000 Series 2004 Refunding Bonds to defease and refund the $14,000,000 Series 2000 Special Obligation Bonds (National Business Park Project). The Series 2004 Refunding Bonds were issued pursuant to the provisions of the Refunding Act, the Tax Increment Act, the Special Taxing District Act, Bill No. 9-04, which was passed by the County Council on March 15, 2004 and approved by the County Executive and enacted on March 18, 2004 (the "National Business Park Ordinance"), and an Indenture of Trust, dated as of May 1, 2004 (the "National Business Park Indenture"), by and between the County and Manufacturers and Traders Trust Company, the trustee (the "Trustee").

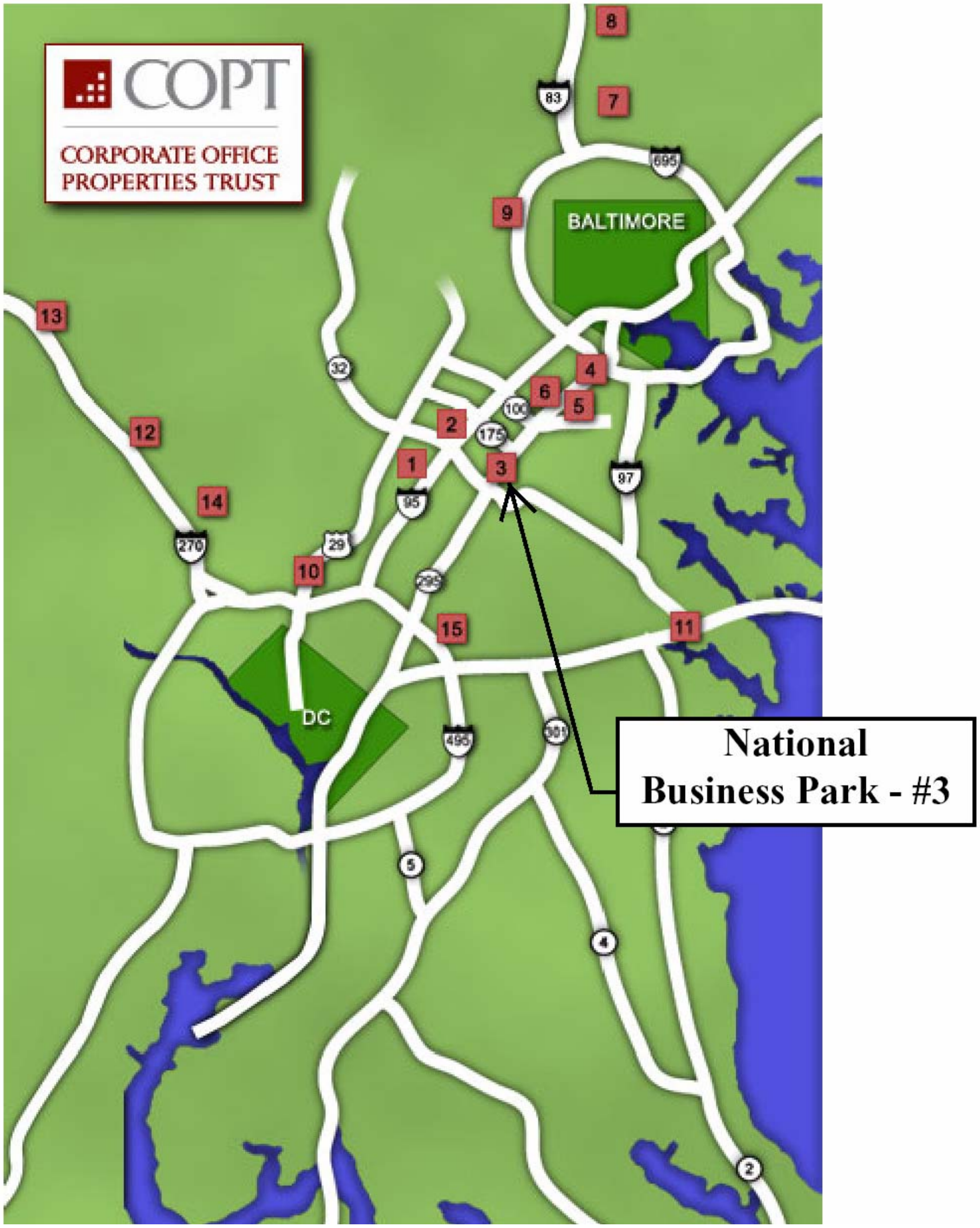
The property in the district is located in Anne Arundel County, Maryland, and consists of 280 acres of land within the Baltimore/Washington Corridor at the northwest quadrant of the intersection of Maryland Route 32 and the Baltimore-Washington Parkway (Maryland Route 295). The proposed development will be completed in two phases and includes a planned Class A office park as well as related mixed-use space, which will include retail, hotels, and day care facilities.

The property in the district is currently being developed by Corporate Office Properties Trust (COPT), (formerly a partnership managed by Constellation Real Estate, Inc). The developer reports that in late 2003, COPT bought out Constellation Real Estate, Inc. All buildings and associated land in the National Business Park development are owned by COPT through a limited liability corporation. Corporate Office Properties, LP (COPLP) is the sole member of the limited liability corporation and COPT is the general partner of COPLP.

Pursuant to the Limited Offering Memorandum (LOM), $15,660,000 in refunding bonds (Series 2004) were sold to defease and refund the $14,000,000 Series 2000 Special Obligation Bonds which were issued to finance the public improvements serving the property located within the district.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of December 31, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.


COPT
CORPORATE OFFICE PROPERTIES TRUST
BALTIMORE
DC
National Business Park - #3
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III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The National Business Park Special Tax District includes approximately 280 gross acres (216 net acres) of property located within the Baltimore/Washington Corridor in Anne Arundel County, Maryland. The district is situated at the northwest quadrant of the intersection of Maryland Route 32 and the Baltimore-Washington Parkway (Maryland Route 295), approximately fifteen miles southwest of Baltimore, Maryland and approximately fifteen miles north of Washington, D.C. The location of National Business Park is shown on the map on page four. The project will be developed in two phases with a planned Class A office park as well as related mixed-use space, which will include retail, hotels, and day care facilities, totaling approximately 2.78 million square feet of leaseable office and mixed-use space.

The business park is to be developed in two phases consisting of 26 office buildings, two hotels, one daycare facility and one retail center. The first phase consists of approximately 130 acres of land on 21 finished lots comprising approximately 1.55 million square feet of leaseable office and mixed-use space. At the time of issuance of the Series 2000 Bonds, Phase I had already been subdivided and 13 of the 21 lots in Phase I were either sold or under contract. Three of the twenty-one lots in Phase I, lots 12, 13, and 15, were subsequently consolidated with lots 14RR and 16RR, respectively. One of the 21 lots was subsequently developed as a parking lot (Lot 3A) and one lot (Lot 17R) was developed as a stormwater management pond. Subsequent to changes in the development plan, the developer reports that there is 1,570,108 square feet of leasable office space in Phase I. The second phase of the project is expected to include 12 lots to be developed with approximately 1,200,000 square feet of leaseable office space on 87 developable acres (108 gross acres).

As outlined in the Limited Offering Memorandum, Phase II was projected to consist of 12 lots with approximately 1,200,000 square feet of leasable office. Subsequent to changes in the development plan, the developer reports there will be 12 lots with approximately 1,820,596 square feet of leasable space for Phase II. The developer reports that construction on seven of the twelve planned office buildings in Phase II is complete. According to the developer, three of the twelve office buildings for Phase II are under construction. These buildings are located on lots 27RR, 26RR and 25RR. The total square footage for these three buildings is equal to 587,016 square feet of the planned 1,820,596 square feet for Phase II. As of December 31, 2008, one of the twelve office building for Phase II (located on lot 32RRR) is under construction, and one of the twelve office buildings for Phase II (located on lot 24RR) is anticipated to begin construction in the third quarter of 2009. The total square footage for these two buildings is equal to 376,063 square feet of the planned 1,820,596 square feet for Phase II. The developer reports that leases have been signed for 824,461 square feet of the 857,335 leaseable square feet. As projected in the appraisal, both phases of National Business Park are expected to be fully built out by 2014.

At the time the Series 2000 Bonds were issued, the on-site public improvements to Phase I, with the exception of Technology Drive (formerly Phoenix Road), were substantially complete. Bids have been executed for the construction of off-site improvements and public work and utility agreements have been executed for the Phase I and Phase II portions of development. Construction of the off-site public improvements has been completed and is discussed in detail below. Mass grading and demolition work in Phase II are complete.

Funding for the development of the finished lots within both Phase I and Phase II of National Business Park, as well as the construction costs of the project not financed by the Series 2004 Bonds, will be secured from COPT's own cash flow from operations and land sales, the reimbursement for completed construction from the Series 2000 Bonds, or from loans or equity provided by Constellation Energy Group, Inc.

B. GOVERNMENTAL APPROVALS

As a general rule, property in Anne Arundel County can be developed pursuant to the zoning for the property with the issuance of grading and building permits. The real property in National Business Park is zoned W-1, an industrial park classification. Permitted uses for W-1 zoning include data processing and computer services, hospitality, wholesale trade, warehousing and storage, research and development establishments, and industrial, general or professional offices. Conditional uses include banks, spas, childcare, retail and restaurants. The proposed use of parcels in National Business Park conforms to the W-1 zoning regulations.

The requisite government permits and approvals within Anne Arundel County that a developer must generally obtain prior to construction include an adequate public facilities approval, which usually occurs at plat recordation, subdivision plat approval, public works and utility agreements, grading permits, infrastructure improvement permits, building permits, state highway access permits (issued by the Maryland Highway Administration, MDSHA), and a wetlands impact permit (issued by the Maryland Department of the Environment and the U.S. Army Corps of Engineers).

Additionally, the developer entered into a letter of understanding between Anne Arundel County, Howard County and the MDSHA, which limited the number of building permits to 900,000 square feet in Phase I until public works agreements had been signed for the Guilford Road (Maryland Route 732) improvements and surety bonds had been provided to the County. These requirements have been met.

The letter of understanding also required the developer to enter into a memorandum of understanding with MDSHA for the widening of the Dorsey Run Road bridge over MD Route 32, which was required by MDSHA as a condition for granting an access permit.

All of the government approvals and permits required for the construction of the land improvements for Phase I, with the exception of the Dorsey Run Road bridge, were in place at the time of issuance of the Series 2000 Bonds. According to the developer, all permits and government approvals for Phase I have been obtained.

All highway access permits for the project have been approved by MDSHA and the county. The memorandum of understanding, which is between the developer, MDSHA, Anne Arundel and Howard Counties, for the off-site improvements to Dorsey Run Road bridge was executed on September 24, 2001.

A subdivision application was made to change the classification of Lot 1 from a reserve parcel category to subdivided lot category. Approval for this change was received on December 14, 2000. This allowed the developer to sell the parcel as a recorded lot. A Marriott Courtyard Hotel was built on this parcel.

Prior to the Series 2000 Bonds being issued, Phase II had been rezoned W-1 for the proposed development. According to the developer, all remaining approvals and issuance of permits for the development of Phase II have been obtained.

C. STATUS OF DEVELOPMENT

(i.) Building Construction and Lot Sales

At the time the Series 2000 Bonds were issued, six office buildings, a hotel, a day care facility and two office buildings were completed in Phase I. Corporate Office Properties Trust (COPT) purchased two additional sites for office buildings and a retail facility site in Phase I. The use of the eight remaining sites in Phase I was for a 128-room hotel, a second day care facility and six class A office buildings. Since that time, the developer has revised the mix of anticipated parcel uses in Phase I. The developer anticipated that a stormwater management pond would be built in lieu of the planned 10,000 square foot day care facility on

Lot 17RR and that Lots 12R, 13A and 14R, which were contracted to COPT, were consolidated into one parcel for the construction of a 124,000 square foot office building. As a result, the use of the remaining sites in Phase I was for a 140-room hotel and five class A office buildings.

The developer reports that settlement for the purchase of Lot 1 with RLJ, Fort Meade Hotel, LLC, (formerly the Donohoe Companies, Inc.), took place on December 31, 2002. Construction on the 140-room Marriott Hotel was completed and this facility opened in the first quarter of 2004.

According to the developer, a contract for Lot 3A was signed with COPT and settlement took place on October 3, 2002. The developer constructed a parking lot on this site for the Lot 3B tenants. According to the developer, this facility was completed in June 2003.

COPT has settled on Lots 5RR and 19RR, which were under contract at the time the Series 2000 Bonds were issued. A building permit for Lot 5RR has been approved and construction of a 10,000 square foot retail facility was completed in the fourth quarter of 2001. Tenant build-out for this facility was completed on February 15, 2002. A building permit for Lot 19RR has been approved and construction of a 150,000 square foot office building was completed in February 2002. According to the developer, tenant build out for this facility is complete and the tenant has occupied the leased space.

A building permit has been received for Lot 20RR, the planned 120,000 square foot office building, which is owned by COPT. Shell construction of this facility was completed in September 2001 and tenant build out was completed in January 2002. According to the developer, COPT subdivided Lots 19RR and 20RR in order to allow the construction of an additional 100,000 square foot facility on Lot 17RRR. The developer reports that construction began on Lot 17RRR in April 2004 and that a lease has been signed by Northrop Grumman for 100 percent of this facility. According to the developer, construction was completed in April of 2005.

The developer reports that Lots 12R, 13A and 14R were consolidated into one lot (Lot 14RR). Settlement of this lot to COPT took place in December 2001. Design proposals for building a 124,000 square foot office building have been completed. According to the developer, construction on this facility began on September 1, 2002 and the shell for this facility was completed in September 2003. The developer reports that this facility is 100 percent leased and construction was completed in the fourth quarter of 2003.

The developer reports that Lots 15 and 16R were consolidated into one lot (Lot 16RR). Recordation took place on September 6, 2001. This lot settled with COPT on January 31, 2002, and the developer reports that the 156,000 square foot building that was built on this lot is fully leased.

According to the developer, COPT settled on the purchase of Lot 17R on November 14, 2003. The developer reports that this lot was to be used as a storm water management pond for Cedar Knolls.

Construction of the ninety five-room hotel in Phase I was completed and opened for business as a Marriott in the first quarter of 2004. Construction of a 10,000 square foot day care facility was continuing at the time of the issuance of the Series 2000 Bonds and has subsequently been completed. Subsequent to the issuance of the Series 2000 Bonds, construction of two Class A office buildings of 120,000 square feet each, which were scheduled to be complete in June 2000 (Lot 9-10RR) and October 2000 (Lot 18RR) respectively, have been completed. Table III-1 below shows the current status of construction and ownership for each lot in Phase I of National Business Park as of December 31, 2008.

Table III-1
Description of Parcels in Phase I of the District

Lot	Proposed Use	Owner	Construction Status	GLA SF
Phase I				
1	Hotel	RLJ, Fort Meade Hotel, LLC	Completed	140 Rooms
3A	Parking Lot	NBP Lot 3A, LLC	Completed	0
3B	Office	NBP One, LLC	Completed	240,336
4RA	Day Care	GRDM, Inc.	Completed	10,000
5RR	Retail	NBP Retail, LLC	Completed	9,908
6AR	Office	NBP 131-133-142, LLC	Completed	69,021
6BR	Office	NBP 131-133-141, LLC	Completed	87,178
7AR	Office	NBP IV, LLC	Completed	87,251
7B	Office	NBP 131-133-141, LLC	Completed	87,120
8R	Hotel	Hospitality Development, LLC	Completed	95 Rooms
9-10R	Office	NBP 132, LLC	Completed	118,598
11R	Office	NBP 134, LLC	Completed	93,482
12R	Office	NBP 140, LLC	Consolidated with Lot 14RR	Part of Lot 14
13A	Office	NBP 140, LLC	Consolidated with Lot 14RR	Part of Lot 14
14RR	Office	NBP 140, LLC	Completed	119,904
15	Office	NBP 220, LLC	Consolidated with Lot 16RR	Part of Lot 16
16RR	Office	NBP 220, LLC	Completed	156,730
17 R	SWM Pond	Jolly Acre, LP	Stormwater Management Pond	N/A
17RRR	Office	NBP 191, LLC	Completed	103,683
18RR	Office	NBP 221, LLC	Completed	117,447
19RR	Office	NBP 211, LLC	Completed	152,000
20RR	Office	NBP 201, LLC	Completed	117,450
Total				**1,570,108**

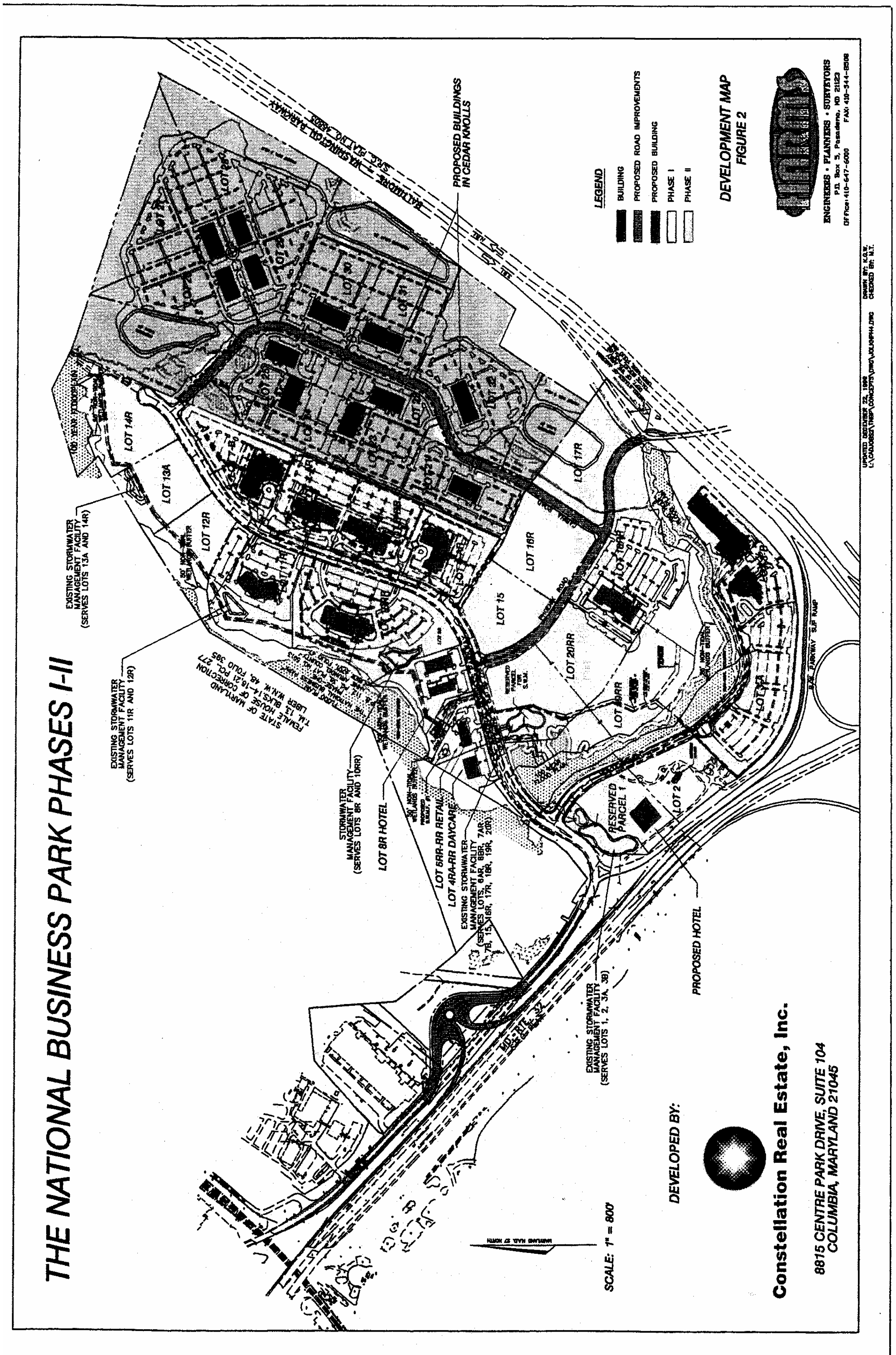
The proposed twelve lots in Phase II are anticipated to be developed as Class A office space. COPT began constructing the first six buildings in Phase II, comprising 854,078 square feet of leaseable space, in 2007. As of December 31, 2008, the developer reports that construction on seven of the twelve planned office buildings in Phase II is complete. These seven buildings are located on lots 21R, 22R, 23R, 28RR, 29RR, 30R and 31RRR, and consist of 857,517 square feet of the planned 1,820,596 square feet for Phase II. As of December 31, 2008, the developer reports that one of the twelve office buildings for Phase II (located on Lot 32RR) is under construction and one of the twelve office buildings for Phase II (located on Lot 24RR) is anticipated to begin construction in the third quarter of 2009. The total square footage for these two buildings is equal to 376,063 square feet of the planned 1,820,596 square feet for Phase II.

Table III-2 below shows the status of construction and ownership of each lot in Phase II of National Business Park as of December 31, 2008. Corporate Office Properties (COPT) settled on the purchase of all of the parcels within the Cedar Knolls development in two Phases. Phase I settled on January 24, 2003 and Phase II settled on November 14, 2003. COPT may reconfigure the street and lot layout. As a result, the

Public Works and Utility Agreements will be phased.

Table III-2
Description of Parcels in Phase II of the District

Lot	Proposed Use	Owner	Construction Status	GLA SF
Phase II				
30R	Office	NBP 322, LLC	Completed	125,568
29RR	Office	NBP 320, LLC	Completed	125,681
28RR	Office	NBP 318, LLC	Completed	125,681
31RRR	Office	NBP 314,LLC	Completed	4,462
23R	Office	NBP 306, LLC	Completed	157,896
21R	Office	NBP 304, LLC	Completed	162,498
22R	Office	NBP 302, LLC	Completed	155,731
32RRR	Office	Jolly COPT I, LLC	Under Construction	186,063
24RR	Office	Jolly COPT I, LLC	Construction to Start 3Q 2009	190,000
27RR	Office	Jolly COPT I, LLC	Lot in Development	125,500
26RR	Office	Jolly COPT I, LLC	Lot in Development	230,758
25RR	Office	Jolly COPT I, LLC	Lot in Development	230,758
Total				**1,820,596**


THE NATIONAL BUSINESS PARK PHASES I-II
PROPOSED BUILDINGS IN CEDAR KNOLLS
BALTIMORE - WASHINGTON PARKWAY
LEGEND
BUILDING
PROPOSED ROAD IMPROVEMENTS
PROPOSED BUILDING
PHASE I
PHASE II
DEVELOPMENT MAP
FIGURE 2
ENGINEERS • PLANNERS • SURVEYORS
100 YEAR FLOODPLAIN
LOT 14R
LOT 13A
LOT 12R
LOT 16R
LOT 15
LOT 17R
LOT 20RR
EXISTING STORMWATER MANAGEMENT FACILITY (SERVES LOTS 13A AND 14R)
EXISTING STORMWATER MANAGEMENT FACILITY (SERVES LOTS 11R AND 12R)
STATE OF MARYLAND FEMALE HOUSE OF CORRECTION
STORMWATER MANAGEMENT FACILITY (SERVES LOTS 8R AND 10RR)
LOT 8R HOTEL
LOT 6RR-RR RETAIL
LOT 4RA-RR DAYCARE
EXISTING STORMWATER MANAGEMENT FACILITY (SERVES LOTS 6RR, 7AR, 7B, 15, 16R, 17R, 18R, 19R, 20R)
RESERVED PARCEL 1
LOT 2
PROPOSED HOTEL
EXISTING STORMWATER MANAGEMENT FACILITY (SERVES LOTS 1, 2, 3A, 3B)
MD. RTE. 32
SCALE: 1" = 800'
DEVELOPED BY:
Constellation Real Estate, Inc.
8815 CENTRE PARK DRIVE, SUITE 104
COLUMBIA, MARYLAND 21045

(ii.) Leasing Status

According to the Limited Offering Memorandum, at the time of issuance of the Series 2000 Bonds, six office buildings had been completed in Phase I. Tenants within the six completed office buildings included: United States Army Corps of Engineers, Lockheed, Intel, TASC, e.spire Communications, Inc., Applied Signal Technology, Stanford Telecom, Harris Corporation, Electronic Data Systems, General Dynamics, Raytheon, E-Systems, CMSI, Impact Science & Technology, and Booz Allen & Hamilton. The developer also reported in the Series 2000 Limited Offering Memoradum that leases had been executed with Ameritrade and General Dynamics for 91,839 square feet in two additional office buildings that were under construction. Table III-3 below provides a list of those entities that are currently reported as tenants in Phase I of National Business Park. According to the developer, as of December 31, 2008, the total leaseable space 1,560,208 square feet in Phase I was 99 percent leased. Two previous lessees, Lockheed Martin and Intel, have since vacated the premises, resulting in a decrease from full vacancy as of December 21, 2007. New tenants for property in Phase I include: Boeing, Praxis Engineering Tech., COPT Property Management, Omen, Inc., Bearing Point. Two tenants have also undergone name changes including: EDO Corporation (formerly ITT Defense), and L-3 Communications (formerly Titan Corporation).

As of December 31, 2008, the developer reports that leases have been signed for 824,461 square feet of the 857,335 available square feet in the first seven buildings in Phase II, which represents approximately 96 percent of the estimated leaseable space of the first seven buildings in Phase II. The U.S. Government is currently occupying the newly completed lots 28RR, 29RR, 30R, and 31RRR.

Table III-3
Leasing Status

Tenant	Phase	Lot	Square Feet
Phase I:			
U.S. Government	I	3B	240,336
Jeff & Joe's Deli	I	5RR	3,790
Fitness Center (COPT)	I	5RR	4,363
Concierge (COPT)	I	5RR	1,755
Vacant	I	6AR	9,270
U.S. Government	I	6AR	10,703
Boeing	I	6AR	49,048
Vacant	I	6BR	10,893
Proteus Technologies	I	6BR	25,671
U.S. Government	I	6BR	50,614
Praxis Engineering Tech.	I	7AR	40,200
EDO Corporation (ITT)	I	7AR	18,475
Omen, Inc.	I	7AR	13,378
COPT Property Mgmt.	I	7AR	7,260
BearingPoint	I	7AR	7,938
ITT Defense	I	7B	79,660
Raytheon	I	7B	6,062
Constellation Energy	I	7B	1,398
U.S. Government	I	10R	87,973
Harris Corporation	I	10R	30,625
Booz Allen Hamilton	I	11R	69,286
U.S. Government	I	11R	24,196
U.S. Government	I	14RR	119,904
L-3 Communications	I	16RR	156,730
Northrop Grumman	I	17RRR	103,683
General Dynamics	I	18RR	91,193
U.S. Government	I	18RR	26,254
Computer Sciences Corp.	I	19RR	152,000
Northrop Grumman	I	20RR	73,338
L-3 Communications	I	20RR	44,112
Subtotal Phase I			**1,560,108**
Phase II:			
Booz Allen Hamilton	II	21R	129,858
U.S. Government	II	21R	32,640
Argon ST	II	22R	3,960
U.S. Government	II	22R	40,498
Scitor Corporation	II	22R	32,244
Rohde & Schwarz	II	22R	3,128
Ventura Solutions	II	22R	3,919
U.S. Government	II	22R	39,108
Vacant	II	22R	32,874
Applied Signal Tech	II	23R	60,856
Sun Microsystem	II	23R	32,286
Alion Science & Tech.	II	23R	32,286
BAE Systems	II	23R	32,286
U.S. Government	II	28RR	125,681
U.S. Government	II	29RR	125,681
U.S. Government	II	30R	125,568
U.S. Government	II	31RRR	4,462
Subtotal Phase II			**857,335**
TOTAL:			**2,417,443**

(iii.) Status of Financing

Funding for the development of the finished lots within both Phase I and Phase II of National Business Park, as well as the construction costs of the project not financed by the Series 2004 Bonds, was to be secured from the developer's own cash flows from operations and land sales, the reimbursement of completed construction totaling $4,063,000 from the Series 2000 Bonds at closing, or from loans or equity, if necessary, provided by Constellation Energy Group, Inc.

As of December 31, 2008, total investment in National Business Park by COPT or related entities reported by the developer is $439,984,700. Additionally, COPT has invested $9,709,000 in the remaining undeveloped land parcels in both Phases I and II, resulting in a total investment of $449,693,700.

D. PUBLIC IMPROVEMENTS

The proceeds of the Series 2000 Bonds were used to fund the costs of public improvements required for the development of National Business Park. At the time of bond issuance, the on-site public improvements to Phase I, with the exception of Technology Drive (formerly Phoenix Road), were substantially complete. As set forth in the ordinances establishing the district, the public improvements funded from the Series 2000 Bonds were (i) the construction of a partial interchange on the north side of Maryland Route 32 and Guilford Road including acceleration and deceleration lanes, (ii) the widening and realignment of the Anne Arundel County section of Guilford Road from two lanes to four lanes, (iii) an additional lane (to provide two-way traffic) as the NSA flyover on the Baltimore-Washington Parkway connecting to National Business Parkway (including an internal connection road from National Business Parkway to the NSA flyover and an internal connection road from National Business Parkway to Technology Drive, formerly Phoenix Road), and (iv) related roads, water and sewer lines, and storm drains for Phase II of National Business Park.

As of July 15, 2002, the Anne Arundel County Council approved Resolution Number 29-02, which amended Resolution Number 53-99 by revising the infrastructure improvements originally disclosed in Resolution Number 53-99 to include "the widening of the Dorsey Run Road Bridge over Maryland State Route 32." The effect of this resolution was to approve the expenditure of TIF bond proceeds for this project.

According to the developer, the estimated cost for the Dorsey Run Road Bridge is in excess of $4,100,000. In TIF Requisition Number 10, dated December 2, 2002, the developer transferred $2,904,344 in the line item budget for Phase II (Cedar Knolls) to the line item for improvements to Dorsey Run Road Bridge. The developer reports that improvements to Phase II have been and will continue to be funded with equity. According to the developer, improvements to the Dorsey Run Road Bridge were completed and accepted by MDOT in October 2003.

Table III-4 on the following page shows the percent of construction completed as well as the budget for public improvements and the amount funded as of December 31. 2008. According to the developer, other than minor punch list work, the Phase I improvements to these roadways are complete and the one year maintenance bond was issued in the first quarter of 2002 for all of the Phase I improvements except the NSA flyover, which is a federal roadway. The developer further reports that the MD Route 32 interchange ramps, Guilford Road, the NSA flyover and Technology Drive (formerly Phoenix Road), and Carina Road are operational.

Table III-4
Series 2000 Bonds Budget and Expenditures

Public Improvement	Original Budget	Budget Changes	Revised Budget	Construction Completed	Percent Complete
Design & Engineering	$900,000	$0	$900,000	$900,000	100.0%
Acquisition of right-of-way	$1,500,000	($531,604)	$968,396	$968,396	100.0%
Legal/Consultants	$355,000	$134,546	$489,546	$489,545	100.0%
Utility Relocation	$150,000	($22,626)	$127,374	$127,374	100.0%
Guilford Road	$1,100,000	$400,000	$1,500,000	$1,500,000	100.0%
Technology Drive (formerly Phoenix Road) & Carina Road	$760,000	$50,001	$810,001	$810,000	100.0%
NSA Flyover	$635,000	$109,339	$744,339	$744,339	100.0%
MD Route 32 & Ramps	$2,320,000	$580,000	$2,900,000	$2,900,000	100.0%
Permit fees, bonds and inspections	$375,000	($105,000)	$270,000	$270,000	100.0%
Phase II (Cedar Knolls)	$3,519,000	($3,519,000)	$0	$0	0%
Dorsey Run Road Bridge	$0	$2,904,344	$2,904,344	$2,904,344	100.0%
TOTAL	$11,614,000	$0	$11,614,000	$11,614,000	100.0%

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2004 Bonds is Manufacturers and Traders Trust (formerly Allfirst Trust Company, National Association.) The balance as of December 31, 2007, interest paid, disbursements, special assessment collections, additional proceeds, and account balances for each fund as of December 31, 2008, are shown by the following table:

Table IV-1
Summary of Fund Account Balances

Account/Fund	Balance 12/31/07	Interest Paid	Additional Proceeds	Disbursements	Balance 12/31/08
Debt Service Fund	$0	$0	$757,425	$757,425	$0
Escrow Deposit Fund	$15,426,050	$590,738	$0	$1,127,553	$14,889,235
Total	$15,426,050	$591,257	$757,425	$1,884,978	$14,889,754

Additional proceeds to the Debt Service Fund are tax increment revenues transferred by the county to pay debt service. The balance of $14,889,754 is being held in an escrow deposit account to defease the Series 2000 Bonds.

Table IV-2 below shows the current rate of return on the investments. Bond proceeds in the Escrow Deposit Account are invested in U.S. Treasury money market accounts currently earning approximately 3.87 percent.

Investment income on the debt service fund will be applied to the payment of debt service. Investment income on the administrative expense fund will remain in the fund and will be used to pay administrative expenses; however, on the last day of each fiscal year, the county may withdraw surplus funds. Investment income on the escrow fund will remain in the fund and will be used for the purposes of the escrow fund.

Table IV-2

Account	Rate of Return
Escrow Deposit Fund	3.87%

V. DISTRICT OPERATIONS

A. SPECIAL TAX REQUIREMENT

Special taxes are to be levied up to the maximum special tax rate in an amount equal to the special tax requirement. The special tax requirement is generally equal to (i.) annual debt service, (ii.) other expenses of the county related to the district, less (iii.) tax increment revenues.

Table V-1 provides a summary of the special tax requirement for fiscal year 2008-2009. Tax increment revenues and other available revenues will be sufficient to pay debt service on the bonds and administrative expenses. As a result, the special tax requirement for fiscal year 2008-2009 is zero. Each of these numbers is explained in the following sections.

Table V-1
Special Tax Requirement
Fiscal Year 2008-2009

Debt Service:	
Interest on January 1, 2009	$378,713
Interest on July 1, 2009	$378,713
Principal on July 1, 2009	$190,000
Sub-total debt service	$947,425
Administrative Expenses	$16,200
Contingency	$30,000
Total expenses	$993,625
Tax Increment Revenues (FY08-09)	($3,697,289)
Surplus from Prior Year	($0)
Special Tax Requirement	$0

(i.) Debt Service

Debt service includes interest payments of $378,713 on the Series 2004 Bonds due on January 1, 2009 and July 1, 2009. These payments equal interest for six months on the following term bonds:

Serial Bonds of:	
$190, 000 at 3.00%	$5,700.00
$380,000 at 3.00%	$11,400.00
$415,000 at 3.50%	$14,525.00
$450,000 at 4.00%	$18,000.00
$495,000 at 4.00%	$19,800.00
$540,000 at 4.50%	$24,300.00
$590,000 at 4.50%	$26,550.00
$640,000 at 4.50%	$28,800.00
$695,000 at 4.50%	$31,275.00

$1,045,000 at 5.125%	$53,556.25
$1,125,000 at 5.125%	$57,656.25
$1,215,000 at 5.125%	$62,268.75
Term 2019 Bonds of $1,575,000 at 5.125%	$80,718.75
Term 2013 Bonds of $1,855,000 at 5.125%	$95,068.75
Term 2029 Bonds of $4,445,000 at 5.125%	$227,806.25
Total:	$757,425.00

There is a principal payment due of $190,000 on July 1, 2009; total debt service is, therefore, $947,425.

(ii.) Administrative Expenses

Administrative expenses include the trustee, the administrator, and the expenses of the county related to the district. The annual charges of the trustee are estimated to be $4,700. The fees and expenses of the administrator are estimated to be $8,500. The expenses of the county are estimated to be $3,000. Accordingly, the total administrative expenses are estimated at $16,200.

(iii.) Contingency

A contingency, equal to approximately three percent of annual debt service, has been added in case there are unanticipated expenses; property tax delinquencies or interest income earned is less than estimated.

(iv.) Tax Increment Revenues

The full cash value of the taxable property in the tax increment district for the base year was equal to $37,704,600, resulting in assessed value of $15,081,840. The phased-in full cash value of the taxable property in the district as of July 1, 2008 is $452,643,308, as shown in Appendix A. Beginning with fiscal year 2001-2002, assessed value is equal to full cash value; accordingly, the assessed value of the taxable property in the district for fiscal year 2008-2009 is equal to the full cash value, that is, $452,643,308. The incremental assessed value is, therefore, equal to $414,959,508 ($452,643,308 - $37,704,600 = $414,959,508). The increment value is calculated based on the full cash value in the base year, since the effect of converting to an assessed value equal to full cash value is intended to be revenue neutral.

The real property tax rate for Anne Arundel County in fiscal year 2007-2008 was equal to $0.891 per $100 of assessed value. For purposes of estimating tax increment revenues for fiscal year 2008-2009, the same real property tax rate of $0.891 is assumed. Accordingly, based on the incremental assessed value in the district and the estimated real property tax rate, the tax increment revenues are estimated to be equal to $3,697,289.

(v.) Surplus from Prior year

The estimated surplus from the prior year that may be applied to pay debt service and administrative expense in fiscal year 2008-2009 is shown below in Table V-2. Debt service on the Series 2004 Bonds consists of an interest only payment of $378,789 due on July 1, 2008. Tax increment revenues were estimated to be $2,690,077 for fiscal year 2007-2008. According to Anne Arundel County, $2,714,293 in tax increment revenues, representing 100 percent of the tax increment revenues due for fiscal year 2007-2008, have been collected. According to the county, the $24,216 increase between the estimated and actual tax increment revenues for fiscal year 2008-2009 is explained by a decrease in the real property tax rate from $0.918 to $0.891 per $100 of assessed value and an aggregate increase in assessed value of $11,618,500 on the taxable property within the district by the Maryland State Assessor's Office.

Anne Arundel County transferred $378,713 to the trustee on January 2, 2008 to make the semi-annual debt service payment of $378,713 on the Series 2004 Bonds on that date. As a result, the county is currently holding additional tax increment revenues totaling $2,335,580. A portion of the tax increment revenues held by the county will be transferred to make the semi-annual debt service payment of $378,713 on the Series 2004 Bonds on July 1, 2008, resulting in a surplus of tax increment revenues of $1,956,868. The balance of these revenues may be transferred to the general fund and are, therefore, not assumed to be available to pay debt service and administrative expenses in fiscal year 2008-2009.

Table V-2
Surplus from Prior Year

Debt Service:	
Interest on July 1, 2008	$378,713
Principal on July 1, 2008	$0
Total Debt Service	$378,713
Available Funds:	
TIF Revenues held by county	$2,335,580
Total Available Funds	$2,335,580
Funds transferred to the County's General Fund	$1,956,868
Surplus from Prior Year	$0

Summary

The total expenses of the district for fiscal year 2008-2009 are estimated to be equal to $993,625.00. Tax increment revenues available to pay the expenses are estimated to be $3,697,289, resulting in a special tax rate of zero.

B. SPECIAL TAXES LEVIED AND COLLECTED

Special taxes were not levied in fiscal years 2000-2001, 2001-2002, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008 or 2008-2009. As a result there are no delinquent special taxes for those fiscal years.

Special taxes were levied and collected in the amount of $326,743 for fiscal year 2002-2003. As a result there are no delinquent special taxes at this time.

C. DELINQUENT SPECIAL TAXES

There are no delinquent special taxes at this time.

D. COLLECTION EFFORTS

There are no special tax collection efforts underway at this time.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section 2(a) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2008, unless otherwise stated.

A. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

B. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT

There have been no changes to the Rate and Method of Apportionment of Special Taxes by the county since the bonds were issued.

C. CHANGES IN THE AD VALOREM TAX RATES

According to Anne Arundel County, the ad valorem tax rate has decreased from $0.891 to $0.888 per $100 of assessed value for fiscal year 2008-2009.

D. CHANGES IN ASSESSED VALUE OF REAL PROPERTY

Table VI-1 on the following page shows the change in assessed value of the property within the district as of the phase-in date of July 1, 2008. Since the base year, January 1, 1995, the assessed value of the taxable property in Phase I and II has increased by $412,387,076 or 1,093.7 percent.

Tax increment revenues for fiscal year 2008-2009 were estimated to be $3,697,289. According to Anne Arundel County, actual tax increment revenues for fiscal year 2008-2009 are $3,661,996. According to Anne Arundel County, the difference between the estimated and actual tax increment revenues is explained by a decrease in the tax rate from $0.888 to $0.891 per $100 of assessed value and a decrease in the aggregate assessed value of $40,256,232 from $452,643,308 to $412,387,076, as a result of a mid year adjustment of the assessed value.

Table VI-1
Assessed Value of Property

Account Number	Lot	Base Full Cash Value (01/01/95)	Phased-in Assessed Value (07/01/08)	Amount of Increase
4-499-9006-2396	1	$211,100	$14,694,400	$14,483,300
4-499-9007-8976	3A	$433,925	$2,542,266	$2,108,341
4-499-9006-2388	3B	$22,080,800	$36,936,433	$14,855,633
4-499-9006-2386	4RA	$58,800	$1,325,900	$1,267,100
4-499-9006-2539	5RR	$174,650	$1,136,300	$961,650
4-499-9007-8979	6BR	$267,250	$13,871,133	$13,603,883
4-499-9006-2541	6AR	$3,668,250	$12,306,200	$8,637,950
4-499-9007-8980	7AR	$330,700	$11,595,566	$11,264,866
4-499-9006-2542	7B	$6,069,100	$13,639,400	$7,570,300
4-499-9007-8981	8R	$254,150	$8,943,800	$8,689,650
4-499-9007-8983	10RR	$573,025	$22,110,100	$21,537,075
4-499-9007-8986	11R	$293,200	$17,274,333	$16,981,133
4-499-9010-0595	14RR	$779,225	$24,454,866	$23,675,641
4-499-9007-8991	16RR	$579,250	$27,608,066	$27,028,816
4-499-9007-8992	17RR	$318,650	$18,262,600	$17,943,950
4-499-9007-8993	18RR	$474,950	$16,632,233	$16,157,283
4-499-9007-8994	19RR	$615,250	$28,542,066	$27,926,816
4-499-9007-8995	20RR	$251,600	$17,877,566	$17,625,966
4-000-0080-8475		$109,900	$244,186	$134,286
4-499-9006-2393	Res Pcl E	$34,000	$600	($33,400)
4-499-9006-2395	Res Pcl G	$36,500	$0	($36,500)
4-499-9006-2397	SWM Pond	$30,825	$1,400	($29,425)
4-499-9006-2547	SWM Pond	$700	$1,066	$366
4-499-9007-8977		$58,600	$0	($58,600)
4-499-9007-8985	SWM Pond	$50	$200	$150
4-499-9007-8990	Flood Plain	$50	$100	$50
4-499-9007-8996	SWM Pond	$100	$200	$100
Subtotal Phase I		**$37,704,600**	**$290,000,980**	**$252,296,380**
4-499-9022-0562	Flood Plain	$0	$633	$633
4-499-9022-0563	SWM Pond #3	$0	$6,500	$6,500
4-499-9022-0564	21R	$0	$28,030,800	$28,030,800
4-499-9022-0565	22R	$0	$31,961,800	$31,961,800
4-499-9022-0566	23R	$0	$28,736,500	$28,736,500
4-499-9022-0567	24R	$0	$1,305,500	$1,305,500
4-499-9022-0568	25R	$0	$2,200,866	$2,200,866
4-499-9021-8041	26R	$0	$2,976,600	$2,976,600
4-499-9022-0850	Pt Lot 26R	$0	$142,500	$142,500
4-499-9021-8042	27RR	$0	$3,558,866	$3,558,866
4-499-9021-8043	28RR	$0	$28,099,566	$28,099,566
4-499-9021-8044	29RR	$0	$27,654,966	$27,654,966
4-499-9022-0569	30R	$0	$2,623,266	$2,623,266
4-499-9022-0570	31RR	$0	$1,092,533	$1,092,533
4-499-9022-0571	32RR	$0	$1,699,700	$1,699,700
Subtotal Phase II		**$0**	**$160,090,596**	**$160,090,596**
TOTAL:		**$37,704,600**	**$450,091,576**	**$412,386,976**

The base year assessed value reported in the Series 2000 Bonds Limited Offering Memorandum was $44,777,363, which included $7,868,800 for the Cedar Knolls property. Cedar Knolls was public property in the base year. The Series 2000 Limited Offering Memorandum included the value to be conservative. Table VI-1 shows the base assessed value excluding the Cedar Knolls parcel, since this is currently how tax increment revenues are being calculated. For comparison purposes, the base year assessed values for Lots 9 and 10, which were consolidated to form Lot 10RR have been combined. Likewise, the base year assessed values have been consolidated for Lots 12, 13 and 14, which were combined to create Lot 14RR, and Lots 15 and 16, which were combined to form Lot 16RR.

E. DISTRICT SPECIAL TAXES LEVIED

The amount of special taxes levied for FY08-09 is included in Subsection C "Special Taxes Levied and Collected" of Section V, "District Operations," of this report.

F. STATUS OF COLLECTION OF AD VALOREM AND SPECIAL TAXES

Tax increment revenues for fiscal year 2008-2009 were estimated to be $3,697,289. According to Anne Arundel County, actual tax increment revenues for fiscal year 2008-2009 are $3,661,996. According to Anne Arundel County, the difference between the estimated and actual tax increment revenues is explained by a decrease in the tax rate from $0.888 to $0.891 per $100 of assessed value and a decrease in the aggregate assessed value $40,256,232 from $452,643,308 to $412,387,076, as a result of a mid year adjustment of the assessed value.

There were no special taxes levied on the property with in the district for fiscal year 2008-2009. As a result, there are no delinquent special taxes at this time.

G. PROPERTY OWNERSHIP

The current ownership of the property within the district is shown in Tables III-1 and III-2 of Section III, "Development Activity," of this report. The property owners within the district, other than the developer, COPT and related entities, include RLJ Fort Meade Hotel, LLC, Hospitality Development, LLC, which owns the, 95-room Marriott Hotel and GRDM, Inc., which owns the 10,000 square foot day care facility.

Table VI-2
Property Ownership

Owner	Phase-in Assessed Value (07/01/08)	Percent of Total
COPT:		
Jolly Acres, LP	$100	0.00%
Jolly COPT I, LTD	$8,928,998	1.98%
Jolly COPT II, LTD	$6,677,966	1.48%
COPT, LP	$3,466	0.00%
NBP One, LLC	$36,936,433	8.21%
NBP Lot 3A, LLC	$2,542,266	0.56%
NBP Retail, LLC	$1,136,300	0.25%
NBP 131-133-141, LLC	$27,510,533	6.11%
NBP 131-133-142, LLC	$12,306,200	2.73%
NBP IV, LLC	$11,595,566	2.58%
NBP 132, LLC	$22,110,100	4.91%
NBP 134, LLC	$17,274,333	3.84%
NBP 140, LLC	$24,454,866	5.43%
NBP 201, LLC	$17,877,566	3.97%
NBP 211, LLC	$28,542,066	6.34%
NBP 220, LLC	$27,608,066	6.13%
NBP 221, LLC	$16,632,233	3.70%
NBP 191, LLC	$18,262,600	4.06%
NBP 302, LLC	$31,961,800	7.10%
NBP 304, LLC	$28,030,800	6.23%
NBP 306, LLC	$28,736,500	6.38%
NBP 318, LLC	$28,099,566	6.24%
NBP 320, LLC	$27,654,966	6.14%
NBP 324, LLC	$244,186	0.05%
Subtotal COPT	**$425,127,476**	**94.45%**
RLJ Fort Meade Hotel, LLC	$14,694,400	3.26%
GRDM, Inc.	$1,325,900	0.29%
Hospitality Development, LLC	$8,943,800	1.99%
Subtotal Others	**$24,964,100**	**5.55%**
TOTAL:	**$450,091,576**	**100.00%**

H. LAND USE AMENDMENTS

Other than the change in classification of Lot 1 from a reserved parcel to a subdivided lot, the developer reports that as of December 31, 2008, no other significant amendments to land use entitlements or legal challenges to the construction of the project have been made.

I. CHANGES TO DEVELOPMENT

As of December 31, 2008, the developer reports that there have been no changes to reduce the density or square footage of the development other than the proposed change for Lot 17R (5.413 acres), which the developer has developed as a stormwater management pond in lieu of the 10,000 square foot day care facility originally designed to be built Lot 17RR and lot reconfigurations by moving lot lines to accommodate tenants.

J. DEBT SERVICE SCHEDULES

The table below shows debt service coverage from tax increment revenues and special taxes.(For comparison purposes, the base year value below has been adjusted by utilizing full cash value for the base year.) The base assessed value is the value excluding the Cedar Knolls parcel in the base year, since this is currently how tax increment revenues are being calculated.

Table VI-3
Debt Service Coverage

Debt Service (bond year ending July 1, 2009)	$757,425
Base Year Assessed Value (January 1, 1995)	$37,704,600
Phased-in Assessed Value July 1, 2008	$450,091,576
Increase in Assessed Value	$412,387,076
County Tax Rate (FY 2008-09)	$0.89
Tax Increment Revenues[1]	$3,661,996
Debt Service Coverage	484%
Special Tax Levied (FY 2007-08)	$0
Debt Service Coverage	0%
Note: Special taxes may only be levied to the extent necessary to pay debt service after taking into account tax increment revenues.	

1 The tax increment revenue amount of $3,661,996 represents the actual tax increment revenue reported by Anne Arundel County for fiscal year 2008-2009.

VII. SIGNIFICANT EVENTS

A. DEVELOPER'S SIGNIFICANT EVENTS

According to the continuing disclosure agreement, developer significant events include the following:

(i) failure to pay any real property taxes (including the special taxes) levied within the district on a parcel owned by the developer or any affiliate thereof;

(ii) material damage to or destruction of any development or improvements within the district owned by the developer;

(iii) the filing by or against the developer or any affiliate thereof, the general partner or any member of the developer or any owners of more than 25 percent interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or an owner of interest in the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they become due; and

(iv) the filing of any lawsuit with claim for damages in excess of $1,000,000 against the developer which may adversely affect the completion of the development of finished commercial building lots in National Business Park or the construction of the project or litigation in excess of $1,000,000 which would materially adversely affect the financial conditions of the developer or any affiliate of the developer who owns property in the district.

Inquiries have been made with Corporate Office Properties Trust regarding the occurrence of any significant event and they have reported that no significant events have occurred as of December 31, 2008.

B. LISTED EVENTS

Pursuant to the Continuing Disclosure Agreement, listed events include the following:

(i) delinquency in payment when due of any principal of or interest on the bonds;

(ii) occurrence of any material default under the indenture (other than described in clause (i) above);

(iii) amendment to the indenture modifying the rights of the bondholders;

(iv) giving of notice of optional or unscheduled redemption of bonds;

(v) defeasance of bonds or any portion thereof;

(vi) any change in the rating, if any, on the bonds;

(vii) adverse tax opinions or events affecting the tax-exempt status of the bonds;

(viii) the release or substitution of property securing repayment of the bonds: and

(ix) the continuing disclosure event notices provided to the administrator by the developer as more particularly set forth in the developer's continuing disclosure agreement so long as the developer owns property in the district.

The administrator is not aware of the occurrence of any listed event as of the date of this report (February 10, 2009).