

The background of the slide features a large American flag on the left side, waving against a clear blue sky. On the right side, two blue jets are flying in formation, leaving white smoke trails.

Corporate Office Properties Trust

**Investor
Presentation:
BofA Virtual Global
Real Estate Conference**

September 21-22, 2021

The Preferred Provider of Mission Critical Real Estate Solutions

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Safe Harbor

Unless otherwise noted, information in this presentation represents the Company's consolidated portfolio as of or for the quarter ended June 30, 2021.

This presentation 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. These statements may include, without limitation, statements regarding: our belief that we are well-positioned to maintain relative normal operations through the COVID-19 crisis; our expectations as to renewal leasing, rent relief requests, development leasing and development projects; our liquidity situation; and our dividend. 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. Although the Company believes that expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, 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 and the Company undertakes no obligation to update or supplement any forward-looking statements.

The areas of risk that may affect these expectations, estimates and projections include, but are not limited to, those risks described in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.



I. Overview of COPT



Rendering of 8000 Rideout Road, Huntsville, AL

COPT's Strategic Framework

Goal	To deliver attractive total returns for shareholders
Objective	To generate high quality, recurring NOI that translates into FFO and NAV per share growth
Strategy	Allocate capital to durable demand locations, primarily at Defense/IT Locations
Tactics	<ul style="list-style-type: none">▪ Execute low-risk development/redevelopment opportunities▪ Maintain a strong, investment grade rated balance sheet▪ Opportunistically recycle assets to maintain high portfolio quality and/or to fund development

Our Competitive Advantages

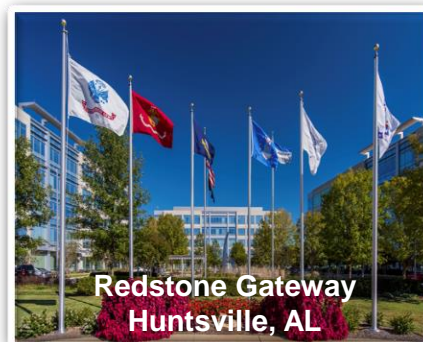
One of the only “go-to” landlords for secured, specialized space*

Unique + Advantaged Land Positions	Proximity to Demand Drivers – Properties and entitled land adjacent to mission-critical, knowledge-based defense installations
Development Expertise	Trusted provider of secured, specialized space, with the ability to satisfy SCIF, ATFP, and other requirements
Operating Platform	Our teams of managers have specialized skills & credentials required to handle the complex space & security-oriented needs of tenants at our Defense/IT Locations – a distinct competitive advantage over non-credentialed landlords
Track Record + Customer Relationships	Nearly 30 years of operating excellence and customer service <ul style="list-style-type: none">Since 1992, one of the few trusted landlords able to accommodate U.S. Government & defense contractor tenant requirements

Capital Allocation Strategy

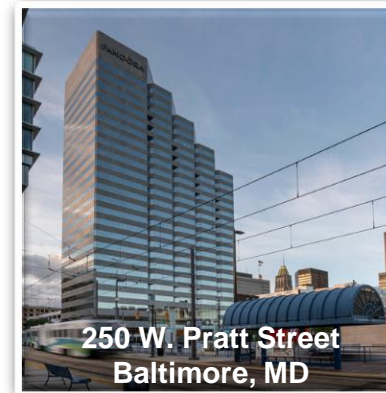
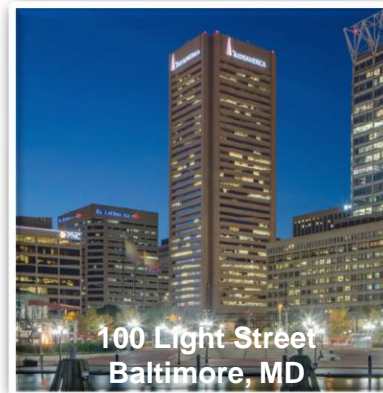
Defense/IT Locations – 88% of Core Portfolio Annualized Revenues

- We are the preeminent provider of real estate & services to the U.S. Government & Defense IT contractors
 - » Developable land adjacent/proximate to hi-tech & cybersecurity-oriented USG defense installations executing priority missions



Regional Office Locations – 12% of Core Portfolio Annualized Revenues

- We own Class-A office buildings in mixed-use, transit-served locations
 - » Walkable amenities
 - » Vibrant and growing residential
 - » Transportation-advantaged



Demand Drivers

COPT's Defense/IT Locations are aligned with defense installations whose missions remain DOD spending priorities:

- » ISR: Intelligence, Surveillance + Reconnaissance
- » Gaining Military Efficiencies
- » Missile Defense R&D
- » Cybersecurity
- » Cloud Computing

Core Portfolio by Demand Driver*

Demand Driver	Total SF (000s)	% Leased	% Core ARR
▪ Ft. Meade	8,289	93%	47%
▪ NoVA Defense/IT	1,992	88%	12%
▪ Lackland AFB	1,060	100%	11%
▪ Navy Support	1,242	97%	6%
▪ Redstone Arsenal	1,509	100%	6%
▪ Data Center Shells†	4,739	100%	6%
▪ Regional Office	2,147	89%	12%
▪ Core Portfolio	20,978	95%	

II. Results for 2Q 2021



6950 Columbia Gateway Drive, Columbia, MD



2Q 2021 Results

	Guidance	Actual	
FFOPS*	\$0.55 – \$0.57	\$0.58	+
Same-Property:			
▪ Occupancy	92% – 93%	92.6%	✓
▪ Cash NOI Growth	(1.0%) – 0%	2.4%	+
Leasing:			
▪ Tenant Retention:			
» 2Q	--	88.9%	+
» 1H	--	78.3%	+
▪ Change in cash rents:			
» 2Q	--	0.1%	✓
» 1H	--	(0.2%)	✓
Development:			
▪ Leasing SF:			
» 1Q	--	11,000 SF	✓
» 2Q	--	630,000 SF	✓
» 3Q†	--	<u>53,000 SF</u>	✓
Total†	--	694,000 SF	
▪ SF Placed in Service (% Leased):			
» 1Q	--	46,000 SF (100%)	✓
» 2Q	--	<u>197,000 SF (60%)</u>	✓
Total		243,000 SF (68%)	



* FFOPS = diluted funds from operations per share, as adjusted for comparability.

† Through July 28, 2021.

II. Factors Supporting Growth

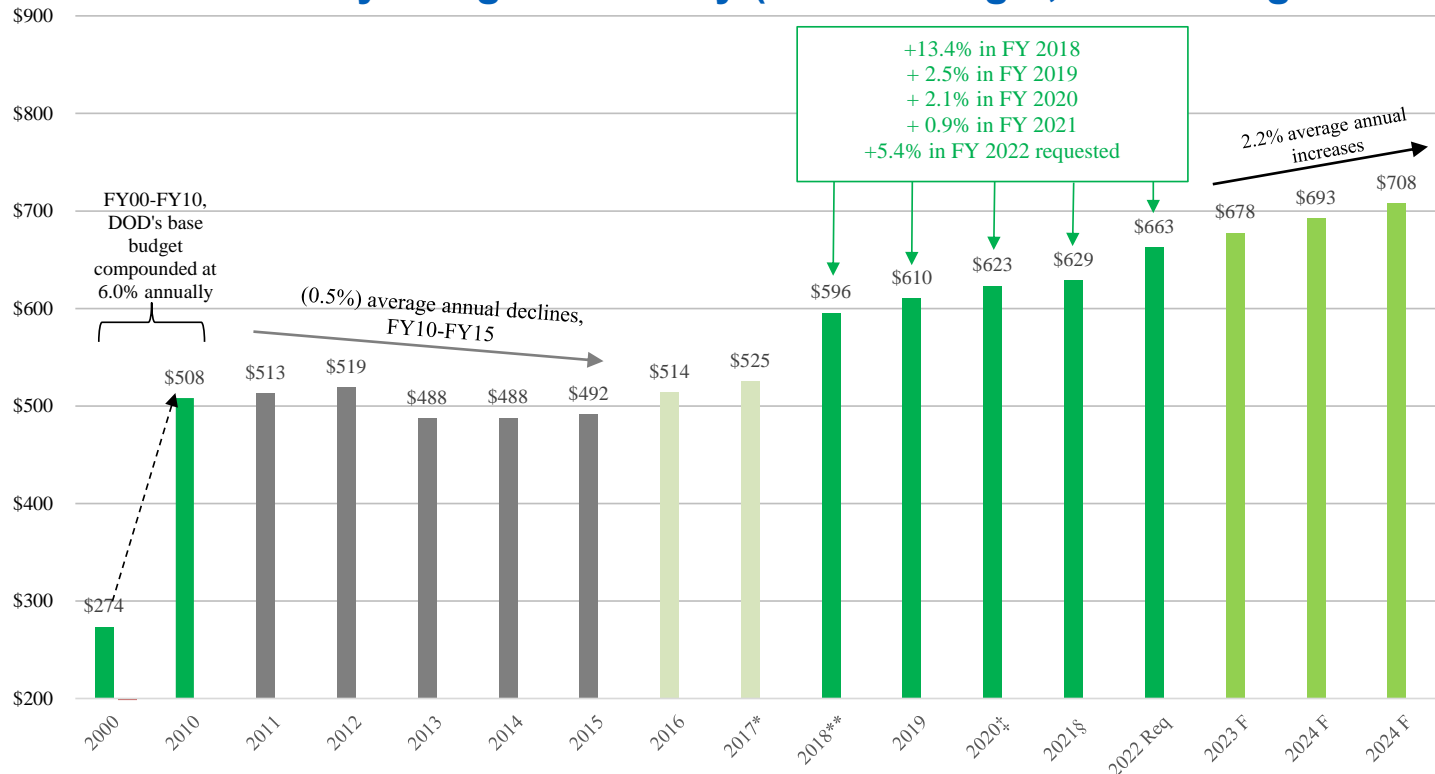


Rendering of 4600 River Road, College Park, MD

Healthy DOD Spending Levels

- » FY 2017–FY 2021, DOD's Base Budget grew at a compound annual rate of 4%
- » Continued strong bi-partisan support to fund defense demonstrated by FY 2021 NDAA Committee & Congressional votes:
 - » House Armed Services Committee voted in favor 56–0; Senate Armed Services Committee voted 25–2
 - » Full House and Senate votes on the Conference Report were 322–87 and 81–13, respectively
- » FY 2022 Presidential Budget Request would increase the DOD's base budget by 5.4%

DOD's Discretionary Budget Authority ("Base Budget," excluding MILCON)[†]



Current dollars, in billions. Sources: Historical data through FY 2017 are pulled from Tables 1-9 and 2-1 of the National Defense Budget Estimates ("Green Books"); data thereafter is pulled from Tables 1-2 and 2-1 of subsequent Green Books; Capital Alpha Partners; COPT's IR Department. Forecasted years are estimated, using growth rates for the Base Budget (051) as provided in the FY 2022 Presidential Request.

[†] DOD base budget (051) numbers exclude funding for overseas contingency operations ("OCO"), Atomic Energy Defense Activities (053), Other Defense-Related Activities (054), and mandatory spending. The above also excludes MILCON authorizations, which are a separate budget authorization and are influenced by different variables.

* FY 2017 includes \$8.25 billion of "OCO for base budget purposes." Source: CRS report on the final authorizations.

** FY 2018 includes \$5.8 billion of supplemental authorizations for Missile Defense.

‡ FY 2020 budget authorization excludes \$8.0 billion in emergency relief funds authorized to combat the COVID-19 pandemic.

§ Estimated using the FY 2021 NDAA that became law on January 1, 2021.

Strong Operations

- » Core portfolio was 93.7% occupied & 94.6% leased at June 30, 2021
- » Rent relief update
 - » Zero office or data center rent relief or deferrals in 2021
 - » 2020 deferred rent has been paid as agreed; as of June 30, approximately 54% of rent deferrals granted have been collected
- » Rent collections unaffected by pandemic:

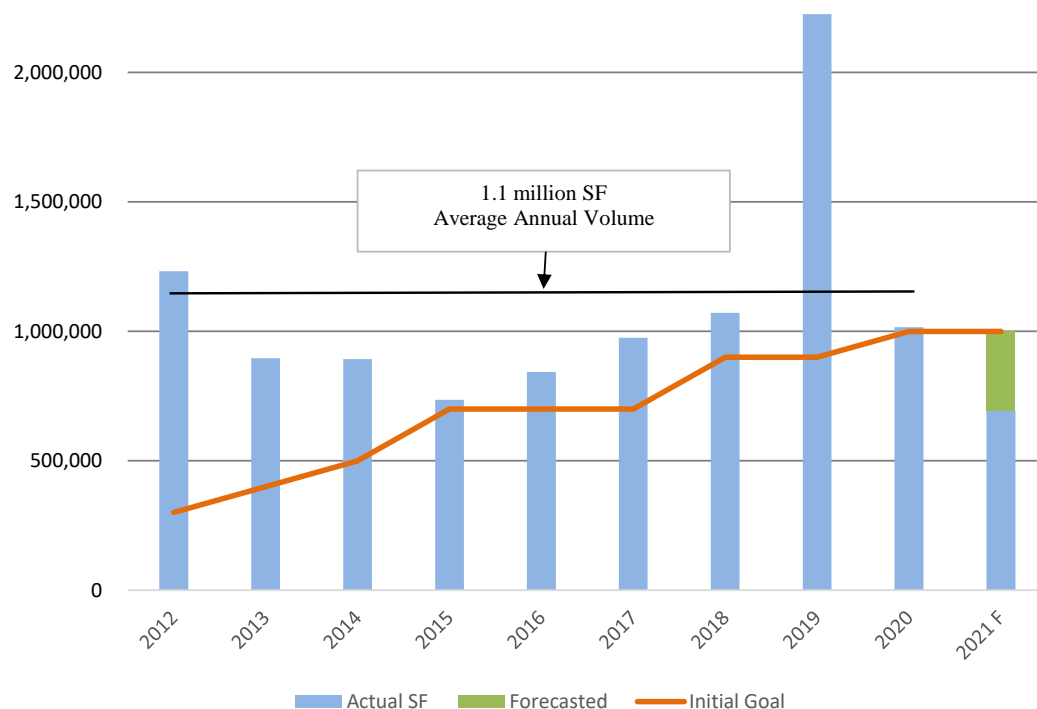
Month	Collections†	
	Gross	Net*
Apr-Dec 2020	99.9%	100%
1Q21	100%	100%
2Q21	100%	99.9%
July 2021	99.8%	99.9%
August 2021	99.6%	99.7%

Growth from Development Leasing

Robust Development Leasing Pipeline bodes well for future development leasing & NOI growth

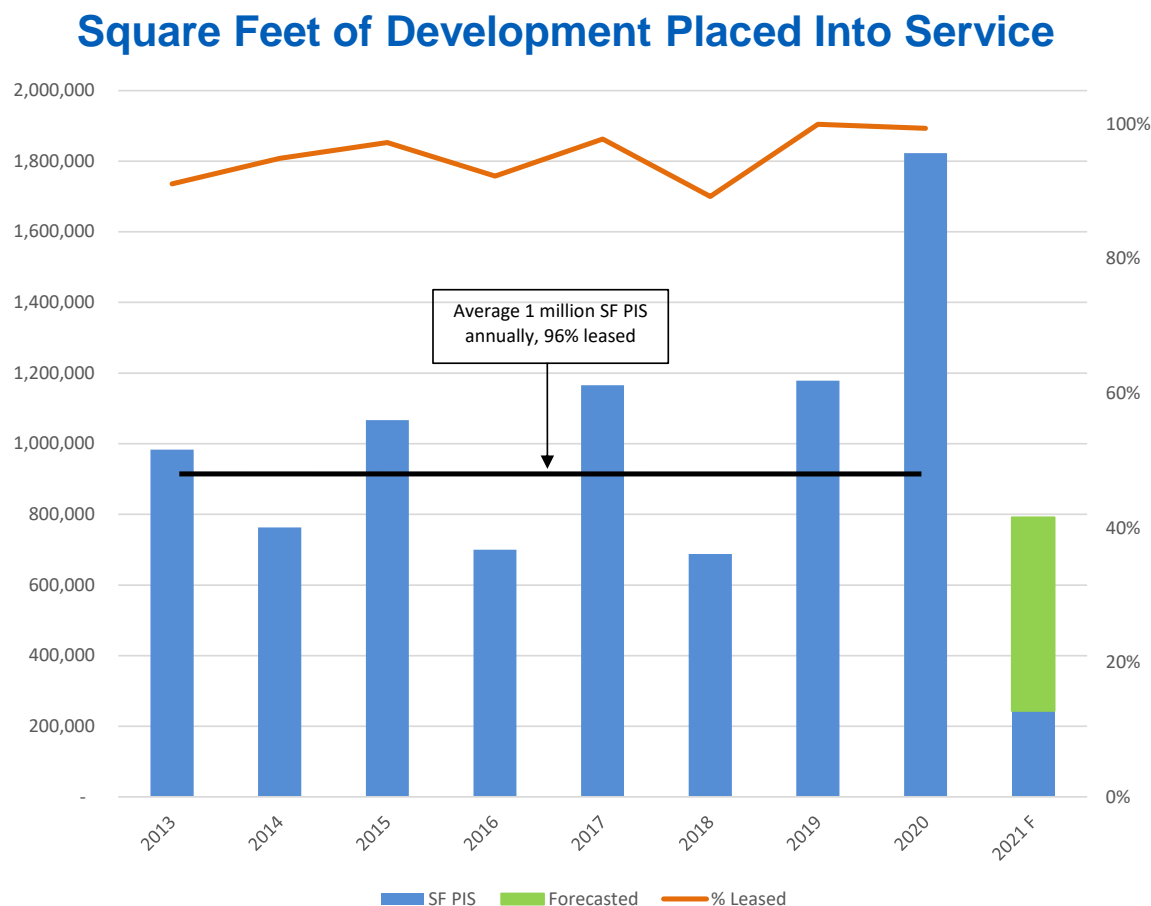
- » After record year in 2019, demand for new facilities remained strong in 2020 and we leased 1 million SF
- » We have completed 900,000 SF thus far in 2021*
- » Our Development Leasing Pipeline† of 1.6 million SF* supports future growth and our goal of executing 1 million SF of development leasing in 2021

Development Leasing



Highly Leased Developments Drive NOI Growth

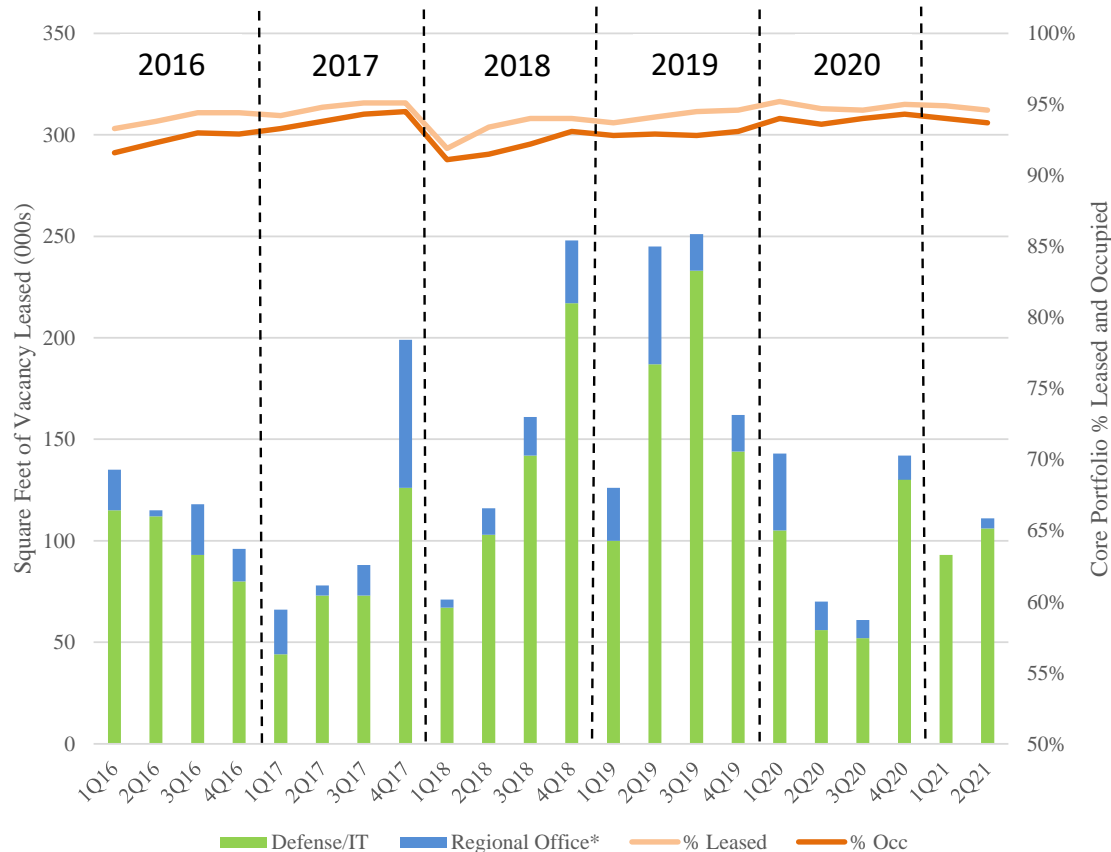
- » Between 2013–YE 2020, we placed 8.4 million SF into service that, on average, were 96% leased
- » During 1H21, we placed 243,000 well-leased SF into service*
- » 2Q21 NOI from real estate operations is up 8.0% as compared to 2Q20
- » Before year end, we expect to place another 540,000 SF into service that currently are 91% leased, contributing to FFO growth into 2021/2022



Solid Vacancy Leasing

- » Leasing Activity Ratio[†] at pre-pandemic levels
 - » 111,000 SF of vacancy leasing achieved in 2Q21 and 205,000 SF in 1H21
 - » Volume of prospects is strong; deal cycle times are extended

Vacancy Leasing in COPT's Operating Portfolio*



[†] Leasing Activity Ratio = total prospects divided by total vacant SF

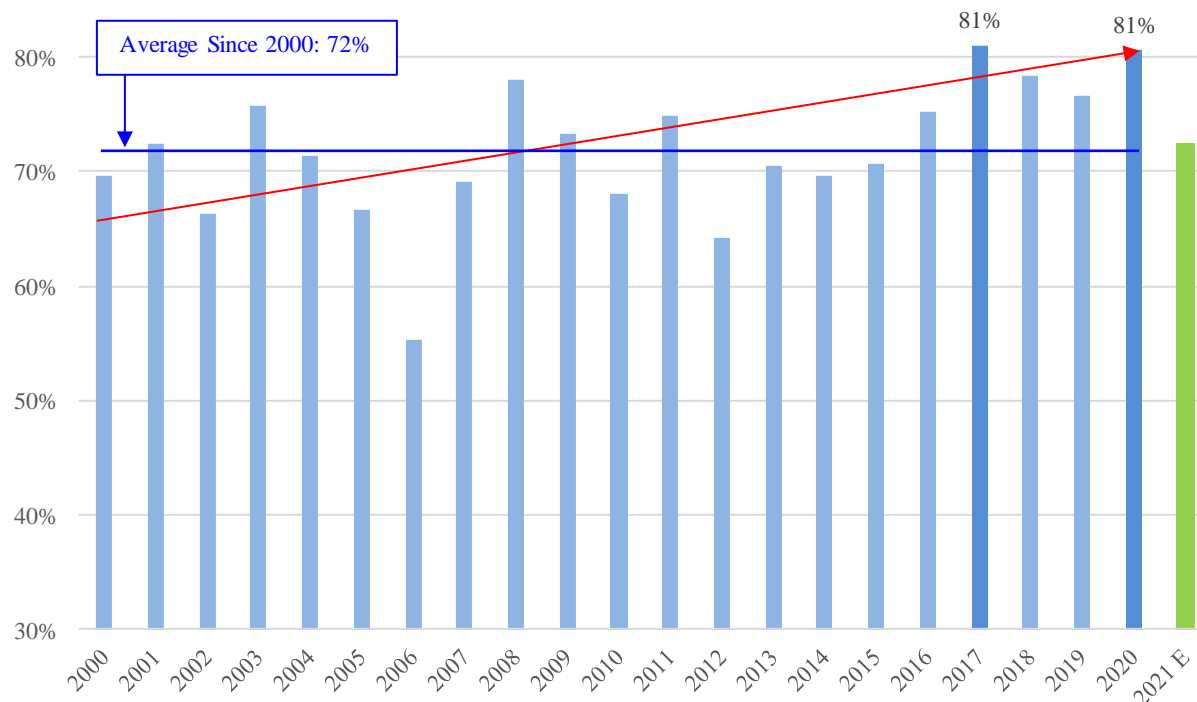
* Percent occupied & leased statistics are for COPT's core portfolio.

Strong Tenant Retention

Tenant co-investment creates “stickiness” and supports COPT’s sector-leading tenant retention rates and low renewal CapX

- » Proven track record of strong tenant retention rates, averaging:
 - » 74% between 2011–2020
 - » 78% between 2016–2020
- » 89% retention rate in 2Q21; 78% in 1H21
- » FFO & AFFO benefits of high renewal rates more than offset impact of cash mark-to-market

COPT’s Renewal Rates Since 2000



Large Office Lease Expirations

Continued Strong Retention of Large Tenants*

» 2021 Large Leases

- » Two USG expirations in San Antonio renewed in April

» 2022 Large Leases

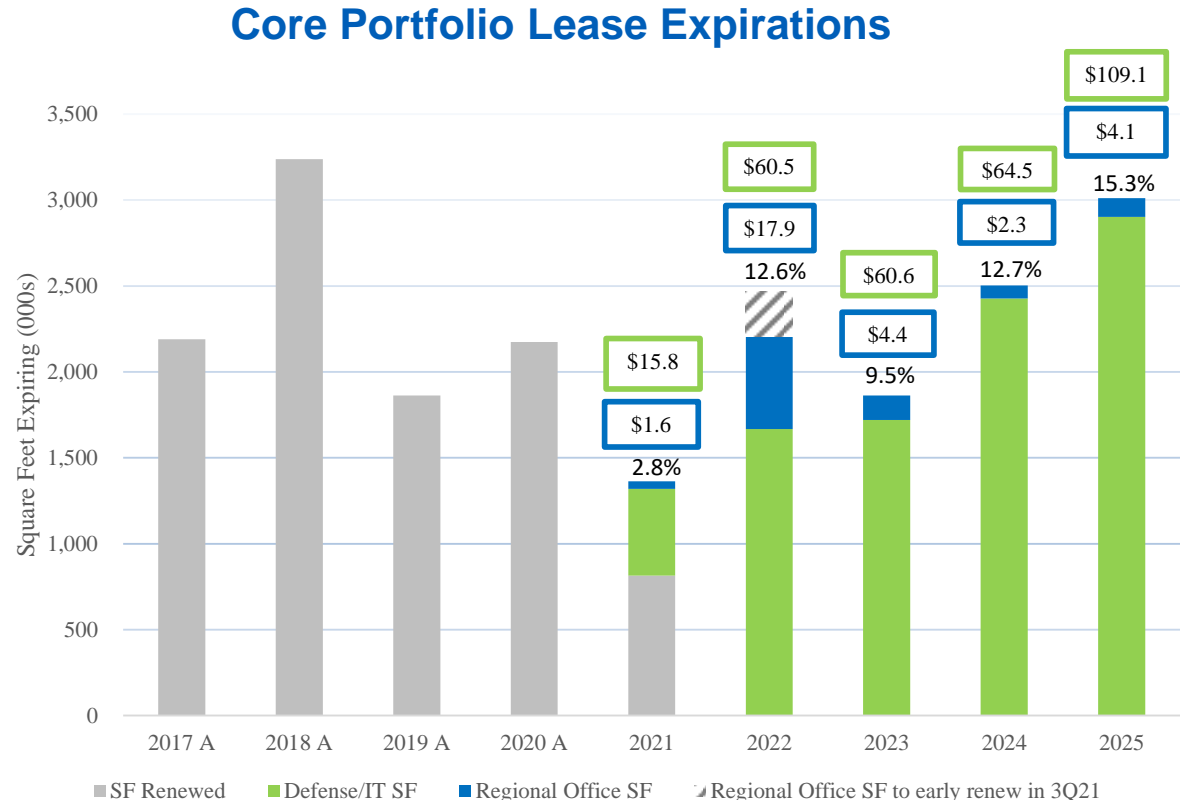
- » Expect a 70% renewal rate on the seven large office leases that expire in 2022
 - In Defense/IT, an existing defense contractor tenant did not win recompetete of a large contract and will vacate 121,100 SF at the end of 2021
 - In Regional Office:
 - 260,000 SF lease in Baltimore is scheduled to expire in 3Q22. Expect tenant to renew 215,000 SF in 3Q21 for a 15-year term with the downsizing occurring in 3Q22
 - Transamerica is not renewing at 100 Light Street; lease expires 12-31-2021
- » Strong prospect activity to backfill these vacancies

2021 Large Leases	# Leases	SF	Actual % Renewal
▪ USG:			
» Executed	2	250,000	100%
▪ Defense Contractors	--	--	--
▪ Regional Office	--	--	--
	2	250,000	100%

2022 Large Leases	# Leases	SF	Expected % Renewal
▪ USG	2	249,150	100%
▪ Defense Contractors	3	363,300	67%
▪ Regional Office			
» Transamerica	1	140,000	0%
» Baltimore Tenant	1	260,000	82%
	7	1,012,450	70%

Manageable Future Lease Expirations

- » Concentration of expirations at mission critical Defense/IT Locations mitigates rollover risk (Barriers to Exit)
- » During 3Q–4Q 2021, less than 3% of SF and roughly 3% of core portfolio ARR are scheduled to expire
- » Advanced negotiations on 40% of the Regional Office rents scheduled to expire in 2022 to early-renew (with some modest contraction) for a 15-year term



Access to Capital

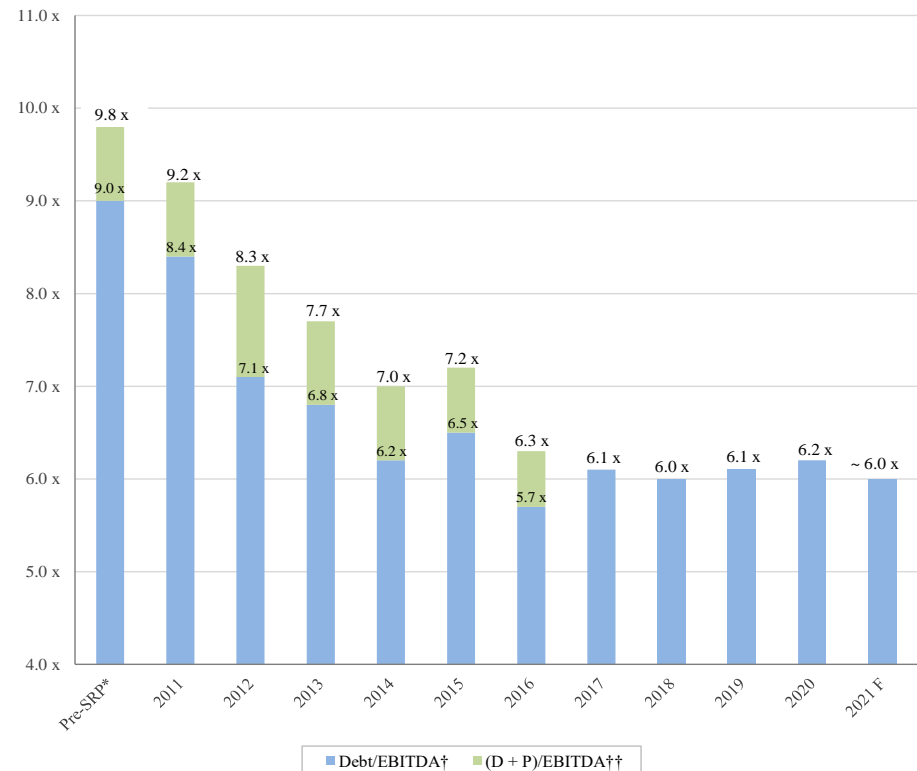
Successfully raised \$1.1 billion of debt and equity capital thus far in 2021

March	June	August
<ul style="list-style-type: none">▪ \$600 million 10-year Senior Notes▪ Deal 8x oversubscribed▪ 2.75% interest rate represented 140 bps over Treasury – a full notch higher than our BBB- and Baa3 ratings▪ 7th lowest coupon ever issued by Office REIT	<ul style="list-style-type: none">▪ \$107 million equity proceeds from selling 2 data center shells to Blackstone JV▪ \$119 million total value for the assets represented a 48% profit	<ul style="list-style-type: none">▪ \$400 million long 7-year Senior Notes▪ 5x oversubscribed▪ 2.00% interest rate represented 210 bps over Treasury – a full notch higher than our BBB- and Baa3 ratings

Strong Balance Sheet

- » Expect to raise equity through additional JV sales in 2021 to maintain conservative leverage levels
- » Ample liquidity to complete development commitments

Maintaining Our Strong Balance Sheet



Current Status	Fitch	Moody's	S&P
Rating	BBB-	Baa3	BBB-
Outlook	Stable	Stable	Stable



* The Company launched its Strategic Reallocation Plan ("SRP") in April 2011 and completed its programmatic selling in October 2017.

† Net debt to in-place adjusted EBITDA ratio.

†† Net debt plus preferred equity to in-place adjusted EBITDA ratio. Note that the Company redeemed its Series I preferred units in 4Q20 and has no preferred equity outstanding.

III. 2021 Guidance Update



6721 Columbia Gateway Drive, Columbia, MD

2021 Guidance Highlights

- » Increasing 2021 full-year guidance for FFO per share* again, from the previously elevated range of \$2.19–\$2.25 to a new range of \$2.24–\$2.28
 - » \$2.26 midpoint represents 6.6% growth over elevated 2020 results
- » Same-property operations:
 - » Increasing midpoint of change in cash NOI for the full year by 100 bps, to 0%–1%; 150 bps increase in midpoint relative to original guidance
 - » Maintaining year-end occupancy forecast of 90%–92%
 - Reflects earlier occupancy start dates and continues to incorporate 20 bps negative impact from expected JV of additional, wholly-owned data center shells; also incorporates 121,100 SF December non-renewal in Redstone Gateway
- » Place ~ 785,000 SF of well leased developments into service
 - » \$21–\$23 million of cash NOI from developments in 2021 forecast
 - » At the midpoint of guidance, 100% of the development cash NOI is contractual

2021 FY Guidance–Summary

	Original Guidance		Updated 4-29-2021		Updated 7-29-2021
Diluted EPS	\$0.76 – \$0.82		\$0.28 – \$0.34		\$0.72 – \$0.76
FFOPS ¹	\$2.16 – \$2.22	+	\$2.19 – \$2.25	+	\$2.24 – \$2.28
Portfolio Metrics					
<ul style="list-style-type: none"> Same-Property: <ul style="list-style-type: none"> Cash NOI Growth Occupancy (End of Period) 	(2%) – 0% 90% – 92%	+	(1%) – 1% 90% – 92%	+	0% – 1% 90% – 92%
Development Cash NOI PIS	\$21 – \$23 million		\$21 – \$23 million		\$21 – \$23 million
Diluted AFFO Payout Ratio	~ 70%	+	~ 65% – 70%		~ 65% – 70%
Leasing					
Expirations ²	1.5 million SF (9.4% ARR)		1.1 million SF (7.5% ARR)		549,000 SF (3.2% ARR)
Tenant Retention	65% – 75%	+	70% – 75%		70% – 75%
Change in Cash Rents	(3.5%) – (1.5%)		(3.5%) – (1.5%)	+	(2%) – (1%)
Investment Activity (\$mm)					
Development	\$275 – \$300 million		\$275 – \$300 million		\$275 – \$300 million
Acquisitions	None		None		None
Dispositions (Equity)	JV equity to maintain leverage levels		JV equity to maintain leverage levels		JV equity to maintain leverage levels



1. FFOPS, as adjusted for comparability.

2. SF expiring, plus the percent of core annualized rental revenues in parenthesis.

3Q & 4Q21 Guidance Summary

	3Q 2021 Guidance	4Q 2021 Guidance
Diluted EPS	\$0.19 – \$0.21	\$0.21 – \$0.23
FFOPS¹	\$0.54 – \$0.56	\$0.56 – \$0.58
Portfolio Metrics		
<ul style="list-style-type: none"> ▪ Same-Property: <ul style="list-style-type: none"> » Change in Cash NOI » Occupancy (End of Period) 	3% – 3.5% 90% – 92%	(1.25%) – (0.75%) 90% – 92%
Leasing		
<ul style="list-style-type: none"> ▪ Expirations² 	218,000 SF (1.2%)	331,000 SF (2.0%)

Reminders

Large Tenant Activity

- › Expect Regional Office tenant to early renew in 3Q21; rent rolls down at execution & 45,000 SF goes vacant 10-1-2022
- › Transamerica non-renewing 140,000 SF effective 1-1-2022
- › Defense contractor giving back 121,100 SF in Huntsville, effective 1-1-2022

FFOPS Increase

- › Current increase driven by placing developments into service earlier
- › No related increase to 2022 forecast

DOD Budget

- › Prompt Payment Act ensures U.S. Government pays rent, even during federal shutdowns
- › Continuing Resolutions in any budget year may delay lease executions on contract contingent deals

Risks

Ultimate timing
of lease executions
& commencements

DC-6

- › 11.25 MW anchor tenant is on a rolling lease

Opportunities

FFOPS* Growth

- › 4.4% growth achieved in 2020
- › Positioned for 6%–8% growth in 2021

Healthy defense
spending
environment &
12–18 month
demand tail support
new leasing
opportunities

Lease-up 310 NBP
(135,500 SF in
4 floors)

IV. Appendices

A. Definitions & Glossary

B. Reconciliations

A. Definitions & Glossary

- » **Acquisition costs** – transaction costs expensed in connection with executed or anticipated acquisitions of operating properties.
- » **Adjusted Book** – total assets presented on our consolidated balance sheet, net of lease liabilities associated with property right-of-use assets, and excluding the effect of cash and cash equivalents, accumulated depreciation on real estate properties, accumulated amortization of intangible assets on real estate acquisitions, accumulated amortization of deferred leasing costs, disposed properties included in assets held for sale, unconsolidated real estate joint ventures cash and cash equivalents, liabilities, and accumulated depreciation and amortization (of real estate intangibles and deferred leasing costs) allocable to our ownership interest in the joint ventures and the effect of properties serving as collateral for debt in default that we extinguished (or intend to extinguish) via conveyance of such properties.
- » **Adjusted EBITDA** – net income (loss) adjusted for the effects of interest expense, depreciation and amortization, gain on sales and impairment losses of real estate and investments in unconsolidated real estate joint ventures, gain or loss on early extinguishment of debt, gain (loss) on interest rate derivatives, net gain (loss) on other investments, credit loss expense or recoveries, operating property acquisition costs, income taxes, business development expenses, demolition costs on redevelopment and nonrecurring improvements, executive transition costs, certain other expenses that we believe are not closely correlated with our operating performance, and excluding the effect of properties that served as collateral for debt in default that we extinguished via conveyance of such properties. Adjusted EBITDA also includes adjustments to net income for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JV.
- » **Annualized Rental Revenue** – the monthly contractual base rent as of the reporting date multiplied by 12, plus the estimated annualized expense reimbursements under existing leases for occupied space. With regard to properties owned through unconsolidated real estate joint ventures, we include the portion of Annualized Rental Revenue allocable to COPT's ownership interest.
- » **ATFP** – Anti-terrorism force protection.
- » **Baltimore/Washington Region (or B/W Region)** – includes counties that comprise the Fort Meade/Baltimore Washington Corridor. As of June 30, 2021, 88 of COPT's properties were located within this defined region. Please refer to page 11 of COPT's Supplemental Information package dated June 30, 2021 for additional detail.

A. Definitions & Glossary

- » **Basic FFO available to common share and common unit holders (“Basic FFO”)** – FFO adjusted to subtract (1) preferred share dividends, (2) income attributable to non-controlling interests through ownership of preferred units in Corporate Office Properties, L.P. (the “Operating Partnership”) or interests in other consolidated entities not owned by us, (3) depreciation and amortization allocable to non-controlling interests in other consolidated entities, (4) Basic FFO allocable to share-based compensation awards, and (5) issuance costs associated with redeemed preferred shares. With these adjustments, Basic FFO represents FFO available to common shareholders and holders of common units in the Operating Partnership (“common units”). Common units are substantially similar to our common shares of beneficial interest (“common shares”) and are exchangeable into common shares, subject to certain conditions.
- » **BRAC** – Base Realignment and Closure Commission of the United States Congress, the most recent of which Congress established in 2005 to ensure the integrity of the base closure and realignment process. The Commission provided an objective, non-partisan, and independent review and analysis of the list of military installation recommendations issued by the Department of Defense (“DOD”) on May 13, 2005. The Commission's mission was to assess whether the DOD recommendations substantially deviated from the Congressional criteria used to evaluate each military base. While giving priority to the criteria of military value, the Commission took into account the human impact of the base closures and considered the possible economic, environmental, and other effects on the surrounding communities.
- » **C4ISR** – Command, Control, Communications, Computers, Intelligence, Surveillance & Reconnaissance
- » **Cash net operating income (“Cash NOI”)** – NOI from real estate operations adjusted to eliminate the effects of: straight-line rental adjustments, amortization of tenant incentives, amortization of intangibles and other assets included in FFO and NOI, lease termination fees from tenants to terminate their lease obligations prior to the end of the agreed upon lease terms, and rental revenue recognized under GAAP resulting from landlord assets and lease incentives funded by tenants. Cash NOI also includes adjustments to NOI from real estate operations for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JVs. Under GAAP, rental revenue is recognized evenly over the term of tenant leases (through straight-line rental adjustments and amortization of tenant incentives), which, given the long term nature of our leases, does not align with the economics of when tenant payments are due to us under the arrangements. Also under GAAP, when a property is acquired, we allocate the acquisition to certain intangible components, which are then amortized into NOI over their estimated lives, even though the resulting revenue adjustments are not reflective of our lease economics. In addition, revenue from lease termination fees and tenant-funded landlord improvements, absent an adjustment from us, would result in large one-time lump sum amounts in Cash NOI that we do not believe are reflective of a property's long-term value.

A. Definitions & Glossary

- » **Core Portfolio** – Defense/IT Locations and Regional Office properties.
- » **Debt/Total Market Capitalization** – gross debt, divided by our total market capitalization.
- » **Defense/IT Locations** – properties in locations that support the United States Government and its contractors, most of whom are engaged in national security, defense, and information technology (“IT”) related activities servicing what we believe are growing, durable, priority missions.
- » **Development Leasing Pipeline** – formerly called the Shadow Development Pipeline, this internally maintained schedule tracks potential future development leasing transactions for which the Company is competing and believes it has a 50% or greater chance of winning with in the next 24 months.
- » **Development profit or yield** – calculated as cash NOI divided by the estimated total investment, before the impact of cumulative real estate impairment losses.
- » **Diluted adjusted funds from operations available to common share and common unit holders (“Diluted AFFO”)** – Diluted FFO, as adjusted for comparability, adjusted for the following: (1) the elimination of the effect of (a) noncash rental revenues and property operating expenses (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of acquisition intangibles included in FFO and NOI, both of which are described under “Cash NOI” above), (b) share-based compensation, net of amounts capitalized, (c) amortization of deferred financing costs, (d) amortization of debt discounts and premiums and (e) amortization of settlements of debt hedges; and (2) replacement capital expenditures (defined below). Diluted AFFO also includes adjustments to Diluted FFO, as adjusted for comparability for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JVs.
- » **Diluted FFO available to common share and common unit holders (“Diluted FFO”)** – Basic FFO adjusted to add back any changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares. The computation of Diluted FFO assumes the conversion of common units but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period.

A. Definitions & Glossary

- » **Diluted FFO available to common share and common unit holders, as adjusted for comparability (“Diluted FFO, as adjusted for comparability”)** – Diluted FFO or FFO adjusted to exclude: operating property acquisition costs; gain or loss on early extinguishment of debt; FFO associated with properties that secured non-recourse debt on which we defaulted and, subsequently, extinguished via conveyance of such properties (including property NOI, interest expense and gains on debt extinguishment); loss on interest rate derivatives; demolition costs on redevelopment and nonrecurring improvements; executive transition costs; accounting charges for original issuance costs associated with redeemed preferred shares; allocations of FFO to holders of noncontrolling interests resulting from capital events; and certain other expenses that we believe are not closely correlated with our operating performance. Diluted FFO, as adjusted for comparability also includes adjustments to Diluted FFO for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JVs.
- » **Diluted FFO per share** – Defined as (1) Diluted FFO divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. The computation of Diluted FFO per share assumes the conversion of common units but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period.
- » **Diluted FFO per share, as adjusted for comparability** – Defined as (1) Diluted FFO available to common share and common unit holders, as adjusted for comparability divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. The computation of this measure assumes the conversion of common units but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase the per share measure in a given period.
- » **DISA** – Defense Information Systems Agency
- » **EBITDA** – see Adjusted EBITDA
- » **EUL** – Enhanced Use Lease whereby the DOD grants a lease interest to a private developer in exchange for rent that the DOD can use to improve the related defense installation.

A. Definitions & Glossary

- » **Funds from operations (“FFO” or “FFO per Nareit”)** – Defined as net income computed using GAAP, excluding gains on sales and impairment losses of real estate and investments in unconsolidated real estate JVs (net of associated income tax) and real estate-related depreciation and amortization. FFO also includes adjustments to net income for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JVs. We believe that we use the National Association of Real Estate Investment Trust’s (“Nareit”) definition of FFO, although others may interpret the definition differently and, accordingly, our presentation of FFO may differ from those of other REITs.
- » **Gross Debt** – Defined as total consolidated outstanding debt, which is debt reported per our balance sheet adjusted to exclude net discounts and premiums and deferred financing costs, as further adjusted to include outstanding debt of unconsolidated real estate JVs that were allocable to our ownership interest in the JVs.
- » **GSA** – United States General Services Administration. In July 1949, President Harry Truman established the GSA to streamline the administrative work of the federal government. The GSA’s acquisition solutions supplies federal purchasers with cost-effective high-quality products and services from commercial vendors. GSA provides workplaces for federal employees, and oversees the preservation of historic federal properties. Its policies covering travel, property and management practices promote efficient government operations.
- » **In-place adjusted EBITDA** – Defined as Adjusted EBITDA, as further adjusted for: (1) the removal of NOI pertaining to properties in the quarterly periods in which such properties were disposed or removed from service; (2) the addition of pro forma adjustments to NOI for (a) properties acquired, placed in service or expanded upon subsequent to the commencement of a quarter made in order to reflect a full quarter of ownership/operations and (b) significant mid-quarter occupancy changes associated with properties recently placed in service with no occupancy; and (3) certain adjustments to deferred rental revenue associated with changes in our assessment of collectability that we believe are not closely correlated with our operating performance. The measure also includes adjustments to Adjusted EBITDA for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JVs.
- » **Interest Duration** – The length of time for which an interest rate on debt is fixed.
- » **Market capitalization** – sum of (1) consolidated outstanding debt, excluding discounts, premiums and deferred financing costs, (2) liquidation value of preferred shares and preferred units in our operating partnership and (3) the product of the closing price of our common shares on the NYSE and the sum of (a) common shares outstanding and (b) common units outstanding.
- » **NGA** – National Geospatial Intelligence Agency

A. Definitions & Glossary

- » **Net debt** – gross debt (total outstanding debt reported per our balance sheet as adjusted to exclude net discounts and premiums and deferred financing costs), as adjusted to subtract cash and cash equivalents as of the end of the period and debt in default that was extinguished via conveyance of properties. The measure also includes adjustments to Gross debt for the effects of the items noted above pertaining to unconsolidated real estate JVs that were allocable to our ownership interest in the JVs.
- » **Net debt to adjusted book and Net debt plus preferred equity to Adjusted book** – these measures divide either Net debt or Net debt plus preferred equity by Adjusted book.
- » **Net debt to in-place adjusted EBITDA ratio and Net debt plus preferred equity to in-place adjusted EBITDA ratio** – Net debt (defined above) or Net debt plus preferred equity divided by in-place adjusted EBITDA (defined above) for the three month period that is annualized by multiplying by four.
- » **Net operating income from real estate operations (“NOI”)** – Includes: consolidated real estate revenues; consolidated property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate JVs that are allocable to COPT’s ownership interest in the JVs.
- » **Payout ratios based on: Diluted FFO; Diluted FFO, as adjusted for comparability; and Diluted AFFO** – These payout ratios are defined as (1) the sum of dividends on unrestricted common shares and distributions to holders of interests in the Operating Partnership (excluding unvested share-based compensation awards) and dividends on convertible preferred shares when such distributions and dividends are included in Diluted FFO divided by (2) the respective non-GAAP measures on which the payout ratios are based.
- » **Portfolio:**

	6/30/21	3/31/21	12/31/20	9/30/20	6/30/20
Operating Office and Data Center Shell Properties					
<u># of Properties</u>					
Total Portfolio	183	182	181	176	174
Consolidated Portfolio	164	165	164	161	159
Core Portfolio	181	180	179	174	172
Same Properties	158	158	158	158	158
<u>% Occupied</u>					
Total Portfolio	93.5%	93.8%	94.1%	93.8%	93.4%
Consolidated Portfolio	92.4%	92.9%	93.2%	93.0%	92.5%
Core Portfolio	93.7%	94.0%	94.3%	94.0%	93.6%
Same Properties	92.6%	92.6%	92.9%	92.8%	92.6%
<u>% Leased</u>					
Total Portfolio	94.3%	94.7%	94.8%	94.4%	94.5%
Consolidated Portfolio	93.3%	93.9%	94.0%	93.6%	93.7%
Core Portfolio	94.6%	94.9%	95.0%	94.6%	94.7%
Same Properties	93.5%	93.6%	93.8%	93.5%	93.8%
<u>Square Feet (in thousands)</u>					
Total Portfolio	21,135	21,006	20,959	20,389	19,781
Consolidated Portfolio	17,953	18,257	18,209	17,940	17,346
Core Portfolio	20,978	20,849	20,802	20,232	19,624
Same Properties	17,303	17,303	17,303	17,303	17,303
Wholesale Data Center					
Megawatts Operational	19.25	19.25	19.25	19.25	19.25
% Leased	86.7%	86.7%	86.7%	86.7%	90.6%

A. Definitions & Glossary

- » **Redevelopment** – properties previously in operations on which activities to substantially renovate such properties are underway or approved.
- » **Regional Office Properties** – office properties located in select urban/urban-like submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics.
- » **Replacement capital expenditures** – Tenant improvements and incentives, building improvements and leasing costs incurred during the period for operating properties that are not (1) items contemplated prior to the acquisition of a property, (2) improvements associated with the expansion of a building or its improvements, (3) renovations to a building which change the underlying classification of the building (for example, from industrial to office or Class C office to Class B office), (4) capital improvements that represent the addition of something new to the property rather than the replacement of something (for example, the addition of a new heating and air conditioning unit that is not replacing one that was previously there), or (5) replacements of significant components of a building after the building has reached the end of its original useful life. Replacement capital expenditures excludes expenditures of operating properties included in disposition plans during the period that were already sold or are held for future disposition. For cash tenant incentives not due to the tenant for a period exceeding three months past the date on which such incentives were incurred, we recognize such incentives as replacement capital expenditures in the periods such incentives are due to the tenant. Replacement capital expenditures, which is included in the computation of Diluted AFFO, is intended to represent non-transformative capital expenditures of existing properties held for long-term investment.
- » **Same-Properties** – Operating office and data center shell properties stably owned and 100% operational since at least the beginning of the prior year.
- » **Same-Properties NOI and Same-Properties cash NOI** – NOI, or Cash NOI, from real estate operations of Same-Properties.
- » **SCIF** – a Sensitive (or Secure) Compartmented Information Facility, or “SCIF,” in U.S. military, security and intelligence parlance is an enclosed area within a building that is used to process classified information within formal access controlled systems (as established by the Director of National Intelligence).
- » **Stabilization** – generally defined as properties that are at least 90% occupied.
- » **Under development** – This term includes properties under, or contractually committed for, development.

B. Reconciliations

Reconciliations of: EPS to FFOPS

Guidance	Three Months Ending 9/30/21		Three Months Ending 12/31/21		Year Ending 12/31/21	
<u>EPS to FFOPS per Nareit and as adjusted for comparability</u> (in dollars per share)	Low	High	Low	High	Low	High
EPS	\$ 0.19	\$ 0.21	\$ 0.21	\$ 0.23	\$ 0.72	\$ 0.76
Real estate-related depreciation and amortization	0.35	0.35	0.35	0.35	1.36	1.36
Gain on sales of real estate	-	-	-	-	(0.35)	(0.35)
FFOPS, Nareit definition	\$ 0.54	\$ 0.56	\$ 0.56	\$ 0.58	\$ 1.73	\$ 1.77
Loss on early extinguishment of debt	-	-	-	-	0.51	0.51
FFOPS, as adjusted for comparability	<u>\$ 0.54</u>	<u>\$ 0.56</u>	<u>\$ 0.56</u>	<u>\$ 0.58</u>	<u>\$ 2.24</u>	<u>\$ 2.28</u>

Reconciliations of: Cash NOI to Property NOI

Cash NOI to Property NOI (in millions)

	Year Ending 12/31/21
	Developments
Cash NOI	\$ 22
Straight line rent adjustments	20
Property NOI	<u>\$ 42</u>

B. Reconciliations

FFO Reconciliation

(Dollars and shares in thousands, except per share data)

	Three Months Ended 6/30/21
Net income	\$ 43,898
Real estate-related depreciation and amortization	37,555
Gain on sales of real estate	(40,233)
Depreciation and amortization on unconsolidated real estate JVs	476
FFO - per Nareit	41,696
FFO allocable to other noncontrolling interests	(1,302)
Basic FFO allocable to share-based compensation awards	(193)
Basic FFO available to common share and common unit holders	40,201
Redeemable noncontrolling interests	11
Basic and Diluted FFO available to common share and common unit holders	40,212
Loss on early extinguishment of debt	25,228
Demolition costs on redevelopment and nonrecurring improvements	302
Diluted FFO comparability adjustments allocable to share-based compensation awards	(137)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	\$ 65,605
Denominator for diluted EPS	112,404
Weighted average common units	1,262
Denominator for diluted FFO per share and as adjusted for comparability	113,666
Diluted FFO per share	\$ 0.35
Diluted FFO per share and as adjusted for comparability	\$ 0.58

B. Reconciliations

EBITDA Reconciliation

(Dollars in thousands)

Reconciliations of GAAP net (loss) income to adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"):

	Three Months Ended											
	3/31/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	
Net (loss) income	\$ (18,566)	\$ (91,102)	\$ 19,010	\$ 92,672	\$ 5,937	\$ 62,617	\$ 26,255	\$ 11,008	\$ 18,456	\$ 44,877	\$ 83,549	
Interest expense	26,928	24,914	22,782	23,181	23,286	22,347	18,664	19,211	18,475	16,777	17,148	
Income tax (benefit) expense	(544)	(38)	54	1,917	53	46	272	953	(190)	(104)	258	
Depreciation and amortization	33,645	33,631	29,170	31,817	31,871	36,834	33,441	34,538	36,623	33,217	37,166	
Impairment losses on real estate	27,742	78,674	2,140	921	48	19,744	1,554	13,659	2,367	2	-	
Gain on sales of real estate	(2,701)	(3,362)	8	(9,004)	(41)	(64,047)	(6,885)	(4,452)	(2,367)	(20,761)	(30,204)	
Gain on sale of investment in unconsolidated real estate JV	-	-	-	-	-	-	-	-	-	-	(29,416)	
Adjustments from unconsolidated real estate joint ventures	-	-	-	-	-	-	830	829	832	1,206	1,306	
Loss (gain) on early extinguishment of debt	-	3	6	(67,808)	9,106	402	1,073	-	258	-	4,069	
Loss on interest rate derivatives	-	29,805	-	-	-	-	-	-	-	-	-	
Net (gain) loss on other investments	(538)	(771)	(2,992)	221	(74)	6	(117)	-	(449)	(1)	(1,218)	
Credit loss recoveries	-	-	-	-	-	-	-	-	-	-	(772)	
Business development expenses	465	1,064	654	644	669	1,512	1,167	1,116	661	512	412	
EBITDA from properties to be conveyed to extinguish debt in default	-	-	-	-	(828)	-	-	-	-	-	-	
Demolition costs on redevelopment and nonrecurring improvements	-	-	-	-	-	225	-	-	163	104	-	
Executive transition costs	-	-	-	-	1,056	-	431	-	371	-	-	
Operating property acquisition costs	23	4	-	-	-	32	-	-	-	-	-	
Non-comparable professional and legal expenses	-	-	-	-	-	-	-	-	-	195	-	
Adjusted EBITDA	\$ 66,454	\$ 72,822	\$ 70,832	\$ 74,561	\$ 71,083	\$ 79,718	\$ 76,685	\$ 76,862	\$ 75,200	\$ 76,024	\$ 82,298	
Proforma net operating income adjustment for property changes within period	562	(546)	-	(5,107)	-	(1,738)	39	(578)	2,052	463	1,459	
Change in collectability of deferred rental revenue	-	-	-	-	-	-	-	-	-	928	678	
In-place adjusted EBITDA	\$ 67,016	\$ 72,276	\$ 70,832	\$ 69,454	\$ 71,083	\$ 77,980	\$ 76,724	\$ 76,284	\$ 77,252	\$ 77,415	\$ 84,435	
Annualized in-place adjusted EBITDA	\$ 268,064	\$ 289,104	\$ 283,328	\$ 277,816	\$ 284,332	\$ 311,920	\$ 306,896	\$ 305,136	\$ 309,008	\$ 309,660	\$ 337,740	

	As of											
	3/31/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	
Gross debt	2,412,821	2,438,471	2,027,792	1,935,718	1,929,810	2,097,230	1,950,229	1,872,167	1,868,504	1,893,057	2,127,715	
Less: Cash and cash equivalents	(12,606)	(5,559)	(10,594)	(54,373)	(6,077)	(60,310)	(209,863)	(12,261)	(8,066)	(14,733)	(18,369)	
Less: Debt in default to be extinguished via conveyance of properties	-	-	-	-	(150,000)	-	-	-	-	-	-	
Less: COPT's share of cash of unconsolidated real estate JVs	-	-	-	-	-	-	(283)	(371)	(293)	(498)	(152)	
Net debt	\$ 2,400,215	\$ 2,432,912	\$ 2,017,198	\$ 1,881,345	\$ 1,773,733	\$ 2,036,920	\$ 1,740,083	\$ 1,859,535	\$ 1,860,145	\$ 1,877,826	\$ 2,109,194	
Preferred equity	225,133	225,133	342,633	257,883	207,883	207,883	207,883	8,800	8,800	8,800	-	
Net debt plus preferred equity	\$ 2,625,348	\$ 2,658,045	\$ 2,359,831	\$ 2,139,228	\$ 1,981,616	\$ 2,244,803	\$ 1,947,966	\$ 1,868,335	\$ 1,868,945	\$ 1,886,626	\$ 2,109,194	
Net debt to in-place adjusted EBITDA ratio	9.0x	8.4x	7.1x	6.8x	6.2x	6.5x	5.7x	6.1x	6.0x	6.1x	6.2x	
Net debt plus preferred equity to in-place adjusted EBITDA ratio	9.8x	9.2x	8.3x	7.7x	7.0x	7.2x	6.3x	6.1x	6.0x	6.1x	6.2x	

A large American flag is waving in the foreground on the left side of the image. In the background, a clear blue sky is visible with three jets flying in a V-formation, leaving white smoke trails.

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