

Baltimore Waterfront Properties

PROPERTY TOUR

June 30, 2022



COPT DEFENSE
PROPERTIES



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> THE NATIONAL BUSINESS PARK

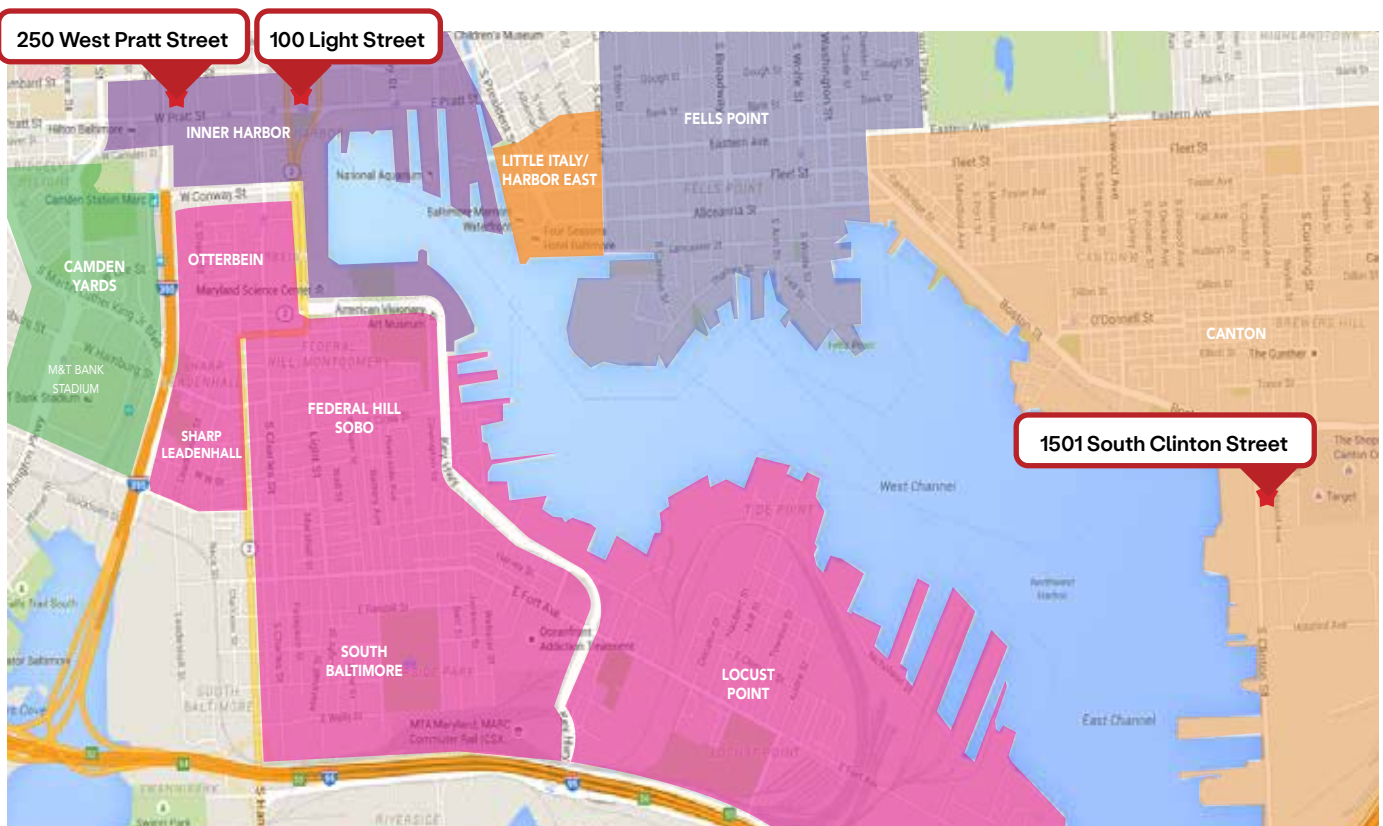
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COPT Defense's Investment Thesis

Our Company is known primarily for our concentration of buildings leased to the U.S. Government and defense contractors who support their missions. At March 31, 2022, we derived 90% of our core portfolio annualized rental revenues (ARR) from such Defense/IT Locations. Fundamentally, our corporate mission is to add value for shareholders. Part of achieving that mission includes investing in select properties outside our Defense/IT Locations, focusing on urban, or urban-like, mass transit-served submarkets that we refer to as our **Regional Office** portfolio, which at June 30, 2022, generated 10% of our core portfolio ARR.

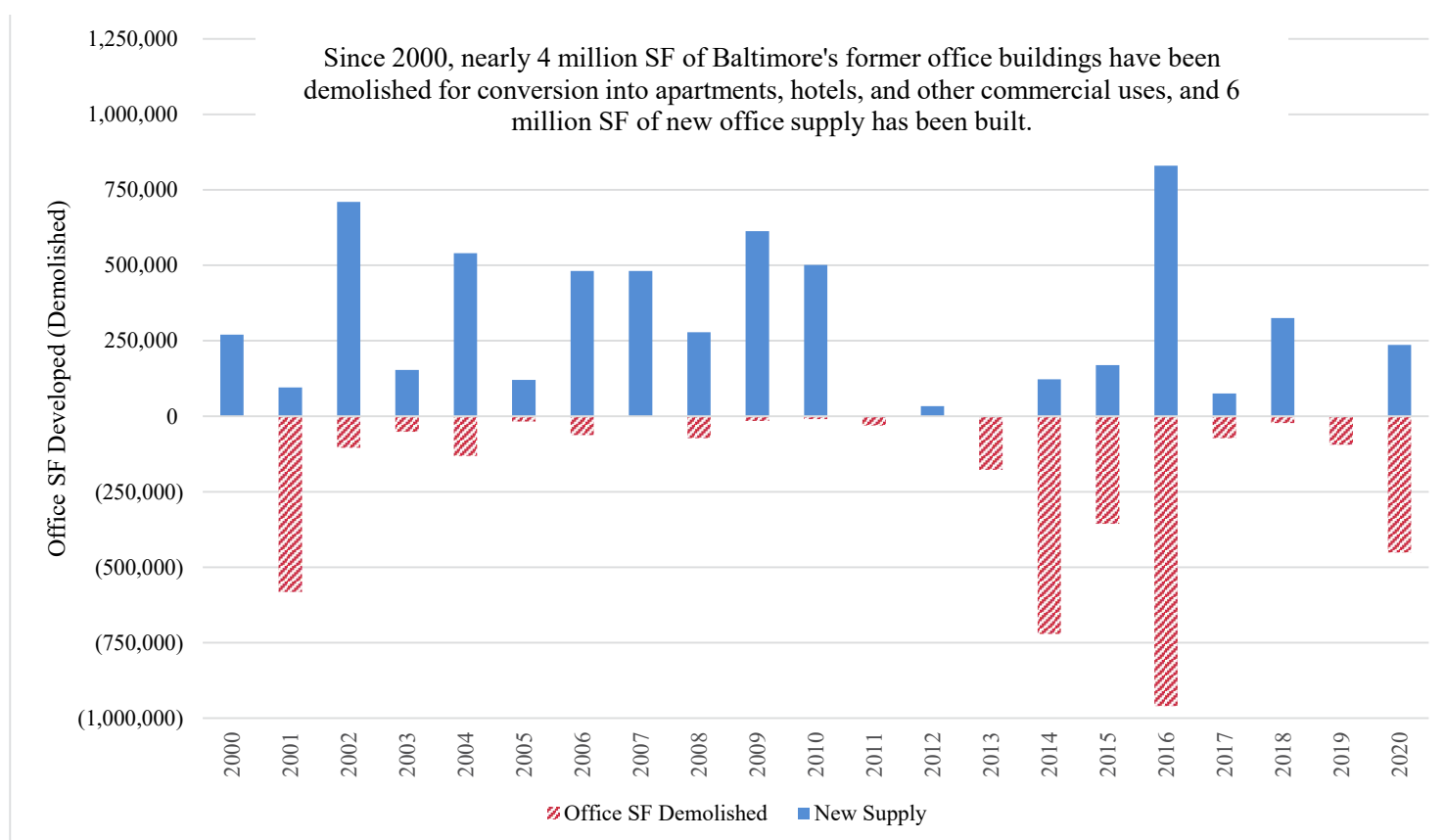
Three of our six Regional Office assets are in Baltimore's Inner Harbor submarket. Since 2000, Baltimore's office market fundamentals have benefited from decreasing supply and increasing demand. Between 2000 and 2020, nearly 4.0 million square feet of former Class B and C office space in Baltimore's downtown and waterfront submarkets that circumscribe the Inner Harbor were converted into luxury apartments, condominiums and other modern, commercial uses (**see Figure 1, page 5**).





MARKET STATISTICS

FIGURE 1. DOWNTOWN BALTIMORE OFFICE SF DEMOLISHED & BUILT*



Source: CoStar & COPT Defense's IR Department

* Aggregated by the year in which former office buildings were demolished or new supply was completed.

COMPETITIVE OFFICE MARKET OVERVIEW**

The 27 properties that comprise the competitive Class A product along Baltimore's Waterfront submarkets total 7.2 million SF (the Waterfront Subset). In the past decade, many suburban tenants have moved to the amenity-rich product in the Waterfront Subset, while existing CBD tenants have upgraded to waterfront space.

- > **Supply:** Wills Wharf (1201 Wills Street, 236,000 SF) delivered in 2Q 2020 and is 59% leased. Port Covington is nearing completion of two new office buildings totaling approximately 360,000 SF (core and shell delivery is Fall 2022).
- > **Demand:** During the 12-months ended June 30, 2022, the Waterfront Subset experienced negative net absorption of 188,000 SF.
- > **Rents:** Gross office rents among the Waterfront Subset have held steady in the past 12-months averaging \$32.50/SF.
- > **Sales:** During 4Q 2019, 100 S. Charles Street sold for \$14 million, representing \$87 PSF and a 5.9% cap rate. (No comparable assets traded in Baltimore during 2020 or through October 2021.)

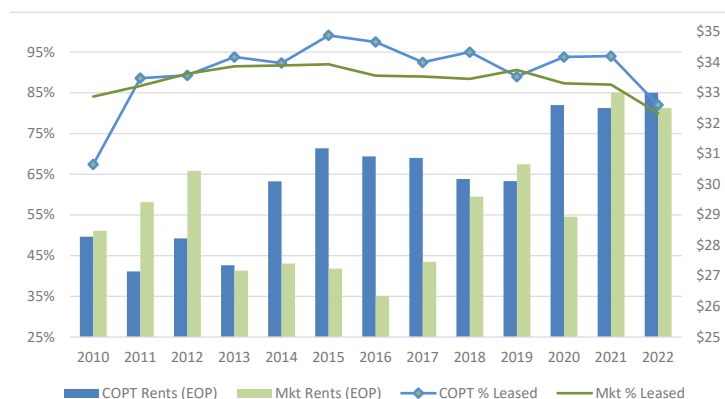
** Source: CoStar & COPT Defense's IR Department

BALTIMORE OUTLOOK**

Conversions of obsolete supply and capital reinvestment by new landlords have promoted stable market fundamentals

- > COPT Defense's assets have and continue to outperform the Waterfront Subset, especially since 2018 (see Figure 2).

FIGURE 2. COPT DEFENSE PROPERTIES VS. WATERFRONT COMP MARKET RENTS



** Source: CoStar & COPT Defense's IR Department

BALTIMORE'S CLASS A WATERFRONT OFFICE BUILDINGS*

CBD OFFICE MARKET	SF (000S)	% LEASED	YEAR BUILT/ RENOVATED
Pratt Street Corridor Micromarket			
250 W Pratt St (Pandora Tower) ①	354	93%	1985/2018
100 S Charles St (Tower One) ②	497	80%	1980
1 E Pratt St ③	356	76%	1977/2009
100 Light St** ④	540	69%	2010/2022
100 E Pratt St ⑤	663	95%	1976/2007
111 S Calvert St (Harborplace Tower) ⑥	270	76%	1988
500 E Pratt St ⑦	290	57%	2004
750 E Pratt St ⑧	364	95%	2002
621 E Pratt St (Pier IV) ⑨	122	48%	2003
Pratt Street Corridor Micromarket (9 buildings)	3,479	77%	17 yrs avg
Harbor East/Harbor Point Micromarket			
100 International Dr (Legg Mason Tower) ⑩	613	99%	2009
1310 Point St (Exelon Tower) ⑪	492	100%	2016
1201 Wills St ⑫	236	59%	2020
1300 Thames St (Thames Street Wharf) ⑬	263	100%	2010
901 S Bond St (Bond Street Wharf) ⑭	228	100%	2002
1615-1637 Thames St (Brown's Wharf) ⑮	104	100%	1868/1988
509 S Exeter St (Bagby Furniture Bldg) ⑯	94	90%	1904/2009
650 S Exeter St ⑰	298	64%	2007
1001 Fleet St ⑱	270	66%	1999
1000 Lancaster St ⑲	129	81%	1996
Harbor East/Harbor Point Micromarket (10 buildings)	2,727	86%	12 yrs avg
Federal Hill/South Baltimore Micromarkets			
145 W Ostend St ⑳	75	91%	2017
1111 Light St ㉑	34	62%	2012
921 E Fort Ave ㉒	65	88%	1900/2003
1500 Whetstone Way ㉓	83	100%	2010
1801 Porter St (McHenry Row III) ㉔	77	100%	2018
1215 E Fort Ave (McHenry Row II) ㉕	169	100%	1921/2013
1215 E Fort Ave (Building I) ㉖	45	100%	1921/2002
1501 S Clinton St (CareFirst Tower) ㉗	476	94%	2006/2021
Fells Point/South Baltimore Micromarkets (8 buildings)	1,027	92%	12 yrs avg
Class A Office in Waterfront Markets-total (27 buildings)	7,233	80%	14 yrs avg
Other CBD Class-A Office (33 buildings)	7,433	80%	24 yrs avg
U.S. Class-A Office Stats	3,101,780	84%	---

* Source: CoStar; COPT Defense's IR Department

** Excludes 30 Light Street, the adjacent 560-space structured parking facility that also contains 10,000 SF of street-level retail.

MARKET COMPARISON:

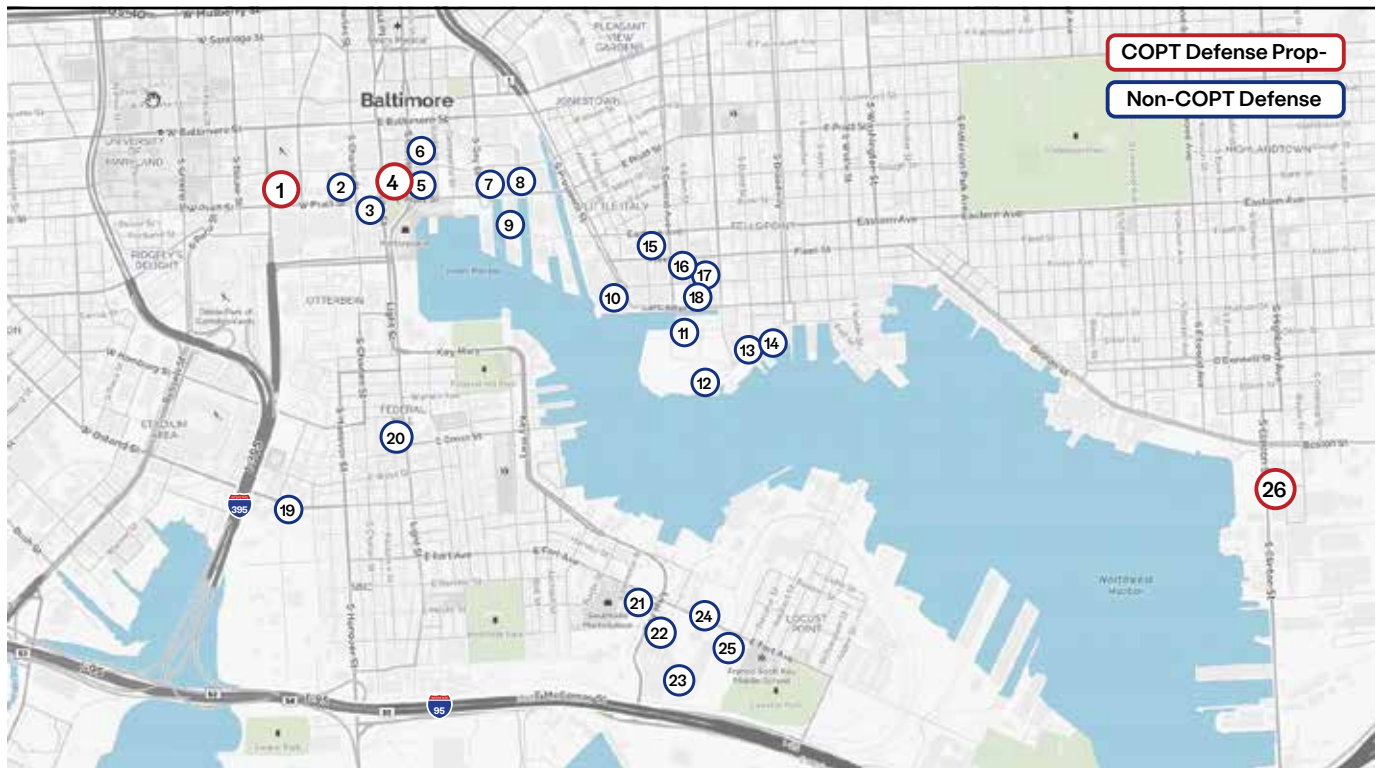
EXISTING PROPERTIES	Competitive Micromarkets* (Excluding COPT)	COPT DEFENSE PROPERTIESBALTIMORE
Number of Properties	24	3
Total SF	5,834,942	1,380,000**
% Leased	82%	84%
Direct Vacant SF	976,318	227,000
Direct Asking Rents (\$/SF)	\$25.50–\$32.50	\$28–\$33
TTM Net Absorption (SF)	+13,200	7,594
UNDER CONSTRUCTION PROPERTIES		
Number of Properties	2†	0
Total SF (% preleased)	362,762 (N/A)	0

* Source: CoStar

** Includes 30 Light Street, a structured parking garage with 10,155 SF of street-level retail

† Port Covington (Buildings E8 and E9).

BALTIMORE'S CLASS A WATERFRONT OFFICE BUILDINGS (MAP VIEW)



Baltimore is served by numerous mass-transit options and is home to multiple well-known attractions such as Oriole Park at Camden Yards, and the Baltimore Ravens' M&T Bank Stadium.

Baltimore is fortunate to have dozens of restaurants to choose from as well as numerous hotels.

- > 26.7 million annual tourist visits to the Inner Harbor(a)
- > 1.5 million annual visitors to The National Aquarium in Baltimore(b)
- > 500,000+ annual visitors to Maryland Science Center(c)
- > 513,000+ annual visitors to Baltimore Convention Center(d)
- > \$5.4 billion in annual visitors spending(e)

- > 2 million annual attendees for baseball games at Oriole Park at Camden Yards(f)
- > Over 565,000 annual attendees for Baltimore Ravens games at M&T Bank Stadium(g)

(a) 2018 stat; 12/17/2019 BBJ article
(b) National Aquarium in Baltimore
(c) Maryland Science Center
(d) Baltimore Convention Center
(e) Downtown Partnership of Baltimore
(f) Major League Baseball
(g) National Football League

- > I-395 & I-95
- > Light RailLink (Camden Yards)
- > MARC Train (Camden Yards)
- > MTA Commuter Bus
- > Charm City Circulator Bus



LED RIBBON AT 250 WEST PRATT STREET



AMENITIES & ATTRACTIONS

- > Oriole Park at Camden Yards
- > M&T Bank Stadium (Balt. Ravens)
- > Baltimore Convention Center
- > Inner Harbor
- > National Aquarium
- > Edward A. Garmatz
U.S. District Courthouse
- > Maryland Science Center
- > Univ. of Maryland/
Hospital/Shock Trauma
Center/Medical System

HOTELS

- > Days Inn by Wyndham
- > Holiday Inn Baltimore
Inner Harbor
- > Hilton Baltimore
- > Sheraton Inner Harbor
- > Hyatt Regency Baltimore
Inner Harbor

RESTAURANTS

- > Starbucks*
- > Pratt Street Ale House
- > The Capital Grille
- > Kona Grill
- > Cheesecake Factory
- > Fogo de Chao
Brazilian Steakhouse
- > Phillips Seafood
- > Hard Rock Café

** One of the two Starbucks in the Pratt Street corridor is located in the lobby of COPT Defense's 250 West Pratt Street (see page 12)*



Pratt Street/Harbor East Submarkets

STRATEGIC FIT:

Regional Office Portfolio

LOCATION:

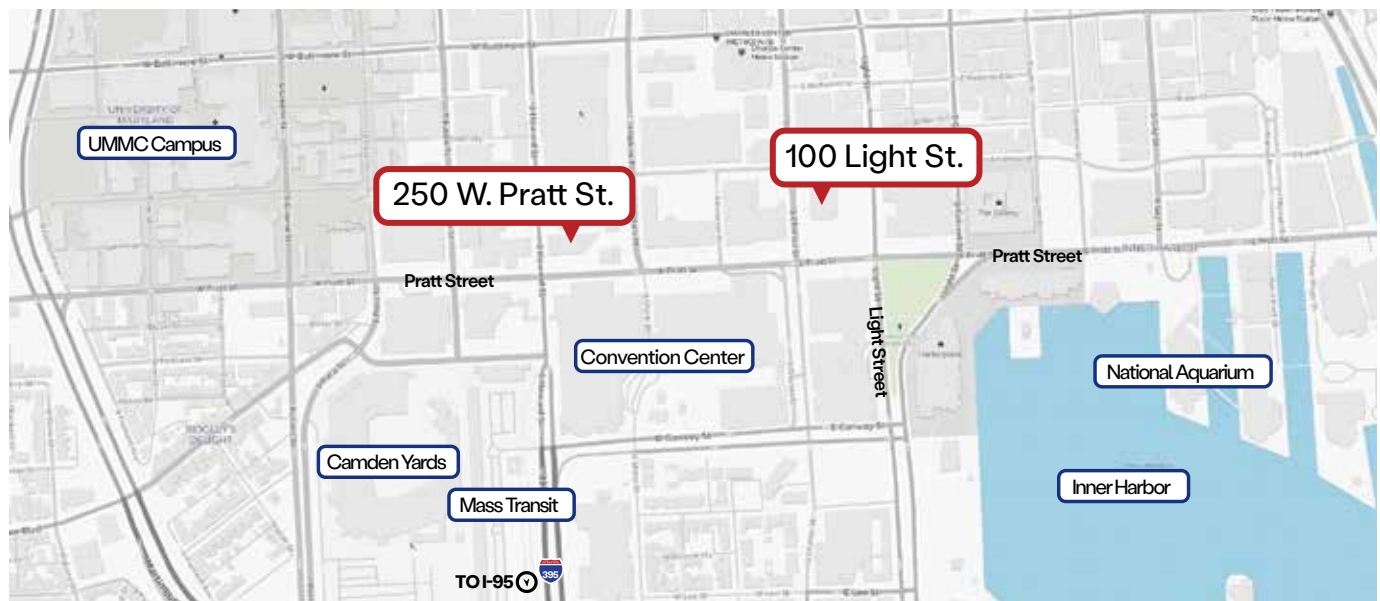
Excellent access to I-95 & I-83:

- > I-95/I-395—250 W. Pratt is the first office building accessible when entering the city;
- 100 Light has good access to I-83, as well

Transit-served:

- > Light Rail—South to BWI; North to Hunt Valley
- > MARC—South to downtown Washington, DC
- > Bus—20 bus lines converge
- > Circulator—free intra-city transit

Amenity-rich (Inner Harbor)



HISTORY:

Baltimore's Harbor has been a consistent driver of industry that has transformed the city over the centuries, ranging from shipbuilding in the 18th century, canning in the 19th century and steel industries in the 19th & 20th centuries.

Baltimore's population peaked in the 1950 census at nearly 950,000 residents, after which residents began moving into the city's suburbs. In the late 1950s, a public-private partnership between various governing bodies and business owners formed an agreement and, in the 1970s, began acting upon a plan to redevelop 240 acres into what today is known as the Inner Harbor submarket, through which Pratt Street runs along the Harbor, west to east. Beginning in the late 1990s, demand for more waterfront locations extended redevelopment further east and created what today is the Harbor East.

FUN FACT:

- > The U.S.S. Constellation (a frigate) was built at Baltimore's Sterrett Shipyard, launched from Fell's Point on September 7, 1797, and served our country until 1853. The second U.S.S. Constellation (a sloop-of-war) was launched into service in 1854, and today can be visited at its permanent berth in Baltimore's Inner Harbor.

250 West Pratt Street

Map Reference (page 7): ①



RENOVATED PLAZA

DEMAND DRIVERS:

- > University of MD Baltimore Campus
- > University of MD Medical System
- > Garmatz U.S. Courthouse

BUILDING STATISTICS:

Year Built/Renovated: 1985/2018
Year Acquired: 2015
Rentable SF: 353,600 SF
Floors: 24
% Leased: 92%
Finished Ceiling Height: 8' 6"
Parking Ratio: 1:1,000 SF
Distance from I-95: 0.5 miles
Distance to mass transit: < 1/4 mile

MODERNIZATION AND UPGRADES

Early in 2019, COPT Defense Properties completed a \$6 million modernization and upgrade of 250 West Pratt's lobby, second floor, and public plaza. These improvements will enrich the experience of tenants and the surrounding community, while also adding value to the property.

The tower has undergone ground-level space improvements and landscaping that align with the city's Pratt Street design guidelines, as well as with Baltimore City's vision of Pratt Street as Baltimore's main street—a "pedestrian-friendly boulevard with continuous great public spaces activated by retail shops and restaurants, from Camden Yards to President Street."

https://planning.baltimorecity.gov/sites/default/files/TransForm%20Design%20Manual-%20Final%20_2019%20Update%20-%20Jack%20Young%20Mayor.pdf



LOBBY RENOVATION

COPT Defense Properties updated and modernized the lobby at 250 West Pratt with:

- > new floor-to-ceiling glass
- > new store fronts and entryways
- > contemporary design including a new classic porcelain floor, lounge seating, marble feature wall, and three state-of-the-art video walls (described below)

COPT Defense Properties has added street-front retail, beginning with a 2,400 SF "concept" Starbucks™ on the west side of the lobby, at the corner of Howard and Pratt streets. Plans also include a second restaurant to be located on the east side of the lobby.

LED RIBBON

250 West Pratt's newly renovated lobby experience is anchored by a sixty foot long LED ribbon, woven into the architecture of the building. Displaying 8k video, this high resolution screen, visible from Pratt Street through the three story glass walled atrium will engage tower guests with a unique combination of panoramic experiences illustrating scenic Maryland, artistic video art and parametric visualizations.

100 Light Street

Map Reference (page 7): 4



HIGHLIGHTS:

- > Tallest building in Maryland
- > Highest available office space in Baltimore with unparalleled views
- > Newly renovated street-to-sky amenities to deliver in 2022
- > State of the art elevator dispatching
- > Improved building automation system and new air handling units

BUILDING STATISTICS:

Year Built/Renovated: 1973/2010/2022

Year Acquired: 2015

Rentable SF: 539,800 SF

Floors: 37*

% Leased: 62%

Finished Ceiling Height: 9'

Parking Ratio: 0.5:1,000 SF

Distance from I-95: 0.5 miles

Distance to mass transit: ½ miles

Notes:

* Excludes 3 floors that are below grade

RECENT CAPEX INVESTMENTS (2019 TO PRESENT)

- > Plaza Repair + Renovation
- > Elevator Modernization
- > Access Controls + Turnstiles
- > Replaced Chillers, Pumps, AHUs, and Controls
- > Amenity Renovations (B1, 17th and 18th floors)

Notes:

[illegible]

Canton Submarket

STRATEGIC FIT:

Regional Office Portfolio

LOCATION:

Canton is located along Baltimore's outer harbor in the southeastern section of Baltimore, approximately two miles east of the city's CBD and one mile west of I-95.



HISTORY:

Beginning in the late 19th century, the Canton plantation area was industrialized into factories, warehouses and blue collar housing for workers. One of the more famous companies, the National Brewing Company, was established at the corner of Conkling and O'Donnell Streets in 1872. Although the company was bought in the 1970s by Carling brewery, which shuttered the Baltimore operations, its National Bohemian (a.k.a., Natty Boh) brand of beer is still available today.

Canton is an emerging office submarket, valued for its direct ingress/egress to I-95 and I-895, and its rich housing and amenity base. In addition to the existing office tower, COPT Defense Properties owns the 10 acres of developable, waterfront land for future mixed-use development.

FUN FACT:

> In 1785, merchant John O'Donnell began trading with merchants in the Chinese Port of Canton (Port of Guangzhou, today), from which his Baltimore plantation took its name.

1501 South Clinton Street

Map Reference (page 7): 



HIGHLIGHTS:

- > Irreplaceable waterfront land & marina rights
- > Excellent ingress/egress to I-95
- > Infill, amenity-rich location
- > Canton's residential base is "young"—many employees walk to work
- > **Future Value Add**—We own 10 acres of waterfront land (and the marina rights) for future development

BUILDING STATISTICS:

Year Built/Renovated: 2006
Year Acquired: **2009**
Rentable SF: 475,500 SF
Floors: 17
% Leased: 97%
Finished Ceiling Height:* 8' 7"
Parking Ratio: 4.6:1,000 SF
Distance from I-95: 0.5 miles
Distance to mass transit: < 1 mile

Notes:

* Finished ceiling heights on 1st and 17th floors are 11'

RECENT CAPEX INVESTMENTS (2020 TO PRESENT)

- > Lobby Renovation
- > Elevator Modernization
- > Lobby Turnstiles
- > Covered Walk + Garage

Notes:



FUN FACT:

- > The National Brewing Company building in Canton's Brewers Hill neighborhood was built in 1872. National Brewing launched its National Bohemian beer in 1885 — and the iconic 'Natty Boh' character in 1933. In the 1940s, National Brewing became the first U.S. brewer to distribute beer in six-packs.

INVESTOR RELATIONS

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