

February 12, 2016



CORRECTING and REPLACING COPT Reports 2015 Results

COLUMBIA, Md.--(BUSINESS WIRE)-- This earnings release corrects the release issued earlier this morning by replacing the 2016 FFO Guidance table included in the release. The revised table reflects the transition costs associated with the management changes announced earlier today. Otherwise, the two releases are identical. The Company notes that the earnings release that was included in Exhibit 99.1 to its Item 2.02 Form 8-K furnished today to the Securities and Exchange Commission was this corrected version.

The corrected release reads:

COPT REPORTS 2015 RESULTS

Corporate Office Properties Trust ("COPT" or the "Company") (NYSE: OFC) announced financial and operating results for the fourth quarter and full year ended December 31, 2015.

Management Comments

"Fourth quarter and full year results topped off a year of significant achievement for the Company," stated Roger A. Waesche, Jr., COPT's President & Chief Executive Officer. "During the year, we further honed our portfolio by investing in development projects at multiple strategic locations and upgraded our portfolio by recycling suburban office assets into urban locations. As a result of these tactics, we now derive 84% of our core portfolio's annualized revenue from locations that are tied to national defense. We are off to a strong start in 2016, and will continue recycling capital from suburban assets in order to grow our Defense IT locations and to further strengthen our balance sheet."

Financial Highlights

4th Quarter Financial Results:

- Diluted earnings per share ("EPS") was \$0.59 for the quarter ended December 31, 2015 as compared to \$0.01 for the fourth quarter of 2014.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with NAREIT's definition, was \$0.31 for the fourth quarter of 2015 as compared to \$0.34 for the fourth quarter of 2014.
- FFOPS, as adjusted for comparability, was \$0.52 for the quarter ended December 31, 2015 as compared to \$0.49 for the fourth quarter of 2014, a 6.1% increase.

Full Year 2015 Financial Results:

- EPS was \$1.74 for the year ended December 31, 2015 as compared to \$0.25 for 2014.
- Per NAREIT's definition, FFOPS for 2015 was \$2.55 as compared to \$1.69 for 2014.

- FFOPS for the full year 2015, as adjusted for comparability, was \$2.01 as compared to \$1.88 reported for 2014, a 6.9% increase.

Adjustments for comparability encompass items such as acquisition costs, impairment losses and gains on non-operating properties (net of related tax adjustments), gains (losses) on early extinguishment of debt, derivative losses, executive transition costs and write-offs of original issuance costs for redeemed preferred shares.

Operating Performance Highlights

Portfolio Summary:

- At December 31, 2015, the Company's core portfolio of 157 operating office properties totaled 17.0 million square feet that were 92.7% occupied and 93.9% leased.
- At year end, the Company had 15 operating properties and 98 acres of land held for sale. The held for sale properties total 658,000 square feet and, at December 31, 2015, were 84.7% occupied.

Same Office Performance:

- At December 31, 2015, COPT's same office portfolio represented 85% of the core portfolio's rentable square feet, consisted of 145 properties that were 90.9% occupied and 92.3% leased.
- For the quarter ended December 31, 2015, the Company's same office property cash NOI increased 2.5% as compared to the quarter ended December 31, 2014.
- For the full year, same office property cash NOI increased 0.7% as compared to 2014.

Leasing:

- Square Feet Leased – For the year and quarter ended December 31, 2015, the Company completed 2.5 million and 666,000 square feet of leasing, respectively. For the year, the Company completed 735,000 square feet of development leasing, modestly exceeding expectations.

On January 8, 2016, the Company executed a 149,000 square foot build-to-suit in Northern Virginia with a Defense/IT customer. Including this 100% pre-leased project, which was out for signature at the end of 4Q15, the Company completed 884,000 square feet of development leasing in 2015.

- Strong Renewal Rates – During the year and fourth quarter, the Company renewed 71% and 90% of expiring leases, respectively, which exceeded expectations.
- Rent Spreads Met Expectations – For the year and the quarter ended December 31, 2015, GAAP rent on renewed space increased 6.5% and 13.8%, respectively; on a cash basis, renewal rates declined by 2.6% for the year and by only 0.9% in the fourth quarter, as compared to the expiring rents.
- Lease Term Lengthening – For the full year, lease terms averaged 4.3 years on renewals, and 8.4 years on development and other new leases, for an average term of 6.3 years on all leasing completed during the year. In the fourth quarter, lease terms on

419,000 square feet of renewals averaged 4.7 years and 8.1 years on 247,000 square feet of development and other new leasing, for an average lease term of 6.0 years in the quarter.

Investment Activity Highlights

Development & Redevelopment Projects:

- The Company has nine properties totaling 1.3 million square feet under construction that, at December 31, 2015, were 65% pre-leased. The nine projects have a total estimated cost of \$304.9 million, of which \$164.8 million has been incurred.
- COPT has 156,000 square feet in four properties under redevelopment, representing a total expected cost of \$38.4 million, of which \$21.7 million has been invested. The four projects were 8% leased at year end 2015.

Acquisitions:

- During 2015, the Company acquired three buildings, including an associated free-standing structured parking garage, totaling 1.2 million square feet for \$263.5 million.

Dispositions:

- During 2015, the Company disposed of nine buildings aggregating 1.6 million square feet and non-strategic land for \$365.9 million. This total included the disposition of two properties in Northern Virginia that collateralized a \$150 million loan that was extinguished in exchange for title to the properties.
- During the fourth quarter, the Company completed the following \$153 million of asset sales:
 - The disposition of 13200 Woodland Park Road in Herndon, Virginia, for \$84.0 million. The building contains approximately 397,000 rentable square feet and was 100% leased to Booz Allen Hamilton Inc. until December 31, 2015.
 - The disposition of 9900, 9910 and 9920 Franklin Square Drive in the White Marsh submarket of Greater Baltimore, Maryland, for \$24 million. The three properties contained roughly 135,000 rentable square feet that were 100% occupied.
 - The disposition of 9690 Deereco Road and 375 W. Padonia Road in Timonium, a suburban submarket of Greater Baltimore, Maryland, for \$44.5 million. The properties contained 240,000 rentable square feet that were 100% occupied at the time of sale.

Balance Sheet and Capital Transaction Highlights

- As of December 31, 2015, the Company's debt to adjusted book ratio was 42.9%, adjusted debt to in-place adjusted EBITDA ratio was 6.5x, and, for the quarter ended December 31, 2015, its adjusted EBITDA fixed charge coverage ratio was 2.9x.
- The Company's weighted average interest rate was 4.1% for the quarter ended December 31, 2015 and, including the effect of interest rate swaps, 90% of the Company's debt was subject to fixed interest rates and the debt portfolio has a

weighted average maturity of 6.1 years.

- During the year ended December 31, 2015:
 - The Company issued \$26.6 million of common equity from its ATM facility at an average gross price of \$30.29.
 - In May, the Company amended the terms of its \$800 million line of credit to: (1) extend the maturity date from July 2017, to May 2019 plus two six-month extension options; and (2) lower the interest rate spread and the facility fee to current market.
 - Also in May, the Company amended the terms of its \$250 million Term Loan that was previously scheduled to mature on February 2017. The Company increased the Term Loan balance by \$50 million, to \$300 million, extended the maturity date to May 2020 and lowered the interest rate.
 - In late June, the Company issued \$300 million of 5.00% senior unsecured notes due July 2025.
 - In December, the Company entered into a new 7-year \$250 million Term Loan and used \$100 million of proceeds to retire the \$100 million Term Loan that was scheduled to mature in 2016. Through the new Term Loan's delayed draw feature, the Company will use the remaining \$150 million to retire a \$162.5 million secured loan that is prepayable at par in July 2016.

2016 FFO Guidance

Management is maintaining its previously issued guidance ranges for full year FFOPS, as adjusted for comparability, of \$1.95—\$2.05, and establishing guidance for the first quarter ending March 31, 2016 at a range of \$0.46—\$0.48. Reconciliations of projected diluted EPS to projected FFOPS are provided as follows:

	Three months ending March 31, 2016		Year ending December 31, 2016	
	Low	High	Low	High
EPS	\$ 0.03	\$ 0.05	\$ 0.42	\$ 0.52
Real estate depreciation and amortization	0.40	0.40	1.60	1.60
Gains on sales of operating properties	-	-	(0.10)	(0.10)
FFOPS, NAREIT definition	0.43	0.45	1.92	2.02
Executive transition costs	0.03	0.03	0.03	0.03
FFOPS, as adjusted for comparability	<u>\$ 0.46</u>	<u>\$ 0.48</u>	<u>\$ 1.95</u>	<u>\$ 2.05</u>

Associated Supplemental Presentation

The Company has posted a slide presentation to accompany management's prepared remarks for its fourth quarter and full year 2015 conference call, the details of which are provided below. You may access the slide presentation on the 'Investors' section of the website (www.copt.com). Please have the slides available to review during management's comments.

Conference Call Information

Management will discuss fourth quarter and full year 2015 earnings results on its conference call today at 12:00 p.m. Eastern Time, details of which are listed below:

Earnings Release Date: Friday, February 12, 2016 at 6:00 a.m. Eastern Time

Conference Call Date: Friday, February 12, 2016

Time: 12:00 p.m. Eastern Time

Telephone Number: (within the U.S.) 888-713-4205

Telephone Number: (outside the U.S.) 617-213-4862

Passcode: 47665945#

Please use the following link to pre-register and view important information about this conference call. Pre-registering is not mandatory but is recommended as it will provide you immediate entry into the call and will facilitate the timely start of the conference. To pre-register, please click on the below link:

<https://www.theconferencingservice.com/prereg/key.process?key=PX64ACELX>

You may also pre-register in the Investors section of the Company's website at www.copt.com. Alternatively, you may be placed into the call by an operator by calling the number provided above at least 5 to 10 minutes before the start of the call.

A replay of this call will be available beginning Friday, February 12, at 4:00 p.m. Eastern Time through Friday, February 26, at midnight Eastern Time. To access the replay within the United States, please call 888-286-8010 and use passcode 93348081. To access the replay outside the United States, please call 617-801-6888 and use passcode 93348081.

The conference call will also be available via live webcast in the Investor Relations section of the Company's website at www.copt.com. A replay of the conference calls will be immediately available via webcast in the Investor Relations section of the Company's website.

Definitions

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

Company Information

COPT is an office REIT that owns, manages, develops and selectively acquires office and data center properties in locations that support United States Government agencies and their contractors, most of whom are engaged in national security, defense and information technology ("IT") related activities servicing priority missions ("Defense/IT Locations"). We also own a complementary portfolio of traditional Class-A office properties located in select

urban/urban-like submarkets within our regional footprint ("Regional Office Properties"). As of December 31, 2015, we derived 84% of core portfolio annualized revenue from Defense/IT Locations and 16% from our Regional Office Properties. As of December 31, 2015, our core portfolio of 157 office properties encompassed 17.0 million square feet and was 93.9% 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. Accordingly, 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.

Important factors that may affect these expectations, estimates, and projections include, but are not limited to:

- general economic and business conditions, which will, among other things, affect office property and data center demand and rents, tenant creditworthiness, interest rates, financing availability and property values;*
- adverse changes in the real estate markets including, among other things, increased competition with other companies;*
- governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses, such as a reduction in rental revenues, non-renewal of leases, and/or a curtailment of demand for additional space by the Company's strategic customers;*
- the Company's ability to borrow on favorable terms;*
- risks of real estate acquisition and development activities, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated;*
- risks of investing through joint venture structures, including risks that the Company's joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with the Company's objectives;*
- changes in the Company's plans for properties or views of market economic conditions or failure to obtain development rights, either of which could result in recognition of significant impairment losses;*
- the Company's ability to satisfy and operate effectively under Federal income tax rules relating to real estate investment trusts and partnerships;*

- *the Company's ability to achieve projected results;*
- *the dilutive effects of issuing additional common shares; and*
- *environmental requirements.*

The Company undertakes no obligation to update or supplement any forward-looking statements. For further information, please refer to the Company's filings with the Securities and Exchange Commission, particularly the section entitled "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

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

	For the Three Months Ended December 31, 2015		For the Year Ended December 31,	
	2015	2014	2015	2014
Revenues				
Real estate revenues	\$ 134,477	\$ 120,613	\$519,064	\$479,725
Construction contract and other service revenues	8,848	26,358	106,402	106,748
Total revenues	143,325	146,971	625,466	586,473
Expenses				
Property operating expenses	48,498	43,334	194,494	179,934
Depreciation and amortization associated with real estate operations	36,237	31,358	140,025	136,086
Construction contract and other service expenses	7,773	24,705	102,696	100,058
Impairment losses	19,744	48	23,289	1,416
General and administrative expenses	6,609	7,206	24,526	24,841
Leasing expenses	1,888	1,706	6,835	6,953
Business development expenses and land carry costs	2,521	1,466	13,507	5,573
Total operating expenses	123,270	109,823	505,372	454,861
Operating income	20,055	37,148	120,094	131,612
Interest expense	(22,347)	(23,286)	(89,074)	(92,393)
Interest and other income	1,300	1,148	4,517	4,923
(Loss) gain on early extinguishment of debt	(402)	(9,106)	85,275	(9,552)
(Loss) income from continuing operations before equity in income of unconsolidated entities and income taxes	(1,394)	5,904	120,812	34,590
Equity in income of unconsolidated entities	10	23	62	229
Income tax expense	(46)	(53)	(199)	(310)
(Loss) income from continuing operations	(1,430)	5,874	120,675	34,509
Discontinued operations	—	22	156	26
(Loss) income before gain on sales of real estate	(1,430)	5,896	120,831	34,535
Gain on sales of real estate, net of income taxes	64,047	41	68,047	10,671
Net income	62,617	5,937	188,878	45,206
Net income attributable to noncontrolling interests				
Common units in the Operating Partnership ("OP")	(2,172)	(64)	(6,403)	(1,006)
Preferred units in the OP	(165)	(165)	(660)	(660)
Other consolidated entities	(916)	(804)	(3,515)	(3,285)
Net income attributable to COPT	59,364	4,904	178,300	40,255
Preferred share dividends	(3,553)	(3,552)	(14,210)	(15,939)
Issuance costs associated with redeemed preferred shares	—	—	—	(1,769)
Net income attributable to COPT common shareholders	\$ 55,811	\$ 1,352	\$164,090	\$ 22,547
Earnings per share ("EPS") computation:				
Numerator for diluted EPS:				
Net income attributable to common shareholders	\$ 55,811	\$ 1,352	\$164,090	\$ 22,547
Common units in the OP	—	—	6,403	—
Amount allocable to share-based compensation awards	(230)	(100)	(706)	(432)
Numerator for diluted EPS	\$ 55,581	\$ 1,252	\$169,787	\$ 22,115
Denominator:				
Weighted average common shares - basic	94,164	90,752	93,914	88,092
Common units in the OP	—	—	3,692	—
Dilutive effect of share-based compensation awards	—	196	61	171
Weighted average common shares - diluted	94,164	90,948	97,667	88,263
Diluted EPS	\$ 0.59	\$ 0.01	\$ 1.74	\$ 0.25

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

	For the Three Months Ended December 31, 2015		For the Year Ended December 31,	
	2015	2014	2015	2014
Net income	\$ 62,617	\$ 5,937	\$188,878	\$ 45,206
Real estate-related depreciation and amortization	36,237	31,358	140,025	136,086
Impairment losses on previously depreciated operating properties	331	48	4,110	1,370
Gain on sales of previously depreciated operating properties	(64,047)	2	(64,062)	(5,117)
Funds from operations ("FFO")	35,138	37,345	268,951	177,545
Noncontrolling interests - preferred units in the OP	(165)	(165)	(660)	(660)
FFO allocable to other noncontrolling interests	(817)	(867)	(3,586)	(3,216)
Preferred share dividends	(3,553)	(3,552)	(14,210)	(15,939)
Issuance costs associated with redeemed preferred shares	—	—	—	(1,769)
Basic and diluted FFO allocable to share-based compensation awards	(115)	(123)	(1,041)	(665)
Basic and diluted FFO available to common share and common unit holders ("Diluted FFO")	30,488	32,638	249,454	155,296
Operating property acquisition costs	32	—	4,134	—
Gain on sales of non-operating properties	—	(43)	(3,985)	(5,578)
Impairment losses on other properties	19,413	—	19,413	49
Loss on interest rate derivatives	386	—	386	—
Loss (gain) on early extinguishment of debt	402	9,106	(85,655)	9,668
Issuance costs associated with redeemed preferred shares	—	—	—	1,769
Add: Negative FFO of properties conveyed to extinguish debt in default (1)	—	3,493	10,456	10,928
Demolition costs on redevelopment properties	225	—	1,396	—
Executive transition costs	—	1,056	—	1,056
Diluted FFO comparability adjustments allocable to share-based compensation awards	(88)	(59)	225	(78)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	50,858	46,191	195,824	173,110
Straight line rent adjustments	(2,614)	(379)	(13,379)	(1,820)
Straight line rent adjustments - properties in default conveyed	—	(47)	(115)	(142)
Amortization of intangibles included in net operating income	365	208	1,428	855
Share-based compensation, net of amounts capitalized	1,625	1,504	6,574	6,067
Amortization of deferred financing costs	1,127	1,020	4,466	4,666
Amortization of deferred financing costs - properties in default conveyed	—	—	—	(333)
Amortization of net debt discounts, net of amounts capitalized	317	261	1,166	920
Amortization of settled debt hedges	—	11	—	57
Recurring capital expenditures	(20,086)	(8,633)	(49,266)	(50,199)
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	\$ 31,592	\$ 40,136	\$146,698	\$133,181
Diluted FFO per share	\$ 0.31	\$ 0.34	\$ 2.55	\$ 1.69
Diluted FFO per share, as adjusted for comparability	\$ 0.52	\$ 0.49	\$ 2.01	\$ 1.88
Dividends/distributions per common share/unit	\$ 0.275	\$ 0.275	\$ 1.100	\$ 1.100

(1) Interest expense exceeded net operating income from these properties by the amounts in the statement.

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

	December 31, 2015	December 31, 2014
Balance Sheet Data		
Properties, net of accumulated depreciation	\$ 3,349,748	\$ 3,296,914
Total assets	3,909,312	3,664,236
Debt, net	2,077,752	1,914,036
Total liabilities	2,273,530	2,124,935
Redeemable noncontrolling interest	19,218	18,417
Equity	1,616,564	1,520,884
Debt to adjusted book	42.9%	39.6%

Core Portfolio Data (as of period end) (1)

Number of operating properties	157	173
Total net rentable square feet owned (in thousands)	17,038	16,790
Occupancy %	92.7%	90.9%
Leased %	93.9%	92.4%

	For the Three Months Ended December 31, 2015		For the Year Ended December 31,	
	2015	2014	2015	2014
Payout ratios				
Diluted FFO	88.6%	81.8%	43.3%	65.8%
Diluted FFO, as adjusted for comparability	53.1%	57.8%	55.2%	59.0%
Diluted AFFO	85.5%	66.5%	73.7%	76.7%
Adjusted EBITDA interest coverage ratio	3.9x	4.0x	4.2x	3.8x
Adjusted EBITDA fixed charge coverage ratio	2.9x	2.9x	3.0x	2.7x
Adjusted debt to in-place adjusted EBITDA ratio (2)	6.5x	6.2x	N/A	N/A

Reconciliation of denominators for per share measures

Denominator for diluted EPS	94,164	90,948	97,667	88,263
Weighted average common units	3,677	3,846	—	3,897
Denominator for diluted FFO per share	97,841	94,794	97,667	92,160

Reconciliation of FFO to FFO, as adjusted for comparability

FFO, per NAREIT	\$ 35,138	\$ 37,345	\$268,951	\$177,545
Gain on sales of non-operating properties	—	(43)	(3,985)	(5,578)
Impairment losses on non-operating properties, net of associated tax	19,413	—	19,413	49
Operating property acquisition costs	32	—	4,134	—
Loss on interest rate derivatives	386	—	386	—
Loss (gain) on early extinguishment of debt, continuing and discontinued operations	402	9,106	(85,655)	9,668
Issuance costs associated with redeemed preferred shares	—	—	—	1,769
Add: Negative FFO of properties conveyed to extinguish debt in default	—	3,493	10,456	10,928
Demolition costs on redevelopment properties	225	—	1,396	—
Executive transition costs	—	1,056	—	1,056
FFO, as adjusted for comparability	\$ 55,596	\$ 50,957	\$215,096	\$195,437

(1) Represents operating properties held for long-term investment.

(2) Represents 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).

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

	For the Three Months Ended December 31, 2015		For the Year Ended December 31, 2014	
	2015	2014	2015	2014
Reconciliation of common share dividends to dividends and distributions for payout ratios				
Common share dividends	\$25,998	\$25,638	\$103,998	\$ 97,944
Common unit distributions	1,011	1,055	4,046	4,270
Dividends and distributions for payout ratios	<u>\$27,009</u>	<u>\$26,693</u>	<u>\$108,044</u>	<u>\$102,214</u>
Reconciliation of GAAP net income to adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") and in-place adjusted EBITDA				
Net income	\$62,617	\$ 5,937	\$188,878	\$ 45,206
Interest expense on continuing operations	22,347	23,286	89,074	92,393
Income tax expense	46	53	199	310
Real estate-related depreciation and amortization	36,237	31,358	140,025	136,086
Depreciation of furniture, fixtures and equipment	597	513	2,206	2,404
Impairment losses	19,744	48	23,523	1,419
Loss (gain) on early extinguishment of debt on continuing and discontinued operations	402	9,106	(85,655)	9,668
Gain on sales of operating properties	(64,047)	2	(64,062)	(5,117)
Gain on sales of non-operational properties	—	(43)	(3,985)	(5,578)
Net loss on investments in unconsolidated entities included in interest and other income	6	(74)	127	291
Business development expenses	1,512	669	4,775	2,680
Operating property acquisition costs	32	—	4,134	—
EBITDA of properties conveyed to extinguish debt in default	—	(828)	(768)	(2,091)
Demolition costs on redevelopment properties	225	—	1,396	—
Executive transition costs	—	1,056	—	1,056
Adjusted EBITDA	<u>\$79,718</u>	<u>\$71,083</u>	<u>\$299,867</u>	<u>\$278,727</u>
Proforma net operating income adjustment for mid-period property changes	(1,738)	—	—	—
In-place adjusted EBITDA	<u>\$77,980</u>	<u>\$71,083</u>	<u>\$299,867</u>	<u>\$278,727</u>
Reconciliation of interest expense to the denominators for interest coverage-Adjusted EBITDA and fixed charge coverage-Adjusted EBITDA				
Interest expense	\$22,347	\$23,286	\$ 89,074	\$ 92,393
Less: Amortization of deferred financing costs	(1,127)	(1,020)	(4,466)	(4,666)
Less: Amortization of net debt discount, net of amounts capitalized	(317)	(261)	(1,166)	(920)
Less: Loss on interest rate derivatives	(386)	—	(386)	—
Less: Interest expense on debt in default extinguished via conveyance of properties	—	(4,320)	(11,224)	(12,684)
Denominator for interest coverage-Adjusted EBITDA	<u>20,517</u>	<u>17,685</u>	<u>71,832</u>	<u>74,123</u>
Scheduled principal amortization	1,717	1,603	6,728	6,517
Capitalized interest	1,510	1,740	7,151	6,065
Preferred share dividends	3,553	3,552	14,210	15,939
Preferred unit distributions	165	165	660	660
Denominator for fixed charge coverage-Adjusted EBITDA	<u>\$27,462</u>	<u>\$24,745</u>	<u>\$100,581</u>	<u>\$103,304</u>

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

	For the Three Months Ended December 31, 2015		For the Year Ended December 31,	
	2015	2014	2015	2014
Reconciliations of tenant improvements and incentives, capital improvements and leasing costs for operating properties to recurring capital expenditures				
Tenant improvements and incentives on operating properties	\$ 6,836	\$ 7,239	\$ 24,244	\$ 29,651
Building improvements on operating properties	16,674	4,974	28,643	23,432
Leasing costs for operating properties	3,518	1,341	8,504	8,536
Less: Nonrecurring tenant improvements and incentives on operating properties	(393)	(1,747)	(1,438)	(2,734)
Less: Nonrecurring building improvements on operating properties	(6,551)	(3,012)	(9,879)	(8,281)
Less: Nonrecurring leasing costs for operating properties	2	(162)	(808)	(405)
Recurring capital expenditures	<u>\$20,086</u>	<u>\$ 8,633</u>	<u>\$ 49,266</u>	<u>\$ 50,199</u>
Same office property cash NOI	\$64,651	\$63,089	\$251,262	\$249,405
Straight line rent adjustments	(339)	2,293	2,940	3,725
Add: Amortization of deferred market rental revenue	28	(16)	98	(89)
Less: Amortization of below-market cost arrangements	(251)	(288)	(1,002)	(1,154)
Add: Lease termination fee, gross	416	741	2,366	1,618
	547	84	937	4,238
Add: Cash NOI on tenant-funded landlord assets				
Same office property NOI	<u>\$65,052</u>	<u>\$65,903</u>	<u>\$256,601</u>	<u>\$257,743</u>
			December 31, 2015	December 31, 2014
Reconciliation of total assets to adjusted book				
Total assets			\$ 3,909,312	\$ 3,664,236
Accumulated depreciation			700,363	703,083
Accumulated depreciation included in assets held for sale			18,317	—
Accumulated amortization of real estate intangibles and deferred leasing costs			195,506	214,611
Accumulated amortization of real estate intangibles and deferred leasing costs included in assets held for sale			17,456	—
Less: Adjusted book associated with properties conveyed to extinguish debt in default			—	(131,118)
Adjusted book			<u>\$ 4,840,954</u>	<u>\$ 4,450,812</u>
Reconciliation of debt to adjusted debt				
Debt, net			\$ 2,077,752	\$ 1,914,036
Less: Debt in default extinguished via conveyance of properties			—	(150,000)
Numerator for debt to adjusted book ratio			2,077,752	1,764,036
Less: Cash and cash equivalents			(60,310)	(6,077)
Adjusted debt			<u>\$ 2,017,442</u>	<u>\$ 1,757,959</u>

View source version on businesswire.com:

<http://www.businesswire.com/news/home/20160212005119/en/>

Corporate Office Properties Trust

IR Contacts:

Stephanie Krewson-Kelly, 443-285-5453

stephanie.kelly@copt.com

or

Michelle Layne, 443-285-5452

michelle.layne@copt.com

Source: Corporate Office Properties Trust