April 27, 2023

COPT First Quarter 2023 Results Exceed Guidance

EPS of $0.70 for 1Q23 and
FFO per Share, as Adjusted for Comparability, of $0.59
Exceeded High-End of Guidance

Narrowed 2023 FFO per Share Guidance, Midpoint Unchanged

Core Portfolio 92.9% Occupied and 95.1% Leased

Same-Property Cash NOI Increased 8.3% in the Quarter
Raising Same-Property Cash NOI Guidance for the Year by 100 Basis Points, to 3%-5%

1.5 million SF of Active Developments are 92% Leased

Strong Leasing to Start the Year; On Track to Meet Development and Vacancy Leasing Goals

Total Leasing of 788,000 SF

495,000 SF of Development Leasing

99,000 SF of Vacancy Leasing
On Track to Achieve Annual Goal of 400,000 SF

Tenant Retention of 63.9%
Raising Tenant Retention Rate Guidance for the Year by 250 Basis Points, to 80%-85%

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust (“COPT” or the “Company”) (NYSE: OFC) announced results for the first quarter ended March 31, 2023.

Management Comments

Stephen E. Budorick, COPT’s President & Chief Executive Officer, commented, “Our Defense/IT investment strategy, which has concentrated our portfolio near priority U.S. defense installations, continues to produce solid results, as evidenced by the 96.7% leased rate in our Defense / IT segment, which accounts for 90% of our core portfolio annualized rental revenue. Our first quarter results were strong as FFO per share exceeded the midpoint of our guidance range by $0.02, though given the uncertain interest rate

environment, we are maintaining the midpoint of our full year guidance at $2.38 per share. Same property Cash NOI increased 8.3% year over year, which led us to increase our full year guidance by 100 basis points. We raised our full year retention rate by 250 basis points, which reflects our tenant's need to execute their missions at our strategic locations. Leasing overall is off to a great start, having already achieved roughly 70% of our full year development leasing goal, while vacancy leasing is right on track with our 400,000 square foot goal. Our investment grade rated balance sheet is well positioned to navigate the challenging capital markets environment as we have no significant debt maturities until 2026."

"In February, we announced a 3.6% increase to our quarterly dividend, which marks our first dividend increase since 2010. This dividend increase illustrates the high level of confidence we have in our ability to grow our FFO per share, while self-funding the equity required for our expected development pipeline. The outlook for defense spending remains strong, as the FY 2024 Defense budget request calls for a 3.6% year over year increase, which follows the roughly $100 billion increase between FY21-FY23."

Financial Highlights

1st Quarter Financial Results:

- Diluted earnings per share ("EPS") was $0.70 for the quarter ended March 31, 2023 compared to $0.52 for the quarter ended March 31, 2022.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with Nareit's definition and as adjusted for comparability, was $0.59 for the quarter ended March 31, 2023 compared to $0.58 for the quarter ended March 31, 2022.

Operating Performance Highlights

Operating Portfolio Summary:

- At March 31, 2023, the Company's 22.9 million square foot core portfolio was 92.9% occupied and 95.1% leased.

Same-Property Performance:

- At March 31, 2023, the Company's 20.6 million square foot same-property portfolio was 92.1% occupied and 94.5% leased.
- The Company's same-property cash NOI increased 8.3% for the three months ended March 31, 2023, compared to the same period in 2022.

Leasing:

- Total Square Feet Leased: For the quarter ended March 31, 2023, the Company leased 788,000 square feet, including 194,000 square feet of renewals, 99,000 square feet of vacancy leasing, and 495,000 square feet in development projects.
- Tenant Retention Rates: During the quarter ended March 31, 2023, the Company renewed 63.9% of expiring square feet. Tenant retention rate guidance for 2023 was

increased by 250 basis points at the midpoint to 80%-85% from 75%-85%.

- Rent Spreads & Average Escalations on Renewing Leases: For the quarter ended March 31, 2023, straight-line rents on renewals increased 4.2% and cash rents on renewed space were slightly positive. For the same time period, annual escalations on renewing leases averaged 2.4%.

- Lease Terms: In the quarter ended March 31, 2023, lease terms averaged 2.7 years on renewing leases, 7.9 years on vacancy leasing and 14.3 years on development leasing.

Investment Activity Highlights

- Development Pipeline: The Company's development pipeline consists of nine properties totaling 1.5 million square feet that were 92% leased at March 31, 2023. These projects represent a total estimated investment of $477.7 million, of which $165.5 million has been spent.

Balance Sheet and Capital Transaction Highlights

- On January 10, 2023, the Company sold three data center shells to a new, 90%/10% joint venture with entities affiliated with Blackstone, generating approximately $190 million of proceeds.

- For the quarter ended March 31, 2023, the Company's adjusted EBITDA fixed charge coverage ratio was 5.0x.

- At March 31, 2023, the Company's net debt to in-place adjusted EBITDA ratio was 6.2x and its net debt adjusted for fully-leased development to in-place adjusted EBITDA ratio was 5.8x.

- At March 31, 2023, and including the effect of interest rate swaps, the Company's weighted average effective interest rate on its consolidated debt portfolio was 3.0% with a weighted average maturity of 6.5 years; additionally, 98.0% 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 first quarter 2023 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

2023 Guidance

Management is updating its full-year guidance for diluted EPS and diluted FFOPS, per Nareit and as adjusted for comparability, from the prior range of $1.45-$1.53, and $2.34-$2.42, respectively, to new ranges of $1.46-$1.52, and $2.35-$2.41, respectively. Management is establishing second quarter guidance for diluted EPS and diluted FFOPS per Nareit and as adjusted for comparability at $0.67-$0.69 and $0.57-$0.59, respectively. Reconciliations of projected diluted EPS to projected diluted FFOPS, in accordance with Nareit and as

adjusted for comparability are as follows:

Reconciliation of Diluted EPS to FFOPS, per Nareit, and As Adjusted for Comparability	Quarter Ending June 30, 2023		Year Ending December 31, 2023	
	Low	High	Low	High
Diluted EPS	$ 0.67	$ 0.69	$ 1.46	$ 1.52
Real estate-related depreciation and amortization	0.33	0.33	1.32	1.32
Gain on sales of real estate	(0.43)	(0.43)	(0.43)	(0.43)
Diluted FFOPS, Nareit definition and as adjusted for comparability	$ 0.57	$ 0.59	$ 2.35	$ 2.41

Conference Call Information

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

Conference Call Date:	Friday, April 28, 2023
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/BI87782b47ac97407ba4fd64c7e403b916

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 only on COPT's Investors website.

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 submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics ("Regional Office Properties"). As of March 31, 2023, 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 24 properties owned

through unconsolidated joint ventures, COPT's core portfolio of 192 properties encompassed 22.9 million square feet and was 95.1% 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, 2022.

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

	For the Three Months Ended March 31,	
	2023	2022
Revenues		
Lease revenue	$ 150,560	$ 141,389
Other property revenue	1,121	891
Construction contract and other service revenues	15,820	53,200
Total revenues	167,501	195,480
Operating expenses		
Property operating expenses	59,420	57,181
Depreciation and amortization associated with real estate operations	36,995	34,264
Construction contract and other service expenses	15,201	51,650
General and administrative expenses	7,996	6,670
Leasing expenses	1,999	1,874
Business development expenses and land carry costs	495	783
Total operating expenses	122,106	152,422
Interest expense	(16,442)	(14,424)
Interest and other income	2,323	1,893
Credit loss (expense) recoveries	(67)	316
Gain on sales of real estate	49,378	15
Loss on early extinguishment of debt	—	(342)
Income from continuing operations before equity in (loss) income of unconsolidated entities and income taxes	80,587	30,516
Equity in (loss) income of unconsolidated entities	(64)	888
Income tax expense	(125)	(153)
Income from continuing operations	80,398	31,251
Discontinued operations	—	29,573
Net Income	80,398	60,824
Net income attributable to noncontrolling interests:		
Common units in the Operating Partnership (“OP”)	(1,293)	(856)
Other consolidated entities	(326)	(649)
Net income attributable to common shareholders	$ 78,779	$ 59,319
Earnings per share (“EPS”) computation:		
Numerator for diluted EPS:		
Net income attributable to common shareholders	$ 78,779	$ 59,319
Amount allocable to share-based compensation awards	(248)	(181)
Redeemable noncontrolling interests	(64)	(39)
Numerator for diluted EPS	$ 78,467	$ 59,099
Denominator:		
Weighted average common shares - basic	112,127	112,020
Dilutive effect of share-based compensation awards	410	426
Dilutive effect of redeemable noncontrolling interests	91	132
Weighted average common shares - diluted	112,628	112,578
Diluted EPS	$ 0.70	$ 0.52

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

	For the Three Months Ended March 31,	
	2023	2022
Net income	$ 80,398	$ 60,824
Real estate-related depreciation and amortization	36,995	34,264
Gain on sales of real estate from continuing and discontinued operations	(49,378)	(28,579)
Depreciation and amortization on unconsolidated real estate JVs	801	526
Funds from operations ("FFO")	68,816	67,035
FFO allocable to other noncontrolling interests	(708)	(1,042)
Basic FFO allocable to share-based compensation awards	(466)	(362)
Basic FFO available to common share and common unit holders ("Basic FFO")	67,642	65,631
Redeemable noncontrolling interests	(30)	(6)
Diluted FFO adjustments allocable to share-based compensation awards	39	27
Diluted FFO available to common share and common unit holders ("Diluted FFO")	67,651	65,652
Loss on early extinguishment of debt	—	342
Diluted FFO comparability adjustments allocable to share-based compensation awards	—	(2)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	67,651	65,992
Straight line rent adjustments and lease incentive amortization	(3,516)	(3,189)
Amortization of intangibles and other assets included in net operating income ("NOI")	(19)	(372)
Share-based compensation, net of amounts capitalized	1,733	2,111
Amortization of deferred financing costs	632	597
Amortization of net debt discounts, net of amounts capitalized	618	605
Replacement capital expenditures	(28,210)	(17,358)
Other	(273)	39
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	$ 38,616	$ 48,425
Diluted FFO per share	$ 0.59	$ 0.58
Diluted FFO per share, as adjusted for comparability	$ 0.59	$ 0.58
Dividends/distributions per common share/unit	$ 0.285	$ 0.275

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

	March 31, 2023	December 31, 2022
Balance Sheet Data		
Properties, net of accumulated depreciation	$ 3,614,075	$ 3,556,398
Total assets	$ 4,177,992	$ 4,257,275
Debt per balance sheet	$ 2,123,012	$ 2,231,794
Total liabilities	$ 2,383,730	$ 2,509,527
Redeemable noncontrolling interests	$ 25,448	$ 26,293
Total equity	$ 1,768,814	$ 1,721,455
Debt to assets	50.8%	52.4%
Net debt to adjusted book	38.1%	39.8%
Core Portfolio Data (as of period end)		
Number of operating properties	192	192
Total operational square feet (in thousands)	22,863	22,849
% Occupied	92.9%	92.8%
% Leased	95.1%	95.3%

	For the Three Months Ended March 31,	
	2023	2022
GAAP		
Payout ratio:		
Net income	40.6%	51.6%
Debt ratios:		
Net income to interest expense ratio	4.9x	4.2x
Debt to net income ratio	6.6x	8.9x
Non-GAAP		
Payout ratios:		
Diluted FFO	47.9%	47.6%
Diluted FFO, as adjusted for comparability	47.9%	47.4%
Diluted AFFO	83.9%	64.5%
Debt ratios:		
Adjusted EBITDA fixed charge coverage ratio	5.0x	5.2x
Net debt to in-place adjusted EBITDA ratio	6.2x	6.6x
Net debt adj. for fully-leased development to in-place adj. EBITDA ratio	5.8x	6.1x
Reconciliation of denominators for per share measures		
Denominator for diluted EPS	112,628	112,578
Weighted average common units	1,489	1,384
Denominator for diluted FFO per share and as adjusted for comparability	114,117	113,962

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

	For the Three Months Ended March 31,	
	2023	2022
Numerators for Payout Ratios		
Dividends on unrestricted common and deferred shares	$ 31,989	$ 30,837
Distributions on unrestricted common units	430	404
Dividends and distributions on restricted shares and units	215	158
Total dividends and distributions for GAAP payout ratio	32,634	31,399
Dividends and distributions on antidilutive shares and units	(216)	(145)
Dividends and distributions for non-GAAP payout ratios	$ 32,418	$ 31,254
Reconciliation of net income to earnings before interest, income taxes, depreciation and amortization for real estate ("EBITDAre"), adjusted EBITDA and in-place adjusted EBITDA		
Net income	$ 80,398	$ 60,824
Interest expense	16,442	14,424
Income tax expense	125	153
Real estate-related depreciation and amortization	36,995	34,264
Other depreciation and amortization	602	607
Gain on sales of real estate from continuing and discontinued operations	(49,378)	(28,579)
Adjustments from unconsolidated real estate JVs	1,704	758
EBITDAre	86,888	82,451
Loss on early extinguishment of debt	—	342
Net gain on other investments	—	(565)
Credit loss expense (recoveries)	67	(316)
Business development expenses	241	326
Executive transition costs	247	—
Adjusted EBITDA	87,443	82,238
Pro forma NOI adjustment for property changes within period	(318)	579
Change in collectability of deferred rental revenue	899	—
In-place adjusted EBITDA	$ 88,024	$ 82,817
Reconciliations of tenant improvements and incentives, building improvements and leasing costs for operating properties to replacement capital expenditures		
Tenant improvements and incentives	$ 19,986	$ 10,010
Building improvements	2,141	6,832
Leasing costs	1,750	2,270
Net additions to tenant improvements and incentives	4,839	1,808
Excluded building improvements and leasing costs	(506)	(3,562)
Replacement capital expenditure	$ 28,210	$ 17,358

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

	For the Three Months Ended March 31,	
	2023	2022
Reconciliation of interest expense to the denominator for fixed charge coverage-Adjusted EBITDA		
Interest expense	$ 16,442	$ 14,424
Less: Amortization of deferred financing costs	(632)	(597)
Less: Amortization of net debt discounts, net of amounts capitalized	(618)	(605)
COPT'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	773	231
Scheduled principal amortization	790	774
Capitalized interest	770	1,529
Denominator for fixed charge coverage-Adjusted EBITDA	$ 17,525	$ 15,756
Reconciliation of net income to NOI from real estate operations, same properties NOI from real estate operations and same properties cash NOI from real estate operations		
Net income	$ 80,398	$ 60,824
Construction contract and other service revenues	(15,820)	(53,200)
Depreciation and other amortization associated with real estate operations	36,995	34,264
Construction contract and other service expenses	15,201	51,650
General and administrative expenses	7,996	6,670
Leasing expenses	1,999	1,874
Business development expenses and land carry costs	495	783
Interest expense	16,442	14,424
Interest and other income	(2,323)	(1,893)
Credit loss expense (recoveries)	67	(316)
Gain on sales of real estate from continuing operations	(49,378)	(15)
Loss on early extinguishment of debt	—	342
Equity in loss (income) of unconsolidated entities	64	(888)
Unconsolidated real estate JVs NOI allocable to COPT included in equity in income of unconsolidated entities	1,642	1,080
Income tax expense	125	153
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	93,903	87,188
Non-Same Properties NOI from real estate operations	(9,451)	(5,762)
Same Properties NOI from real estate operations	84,452	81,426
Straight line rent adjustments and lease incentive amortization	1,392	(2,291)
Amortization of acquired above- and below-market rents	(166)	(519)
Lease termination fees, net	(1,221)	(221)
Tenant funded landlord assets and lease incentives	(1,188)	(1,510)
Cash NOI adjustments in unconsolidated real estate JVs	(75)	(98)
Same Properties Cash NOI from real estate operations	$ 83,194	$ 76,787

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

	March 31, 2023	December 31, 2022
Reconciliation of total assets to adjusted book		
Total assets	$ 4,177,992	$ 4,257,275
Accumulated depreciation	1,300,430	1,267,434
Accumulated depreciation included in assets held for sale	—	6,014
Accumulated amortization of intangibles on property acquisitions and deferred leasing costs	224,791	222,779
COPT's share of liabilities of unconsolidated real estate JVs	60,734	52,404
COPT's share of accumulated depreciation and amortization of unconsolidated real estate JVs	6,936	6,078
Less: Property - operating lease liabilities	(34,896)	(28,759)
Less: Property - finance lease liabilities	(431)	—
Less: Cash and cash equivalents	(15,199)	(12,337)
Less: COPT's share of cash of unconsolidated real estate JVs	(881)	(456)
Adjusted book	$ 5,719,476	$ 5,770,432

	March 31, 2023	December 31, 2022	March 31, 2022
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	$ 2,123,012	$ 2,231,794	$ 2,156,784
Net discounts and deferred financing costs	22,250	23,160	24,728
COPT's share of unconsolidated JV gross debt	52,226	52,100	26,250
Gross debt	2,197,488	2,307,054	2,207,762
Less: Cash and cash equivalents	(15,199)	(12,337)	(19,347)
Less: COPT's share of cash of unconsolidated real estate JVs	(881)	(456)	(458)
Net debt	2,181,408	2,294,261	2,187,957
Costs incurred on fully-leased development properties	(137,309)	(95,972)	(154,259)
Net debt adjusted for fully-leased development	$ 2,044,099	$ 2,198,289	$ 2,033,698
Net debt	$ 2,181,408	$ 2,294,261	$ 2,187,957
Pro forma debt adjustments from subsequent event transaction proceeds	N/A	(189,000)	N/A
Pro forma net debt	2,181,408	2,105,261	2,187,957
Costs incurred on fully-leased development properties	(137,309)	(95,972)	(154,259)
Pro forma net debt adjusted for fully-leased development	$ 2,044,099	$ 2,009,289	$ 2,033,698

Corporate Office Properties Trust

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