

NEWS RELEASE

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COPT Defense Reports Full Year 2023 Results

EPS of (\$0.67) for Full Year

Impacted by 3Q23 Impairment of Assets in Other Segment

FFO per Share, as Adjusted for Comparability, of \$2.42

Increased 2.5% Over 2022 Results

Defense/IT Portfolio 96.2% Occupied and 97.2% Leased

Same Property Cash NOI Increased 5.7%

Highest Reported Year-over-Year Annual Increase in Over 15 Years

Placed 848,000 SF of Developments into Service that are 98% Leased

817,000 SF of Active Developments are 91% Leased

Exceeded Leasing Goals in 2023

Total Leasing of 2.9 million SF

452,000 SF of Vacancy Leasing

Exceeded Annual Target of 400,000 SF

Tenant Retention of 80%

3rd Highest Annual Retention Rate Over Last 20 Years

747,000 SF of Development Leasing

Exceeded Annual Guidance of 700,000 SF

COLUMBIA, MD (BUSINESS WIRE) February 8, 2024 - COPT Defense Properties (“COPT Defense” or the “Company”) (NYSE: CDP) announced results for the fourth quarter and full year ended December 31, 2023.

Management Comments

Stephen E. Budorick, COPT Defense's President & Chief Executive Officer, commented, "The performance of our Defense/IT investment strategy, which concentrates our portfolio near priority U.S. defense installations, continues to demonstrate operating strength, resulting in a solid earnings growth profile.

We achieved several key operating and financial performance milestones in 2023. Our Defense/IT Portfolio was 96.2% occupied and 97.2% leased at year end, which are the highest rates reported since we began disclosing the segment in 2015. Our sector leading tenant retention rate of 79.4% was the third highest figure in the last 20 years. Same property cash NOI increased 5.7%, the highest reported level in over 15 years, while cash rent spreads on renewals were the highest since 2008.

We attribute our continued strong performance to the strength in defense spending over the past few years, which has resulted in growing tenant demand in our Defense/IT Portfolio to support mission-critical national defense activities.

The outlook for defense spending remains favorable as the FY24 National Defense Authorization Act, which was passed in December and is awaiting Appropriation, calls for 3.3% year-over-year growth, which we believe will fuel demand for space in our portfolio through 2025.

We have generated FFO per share growth in each of the past 5 years, which amounts to a compound annual growth rate of 4.5% between 2019 to 2023. Looking forward, we expect FFO per share to increase 3.7% at the midpoint in 2024 and continue to anticipate compound annual growth of roughly 4% between 2023 to 2026."

Financial Highlights

4th Quarter Financial Results:

- Diluted earnings per share ("EPS") was \$0.30 for the quarter ended December 31, 2023 as compared to \$0.45 for the quarter ended December 31, 2022.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with Nareit's definition and as adjusted for comparability, was \$0.62 for the quarter ended December 31, 2023 compared to \$0.60 for the quarter ended December 31, 2022.

Full Year 2023 Financial Results:

- EPS for the year ended December 31, 2023 was \$(0.67), which included a \$252.8 million impairment charge for six operating properties in the Other segment and a parcel of land, located in Baltimore, Maryland, Northern Virginia and Washington, D.C., resulting from the Company's quarterly portfolio review, as compared to \$1.53 for 2022.
- Per Nareit's definition, FFOPS for 2023 was \$2.41 as compared to \$2.35 for 2022.
- FFOPS, as adjusted for comparability, for 2023 was \$2.42 as compared to \$2.36 for 2022.

Operating Performance Highlights

Operating Portfolio Summary:

- At December 31, 2023, the Company's 23.9 million square foot Total Portfolio was 94.2% occupied and 95.3% leased, which includes the 21.7 million square foot Defense/IT Portfolio that was 96.2% occupied and 97.2% leased.
- During the quarter and year ended December 31, 2023, the Company placed into service 379,000 and 848,000 square feet, respectively, of developments that were 100% and 98% leased, respectively, as of year end.

Same Property Performance:

- At December 31, 2023, the Company's 20.6 million square foot same property portfolio was 93.4% occupied and 94.7% leased.
- The Company's same property cash NOI increased 4.5% and 5.7% for the three months and year ended December 31, 2023, respectively, compared to the same periods in 2022.

Leasing:

- Total Square Feet Leased: For the quarter ended December 31, 2023, the Company leased 668,000 square feet, including 301,000 square feet of renewals, 115,000 square feet of vacancy leasing, and 252,000 square feet in development projects. For the year ended December 31, 2023, the Company executed 2.9 million square feet of total leasing, including 1.7 million square feet of renewals, 452,000 square feet of vacancy leasing, and 747,000 square feet in development projects.
- Tenant Retention Rates: During the quarter and year ended December 31, 2023, the Company renewed 68.9% and 79.7% in its Total Portfolio, respectively, of expiring square feet. During the quarter and year ended December 31, 2023, the Company renewed 77.6% and 85.7% in its Defense/IT Portfolio, respectively, of expiring square feet.
- Rent Spreads & Average Escalations on Renewing Leases: For the quarter and year ended December 31, 2023, straight-line rents on renewals increased 20.5% and 9.3%, respectively, and cash rents on renewed space increased 3.1% and 1.5%, respectively. For the same time periods, annual escalations on renewing leases averaged 2.5% and 2.6%, respectively.
- Lease Terms: In the quarter ended December 31, 2023, lease terms averaged 6.3 years on renewing leases, 9.3 years on vacancy leasing, and 14.6 years on development projects. For the year ended December 31, 2023, lease terms averaged 4.8 years on renewing leases, 8.2 years on vacancy leasing, and 14.4 years on development leasing.

Investment Activity Highlights

- Development Pipeline: The Company's development pipeline consists of five properties totaling 817,000 square feet that were 91% leased as of December 31, 2023. These projects represent a total estimated investment of \$323.8 million, of which \$84.4 million has been spent.

Balance Sheet and Capital Transaction Highlights

- For the quarter ended December 31, 2023, the Company's adjusted EBITDA fixed charge coverage ratio was 4.4x.
- At December 31, 2023, the Company's net debt to in-place adjusted EBITDA ratio was 6.1x and its net debt adjusted for fully-leased development to in-place adjusted EBITDA ratio was 6.0x.
- At December 31, 2023, and including the effect of interest rate swaps, the Company's weighted average effective interest rate on its consolidated debt portfolio was 3.3% with a weighted average maturity of 5.7 years and, 100% of the Company's debt was subject to fixed interest rates.

Associated Supplemental Presentation

Prior to the call, the Company will post a slide presentation to accompany management's prepared remarks for its fourth quarter and full year 2023 conference call; the presentation can be viewed and downloaded from the 'Financial Info – Financial Results' section of COPT Defense's Investors website:

<https://investors.copt.com/financial-information/financial-results>

2024 Guidance

The Company details its initial full year and first quarter guidance, with supporting assumptions, in a separate press release issued concurrently with this press release; that release can be found in the 'News & Events – Press Releases' section of COPT Defense's Investors website: <https://investors.copt.com/news-events/press-releases>

Conference Call Information

Management will discuss fourth quarter and full year 2023 results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

Conference Call Date:	Friday, February 09, 2024
Time:	12:00 p.m. Eastern Time

Participants must register for the conference call at the link below to receive the dial-in number and personal pin. Registering only takes a few moments and provides direct access to the conference call without waiting for an operator. You may register at any time, including up to and after the call start time:

<https://register.vevent.com/register/Blec6f0e6112cd459ab4eda8f3c55c2d22>

The conference call will also be available via live webcast in the 'News & Events – IR Calendar' section of COPT Defense's Investors website: <https://investors.copt.com/news-events/ir-calendar>

Replay Information

A replay of the conference call will be immediately available via webcast only on COPT Defense's Investors website and will be maintained on the website for approximately 90 days after the conference call.

Definitions

For definitions of certain terms used in this press release, please refer to the information furnished in the Company's Supplemental Information Package furnished on a Form 8-K which can be found on its website (www.copt.com). Reconciliations of non-GAAP measures to the most directly comparable GAAP measures are included in the attached tables.

About COPT Defense

COPT Defense, an S&P MidCap 400 Company, is a self-managed REIT focused on owning, operating and developing properties in locations proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and missions (referred to as its Defense/IT Portfolio). The Company's tenants include the USG and their defense contractors, who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. As of December 31, 2023, the Company's Defense/IT Portfolio of 190 properties, including 24 owned through unconsolidated joint ventures, encompassed 21.7 million square feet and was 97.2% leased.

Forward-Looking Information

This press release may contain "forward-looking" statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on the Company's current expectations, estimates and projections about future events and financial trends affecting the Company. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "could," "believe," "anticipate," "expect," "estimate," "plan" or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Although the Company believes that the 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, 2022.

Source: COPT Defense Properties

COPT Defense Properties
Summary Financial Data
(unaudited)
(dollars and shares in thousands, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2023	2022	2023	2022
Revenues				
Lease revenue	\$ 160,337	\$ 150,022	\$ 619,847	\$ 580,169
Other property revenue	1,225	1,163	4,956	4,229
Construction contract and other service revenues	18,167	24,062	60,179	154,632
Total revenues	179,729	175,247	684,982	739,030
Operating expenses				
Property operating expenses	64,577	58,470	247,385	227,430
Depreciation and amortization associated with real estate operations	36,735	36,907	148,950	141,230
Construction contract and other service expenses	17,167	23,454	57,416	149,963
Impairment losses	—	—	252,797	—
General and administrative expenses	8,240	7,766	31,105	27,461
Leasing expenses	2,308	2,235	8,932	8,337
Business development expenses and land carry costs	797	1,157	2,732	3,193
Total operating expenses	129,824	129,989	749,317	557,614
Interest expense	(20,383)	(16,819)	(71,142)	(61,174)
Interest and other income, net	5,659	4,671	12,587	9,070
Gain on sales of real estate	—	19,238	49,392	19,250
Loss on early extinguishment of debt	—	(267)	—	(609)
Income (loss) from continuing operations before equity in (loss) income of unconsolidated entities and income taxes	35,181	52,081	(73,498)	147,953
Equity in (loss) income of unconsolidated entities	(240)	229	(261)	1,743
Income tax expense	(121)	(223)	(588)	(447)
Income (loss) from continuing operations	34,820	52,087	(74,347)	149,249
Discontinued operations	—	—	—	29,573
Net income (loss)	34,820	52,087	(74,347)	178,822
Net (income) loss attributable to noncontrolling interests:				
Common units in the Operating Partnership ("OP")	(576)	(775)	1,306	(2,603)
Other consolidated entities	(592)	(833)	(428)	(3,190)
Net income (loss) attributable to common shareholders	<u>\$ 33,652</u>	<u>\$ 50,479</u>	<u>\$ (73,469)</u>	<u>\$ 173,029</u>
Earnings per share ("EPS") computation:				
Numerator for diluted EPS:				
Net income (loss) attributable to common shareholders	\$ 33,652	\$ 50,479	\$ (73,469)	\$ 173,029
Amount allocable to share-based compensation awards	(100)	(129)	(1,199)	(463)
Redeemable noncontrolling interests	—	(60)	—	(169)
Numerator for diluted EPS	<u>\$ 33,552</u>	<u>\$ 50,290</u>	<u>\$ (74,668)</u>	<u>\$ 172,397</u>
Denominator:				
Weighted average common shares - basic	112,199	112,096	112,178	112,073
Dilutive effect of share-based compensation awards	432	435	—	431
Dilutive effect of redeemable noncontrolling interests	—	102	—	116
Weighted average common shares - diluted	<u>112,631</u>	<u>112,633</u>	<u>112,178</u>	<u>112,620</u>
Diluted EPS	<u>\$ 0.30</u>	<u>\$ 0.45</u>	<u>\$ (0.67)</u>	<u>\$ 1.53</u>

COPT Defense Properties
Summary Financial Data
(unaudited)
(in thousands, except per share data)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 34,820	\$ 52,087	\$ (74,347)	\$ 178,822
Real estate-related depreciation and amortization	36,735	36,907	148,950	141,230
Impairment losses on real estate	—	—	252,797	—
Gain on sales of real estate from continuing and discontinued operations	—	(19,238)	(49,392)	(47,814)
Depreciation and amortization on unconsolidated real estate JVs	805	526	3,217	2,101
Funds from operations ("FFO")	72,360	70,282	281,225	274,339
FFO allocable to other noncontrolling interests	(972)	(1,227)	(3,978)	(4,795)
Basic FFO allocable to share-based compensation awards	(513)	(360)	(1,940)	(1,433)
Basic FFO available to common share and common unit holders ("Basic FFO")	70,875	68,695	275,307	268,111
Redeemable noncontrolling interests	—	(27)	(58)	(34)
Diluted FFO adjustments allocable to share-based compensation awards	38	28	150	109
Diluted FFO available to common share and common unit holders ("Diluted FFO")	70,913	68,696	275,399	268,186
Loss on early extinguishment of debt	—	267	—	609
Gain on early extinguishment of debt on unconsolidated real estate JVs	—	(168)	—	(168)
Executive transition costs	188	—	518	343
Diluted FFO comparability adjustments allocable to share-based compensation awards	(1)	(1)	(4)	(5)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	71,100	68,794	275,913	268,965
Straight line rent adjustments and lease incentive amortization	313	(3,043)	6,518	(8,825)
Amortization of intangibles and other assets included in net operating income ("NOI")	26	15	50	(258)
Share-based compensation, net of amounts capitalized	2,318	2,247	8,544	8,700
Amortization of deferred financing costs	681	619	2,580	2,297
Amortization of net debt discounts, net of amounts capitalized	1,004	615	2,994	2,440
Replacement capital expenditures	(21,498)	(43,283)	(93,494)	(95,886)
Other	336	158	(84)	980
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	<u>\$ 54,280</u>	<u>\$ 26,122</u>	<u>\$ 203,021</u>	<u>\$ 178,413</u>
Diluted FFO per share	<u>\$ 0.62</u>	<u>\$ 0.60</u>	<u>\$ 2.41</u>	<u>\$ 2.35</u>
Diluted FFO per share, as adjusted for comparability	<u>\$ 0.62</u>	<u>\$ 0.60</u>	<u>\$ 2.42</u>	<u>\$ 2.36</u>
Dividends/distributions per common share/unit	<u>\$ 0.285</u>	<u>\$ 0.275</u>	<u>\$ 1.140</u>	<u>\$ 1.100</u>

COPT Defense Properties
Summary Financial Data
(unaudited)
(Dollars and shares in thousands, except per share data)

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>		
Balance Sheet Data				
Properties, net of accumulated depreciation	\$ 3,503,678	\$ 3,556,398		
Total assets	\$ 4,246,966	\$ 4,257,275		
Debt per balance sheet	\$ 2,416,287	\$ 2,231,794		
Total liabilities	\$ 2,699,631	\$ 2,509,527		
Redeemable noncontrolling interests	\$ 23,580	\$ 26,293		
Total equity	\$ 1,523,755	\$ 1,721,455		
Debt to assets	56.9%	52.4%		
Net debt to adjusted book	40.6%	39.8%		
Defense/IT Portfolio Data (as of period end)				
Number of operating properties	190	186		
Total operational square feet (in thousands)	21,719	20,869		
% Occupied	96.2%	94.1%		
% Leased	97.2%	96.7%		
	<u>For the Three Months Ended</u> <u>December 31,</u>		<u>For the Years Ended</u> <u>December 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
GAAP				
Payout ratio:				
Net income	93.7%	60.3%	N/A	70.2%
Debt ratios:				
Net income to interest expense ratio	1.7x	3.1x	N/A	2.9x
Debt to net income ratio	17.3x	10.7x	N/A	N/A
Non-GAAP				
Payout ratios:				
Diluted FFO	45.7%	45.5%	47.1%	46.6%
Diluted FFO, as adjusted for comparability	45.6%	45.4%	47.0%	46.5%
Diluted AFFO	59.7%	119.7%	63.9%	70.1%
Debt ratios:				
Adjusted EBITDA fixed charge coverage ratio	4.4x	4.7x	4.7x	5.1x
Net debt to in-place adjusted EBITDA ratio	6.1x	6.3x	N/A	N/A
Pro forma net debt to in-place adjusted EBITDA ratio (1)	N/A	6.0x	N/A	N/A
Net debt adj. for fully-leased development to in-place adj. EBITDA ratio	6.0x	6.1x	N/A	N/A
Pro forma net debt adj. for fully-leased development to in-place adj. EBITDA ratio (1)	N/A	5.7x	N/A	N/A
Reconciliation of denominators for per share measures				
Denominator for diluted EPS	112,631	112,633	112,178	112,620
Weighted average common units	1,514	1,476	1,509	1,454
Dilutive effect of additional share-based compensation awards	—	—	424	—
Redeemable noncontrolling interests	—	—	38	—
Denominator for diluted FFO per share and as adjusted for comparability	<u>114,145</u>	<u>114,109</u>	<u>114,149</u>	<u>114,074</u>

(1) Includes, for the 12/31/22 period, adjustments associated with our sale on 1/10/23 of a 90% interest in three data center shell properties.

COPT Defense Properties
Summary Financial Data
(unaudited)
(in thousands)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2023	2022	2023	2022
Numerators for Payout Ratios				
Dividends on unrestricted common and deferred shares	\$ 31,998	\$ 30,844	\$ 127,978	\$ 123,367
Distributions on unrestricted common units	430	406	1,725	1,623
Dividends and distributions on restricted shares and units	209	134	828	567
Total dividends and distributions for GAAP payout ratio	32,637	31,384	130,531	125,557
Dividends and distributions on antidilutive shares and units	(212)	(121)	(835)	(516)
Dividends and distributions for non-GAAP payout ratios	<u>\$ 32,425</u>	<u>\$ 31,263</u>	<u>\$ 129,696</u>	<u>\$ 125,041</u>

Reconciliation of net income (loss) to earnings before interest, income taxes, depreciation and amortization for real estate (“EBITDAre”), adjusted EBITDA and in-place adjusted EBITDA

Net income (loss)	\$ 34,820	\$ 52,087	\$ (74,347)	\$ 178,822
Interest expense	20,383	16,819	71,142	61,174
Income tax expense	121	223	588	447
Real estate-related depreciation and amortization	36,735	36,907	148,950	141,230
Other depreciation and amortization	619	602	2,445	2,363
Impairment losses on real estate	—	—	252,797	—
Gain on sales of real estate from continuing and discontinued operations	—	(19,238)	(49,392)	(47,814)
Adjustments from unconsolidated real estate JVs	1,911	1,033	6,917	3,313
EBITDAre	94,589	88,433	359,100	339,535
Credit loss (recoveries) expense	(1,288)	(1,331)	(611)	271
Business development expenses	445	794	1,393	1,891
Executive transition costs	188	387	824	730
Loss on early extinguishment of debt	—	267	—	609
Gain on early extinguishment of debt on unconsolidated real estate JVs	—	(168)	—	(168)
Net gain on other investments	—	(595)	(25)	(1,159)
Adjusted EBITDA	93,934	87,787	<u>\$ 360,681</u>	<u>\$ 341,709</u>
Pro forma NOI adjustment for property changes within period	1,341	2,704		
Change in collectability of deferred rental revenue	(198)	—		
In-place adjusted EBITDA	\$ 95,077	\$ 90,491		
Pro forma NOI adjustment from subsequent event transactions	N/A	(2,903)		
Pro forma in-place adjusted EBITDA	<u>\$ 95,077</u>	<u>\$ 87,588</u>		

Reconciliations of tenant improvements and incentives, building improvements and leasing costs for operating properties to replacement capital expenditures

Tenant improvements and incentives	\$ 7,850	\$ 33,439	\$ 74,912	\$ 62,952
Building improvements	14,762	8,468	25,976	29,528
Leasing costs	2,440	4,389	9,634	11,480
Net (exclusions from) additions to tenant improvements and incentives	(189)	(75)	(12,170)	2,150
Excluded building improvements and leasing costs	(3,365)	(2,938)	(4,858)	(10,224)
Replacement capital expenditures	<u>\$ 21,498</u>	<u>\$ 43,283</u>	<u>\$ 93,494</u>	<u>\$ 95,886</u>

COPT Defense Properties
Summary Financial Data
(unaudited)
(in thousands)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2023	2022	2023	2022
Reconciliation of interest expense to the denominator for fixed charge coverage-Adjusted EBITDA				
Interest expense	\$ 20,383	\$ 16,819	\$ 71,142	\$ 61,174
Less: Amortization of deferred financing costs	(681)	(619)	(2,580)	(2,297)
Less: Amortization of net debt discounts, net of amounts capitalized	(1,004)	(615)	(2,994)	(2,440)
COPT Defense's share of interest expense of unconsolidated real estate JVs, excluding amortization of deferred financing costs and net debt premium and loss on interest rate derivatives	819	423	3,188	1,123
Scheduled principal amortization	763	864	3,052	3,333
Capitalized interest	1,028	1,835	4,479	6,709
Denominator for fixed charge coverage-Adjusted EBITDA	<u>\$ 21,308</u>	<u>\$ 18,707</u>	<u>\$ 76,287</u>	<u>\$ 67,602</u>
Reconciliation of net income (loss) to NOI from real estate operations, same property NOI from real estate operations and same property cash NOI from real estate operations				
Net income (loss)	\$ 34,820	\$ 52,087	\$ (74,347)	\$ 178,822
Construction contract and other service revenues	(18,167)	(24,062)	(60,179)	(154,632)
Depreciation and other amortization associated with real estate operations	36,735	36,907	148,950	141,230
Construction contract and other service expenses	17,167	23,454	57,416	149,963
Impairment losses	—	—	252,797	—
General and administrative expenses	8,240	7,766	31,105	27,461
Leasing expenses	2,308	2,235	8,932	8,337
Business development expenses and land carry costs	797	1,157	2,732	3,193
Interest expense	20,383	16,819	71,142	61,174
Interest and other income, net	(5,659)	(4,671)	(12,587)	(9,070)
Gain on sales of real estate from continuing operations	—	(19,238)	(49,392)	(19,250)
Loss on early extinguishment of debt	—	267	—	609
Equity in loss (income) of unconsolidated entities	240	(229)	261	(1,743)
Unconsolidated real estate JVs NOI allocable to COPT Defense included in equity in (loss) income of unconsolidated entities	1,671	1,095	6,659	4,327
Income tax expense	121	223	588	447
Discontinued operations	—	—	—	(29,573)
Revenues from real estate operations from discontinued operations	—	—	—	1,980
Property operating expenses from discontinued operations	—	—	—	(971)
NOI from real estate operations	<u>98,656</u>	<u>93,810</u>	<u>384,077</u>	<u>362,304</u>
Non-Same Property NOI from real estate operations	<u>(11,705)</u>	<u>(9,015)</u>	<u>(39,244)</u>	<u>(27,991)</u>
Same Property NOI from real estate operations	86,951	84,795	344,833	334,313
Straight line rent adjustments and lease incentive amortization	7,947	319	25,631	(2,729)
Amortization of acquired above- and below-market rents	(121)	(131)	(536)	(844)
Lease termination fees, net	(717)	(1,026)	(3,745)	(2,237)
Tenant funded landlord assets and lease incentives	(7,501)	(1,068)	(25,244)	(5,915)
Cash NOI adjustments in unconsolidated real estate JVs	(58)	(81)	(267)	(358)
Same Property Cash NOI from real estate operations	<u>\$ 86,501</u>	<u>\$ 82,808</u>	<u>\$ 340,672</u>	<u>\$ 322,230</u>

COPT Defense Properties
Summary Financial Data
(unaudited)
(in thousands)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Reconciliation of total assets to adjusted book		
Total assets	\$ 4,246,966	\$ 4,257,275
Accumulated depreciation	1,400,162	1,267,434
Accumulated depreciation included in assets held for sale	—	6,014
Accumulated amortization of intangibles on property acquisitions and deferred leasing costs	228,484	222,779
COPT Defense's share of liabilities of unconsolidated real estate JVs	60,583	52,404
COPT Defense's share of accumulated depreciation and amortization of unconsolidated real estate JVs	9,528	6,078
Less: Property - operating lease liabilities	(33,931)	(28,759)
Less: Property - finance lease liabilities	(415)	—
Less: Cash and cash equivalents	(167,820)	(12,337)
Less: COPT Defense's share of cash of unconsolidated real estate JVs	(852)	(456)
Adjusted book	<u>\$ 5,742,705</u>	<u>\$ 5,770,432</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Reconciliation of debt to net debt, net debt adjusted for fully-leased development and pro forma net debt adjusted for fully-leased development		
Debt per balance sheet	\$ 2,416,287	\$ 2,231,794
Net discounts and deferred financing costs	28,713	23,160
COPT Defense's share of unconsolidated JV gross debt	<u>52,613</u>	<u>52,100</u>
Gross debt	2,497,613	2,307,054
Less: Cash and cash equivalents	(167,820)	(12,337)
Less: COPT Defense's share of cash of unconsolidated real estate JVs	<u>(852)</u>	<u>(456)</u>
Net debt	2,328,941	2,294,261
Costs incurred on fully-leased development properties	<u>(53,914)</u>	<u>(95,972)</u>
Net debt adjusted for fully-leased development	<u>\$ 2,275,027</u>	<u>\$ 2,198,289</u>
Net debt	\$ 2,328,941	\$ 2,294,261
Pro forma debt adjustments from subsequent event transaction proceeds	<u>N/A</u>	<u>(189,000)</u>
Pro forma net debt	2,328,941	2,105,261
Costs incurred on fully-leased development properties	<u>(53,914)</u>	<u>(95,972)</u>
Pro forma net debt adjusted for fully-leased development	<u>\$ 2,275,027</u>	<u>\$ 2,009,289</u>