

NEWS RELEASE

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COPT Defense Reports First Quarter 2026 Results

EPS of \$0.34

FFO per Share, As Adjusted for Comparability, of \$0.69

6.2% FFO per Share Growth Year-over-Year

1-cent above the Midpoint of Guidance

Increased Midpoint of 2026 FFO per Share Guidance by 1-cent to \$2.76

Implies 1.5% FFO per Share Growth for the Year

Same Property Cash NOI Increased 5.4%

Increased Midpoint of 2026 Guidance by 50 basis points to 3.0%

Occupancy and Leased Levels

Total Portfolio 94.4% Occupied and 95.2% Leased

Defense/IT Portfolio 95.6% Occupied and 96.4% Leased

Leasing Activity

Total Leasing of 1.6 million SF

Vacancy Leasing of 92,000 SF

On Track to Achieve Annual Target of 400,000 SF

Renewal Leasing of 1.2 million SF

Tenant Retention of 91%

Increased Midpoint of 2026 Guidance by 250 basis points to 82.5%

Investment Leasing of 384,000 SF

Investment Activity

Committed \$201 million of Capital to Two New Investments that are 61% Pre-Leased

Increased Midpoint of 2026 Guidance by \$40 million to \$290 million

COLUMBIA, MD (BUSINESS WIRE) April 27, 2026 - COPT Defense Properties (“COPT Defense” or the “Company”) (NYSE: CDP) announced results for the first quarter ended March 31, 2026.

Management Comments

Stephen E. Budorick, COPT Defense's President & Chief Executive Officer, commented, "We achieved solid results in the first quarter and our performance is tracking on all aspects of our full year plan. FFO per share exceeded the midpoint of our guidance range by \$0.01. Based on this outperformance, and our forecast for the remainder of the year, we increased the midpoint of 2026 FFO per share guidance by \$0.01 to \$2.76.

In terms of our leasing achievements, we are off to a great start, as we have executed over 90,000 square feet of vacancy leasing, over 380,000 square feet of investment leasing, and a record 1.2 million square feet of renewal leasing in the first quarter, which equated to a strong tenant retention rate of 91%. Our strong renewal volume, retention, and cash rent spreads in the quarter were driven by the 953,000 square foot full renewal of our U.S. Government campus near Lackland Air Force Base in San Antonio. Our Defense/IT Portfolio was 95.6% occupied and 96.4% leased at quarter-end, and marked thirteen consecutive quarters in which our occupancy rate exceeded 94%, highlighting the strength and durability of our portfolio.

Over the past 4 months, we committed nearly \$250 million to three new investments, consisting of a fully pre-leased build-to-suit development at The National Business Park in Maryland, an inventory building development that is designed for U.S. Government tenancy at Redstone Gateway in Alabama, and an acquisition of 17 acres of strategic land subject to a ground lease on which two fully leased strategic office buildings have been developed in Chantilly, Virginia. These investments serve to enhance and expand our relationships with leading defense contractor and U.S. Government tenants and position the Company to further expand our strategic portfolio in the future and ultimately drive shareholder value.

Our outstanding performance in 2025 and expected performance in 2026 led our Board of Trustees to approve a 4.9% increase in our quarterly dividend in February, which marks our fourth consecutive annual increase, amounting to a 16.4% cumulative increase since 2022. Finally, we were very pleased that Moody's upgraded our investment grade rating by one level to Baa2 with a Stable outlook in March, which reflects the strength and specialized nature of our strategy, platform, and portfolio."

Financial Highlights

1st Quarter Financial Results:

- Diluted earnings per share ("EPS") was \$0.34 for the quarter ended March 31, 2026, compared to \$0.31 for the quarter ended March 31, 2025.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with Nareit's definition and as adjusted for comparability, was \$0.69 for the quarter ended March 31, 2026, compared to \$0.65 for the quarter ended March 31, 2025.

Operating Performance Highlights

Operating Portfolio Summary:

- At March 31, 2026, the Company's 25.2 million square foot total portfolio was 94.4% occupied and 95.2% leased, which includes the 23.2 million square foot Defense/IT Portfolio that was 95.6% occupied and 96.4% leased.

Same Property Performance:

- At March 31, 2026, the Company's 24.6 million square foot Same Property portfolio was 94.2% occupied and 95.1% leased.
- The Company's Same Property cash NOI increased 5.4% in the quarter ended March 31, 2026 compared to the same period in 2025.

Leasing:

- Total Square Feet Leased: For the quarter ended March 31, 2026, the Company leased 1.6 million square feet, including 1.2 million square feet of renewals, 92,000 square feet of vacancy leasing, and 384,000 square feet of investment leasing.
- Tenant Retention Rates: During the quarter ended March 31, 2026, the Company renewed 90.8% of expiring square feet in its total portfolio.
- Rent Spreads and Average Escalations on Renewing Leases: For the quarter ended March 31, 2026, straight-line rents on renewals increased 12.0% and cash rents on renewed space increased 3.8% while annual escalations on renewing leases averaged 3.1%.
- Lease Terms: In the quarter ended March 31, 2026, lease terms averaged 4.5 years on renewing leases, 6.6 years on vacancy leasing, and 13.4 years on investment leasing.

Investment Activity Highlights

- Development Pipeline: The Company's development pipeline consists of seven properties totaling 1.0 million square feet that were 73% leased as of March 31, 2026. These projects represent a total estimated investment of \$508 million, of which \$139 million was spent as of March 31, 2026. The Company added two new investments to the development pipeline during the quarter totaling 387,000 square feet that are 61% pre-leased and represent \$201 million in committed capital.
- Acquisition: Subsequent to the quarter, on April 23, 2026, the Company acquired approximately 17 acres of land for approximately \$43 million, subject to a ground lease on which two buildings at Mission Ridge 1 + 2, located at 15020 and 15030 Conference Center Drive in Chantilly, Virginia, have been developed. The buildings are fully leased to the U.S. Government and defense contractors.

Balance Sheet and Capital Transaction Highlights

- On March 16, 2026, the Company repaid at maturity \$400 million in 2.25% Notes, using the remaining excess available cash and cash equivalents from prefunding this debt maturity with a new bond issuance in 2025 and borrowings under our Revolving Credit Facility.
- For the quarter ended March 31, 2026, the Company's adjusted EBITDA fixed charge coverage ratio was 4.3x.
- At March 31, 2026, the Company's net debt to in-place adjusted EBITDA ratio was 6.1x and its net debt adjusted for fully-leased investment properties to in-place adjusted EBITDA ratio was 5.9x.
- At March 31, 2026, and including the effect of interest rate swaps, the Company's weighted average effective interest rate on its consolidated debt portfolio was 3.8% with a weighted average maturity of 4.5 years (assuming exercise of available extension options), and 85% 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 2026 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>

2026 Guidance

Management is revising and increasing the midpoint of its full-year guidance for diluted EPS and diluted FFOPS, per Nareit and as adjusted for comparability of \$1.21-\$1.29 and \$2.71-\$2.79, respectively, to new ranges of \$1.24-\$1.30 and \$2.73-\$2.79, respectively. Management is establishing second quarter guidance for diluted EPS and diluted FFOPS per Nareit and as adjusted for comparability at \$0.31-\$0.33 and \$0.68-\$0.70, 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, 2026		Year Ending December 31, 2026	
	Low	High	Low	High
Diluted EPS	\$ 0.31	\$ 0.33	\$ 1.24	\$ 1.30
Real estate-related depreciation and amortization	0.37	0.37	1.50	1.50
Gain on sales of real estate	—	—	(0.01)	(0.01)
Diluted FFOPS, Nareit definition and as adjusted for comparability	<u>\$ 0.68</u>	<u>\$ 0.70</u>	<u>\$ 2.73</u>	<u>\$ 2.79</u>

The Company detailed its initial full year guidance, with supporting assumptions, in a separate press release issued February 5, 2026; 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 first quarter 2026 results on its conference call tomorrow, details of which are listed below:

Conference Call Date: Tuesday, April 28, 2026
 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-conf.media-server.com/register/Ble115c1b620434f18ba2fd85f99acc54d>

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 March 31, 2026, the Company's Defense/IT Portfolio of 201 properties, including 24 owned through unconsolidated joint ventures, encompassed 23.2 million square feet and was 96.4% 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, 2025.

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 March 31,	
	2026	2025
Revenues		
Lease revenue	\$ 192,971	\$ 175,308
Other property revenue	1,625	2,289
Construction contract and other service revenues	6,041	10,259
Total revenues	<u>200,637</u>	<u>187,856</u>
Operating expenses		
Property operating expenses	81,435	72,040
Depreciation and amortization associated with real estate operations	42,685	39,359
Construction contract and other service expenses	5,552	9,705
General and administrative expenses	8,456	8,148
Leasing expenses	2,994	2,999
Business development expenses and land carry costs	1,199	1,009
Total operating expenses	<u>142,321</u>	<u>133,260</u>
Interest expense	(23,996)	(20,504)
Interest and other income, net	3,955	1,568
Gain on sales of real estate	582	300
Income before equity in income of unconsolidated entities and income taxes	<u>38,857</u>	<u>35,960</u>
Equity in income of unconsolidated entities	1,406	371
Income tax expense	<u>(124)</u>	<u>(103)</u>
Net income	40,139	36,228
Net income attributable to noncontrolling interests		
Common units in the Operating Partnership ("OP")	(812)	(726)
Other consolidated entities	<u>(771)</u>	<u>(762)</u>
Net income attributable to common shareholders	<u>\$ 38,556</u>	<u>\$ 34,740</u>
Earnings per share ("EPS") computation		
Numerator for diluted EPS		
Net income attributable to common shareholders	\$ 38,556	\$ 34,740
Amount allocable to share-based compensation awards	<u>(161)</u>	<u>(143)</u>
Numerator for diluted EPS	<u>\$ 38,395</u>	<u>\$ 34,597</u>
Denominator		
Weighted average common shares - basic	112,806	112,383
Dilutive effect of share-based compensation awards	1,031	643
Dilutive exchangeable debt	<u>472</u>	<u>—</u>
Weighted average common shares - diluted	<u>114,309</u>	<u>113,026</u>
Diluted EPS	<u>\$ 0.34</u>	<u>\$ 0.31</u>

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

	For the Three Months Ended	
	March 31	
	2026	2025
Net income	\$ 40,139	\$ 36,228
Real estate-related depreciation and amortization	42,685	39,359
Gain on sales of real estate	(582)	(300)
Depreciation and amortization on unconsolidated real estate JVs	742	741
Gain on sale of real estate on unconsolidated real estate JV	(1,146)	—
Funds from operations (“FFO”)	81,838	76,028
FFO allocable to other noncontrolling interests	(1,131)	(1,158)
Basic FFO allocable to share-based compensation awards	(603)	(530)
Basic FFO available to common share and common unit holders (“Basic FFO”)	80,104	74,340
Diluted FFO adjustments allocable to share-based compensation awards	64	53
Diluted FFO available to common share and common unit holders and as adjusted for comparability	80,168	74,393
Straight line rent adjustments and lease incentive amortization	(1,330)	(1,699)
Amortization of intangibles and other assets included in net operating income (“NOI”)	60	162
Share-based compensation, net of amounts capitalized	3,186	2,854
Amortization of deferred financing costs	832	667
Amortization of net debt discounts, net of amounts capitalized	1,217	1,051
Replacement capital expenditures	(19,205)	(21,464)
Other	156	81
Diluted adjusted funds from operations available to common share and common unit holders (“Diluted AFFO”)	\$ 65,084	\$ 56,045
Diluted FFO per share	\$ 0.69	\$ 0.65
Diluted FFO per share, as adjusted for comparability	\$ 0.69	\$ 0.65
Dividends/distributions per common share/unit	\$ 0.32	\$ 0.305

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

	March 31, 2026	December 31, 2025
Balance sheet data		
Properties, net of accumulated depreciation	\$ 3,802,976	\$ 3,783,477
Total assets	\$ 4,458,909	\$ 4,701,790
Debt per balance sheet	\$ 2,546,958	\$ 2,767,834
Total liabilities	\$ 2,867,138	\$ 3,114,115
Redeemable noncontrolling interest	\$ 25,130	\$ 25,506
Total equity	\$ 1,566,641	\$ 1,562,169
Debt to assets	57.1%	58.9%
Net debt to adjusted book	40.6%	40.5%
Defense/IT Portfolio data (as of period end)		
Number of operating properties	201	201
Total operational square feet (in thousands)	23,167	23,159
% Occupied	95.6%	95.5%
% Leased	96.4%	96.5%
	For the Three Months Ended March 31,	
	2026	2025
GAAP		
Payout ratio		
Net income	92.5%	97.2%
Debt ratios		
Net income to interest expense ratio	1.7x	1.8x
Debt to net income ratio	15.9x	16.6x
Non-GAAP		
Payout ratios		
Diluted FFO	46.0%	47.0%
Diluted FFO, as adjusted for comparability	46.0%	47.0%
Diluted AFFO	56.6%	62.4%
Debt ratios		
Adjusted EBITDA fixed charge coverage ratio	4.3x	4.7x
Net debt to in-place adjusted EBITDA ratio	6.1x	6.1x
Net debt adjusted for fully-leased investment properties to in-place adjusted EBITDA ratio	5.9x	6.0x
Reconciliation of denominators for per share measures		
Denominator for diluted EPS	114,309	113,026
Weighted average common units	2,063	2,047
Denominator for diluted FFO per share and as adjusted for comparability	<u>116,372</u>	<u>115,073</u>

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

	For the Three Months Ended March 31,	
	2026	2025
Numerators for payout ratios		
Dividends on unrestricted common and deferred shares	\$ 36,134	\$ 34,318
Distributions on unrestricted common units	711	661
Dividends and distributions on restricted shares and units	267	236
Total dividends and distributions for GAAP payout ratio	37,112	35,215
Dividends and distributions on antidilutive shares and units	(257)	(237)
Dividends and distributions for non-GAAP payout ratios	<u>\$ 36,855</u>	<u>\$ 34,978</u>
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	\$ 40,139	\$ 36,228
Interest expense	23,996	20,504
Income tax expense	124	103
Real estate-related depreciation and amortization	42,685	39,359
Other depreciation and amortization	416	542
Gain on sales of real estate	(582)	(300)
Adjustments from unconsolidated real estate JVs	650	1,518
EBITDAre	107,428	97,954
Credit loss (recoveries) expense	(369)	515
Business development expenses	802	593
Executive transition costs	—	57
Net gain on other investments	(29)	—
Adjusted EBITDA	107,832	99,119
Pro forma NOI adjustment for property changes within period	—	786
Change in collectability of deferred rental revenue	86	1,232
In-place adjusted EBITDA	<u>\$ 107,918</u>	<u>\$ 101,137</u>
Reconciliations of tenant improvements and incentives, building improvements, and leasing costs for operating properties to replacement capital expenditures		
Tenant improvements and incentives	\$ 15,899	\$ 13,758
Building improvements	1,142	1,872
Leasing costs	1,547	3,461
Net additions to tenant improvements and incentives	924	3,538
Excluded building improvements	(307)	(201)
Excluded leasing costs	—	(964)
Replacement capital expenditures	<u>\$ 19,205</u>	<u>\$ 21,464</u>

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

	For the Three Months Ended March 31,	
	2026	2025
Reconciliation of interest expense to the denominator for fixed charge coverage-Adjusted EBITDA		
Interest expense	\$ 23,996	\$ 20,504
Less: Amortization of deferred financing costs	(832)	(667)
Less: Amortization of net debt discounts, net of amounts capitalized	(1,217)	(1,051)
COPT Defense's share of interest expense of unconsolidated real estate JVs, excluding amortization of deferred financing costs and net debt premium and gain or loss on interest rate derivatives	947	752
Scheduled principal amortization	397	461
Capitalized interest, excluding amortization of deferred financing costs	1,679	927
Denominator for fixed charge coverage-Adjusted EBITDA	<u>\$ 24,970</u>	<u>\$ 20,926</u>
Reconciliation of net income to NOI from real estate operations, same property NOI from real estate operations, and same property cash NOI from real estate operations		
Net income	\$ 40,139	\$ 36,228
Construction contract and other service revenues	(6,041)	(10,259)
Depreciation and other amortization associated with real estate operations	42,685	39,359
Construction contract and other service expenses	5,552	9,705
General and administrative expenses	8,456	8,148
Leasing expenses	2,994	2,999
Business development expenses and land carry costs	1,199	1,009
Interest expense	23,996	20,504
Interest and other income, net	(3,955)	(1,568)
Gain on sales of real estate	(582)	(300)
Equity in income of unconsolidated entities	(1,406)	(371)
Unconsolidated real estate JVs NOI allocable to COPT Defense included in equity in income of unconsolidated entities	2,056	1,889
Income tax expense	124	103
NOI from real estate operations	<u>115,217</u>	<u>107,446</u>
Non-Same Property NOI from real estate operations	<u>(4,836)</u>	<u>(400)</u>
Same Property NOI from real estate operations	110,381	107,046
Straight line rent adjustments and lease incentive amortization	677	(1,811)
Amortization of acquired above- and below-market rents	80	64
Lease termination fees, net	(1,212)	(834)
Tenant funded landlord assets and lease incentives	(3,318)	(3,413)
Cash NOI adjustments in unconsolidated real estate JVs	(355)	(260)
Same Property Cash NOI from real estate operations	<u>\$ 106,253</u>	<u>\$ 100,792</u>

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

	March 31, 2026	December 31, 2025
Reconciliation of total assets to adjusted book		
Total assets	\$ 4,458,909	\$ 4,701,790
Accumulated depreciation	1,721,016	1,682,367
Accumulated amortization of intangibles on property acquisitions and deferred leasing costs	227,989	228,656
COPT Defense's share of liabilities of unconsolidated real estate JVs	82,353	82,039
COPT Defense's share of accumulated depreciation and amortization of unconsolidated real estate JVs	16,583	16,000
Less: Property - operating lease liabilities	(43,768)	(45,012)
Less: Property - finance lease liabilities	(752)	(363)
Less: Cash and cash equivalents	(28,580)	(274,986)
Less: COPT Defense's share of cash of unconsolidated real estate JVs	(1,230)	(1,898)
Adjusted book	<u>\$ 6,432,520</u>	<u>\$ 6,388,593</u>

	March 31, 2026	December 31, 2025	March 31, 2025
Reconciliation of debt to net debt and net debt adjusted for fully-leased investment properties			
Debt per balance sheet	\$ 2,546,958	\$ 2,767,834	\$ 2,412,670
Net discounts and deferred financing costs	21,946	23,466	21,886
COPT Defense's share of unconsolidated JV gross debt	75,250	75,250	53,750
Gross debt	<u>2,644,154</u>	<u>2,866,550</u>	<u>2,488,306</u>
Less: Cash and cash equivalents	(28,580)	(274,986)	(24,292)
Less: COPT Defense's share of cash of unconsolidated real estate JVs	(1,230)	(1,898)	(1,766)
Net debt	<u>2,614,344</u>	<u>2,589,666</u>	<u>2,462,248</u>
Costs incurred on fully-leased development properties	(82,576)	(8,226)	(27,499)
Net debt adjusted for fully-leased investment properties	<u>\$ 2,531,768</u>	<u>\$ 2,581,440</u>	<u>\$ 2,434,749</u>