April 28, 2022

COPT 1Q 2022 Results Exceed Guidance

1Q22 EPS of $0.52 and FFO per Shareof $0.58 Exceeded High-End of Guidance

1.2% Increase in Same-Property Cash NOI During Quarter Outperformed High-End of Guidance by 20 Basis Points;
Maintain Full-Year Guidance for Change in Same-Property Cash NOI at (2%)-0%

Core Portfolio 92.2% Occupied & 94.1% Leased

283,000 SF of 100% Leased Developments Placed into Service in 1Q22

1.7 Million SF of Active Developments are 96% Leased

Solid Leasing

Total Leasing of 871,000 SF in the Quarter Represents Strong Start to the Year

265,000 SF of Development Leasing in 1Q is On-Track to Meet 2022 Goal of Completing 700,000 SF Goal During the Year

157,000 SF of Vacancy Leasing Represents 157% of First Quarter 5-Year Average

64% Retention Rate In-Line with Expectations;
Full-Year Retention Guidance of 70-75% Unchanged

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust (“COPT” or the “Company”) (NYSE: OFC) announced results for the first quarter ended March 31, 2022.

Management Comments

Stephen E. Budorick, COPT’s President & Chief Executive Officer, commented, “Our strategy of prioritizing capital allocation and leasing efforts at our Defense/IT Locations that serve priority missions at U.S. defense installations continues to produce strong, reliable results that are not correlated to traditional office fundamentals. First quarter results represent a strong start to the year, and we remain on-track to achieve our full year operating, leasing, and FFO per share objectives. Same-property results modestly exceeded expectations, and leasing was strong in the operating and development portfolios. The 157,000 square feet of vacancy leasing we achieved exceeded our 5-year average for the quarter. Our 64% tenant retention rate in the quarter reflected the anticipated non-renewal by Transamerica at 100 Light Street, which was included in our full-year retention guidance of 70-to-75%. The 265,000 square foot data center shell lease we executed in the quarter represents nearly 40% of the 700,000 square feet of development leasing we expect to complete this year, and we anticipate a productive second quarter.” He continued, “During the quarter, we placed 283,000 square feet of fully-leased developments into service and, among the 1.7 million square feet of active developments currently underway, we expect to place nearly 800,000 square feet of fully-leased projects into service for the year. Lastly, the

mid-point of our full-year guidance implies 2.2% growth in FFO per share, as adjusted for comparability, reduced by roughly 2% from the dilutive sale of DC-6 during the quarter."

Financial Highlights

1st Quarter Financial Results:

- Diluted earnings per share ("EPS") was $0.52 for the quarter ended March 31, 2022 compared to ($0.06) for the first quarter of 2021.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with Nareit's definition, was $0.58 for the first quarter of 2022 compared to $0.27 for first quarter 2021.
- FFOPS, as adjusted for comparability, was $0.58 for the first quarter of 2022 compared to $0.56 for the first quarter of 2021.

Operating Performance Highlights

Operating Portfolio Summary:

- At March 31, 2022, the Company's 21.8 million square foot core portfolio was 92.2% occupied and 94.1% leased.
- During the quarter, the Company placed into service 283,000 square feet of developments that were 100% leased.

Same-Property Performance:

- At March 31, 2022, COPT's 20.3 million square foot same-property portfolio was 92.0% occupied and 93.9% leased.
- For the quarter ended March 31, 2022, the Company's same-property cash NOI increased 1.2%, over the prior year's comparable period.

Leasing:

- Total Square Feet Leased: For the quarter ended March 31, 2022, the Company leased 871,000 square feet, including 448,000 square feet of renewals, 157,000 square feet of new leases on vacant space, and 265,000 square feet in development projects.
- Tenant Retention Rates: During the quarter ended March 31, 2022, the Company renewed 64% of expiring square feet. First quarter non-renewals included a 141,000 square foot lease expiration in the Company's Regional Office portfolio. This non-renewal was included in management's original full-year retention guidance of 70-75%.
- Rent Spreads & Average Escalations on Renewing Leases: For the quarter ended March 31, 2022, straight-line rents on renewals decreased 1.9%, and cash rents on renewed space decreased 5.7%. For the same time period, annual escalations on renewing leases averaged 2.6%.

- Lease Terms: In the first quarter of 2022, lease terms averaged 3.3 years on renewing leases, 6.4 years on new leasing of vacant space, and 15.0 years on development leasing.

Investment Activity Highlights

- Development Pipeline: The Company's development pipeline consists of 11 properties totaling 1.7 million square feet that were 96% leased at March 31, 2022. These projects represent a total estimated investment of $552.7 million, of which $214.3 million has been spent.

- Dispositions: On January 25, 2022, the Company sold 100% of COPT DC-6 ("DC-6"), the only asset in the Company's Wholesale Data Center reporting segment, for $223 million. There was no debt on the asset.

Balance Sheet and Capital Transaction Highlights

- In January and as referenced in the preceding paragraph, the Company sold its wholesale data center for $223 million and used the proceeds to repay unsecured, variable rate debt.

- For the quarter ended March 31, 2022, the Company's adjusted EBITDA fixed charge coverage ratio was 5.2x.

- At March 31, 2022, the Company's net debt to in-place adjusted EBITDA ratio was 6.6x and its net debt adjusted for fully-leased development to in-place adjusted EBITDA ratio was 6.1x.

- At March 31, 2022, and including the effect of interest rate swaps, the Company's weighted average effective interest rate on its consolidated debt portfolio was 2.72% with a weighted average maturity of 6.9 years; additionally, 97.2% of the Company's debt was subject to fixed interest rates.

- On April 8, 2022, the Company filed a new universal shelf registration statement with the SEC to replace its expired registration. In conjunction with this filing, the Company will also file a new prospectus supplement in May to attach its $300 million at-the-market ("ATM") stock offering program to the new shelf registration statement.

Associated Supplemental Presentation

Prior to the call, the Company will post a slide presentation to accompany management's prepared remarks for its first quarter 2022 conference call; the presentation can be viewed and downloaded from the 'Financial Info – Financial Results' section of COPT's Investors website: https://investors.copt.com/financial-information/financial-results

2022 Guidance

Management is updating its full-year guidance for EPS and FFOPS, per Nareit and as adjusted for comparability, from the prior range of $1.12-$1.20, and $2.30-$2.38, respectively, to new ranges of $1.16-$1.22, and $2.31-$2.37, respectively. Management is establishing second quarter guidance for EPS and FFOPS per Nareit and as adjusted for

comparability at $0.22-$0.24 and $0.57-$0.59, respectively. Reconciliations of projected EPS to projected FFOPS, in accordance with Nareit and as adjusted for comparability are as follows:

Reconciliation of EPS to FFOPS, per Nareit and As Adjusted for Comparability	Quarter ending June 30, 2022		Year ending December 31, 2022	
	Low	High	Low	High
EPS	$0.22	$0.24	$1.16	$1.22
Real estate-related depreciation and amortization	0.35	0.35	1.40	1.40
Gain on sales of real estate	-	-	(0.25)	(0.25)
FFOPS, Nareit definition and as adjusted for comparability	$0.57	$0.59	$2.31	$2.37

Conference Call Information

Management will discuss first quarter 2022 results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

Conference Call Date:	Friday, April 29, 2022
Time:	12:00 p.m. Eastern Time
Telephone Number: (within the U.S.)	855-463-9057
Telephone Number: (outside the U.S.)	661-378-9894
Passcode:	7286907

The conference call will also be available via live webcast in the 'News & Events – IR Calendar' section of COPT'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 on the Investors website. Additionally, a telephonic replay of this call will be available beginning at 3:00 p.m. Eastern Time on Friday, April 29, through 3:00 p.m. Eastern Time on Friday, May 13. To access the replay within the United States, please call 855-859-2056; to access it from outside the United States, please call 404-537-3406. In either case, use passcode 7286907.

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

COPT is a REIT that owns, manages, leases, develops and selectively acquires office and data center properties. The majority of its portfolio is 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 the Company believes are growing, durable, priority missions (“Defense/IT Locations”). The Company also owns a portfolio of office properties located in select urban/urban-like submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics (“Regional Office Properties”). As of March 31, 2022, the Company derived 90% of its core portfolio annualized rental revenue from Defense/IT Locations and 10% from its Regional Office Properties. As of the same date and including 19 properties owned through unconsolidated joint ventures, COPT’s core portfolio of 186 properties encompassed 21.8 million square feet and was 94.1% 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, 2021.

Source: Corporate Office Properties Trust

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(dollars and shares in thousands, except per share data)

	For the Three Months Ended March 31,	
	2022	**2021**
Revenues		
Revenues from real estate operations	$ 142,280	$ 137,830
Construction contract and other service revenues	53,200	16,558
Total revenues	195,480	154,388
Operating expenses		
Property operating expenses	57,181	53,276
Depreciation and amortization associated with real estate operations	34,264	34,500
Construction contract and other service expenses	51,650	15,793

General and administrative expenses	6,670	6,062
Leasing expenses	1,874	2,344
Business development expenses and land carry costs	783	1,094
Total operating expenses	152,422	113,069
Interest expense	(14,424)	(17,519)
Interest and other income	1,893	1,865
Credit loss recoveries	316	907
Gain on sales of real estate	15	(490)
Loss on early extinguishment of debt	(342)	(33,166)
Income (loss) from continuing operations before equity in income of unconsolidated entities and income taxes	30,516	(7,084)
Equity in income of unconsolidated entities	888	222
Income tax expense	(153)	(32)
Income (loss) from continuing operations	31,251	(6,894)
Discontinued operations	29,573	815
Net Income (loss)	60,824	(6,079)
Net (income) loss attributable to noncontrolling interests:		
Common units in the Operating Partnership ("OP")	(856)	85
Other consolidated entities	(649)	(675)
Net income (loss) attributable to COPT common shareholders	$ 59,319	$ (6,669)
Earnings per share ("EPS") computation:		
Numerator for diluted EPS:		
Net income (loss) attributable to COPT common shareholders	$ 59,319	$ (6,669)
Amount allocable to share-based compensation awards	(181)	(170)
Redeemable noncontrolling interests	(39)	—
Numerator for diluted EPS	$ 59,099	$ (6,839)
Denominator:		
Weighted average common shares - basic	112,020	111,888
Dilutive effect of share-based compensation awards	426	—
Dilutive effect of redeemable noncontrolling interests	132	—
Weighted average common shares - diluted	112,578	111,888
Diluted EPS	$ 0.52	$ (0.06)

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(in thousands, except per share data)

	For the Three Months Ended March 31,	
	2022	2021
Net income (loss)	$ 60,824	$ (6,079)
Real estate-related depreciation and amortization	34,264	37,321
Gain on sales of real estate from continuing and discontinued operations	(28,579)	490
Depreciation and amortization on unconsolidated real estate JVs	526	454
Funds from operations ("FFO")	67,035	32,186
FFO allocable to other noncontrolling interests	(1,042)	(1,027)
Basic FFO allocable to share-based compensation awards	(362)	(162)
Basic FFO available to common share and common unit holders ("Basic FFO")	65,631	30,997
Redeemable noncontrolling interests	(6)	—
Diluted FFO adjustments allocable to share-based compensation awards	27	—
Diluted FFO available to common share and common unit holders ("Diluted FFO")	65,652	30,997
Loss on early extinguishment of debt	342	33,166
Diluted FFO comparability adjustments for redeemable noncontrolling interests	—	458
Diluted FFO comparability adjustments allocable to share-based compensation awards	(2)	(167)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	65,992	64,454
Straight line rent adjustments and lease incentive amortization	(3,189)	(3,357)
Amortization of intangibles and other assets included in net operating income	(372)	40
Share-based compensation, net of amounts capitalized	2,111	1,904
Amortization of deferred financing costs	597	793
Amortization of net debt discounts, net of amounts capitalized	605	542
Replacement capital expenditures	(17,358)	(12,230)
Other diluted AFFO adjustments associated with real estate JVs	39	241
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	$ 48,425	$ 52,387
Diluted FFO per share	$ 0.58	$ 0.27
Diluted FFO per share, as adjusted for comparability	$ 0.58	$ 0.56
Dividends/distributions per common share/unit	$ 0.275	$ 0.275

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(Dollars and shares in thousands, except per share data)

	March 31, 2022	December 31, 2021
Balance Sheet Data		
Properties, net of accumulated depreciation	$ 3,580,281	$ 3,532,944
Total assets	4,132,026	4,262,452
Debt, per balance sheet	2,156,784	2,272,304
Total liabilities	2,414,670	2,578,479
Redeemable noncontrolling interests	26,820	26,898
Equity	1,690,536	1,657,075
Net debt to adjusted book	39.7%	40.5%
Core Portfolio Data (as of period end) (1)		
Number of operating properties	186	184
Total operational square feet (in thousands)	21,849	21,553
% Occupied	92.2%	92.6%
% Leased	94.1%	94.4%

	For the Three Months Ended March 31,	
	2022	2021
Payout ratios		
Diluted FFO	47.6%	100.5%
Diluted FFO, as adjusted for comparability	47.4%	48.3%
Diluted AFFO	64.5%	59.5%
Adjusted EBITDA fixed charge coverage ratio	5.2x	4.3x
Net debt to in-place adjusted EBITDA ratio (2)	6.6x	6.6x
Net debt adj. for fully-leased development to in-place adj. EBITDA ratio (3)	6.1x	6.3x
Reconciliation of denominators for per share measures		
Denominator for diluted EPS	112,578	111,888
Weighted average common units	1,384	1,246
Anti-dilutive EPS effect of share-based compensation awards	—	261
Denominator for diluted FFO per share	113,962	113,395
Redeemable noncontrolling interests	—	940
Denominator for diluted FFO per share, as adjusted for comparability	113,962	114,335

(1) Represents Defense/IT Locations and Regional Office properties.

(2) Represents net debt as of period end divided by in-place adjusted EBITDA for the period, as annualized (i.e. three month periods are multiplied by four).

(3) Represents net debt less costs incurred on properties under development that were 100% leased as of period end divided by in-place adjusted EBITDA for the period, as annualized (i.e. three month periods are multiplied by four).

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(in thousands)

	For the Three Months Ended March 31,	
	2022	2021

Reconciliation of common share dividends to dividends and distributions for payout ratios				
Common share dividends - unrestricted shares and deferred shares	$	30,837	$	30,805
Common unit distributions - unrestricted units		404		347
Common unit distributions - dilutive restricted units		13		—
Dividends and distributions for payout ratios	$	31,254	$	31,152
Reconciliation of GAAP 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)	$	60,824	$	(6,079)
Interest expense		14,424		17,519
Income tax expense		153		32
Real estate-related depreciation and amortization		34,264		37,321
Other depreciation and amortization		607		555
Gain on sales of real estate		(28,579)		490
Adjustments from unconsolidated real estate JVs		758		693
EBITDAre		82,451		50,531
Loss on early extinguishment of debt		342		33,166
Net gain on other investments		(565)		—
Credit loss recoveries		(316)		(907)
Business development expenses		326		548
Adjusted EBITDA		82,238		83,338
Pro forma net operating income adjustment for property changes within period		579		166
Change in collectability of deferred rental revenue		—		124
In-place adjusted EBITDA		82,817		83,628
Reconciliation of interest expense to the denominators for fixed charge coverage-Adjusted EBITDA				
Interest expense	$	14,424	$	17,519
Less: Amortization of deferred financing costs		(597)		(793)
Less: Amortization of net debt discounts, net of amounts capitalized		(605)		(542)
COPT's share of interest expense of unconsolidated real estate JVs, excluding deferred financing costs		231		234
Scheduled principal amortization		774		962
Capitalized interest		1,529		1,805
Denominator for fixed charge coverage-Adjusted EBITDA	$	15,756	$	19,185

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(in thousands)

	For the Three Months Ended March 31,	
	2022	2021
Reconciliations of tenant improvements and incentives, building improvements and leasing costs for operating properties to replacement capital expenditures		
Tenant improvements and incentives	$ 10,010	$ 7,139
Building improvements	6,832	3,628
Leasing costs	2,270	1,129
Net additions to tenant improvements and incentives	1,808	2,900
Excluded building improvements and leasing costs	(3,562)	(2,566)
Replacement capital expenditures	$ 17,358	$ 12,230
Same Properties cash NOI	$ 79,567	$ 78,650
Straight line rent adjustments and lease incentive amortization	(1,503)	1,724
Amortization of acquired above- and below-market rents	519	99
Lease termination fees, net	221	1,362
Tenant funded landlord assets and lease incentives	1,463	228
Cash NOI adjustments in unconsolidated real estate JV	83	101
Same Properties NOI	$ 80,350	$ 82,164

	March 31, 2022	December 31, 2021
Reconciliation of total assets to adjusted book		
Total assets	$ 4,132,026	$ 4,262,452
Accumulated depreciation	1,182,652	1,152,523
Accumulated depreciation included in assets held for sale	—	82,385
Accumulated amortization of intangibles on property acquisitions and deferred leasing costs	217,607	215,925
Accumulated amortization of intangibles on property acquisitions and deferred leasing costs included in assets held for sale	—	4,547
COPT's share of liabilities of unconsolidated real estate JVs	27,367	27,312
COPT's share of accumulated depreciation and amortization of unconsolidated real estate JVs	4,328	3,744
Less: Property - operating lease liabilities	(29,729)	(29,342)
Less: Cash and cash equivalents	(19,347)	(13,262)
Less: COPT's share of cash of unconsolidated real estate JVs	(458)	(434)
Adjusted book	$ 5,514,446	$ 5,705,850

Corporate Office Properties Trust
Summary Financial Data
(unaudited)
(in thousands)

	March 31, 2022	December 31, 2021	March 31, 2021
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	$ 2,156,784	$ 2,272,304	$ 2,207,903
Net discounts and deferred financing costs	24,728	25,982	23,701
COPT's share of unconsolidated JV gross debt	26,250	26,250	26,250
Gross debt	$ 2,207,762	$ 2,324,536	$ 2,257,854
Less: Cash and cash equivalents	(19,347)	(13,262)	(36,139)
Less: COPT's share of cash of unconsolidated real estate JVs	(458)	(434)	(202)
Net debt	$ 2,187,957	$ 2,310,840	$ 2,221,513
Costs incurred on fully-leased development properties	(154,259)	(162,884)	(128,032)
Net debt adjusted for fully-leased development	$ 2,033,698	$ 2,147,956	$ 2,093,481
Net debt	$ 2,187,957	$ 2,310,840	$ 2,221,513
Debt pay down from Wholesale Data Center sale proceeds	N/A	(216,000)	N/A
Pro forma net debt	$ 2,187,957	$ 2,094,840	$ 2,221,513
Costs incurred on fully-leased development properties	(154,259)	(162,884)	(128,032)
Pro forma net debt adjusted for fully-leased development	$ 2,033,698	$ 1,931,956	$ 2,093,481

View source version on businesswire.com:
https://www.businesswire.com/news/home/20220428006238/en/

IR Contacts:
Stephanie Krewson-Kelly
443-285-5453
stephanie.kelly@copt.com

Michelle Layne
443-285-5452
michelle.layne@copt.com

Source: Corporate Office Properties Trust