UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________________ to ____________________

Commission file number 1-14023

COPT DEFENSE PROPERTIES

COPT DEFENSE PROPERTIES
(Exact name of registrant as specified in its charter)

Maryland	**23-2947217**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6711 Columbia Gateway Drive, Suite 300, Columbia, MD	**21046**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(443) 285-5400**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of beneficial interest, $0.01 par value	CDP	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting shares of common stock held by non-affiliates of COPT Defense Properties was approximately $2.6 billion, as calculated using the closing price of such shares on the New York Stock Exchange as of June 30, 2025 and the number of outstanding shares as of June 30, 2025. For purposes of calculating this amount only, affiliates are defined as Trustees, executive owners and beneficial owners of more than 10% of COPT Defense Properties' outstanding common shares, $0.01 par value. As of February 4, 2026, 113,207,660 of COPT Defense Properties' common shares were outstanding.

Portions of the proxy statement of COPT Defense Properties for its 2026 Annual Meeting of Shareholders to be filed within 120 days after the end of the fiscal year covered by this Form 10-K are incorporated by reference into Part III of this Form 10-K.

TABLE OF CONTENTS

Form 10-K

		PAGE
PART I		
Item 1.	Business	5
Item 1A.	Risk Factors	9
Item 1B.	Unresolved Staff Comments	17
Item 1C.	Cybersecurity	17
Item 2.	Properties	19
Item 3.	Legal Proceedings	21
Item 4.	Mine Safety Disclosures	21
PART II		
Item 5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	22
Item 6.	[Reserved]	22
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	23
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	40
Item 8.	Financial Statements and Supplementary Data	40
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	40
Item 9A.	Controls and Procedures	40
Item 9B.	Other Information	41
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	41
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	41
Item 11.	Executive Compensation	41
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	41
Item 13.	Certain Relationships and Related Transactions, and Director Independence	41
Item 14.	Principal Accountant Fees and Services	41
PART IV		
Item 15.	Exhibits and Financial Statement Schedules	41
Item 16.	Form 10–K Summary	44
	SIGNATURES	45

Forward-Looking Statements

This Form 10-K contains “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition and operations of our business. Additionally, documents we subsequently file with the Securities and Exchange Commission (“SEC”) and incorporated by reference will contain forward-looking statements.

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 we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, we 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. We caution readers that forward-looking statements reflect our opinion only as of the date on which they were made. You should not place undue reliance on forward-looking statements. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- general economic and business conditions, which will, among other things, affect tenant demand for properties and rents, tenant creditworthiness, interest rates, financing availability, property operating and construction costs, and property values;
- adverse changes in the real estate markets, including, among other things, increased competition with other companies;
- our ability to borrow on favorable terms or at all;
- risks of property 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 our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives;
- changes in our 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;
- potential impact of prolonged government shutdowns or budgetary reductions or impasses, such as a reduction of rental revenues, delayed rent collections, lease renewal delays or non-renewals and/or reduced or delayed demand for additional space by existing or new tenants;
- potential additional costs, such as capital improvements, fees and penalties, associated with environmental laws or regulations;
- adverse changes resulting from other government actions and initiatives, such as changes in taxation, zoning laws or other regulations;
- our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;
- the dilutive effects of issuing additional common shares; and
- security breaches relating to cyber attacks, cyber intrusions or other factors, and other significant disruptions of our information technology networks and related systems.

We undertake no obligation to publicly update or supplement forward-looking statements, whether as a result of new information, future events or otherwise. For further information on these and other factors that could affect us and the statements contained herein, you should refer to the section below entitled “Item 1A. Risk Factors.”

PART I

Item 1. Business

General

COPT Defense Properties ("COPT Defense") and subsidiaries (collectively, the "Company", "we" or "us") is a fully-integrated and self-managed real estate investment trust ("REIT") focused on owning, operating and developing properties in locations proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and missions (which we refer to herein as our Defense/IT Portfolio). Our tenants include the USG and its defense contractors, who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. Our property portfolio is predominantly comprised of office properties and single-tenant data center shells. As of December 31, 2025, our Defense/IT Portfolio included:

- 201 operating properties totaling 23.2 million square feet. We owned 24 of these properties totaling 4.3 million square feet through unconsolidated real estate joint ventures;
- fiveproperties under development that will total approximately 646,000 square feet upon completion; and
- approximately 1,000 acres of land controlled that we believe could be developed into approximately 10.6 million square feet.

We also owned sixother operating properties totaling 2.0 million square feet and approximately 50 acres of other developable land in the Greater Washington, DC/Baltimore region as of December 31, 2025.

We conduct almost all of our operations and own almost all of our assets through our operating partnership, COPT Defense Properties, L.P. ("CDPLP") and subsidiaries (collectively, the "Operating Partnership"), of which COPT Defense is the sole general partner. CDPLP owns real estate directly and through subsidiary partnerships and limited liability companies ("LLCs"). In addition to owning real estate, CDPLP also owns subsidiaries that provide real estate services such as property management, development and construction services primarily for our properties but also for third parties, most of which are tenants. Some of these services are performed by a taxable REIT subsidiary ("TRS").

Equity interests in CDPLP are in the form of common and preferred units. As of December 31, 2025, COPT Defense owned 97.5% of the outstanding CDPLP common units ("common units") and there were no preferred units outstanding. Common units not owned by COPT Defense carry certain redemption rights. The number of common units owned by COPT Defense is equivalent to the number of outstanding common shares of beneficial interest ("common shares") of COPT Defense, and the entitlement of common units to quarterly distributions and payments in liquidation is substantially the same as that of COPT Defense common shareholders.

COPT Defense's common shares are publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "CDP".

We believe that COPT Defense is organized and has operated in a manner that satisfies the requirements for taxation as a REIT under the Internal Revenue Code of 1986, as amended, and we intend to continue to operate COPT Defense in such a manner. If COPT Defense continues to qualify for taxation as a REIT, it generally will not be subject to federal income tax on its taxable income (other than that of its TRS entities) that is distributed to its shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its annual taxable income to its shareholders.

Our executive offices are located at 6711 Columbia Gateway Drive, Suite 300, Columbia, Maryland 21046 and our telephone number is (443) 285-5400.

Our internet address is www.copt.com. We make available on our internet website free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably possible after we file such material with the SEC. In addition, we have made available on our internet website under the heading "Investors" and sub-heading "Governance" the charters for our Board of Trustees' Audit, Compensation, Investment and Nominating and Corporate Governance Committees, as well as our Corporate Governance Guidelines, Code of Business Conduct and Ethics and Code of Ethics for Financial Officers. We intend to make available on our website any future amendments or waivers to our Code of Business Conduct and Ethics and Code of Ethics for Financial Officers within four business days after any such amendments or waivers. The information on our internet site is not part of this report.

The SEC maintains an internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. This internet website can be accessed at www.sec.gov.

Business and Growth Strategies

Our primary goal is to deliver attractive total returns to our shareholders. This section sets forth key components of our business and growth strategies that we have in place to support this goal.

Defense/IT Strategy: We focus on owning, operating and developing Defense/IT Portfolio properties, which as of December 31, 2025 accounted for 201 of our 207 properties, representing 90.3% of our annualized rental revenue ("ARR"), and we control developable land to accommodate future growth in this portfolio. The properties in this portfolio are adjacent to, or contain, their demand drivers, whose activities pertain more to knowledge and technology missions of the USG (i.e., research and development and other highly-technical defense and security areas) rather than to force structure (i.e., troops) and weapon system mass production. Demand drivers for our Defense/IT Portfolio include:

- high-priority facilities and missions of USG organizations and agencies supporting defense and national security activities, such as intelligence, surveillance, reconnaissance, missile defense and space activities, cybersecurity and network activities, research and development and advanced weapons systems testing and engineering, in Maryland, Huntsville, Alabama, Northern Virginia, Washington, DC and San Antonio, Texas; and
- data center shells developed in response to demand driven by advancements in cloud computing and Artificial Intelligence. The hub of our data center portfolio is in Northern Virginia, one of the largest data center markets in the world due in large part to its central location along the United States' Eastern Seaboard, robust fiber connectivity infrastructure and access to reliable and affordable utilities required to support operations.

Due to this business strategy, our Defense/IT Portfolio has certain distinguishing characteristics relative to typical commercial office properties, including:

- proximity to demand drivers, which is generally preferred, and often required, for tenants to execute their missions;
- demand that is driven by, and correlated with, national security spending for activities occurring in the properties' respective demand drivers, which we believe may make tenants unable, or less likely, to relocate, and is less susceptible to the effects of overall economic conditions than typical office properties;
- higher likelihood of significant tenant investments in properties for unique needs, such as Sensitive Compartmented Information Facility ("SCIF"), critical power supply, access control and operational redundancy, which we believe supports higher tenant retention;
- ability of many of the properties leased to the USG to meet Anti-Terrorism Force Protection ("ATFP") requirements; and
- higher preponderance of tenants who require their employees to work in the properties for security purposes, which we believe makes them less susceptible to remote work trends.

Our Defense/IT Portfolio's data center shells are properties leased to tenants to be operated as data centers in which we provide tenants with only the land, core building and basic power, while the tenants fund the costs for the critical power, fiber connectivity and data center infrastructure. We typically enter into long-term leases for these properties prior to commencing development, with triple-net structures, rent escalators and multiple extension options. Additionally, our tenants' significant funding of the costs to fully power and equip these properties greatly enhances the value of these properties and creates high barriers to exit for such tenants.

We believe that our cross-discipline teams collectively complement our Defense/IT strategy due to:

- well-established relationships with the USG and its contractors, many of whom lease space in more than one of our properties, and in multiple geographic locations in some cases;
- extensive experience in developing:
  - high quality office properties;
  - secured, specialized space, with the ability to satisfy the USG's and defense contractor's unique needs (including SCIF, ATFP and access control requirements); and
  - data center shells to customer specifications within very condensed timeframes to accommodate time-sensitive tenant demand; and
- depth of knowledge, specialized skills and credentialed personnel in operating and developing highly-specialized properties with complex space and security-oriented needs.

Other Properties: In addition to our Defense/IT Portfolio, we also owned six office properties located in the Greater Washington, DC/Baltimore region as of December 31, 2025, representing 9.7% of our ARR. We intend to sell these properties when we believe that market conditions and opportunities position us to be able to optimize our return on investment.

Asset Management Strategy: We aggressively manage our portfolio to maximize the value and operating performance of each property through: (1) proactive property management and leasing; (2) maximizing tenant retention in order to minimize space downtime and capital requirements associated with space rollover; (3) increasing rental rates where market conditions

permit; (4) leasing vacant space; (5) achievement of operating efficiencies by increasing economies of scale and, where possible, aggregating vendor contracts to achieve volume pricing discounts; and (6) redevelopment when we believe property conditions and market demand warrant. We also continuously evaluate our portfolio and consider dispositions when properties no longer meet our strategic objectives, or when capital markets and circumstances pertaining to such holdings otherwise warrant, in order to maximize our return on invested capital or support our capital strategy.

We aim to develop and operate our portfolio to create healthier work environments and reduce consumption of resources by:

- developing new buildings designed to use resources with a high level of efficiency and low impact on human health and the environment during their life cycles through our participation in the U.S. Green Building Council's Leadership in Energy and Environmental Design ("LEED") program, targeting new office properties to meet LEED certification standards or, when not possible, striving to otherwise incorporate LEED criteria into property designs;
- adopting select property operations practices from the Environmental Protection Agency's Green Building standards and LEED for Building Operations and Maintenance ("LEED O+M: Existing Buildings") guidelines for much of our portfolio, including cleaning, recycling, integrated pest management, energy reduction and landscaping practices;
- investing in building automation systems and high-efficiency heating, ventilation and air conditioning systems and implementing resource conservation practices to reduce energy consumption; and
- investing in water-saving features.

In 2025, we continued our annual participation in the Global Real Estate Sustainability Benchmark survey, which is widely recognized for measuring the environmental, social and governance performance of real estate companies and funds, and earned an overall score of "Green Star" on the survey, representing the highest quadrant of achievement, for the 11th consecutive year.

External Growth Strategy: Allocating investment capital to new properties serves as the foundation for our external growth. Our external growth strategy is concentrated on identifying future development opportunities, either on existing or acquired land, in support of our Defense/IT strategy. We have significant land holdings adjacent to demand drivers that we believe can further support such growth while serving as a barrier against competitive supply. We pursue development activities as market conditions and leasing opportunities support favorable risk-adjusted returns on investment. While we typically prefer properties to be significantly leased prior to commencing development, we develop properties ahead of completed leasing in certain locations where we believe that consistent demand and high occupancy rates warrant building of inventory to accommodate anticipated USG and/or contractor demand. To a lesser extent, we may also pursue growth in our Defense/IT Portfolio through acquisitions serving missions tied to demand drivers, seeking to execute such transactions at attractive yields and below replacement cost.

Capital Strategy: Our capital strategy is aimed at maintaining continuous access to capital in the most cost-effective manner, irrespective of market conditions, by:

- maintaining an investment grade rating to enable us to use debt comprised primarily of unsecured, fixed-rate debt (including the effect of interest rate swaps) from public markets and banks;
- using secured nonrecourse debt from institutional lenders and banks;
- managing our debt by monitoring, among other things: (1) the relationship of certain measures of earnings to our debt level and to certain capital costs; (2) the timing of debt maturities to ensure that maturities in any one year do not exceed levels that we believe we can refinance; (3) our exposure to changes in interest rates; and (4) our total and secured debt levels relative to our overall capital structure;
- monitoring capacity available under revolving credit facilities and equity offering programs to provide liquidity to fund investment activities and other capital needs;
- raising equity through issuances of common shares and, to a lesser extent, issuances of common equity in CDPLP and preferred equity;
- recycling proceeds from sales of interests in properties, including through joint venture structures for certain investments, to fund property investment activities and/or reduce overall debt;
- paying dividends at a level that is at least sufficient for us to maintain our REIT status; and
- continuously evaluating the ability of our capital resources to accommodate our plans for growth.

Industry Segments

As of December 31, 2025, our operations included the following reportable segments: Defense/IT Portfolio and Other. Our Defense/IT Portfolio segment included the following sub-segments:

- Fort George G. Meade and the Baltimore/Washington Corridor ("Fort Meade/BW Corridor");
- Redstone Arsenal in Huntsville, Alabama;
- Northern Virginia Defense/IT Locations ("NoVA Defense/IT");
- Lackland Air Force Base in San Antonio, Texas;

- locations serving the U.S. Navy (“Navy Support”). Properties in this sub-segment as of December 31, 2025 were proximate to the Washington Navy Yard in Washington, DC, the Naval Air Station Patuxent River in Maryland and the Naval Surface Warfare Center Dahlgren Division in Virginia; and
- data center shells in Northern Virginia.

As of December 31, 2025: our Defense/IT Portfolio segment included 201 of our operating properties, representing 92.1% of our square feet in operations, and all of our properties under development were for this segment; and our Other segment included our remaining six operating properties, representing 7.9% of our square feet in operations.

For information relating to our reportable segments, refer to Note 13 to our consolidated financial statements, which are included in a separate section at the end of this Annual Report on Form 10-K beginning on page F-1.

Human Capital

Our Workforce: As of December 31, 2025, our workforce was comprised of 430 employees based in Maryland where we are headquartered, Virginia, Washington, DC, Alabama and Texas. Our workforce has varying expertise among both our onsite operations teams (representing 61% of our total workforce) and corporate positions (the remaining 39% of our total workforce). In support of our Defense/IT Portfolio strategy, over one-third of our employees carry government credentials. During 2025, our workforce size did not change significantly, with 70 new hires and 67 departures, including 12 retirements, representing a turnover rate of approximately 15.6% total, or 12.8% without retirements.

To effectively compete for human capital, we monitor employment trends and enhance our programs to maintain our strong workforce posture. We rely on our employees to drive our success, and we support them with a variety of programs to attract, align, and grow their capabilities, and enhance their workplace experience through our culture and total rewards program, which includes comprehensive compensation and benefits.

Our Culture: We seek to engage our employees by developing and reinforcing our culture by emphasizing our core values, illustrated by the actiiVe acronym, which stands for: Accountability, Commitment, Teamwork, Integrity, Innovation, Value Creation and Excellence. Our culture supports our aim of attracting, retaining and developing our top talent throughout the employment cycle to enhance our present and future workforce, with a strong belief in equal opportunity, engagement and ethics. We conduct job-tailored safety training on an ongoing basis. We also foster strong ties and encourage employee engagement with our communities by contributing time, effort, financial support and expertise.

Our Total Rewards: Our total rewards program philosophy is driven by accountability, which results in a pay-for-performance structure. Our total rewards program includes: base salary; an annual cash bonus program based on the achievement of corporate, business unit, and individual objectives; health and wellbeing benefits; common equity to new employees, with annual opportunities for additional equity; a retirement savings plan with a company match; financially-supported learning programs; and employee recognition programs.

Competition

The commercial real estate market is highly competitive. Numerous commercial landlords compete with us for tenants. Some of the properties competing with ours may be newer or in more desirable locations, or the competing properties’ owners may be willing to accept lower rents. We also compete with our own tenants, many of whom have the right to sublease their space. The competitive environment for leasing is affected considerably by a number of factors including, among other things, changes in economic conditions and supply of and demand for space. These factors may make it difficult for us to lease existing vacant space and space associated with future lease expirations at rental rates that are sufficient to produce acceptable operating cash flows.

We compete with other entities, including other publicly-traded commercial REITs, for acquisitions of land and/or commercial properties. Competitors for such acquisitions may have substantially greater financial resources than ours. In addition, our competitors may be willing to accept lower returns on their investments or may be willing to incur higher leverage.

We also compete with other entities, including other publicly-traded commercial office REITs, for capital. This competition could adversely affect our ability to raise capital that we may need to fulfill our capital strategy.

In addition, we compete with other entities for talent. If there is an increase in the costs for us to retain employees, or if we otherwise fail to attract and retain employees, our business and operating results could be adversely affected.

Item 1A. Risk Factors

Set forth below are risks and uncertainties relating to our business and the ownership of our securities. These risks and uncertainties may lead to outcomes that could adversely affect our financial position, results of operations, cash flows or ability to make expected distributions to our shareholders. You should carefully consider each of these risks and uncertainties, along with all of the information in this Annual Report on Form 10-K and its Exhibits, including our consolidated financial statements and notes thereto for the year ended December 31, 2025 included in a separate section at the end of this report beginning on page F-1.

Risks Associated with the Real Estate Industry and Our Properties

Our performance and asset value are subject to risks associated with our properties and with the real estate industry. Real estate investments are subject to various risks and fluctuations in value and demand, many of which are beyond our control. Our performance and the value of our real estate assets may decline due to conditions in the general economy and the real estate industry, which could adversely affect our financial position, results of operations, cash flows or ability to make expected distributions to our shareholders. These conditions, include, but are not limited to:

- downturns in national, regional and local economic environments, including increases in the unemployment rate and inflation or deflation;
- competition from other properties;
- deteriorating local real estate market conditions, such as oversupply, reduction in demand and decreasing rental rates;
- declining real estate valuations;
- adverse developments concerning our tenants, which could affect our ability to collect rents and execute lease renewals;
- increasing operating costs, including real estate taxes, utilities, insurance and other expenses, some of which we may not be able to recover from tenants;
- increasing vacancies and the need to periodically repair, renovate and re-lease space;
- trends in office real estate that may adversely affect future demand, including remote work and flexible work arrangements, open workspaces and coworking spaces;
- increasing interest rates and unavailability of financing on acceptable terms or at all;
- unavailability of financing for potential purchasers of our properties;
- impact of prolonged government shutdowns or budgetary reductions or impasses, such as a reduction of rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by existing or new tenants;
- potential additional costs, such as capital improvements, fees and penalties, associated with environmental laws and regulations;
- adverse changes from other government actions and initiatives, such as changes in taxation, zoning laws or other regulations;
- potential inability to secure adequate insurance;
- adverse consequences resulting from civil disturbances, natural disasters, terrorist acts or acts of war; and
- adverse consequences resulting from climate-related risks.

Certain of these conditions are further discussed in the risk factors that follow.

Our business may be affected by adverse economic conditions. Our business may be affected by adverse economic conditions in the United States, real estate industry as a whole or local markets in which our properties are located, including the impact of high unemployment, inflation or deflation, constrained credit and shortages of goods or services. Such conditions could be triggered by geopolitical or other world events. Adverse economic conditions could increase the likelihood of tenants encountering financial difficulties, including bankruptcy, insolvency or general downturn of business, and as a result could increase the likelihood of tenants defaulting on their lease obligations to us. Such conditions could also decrease our likelihood of successfully renewing tenants at favorable terms or at all or leasing vacant space in existing properties or newly-developed properties. In addition, such conditions could disrupt the operations or profitability of our business or increase the risk of us not being able to obtain new financing for development activities, refinancing of existing debt, acquisitions or other capital requirements at reasonable terms, if at all, or to execute dispositions of our properties on a satisfactory time frame or on satisfactory terms, if at all.

We may suffer adverse consequences as a result of our reliance on rental revenues for our income. We earn revenue from leasing our properties. Certain of our operating costs do not necessarily fluctuate in relation to changes in our occupancy and rental revenue. As a result, these costs will not necessarily decline and may increase even if our revenues decline.

For new tenants or upon expiration of existing leases, we generally must make improvements and pay other leasing costs for which we may not receive increased rents. We also make building-related capital improvements for which tenants may not reimburse us.

If our properties do not generate revenue sufficient to meet our operating expenses and capital costs, we may need to borrow additional amounts to cover these costs. In such circumstances, we would likely have lower profits or possibly incur losses. We may also find in such circumstances that we are unable to borrow to fund such costs, in which case our operations could be adversely affected.

In addition, the competitive environment for leasing is affected considerably by a number of factors including, among other things, changes due to economic factors such as supply and demand. These factors may make it difficult for us to lease vacant space in existing properties or newly-developed properties and space associated with future lease expirations at rental rates that are sufficient to meet our short-term capital needs.

We rely on the ability of our tenants to pay rent and would be harmed by their inability to do so. Our performance depends on the ability of our tenants to fulfill their lease obligations by paying their rental payments in a timely manner. As a result, we would be harmed if one or more of our major tenants, or a number of our smaller tenants, were to experience financial difficulties, including bankruptcy, insolvency or general downturn of business.

We may be adversely affected by developments concerning our major tenants, including the USG and its contractors, or the defense installations or missions from which demand for our Defense/IT Portfolio's properties is driven. As of December 31, 2025, our 10 largest tenants accounted for 64.4% of our total ARR, the three largest of these tenants accounted for 51.1%, and the USG, our largest tenant, accounted for 35.4%. For additional information regarding our tenant concentrations, refer to the section entitled "Concentration of Operations" within the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." We further define ARR in Item 7 of this Annual Report on Form 10-K.

Most of our leases with the USG provide for one-year terms, with a series of one-year renewal options. The USG may terminate its leases if, among other reasons, the United States Congress fails to provide funding. We would be harmed if any of our largest tenants fail to make rental payments to us over an extended period of time, including as a result of a prolonged government shutdown, or if the USG elects to terminate some or all of its leases and the space cannot be re-leased on satisfactory terms. For the 43-day long government shutdown in 2025, the most significant effect on us was that it delayed our ability to progress, or finalize, leasing activities, but our existing USG leases remained in effect and most rent payments continued to occur in a timely manner.

As of December 31, 2025, 90.3% of our ARR was from our Defense/IT Portfolio. A temporary or permanent reduction in government spending targeting the activities of the USG or its contractors in this portfolio's demand drivers could adversely affect our tenants' ability to fulfill lease obligations, renew leases or enter into new leases and limit our future growth from properties whose demand rely on such activities. Uncertainty regarding the potential amount of future government spending for such activities could also decrease or delay leasing activity from existing or new tenants engaged in these activities. Our Defense/IT Portfolio growth could be adversely affected by USG decisions to own properties rather than lease them from us, which could affect our ability to renew existing leases or enter into new ones with it, or could prompt it to elect to acquire existing properties from us in exchange for just compensation. In addition, to the extent that the USG enacts changes to its secured-space requirements over time, certain of our secured-space properties not meeting new requirements could become less attractive to existing or prospective tenants, or we may need to incur additional capital investments for these properties to meet such requirements in order to retain existing tenants or attract new ones.

Our future ability to fuel growth through data center shell development may be adversely affected should we suffer a loss of future development opportunities with our data center shell customer or are unable to locate suitable developable land. Data center shells have been a growth driver for our Defense/IT Locations strategy, including the 33 data center shells in Northern Virginia totaling 6.3 million square feet that we developed for a Fortune 100 Company cloud computing customer, whose total leased space from us accounted for 11.3% of our ARR as of December 31, 2025. Historically, these properties have also garnered the interest of outside investors, enabling us to raise capital by selling ownership interests through joint venture structures at favorable profit margins, and to apply the proceeds towards other development opportunities. Our ability to continue to use data center shell development as a growth driver and possible future source of capital may be limited if our cloud computing customer no longer chooses to allocate development opportunities to us or if we are unable to acquire suitable land for development.

We may suffer economic harm in the event of a decline in the real estate market or general economic conditions in the Mid-Atlantic region, particularly in the Greater Washington, DC/Baltimore region, or in particular business parks. Most of our properties are located in the Mid-Atlantic region of the United States, particularly in the Greater Washington, DC/Baltimore region. Many of our properties are also concentrated in business parks in which we own most of the properties. As a result, our portfolio of properties is not broadly distributed geographically. As a result, we could be harmed by a decline in the real estate market or general economic conditions in the Mid-Atlantic region, the Greater Washington, DC/Baltimore region or markets, submarkets or business parks in which our properties are located. While the Greater Washington, DC/Baltimore region's economy in 2025 was adversely affected by the federal government's spending reduction initiatives, workforce reductions and 43-day long government shutdown, we have not to date been significantly affected by these government activities

and resulting regional economic effects due primarily to the unique demand associated with our Defense/IT Portfolio, which, we believe, is less susceptible to the effects of overall economic conditions than typical office properties.

We would suffer economic harm if we were unable to renew our leases on favorable terms. When leases expire, our tenants may not renew or may renew on terms less favorable to us than the terms of their original leases. If a tenant vacates a property, we can expect to experience a vacancy for some period of time, as well as incur higher leasing costs than we would likely incur if a tenant renews. As a result, we may be harmed if we experience a high volume of tenant departures at the end of their lease terms.

We may be adversely affected by trends in the office real estate industry. Certain businesses have implemented remote work and flexible work arrangements (although some businesses have subsequently curtailed such arrangements) and/or utilized open workspaces and coworking spaces. These practices could enable businesses to reduce their office space requirements. A continuation or acceleration of these trends could erode demand for commercial office space and, in turn, place downward pressure on occupancy, rental rates and property valuations. These trends have not significantly affected us to date due to our high concentration of Defense/IT Portfolio properties, which have a higher preponderance of tenants who require their employees to work in the properties for security purposes.

We may encounter a significant decline in the value of our real estate. The value of our real estate could be adversely affected by general economic and market conditions connected to a specific property or property type, a market or submarket, a broader economic region or the office real estate industry. Examples of such conditions include a broader economic recession, declining demand for space, increases in interest rates and decreases in market rental rates and/or market values of real estate assets. If our real estate assets significantly decline in value, it could result in our recognition of impairment losses. Moreover, a decline in the value of our real estate could adversely affect the amount of borrowings available to us and our ability, or willingness, to execute plans to sell properties.

We may not be able to compete successfully with other entities that operate in our industry. The commercial real estate market is highly competitive. Numerous commercial properties compete with our properties for tenants; some of the properties competing with ours may be newer, better equipped to meet tenant needs or in more desirable locations, or the competing properties' owners may be willing to accept lower rates than are acceptable to us. In addition, we compete for the acquisition of land and commercial properties with many entities, including other publicly-traded REITs and large private equity-backed entities and funds; competitors for such acquisitions may have substantially greater financial resources than ours, or may be willing to accept lower returns on their investments or incur higher leverage.

Real estate investments are illiquid, and we may not be able to dispose of properties on a timely basis when we determine it is appropriate to do so. Real estate investments can be difficult to sell and convert to cash quickly, especially if market conditions, including real estate lending conditions, are not favorable. Such illiquidity could limit our ability to fund capital needs or quickly change our portfolio of properties in response to changes in economic or other conditions. Moreover, under certain circumstances, the Internal Revenue Code imposes penalties on a REIT that sells property held for less than two years and limits the number of properties it can sell in a given year.

We may be unable to successfully execute our plans to develop additional properties. Although the majority of our investments are in operating properties, we also develop and redevelop properties, including some that are not fully pre-leased. When we develop or redevelop properties, we assume a number of risks, including, but not limited to, the risk of: actual costs exceeding our budgets; conditions or events occurring that delay or preclude our ability to complete the project as originally planned or at all; projected leasing not occurring as expected or at all, or occurring at lower than expected rental rates; and not being able to fund property development activities. Inflation and, to a lesser extent, supply chain disruptions, including such conditions triggered by geopolitical or other world events, could negatively impact our development activities; continually escalating development costs would require us to commensurately escalate rents on development properties, which may affect demand for space in such properties.

We may suffer adverse effects from acquisitions of commercial real estate properties. We may pursue acquisitions of existing commercial real estate properties as part of our external growth strategy. Acquisitions of commercial properties entail risks, such as the risk that we may not be in a position, or have the opportunity in the future, to make suitable property acquisitions on advantageous terms and/or that such acquisitions fail to perform as expected.

We may pursue selective acquisitions of properties in regions where we have not previously owned properties. These acquisitions may entail risks in addition to those we face with acquisitions in more familiar regions, such as our not sufficiently anticipating conditions or trends in such regions and therefore not being able to operate the acquired properties profitably.

In addition, we may acquire properties that are subject to liabilities in situations where we have no recourse, or only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it.

We may be subject to possible environmental liabilities. We are subject to various federal, state and local environmental laws, including air and water quality, hazardous or toxic substances and health and safety. These laws can impose liability on current and prior property owners or operators for the costs of removal or remediation of hazardous substances released on a property, even if the property owner was not responsible for, or even aware of, the release of the hazardous substances. Uninsured costs resulting from environmental liability could be substantial. The presence of hazardous substances on our properties may also adversely affect occupancy and our ability to sell or borrow against those properties. In addition to the costs of government claims under environmental laws, private plaintiffs may bring claims for personal injury or other reasons. Additionally, various laws impose liability for the costs of removal or remediation of hazardous substances at the disposal or treatment facility; anyone who arranges for the disposal or treatment of hazardous substances at such a facility is potentially liable under such laws.

Although most of our properties have been subject to varying degrees of environmental assessment, many of these assessments are limited in scope and may not include or identify all potential environmental liabilities or risks associated with the property. Identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to us.

We would incur losses if third parties to whom we make loans fail to service or repay such loans. We enter into loan arrangements with tenants of our properties and other third parties. We would incur losses if these parties failed to fulfill their obligations to service and repay such loans.

We may be adversely affected by the impact of climate-related risks. We may be adversely affected by extreme weather events, such as heavy storms, hurricanes, floods and tornadoes, which could result in significant property damage and make it more difficult for us to obtain affordable insurance coverage in the future. Longer term, we could also face the potential for more frequent or destructive severe weather events and shifts in temperature and precipitation amounts. Such events could adversely affect our properties in a number of ways, including, but not limited to: declining demand for space; our ability to operate them effectively and profitably; their valuations; and our ability to sell them or use them as collateral for future debt.

We may be adversely affected by legislation and regulatory changes relating to combating climate change. We may be adversely affected by legislation and regulatory changes aimed at combating climate change. For example, the State of Maryland enacted legislation that will subject our properties in the state (approximately half of our operating portfolio as of year end) to future energy performance standards (with potential monetary penalties for failing to meet such standards), building code changes and other requirements. In order to meet these performance standards and other requirements, we expect that we will need to make additional investments in building systems for new and existing properties. Other jurisdictions in which our properties are located have also either enacted similar legislation or are considering doing so in the future. We believe that our future additional capital investments and potential fees and penalties resulting from the State of Maryland legislation, and other similar federal, state or local laws or regulations in the future, could be substantial and may not be recoverable from our tenants. Other risks and uncertainties we may encounter as a result of such laws or regulations include, but are not limited to, limited availability of equipment, contractors and services required to complete the resulting capital improvements and potential future effects of increased electrification requirements, such as increased electricity rates and power grid constraints.

We may be subject to other possible liabilities that would adversely affect our financial position and cash flows. Our properties may be subject to other risks related to current or future laws, including laws relating to zoning, development, fire and life safety requirements and other matters. These laws may require significant property modifications in the future and could result in the levy of fines against us.

Attacks by terrorists or foreign nations or incidents related to social unrest may adversely affect the value of our properties, our financial position and cash flows. We have significant investments in properties located in large metropolitan areas or near military installations. Attacks by terrorists or foreign nations, or incidents related to social unrest, could directly or indirectly damage our properties or cause losses that materially exceed our insurance coverage. After such an attack or incident, tenants in these areas may choose to relocate their businesses to areas of the United States that may be perceived to be less likely targets of future attacks or unrest, and fewer customers may choose to patronize businesses in these areas. This in turn may trigger a decrease in demand for space in these areas that could increase vacancies in our properties and adversely affect property rental rates and valuations.

We may be subject to increased costs of insurance and limitations on coverage. Our portfolio of properties is insured for losses under our property, casualty and umbrella insurance policies. These policies include coverage for acts of terrorism. Future changes in the insurance industry's risk assessment approach and pricing structure may increase the cost of insuring our properties and decrease the scope of insurance coverage. Most of our loan agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs, or at all, in the future. In addition, if lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance and/or refinance our properties and execute our growth strategies. Moreover, there are some loss events for which we cannot obtain insurance at

reasonable costs, or at all, such as acts of war. With respect to such losses and losses from acts of terrorism, earthquakes, fires, pandemics or other catastrophic events, if we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties.

We may suffer economic harm as a result of the actions of our partners in real estate joint ventures and other investments. We may invest in certain entities in which we are not the exclusive investor or principal decision maker. Investments in such entities may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that the other parties to these investments might become bankrupt or fail to fund their share of required capital contributions. Our partners in these entities may have economic, tax or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. These investments may also lead to impasses on major decisions, such as whether or not to sell a property, because neither we nor the other parties to these investments may have full control over the entity; such a dispute could also result in a sale of either our ownership interest in a joint venture or the joint venture's underlying properties at a suboptimal price or time. In addition, we may in certain circumstances be liable for the actions of the other parties to these investments.

Our business could be adversely affected by a negative audit by the USG. Agencies of the USG, including the Defense Contract Audit Agency and various agency Inspectors General, routinely audit and investigate parties that provide goods and services to the USG. These agencies review such parties' performance under contracts, cost structure, internal controls systems and policies and compliance with applicable laws, regulations and standards. Any costs found to be misclassified may be subject to repayment. If an audit or investigation of us were to uncover improper activities associated with our activities for the USG, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the USG. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

Risks Associated with Financing and Other Capital-Related Matters

We are dependent on external sources of capital for growth and other business purposes. Because COPT Defense is a REIT, it must distribute at least 90% of its annual taxable income to its shareholders. This requirement may limit the extent to which we are able to fund our investment activities using retained cash flow from operations. Therefore, our ability to fund much of these activities is dependent on our ability to externally generate capital through issuances of new debt, common shares, preferred shares, common or preferred units in CDPLP or sales of interests in properties. These capital sources may not be available to us on favorable terms or at all. Moreover, due to the difference in time between when we receive revenue and pay expenses and when we report such items for distribution purposes, it is possible that we may need to borrow funds for COPT Defense to meet the 90% distribution requirement. Additional debt financing may substantially increase our leverage and subject us to covenants that restrict management's flexibility in directing our operations. Our inability to obtain capital when needed could have a material adverse effect on our ability to expand our business and fund other cash requirements.

We use our primary revolving credit facility (the "Revolving Credit Facility") and a separate facility that we use for funding development activities (the "Revolving Development Facility") to initially fund much of our investing activities and certain financing activities. Our lenders under these and other facilities could, for financial hardship or other reasons, fail to honor their commitments to fund our requests for borrowings under these facilities. If lenders default under these facilities by not being able or willing to fund a borrowing request, it would adversely affect our ability to access borrowing capacity under these facilities.

We may suffer adverse effects as a result of the indebtedness that we carry and the terms and covenants that relate to this debt. As of December 31, 2025, we had $2.8 billion in debt with future maturities as set forth in Note 8 to our consolidated financial statements. Payments of principal and interest on our debt may leave us with insufficient cash to operate our properties or pay distributions to COPT Defense's shareholders required to maintain COPT Defense's qualification as a REIT. We are also subject to risks that:

- we may not be able to refinance our existing indebtedness, or may only be able to do so on terms that are less favorable to us than the terms of our existing indebtedness;
- in the event that we default under the terms of our Revolving Credit Facility and Revolving Development Facility, CDPLP could be restricted from making cash distributions to COPT Defense unless such distributions are required to maintain COPT Defense's qualification as a REIT, which could result in reduced distributions to our equityholders or the need for us to incur additional debt to fund such distributions; and
- if we are unable to pay our debt service on time or are unable to comply with restrictive financial covenants for certain of our debt, our lenders could foreclose on our properties securing such debt.

Virtually all of our unsecured debt is cross-defaulted, which means that failure to pay interest or principal on such debt above a threshold value will create a default on certain of our other debt.

If interest rates were to rise, our debt service payments on debt with variable interest rates would increase.

Our operations likely will not generate enough cash flow to repay all of our debt without additional borrowings, equity issuances and/or sales of interests in properties. If we cannot refinance, extend the repayment date of, or otherwise raise funds required to repay debt by its maturity date, we would default on such debt.

Our organizational documents do not limit the amount of indebtedness that we may incur. Therefore, we may incur additional indebtedness and become more highly leveraged, which could harm our financial position.

A downgrade in our credit ratings would materially adversely affect our business and financial condition. The three major rating agencies currently rate our Senior Notes as investment grade, with either stable or positive outlooks. These credit ratings are subject to ongoing evaluation by the credit rating agencies and can change. Any downgrades of our ratings or a negative outlook by the credit rating agencies would have a materially adverse impact on our cost and availability of capital and also could have a materially adverse effect on the market price of our common shares. In addition, since the variable interest rate spread and facility fees on certain of our debt, including our Revolving Credit Facility, Revolving Development Facility and a term loan facility, is determined based on our credit ratings, a downgrade in our credit ratings would increase the payments required on such debt.

We may issue additional common or preferred equity that dilutes our shareholders' interests. We may issue additional common shares or new issuances of preferred shares without shareholder approval. Similarly, we may issue additional common or preferred units in CDPLP for contributions of cash or property without approval by our shareholders. Our existing shareholders' interests could be diluted if such additional issuances were to occur.

A number of factors could cause our security prices to decline. As is the case with any publicly-traded securities, certain factors outside of our control could influence the value of our equity security issuances. These conditions include, but are not limited to:

- market perception of REITs in general and office REITs in particular;
- market perception regarding our major tenants and property concentrations;
- the level of institutional investor interest in us;
- general economic and business conditions;
- prevailing interest rates;
- our financial performance;
- our underlying asset value;
- our actual, or market perception of our, financial condition, performance, dividends and growth potential;
- adverse changes in tax laws; and
- market perception regarding our commitment to environmental, social and governance matters.

We may be unable to continue to make distributions to our shareholders at expected levels. We expect to make regular quarterly cash distributions to our shareholders. However, our ability to make such distributions depends on a number of factors, some of which are beyond our control. Some of our loan agreements contain provisions that could, in the event of default, restrict future distributions unless we meet certain financial tests or such payments or distributions are required to maintain COPT Defense's qualification as a REIT. Our ability to make distributions at expected levels is also dependent, in part, on other matters, including, but not limited to:

- continued property occupancy and timely receipt of rent from our tenants;
- the amount of future capital expenditures and expenses for our properties;
- our leasing activity and future rental rates;
- the strength of the commercial real estate market;
- our ability to compete with other entities, including with other publicly-traded commercial REITs;
- governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses;
- our costs of compliance with environmental and other laws;
- our corporate overhead levels; and
- our amount of uninsured losses.

In addition, we can make distributions to holders of our common shares only after we make preferential distributions to holders of any outstanding preferred equity. Furthermore, any new common or preferred equity that we may issue in the future for raising capital, financing acquisitions, share-based compensation arrangements or otherwise will increase the cash required to continue to pay cash distributions at current levels.

We may experience significant losses and harm to our financial condition if financial institutions holding our cash and cash equivalents file for bankruptcy protection or otherwise failed. We believe that we maintain our cash and cash equivalents with high quality financial institutions. However, we may incur significant losses and harm to our financial condition in

the future if we were holding large sums of cash in any of these financial institutions at a time when they filed for bankruptcy protection or otherwise failed.

Other Risks

Our business could be adversely affected by security breaches through cyber attacks, cyber intrusions or other factors, and other significant disruptions of our IT networks and related systems. We face risks associated with security breaches and other significant disruptions of our IT networks and related systems, which are essential to our business operations. Such breaches and disruptions may occur through cyber-attacks or -intrusions over the internet, malware, computer viruses, attachments to e-mails or by actions of persons inside our organization, including those with access to our systems. Because of our concentration on serving the USG and its contractors with a general focus on national security and information technology, we may have a heightened likelihood of being targeted for cyber-attacks or -intrusions, including by governments, organizations or persons hostile to the USG. Additionally, a successful attack on our vendors or service providers could result in a compromise of our own network or a disruption in our supply chain or services upon which we rely.

We have preventative, detective, and responsive measures in place to maintain the security and integrity of our networks and related systems that have to date enabled us to avoid breaches and disruptions that were individually, or in the aggregate, material. However, despite our activities to maintain the security and integrity of our networks and related systems, there can be no assurance that these activities will be effective in mitigating these risks. We also have insurance coverage in place in the event of significant future losses from breaches and disruptions; however, continuing changes in the insurance industry's risk assessment approach and pricing structure could in the future increase the cost for us to obtain insurance coverage or decrease the scope of such coverage available to us.

Like other businesses, we and our vendors and service providers have been, and expect to continue to be, subject to cyber-attacks or -intrusions, computer viruses or malware, attempts at unauthorized access and other events of varying degrees. A security breach or other significant disruption involving our IT networks and related systems, or those of certain of our vendors or service providers, could:

- disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants;
- increase the likelihood of missed reporting or permitting deadlines;
- affect our ability to properly monitor our compliance with rules and regulations regarding our qualification as a REIT;
- result in unauthorized access to, and/or destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or which could expose us to damage claims by third-parties;
- disrupt or disable the building systems relied upon by us and our tenants for the effective and efficient use of our properties;
- require significant management attention and resources to remedy any resulting damages;
- subject us to claims for damages and other penalties or potentially breach of contract; and
- damage our reputation among our tenants and investors generally.

Please refer to Item 1C, Cybersecurity, for disclosure regarding our cybersecurity risk management, strategy and governance.

The use of technology based on artificial intelligence and machine learning presents risks and challenges that may adversely affect our business and results of operations. We may use artificial intelligence and machine learning technology (collectively, "AI") capabilities with the goal of enhancing efficiencies in conducting our business. As of December 31, 2025, our deployment and application of AI was limited. While AI tools hold promise for optimizing our work processes and driving efficiencies, they also present risks, challenges and unintended consequences that could adversely affect our business and results of operations or those of our tenants. These include, but are not limited to:

- the release, leak or disclosure of proprietary, confidential, sensitive or otherwise valuable information resulting from our use of AI tools, including potential unauthorized use of such tools by our employees;
- the incorporation of AI by our clients, vendors, contractors and other third-parties into their products or services, with or without our knowledge, in a manner that could give rise to issues pertaining to data privacy and confidentiality considerations; and
- the evolving legal regulations relating to AI, which may require significant resources to modify and maintain business practices to comply with applicable law or otherwise result in legal or regulatory action or create additional liabilities.

We may be adversely affected by environmental, social and governance matters. Certain investors and other stakeholders focus on environmental, social and governance matters. If our perceived commitment to environmental, social and governance matters fails to meet the expectations of these investors and other stakeholders, it could adversely affect their willingness to invest in, or otherwise do business with, us.

We may suffer adverse effects from epidemics or pandemics. The occurrence of epidemics or pandemics may adversely affect us in many ways, including, but not limited to:

- disruption of our tenants' operations, which could adversely affect their ability, or willingness, to sustain their businesses and/or fulfill their lease obligations;
- our ability to maintain occupancy in our properties and obtain new leases for unoccupied space at favorable terms or at all;
- shortages in supply of products or services from vendors that are needed for us and our tenants to operate effectively, and which could lead to increased costs for such products and services;
- access to debt and equity capital on attractive terms or at all. Severe disruption and instability in the global financial markets or deterioration in credit and financing conditions may affect our or our tenants' ability to access capital necessary to fund operations, refinance debt or fund planned investments on a timely basis, and may adversely affect the valuation of financial assets and liabilities; and
- our and our tenants' ability to continue or complete planned development, including the potential for delays in the supply of materials or labor necessary for development.

The extent of any effect on our operations, financial condition and cash flows will be dependent on various factors, such as the duration and extent of the epidemic or pandemic, the prevalence, strength and duration of restrictive measures implemented in response and the resulting effects on our tenants, potential future tenants, the commercial real estate industry and the broader economy. Moreover, some of the risks described in other risk factors set forth in this Annual Report on Form 10-K may be more likely to impact us as a result of epidemics or pandemics, including, but not limited to: downturns in national, regional and local economic environments; deteriorating local real estate market conditions; and declining real estate valuations.

Our business could be adversely impacted if we are unable to attract and retain highly-qualified personnel. Our ability to operate effectively and succeed in the future is dependent in large part on our employees. Our Defense/IT strategy in particular relies on the knowledge, specialized skills and credentialed personnel on our teams that serve those properties' unique needs. We face very intense competition for highly-qualified personnel in the labor market. We also occasionally face even greater competition for personnel with certain skill sets or qualifications. As a result, we may not be successful in retaining our existing talent or attracting, training and retaining new personnel with the requisite skills. We may also find that we need to further increase compensation costs in response to this competition. Our business could be harmed by the loss of key employees, a significant number of employees or a significant number of employees in a specialized area of the Company.

We have certain provisions or statutes that may serve to delay or prevent a transaction or a change in control that would be advantageous to our shareholders from occurring. COPT Defense's Declaration of Trust limits ownership of its common shares by any single shareholder to 9.8% of the number of the outstanding common shares or 9.8% of the value of the outstanding common shares, whichever is more restrictive. COPT Defense's Declaration of Trust also limits ownership by any single shareholder of our common and preferred shares in the aggregate to 9.8% of the aggregate value of our outstanding common and preferred shares. We refer to these restrictions as the "Ownership Limit." COPT Defense's Declaration of Trust allows our Board of Trustees to exempt shareholders from the Ownership Limit. These restrictions on ownership of our common shares may delay or prevent a transaction or a change of control that might involve a premium price for our common shares or otherwise be in the best interest of our shareholders.

Subject to the requirements of the New York Stock Exchange, our Board of Trustees has the authority, without shareholder approval, to issue additional securities on terms that could delay or prevent a change in control. In addition, our Board of Trustees has the authority to reclassify any of our unissued common shares into preferred shares. Our Board of Trustees may issue preferred shares with such preferences, rights, powers and restrictions if it chooses to do so, which could also delay or prevent a change in control.

In addition, various Maryland laws may have the effect of discouraging offers to acquire us, even if the acquisition would be advantageous to shareholders. Resolutions adopted by our Board of Trustees and/or provisions of our bylaws exempt us from such laws, but our Board of Trustees can alter its resolutions or change our bylaws at any time to make these laws applicable to us.

COPT Defense's failure to qualify as a REIT would have adverse tax consequences, which would substantially reduce funds available to make distributions to our shareholders. We believe that COPT Defense has qualified for taxation as a REIT for federal income tax purposes since 1992, and we plan for it to continue to meet the requirements for REIT qualification. The determination that COPT Defense is a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of COPT Defense's gross income must come from certain sources that are specified in REIT tax laws. COPT Defense is also required to distribute to shareholders at least 90% of its annual taxable income. The fact that COPT Defense holds most of its assets through CDPLP and its subsidiaries further complicates the application of the REIT requirements. Many of these requirements are highly complex, which could result in even a technical or inadvertent mistake that could jeopardize COPT Defense's REIT status. Furthermore, Congress and the Internal Revenue Service could make changes to the tax laws and regulations and the courts could issue new rulings that make it more difficult or impossible for COPT Defense to remain qualified as a REIT.

If COPT Defense fails to qualify as a REIT, it would be subject to federal income tax at regular corporate rates. Also, unless the Internal Revenue Service granted us relief under certain statutory provisions, COPT Defense would remain disqualified from being a REIT for four years following the year it first fails to qualify. If COPT Defense fails to qualify as a REIT, it would have to pay significant income taxes and would therefore have less money available for investments or for distributions to our shareholders. In addition, if COPT Defense fails to qualify as a REIT, it would no longer be required to pay distributions to shareholders. As a result of all these factors, COPT Defense's failure to qualify as a REIT could impair our ability to expand our business and raise capital and would likely have a significant adverse effect on the value of our shares.

We may be adversely impacted by changes in tax laws. At any time, U.S. federal tax laws or the administrative interpretations of those laws may change. We cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be issued. In addition, while REITs generally receive certain tax advantages compared to entities taxed as C corporations, it is possible that future legislation could result in REITs having fewer tax advantages, and therefore becoming a less attractive investment alternative. As a result, changes in U.S. federal tax laws could negatively impact our operating results, financial condition and business operations, and adversely impact our shareholders.

Occasionally, changes in state and local tax laws or regulations are enacted that may result in an increase in our tax liability. Shortfalls in tax revenues for states and municipalities may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets, revenue or income.

Our tenants and contractual counterparties could be designated "Prohibited Persons" by the Office of Foreign Assets Control. The Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") maintains a list of persons designated as terrorists or who are otherwise blocked or banned ("Prohibited Persons"). OFAC regulations and other laws prohibit us from conducting business or engaging in transactions with Prohibited Persons. If a tenant or other party with whom we conduct business is placed on the OFAC list or is otherwise a party with whom we are prohibited from doing business, we would be required to terminate our lease or other agreement with them.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

(a) As discussed in Item 1A, Risk Factors, we face risks associated with security breaches and other significant disruptions of our IT networks and related systems that are essential to our business operations. Due to our Defense/IT strategy and the nature of the customers and activities it serves, we may have a heightened likelihood of being targeted for cyber-attacks or -intrusions, including by governments, organizations or persons hostile to the USG.

Our cybersecurity risk management efforts are informed by a cyber risk assessment, a continuous evaluation of our risks and vulnerabilities and risk tolerances. Our processes for assessing, identifying and managing cybersecurity risks are led by our Vice President – Information Technology and Chief Information Officer (our "CIO"), a management-level position reporting directly to our Executive Vice President and Chief Financial Officer (our "CFO"). Our CIO, a Certified Information Systems Security Professional ("CISSP") with over 20 years of information systems and information security leadership experience, leads our information technology team ("IT team") members, many of whom have USG security clearances (including our CIO) and include one additional CISSP team member, in supporting our cybersecurity risk management efforts. This team's efforts are further informed through their participation in external cybersecurity-related panels, industry presentations and advisory boards, tabletop exercises and information-sharing collaborations and partnerships.

Our IT team executes a series of preventive, detective and responsive measures aimed towards managing our cybersecurity risks, including the following:

- administering a series of processes and automated tools to monitor and alert for potentially malicious activities and vulnerabilities on our network, systems, applications and devices, with the ability to terminate processes and isolate potential vulnerabilities;
- employing tools and controls to support our efforts in identity and access management, device and user management, and authentication;
- ongoing cybersecurity maintenance activities, including scheduled maintenance time windows for comprehensive system updates to occur, with additional ad hoc updates, monitoring of all Company devices for timeliness of security updates and pushing time-sensitive updates to our system infrastructure and devices, as appropriate;
- recurring, redundant backups of our applications, servers and data, with replication to remote storage locations;
- assessing audit reports issued on controls of certain outsourced, or externally-hosted, systems or applications; and
- periodically evaluating our readiness by performing testing of our process and system for responding to cyber events, including our ability to recover following such events.

We engage consultants:

- on an ongoing basis for certain aspects of our IT team's recurring monitoring and alert processes and round-the-clock support, as needed; and
- periodically to perform penetration testing and vulnerability scanning of our systems, websites and properties, run or support tabletop exercises and complete cyber risk-based assessments of us.

Organizationally, we aim to further support the forementioned measures through:

- purchase and contracting controls aimed at preventing our entry into purchases or service arrangements: with entities blocked or banned by OFAC or the Federal Trade Commission; or outside of manufacturer authorized distribution channels; and
- education of our employees, including cybersecurity-related training and periodic reminders regarding potential risks.

Our CIO routinely apprises our CFO regarding cyber risk management activities and provides updates and data, as needed, to our executive team to facilitate decisions regarding our cyber risk posture and related considerations regarding our enterprise risk management assessment. Our CIO and CFO provide to the Audit Committee of our Board of Trustees: quarterly updates on our cybersecurity risk management strategy and related activities; annual reviews of our cyber risk assessment; and other information as needed to facilitate the committee's oversight of our cybersecurity risk. Two members of this committee possess technology and cybersecurity experience, which we believe brings valuable insight and perspective to our risk management strategy. Our CIO and CFO also provide an annual review of our cyber risk assessment to our full Board of Trustees.

While to date, we have not experienced cybersecurity events that were individually, or in the aggregate, material, we have developed a cyber-incident response playbook that sets forth our process for responding in the event of certain defined cyber incidents. Under our response protocols, following identification of such an incident, our CIO or other members of the IT team would notify our executive team, which then would notify the Chairman of our Board of Trustees and assemble an Incident Management Team, comprised of certain defined management team members and external consultants, who collectively would assess and monitor the situation and manage internal and external communications.

We also are subject to legal and regulatory requirements that affect our response to cybersecurity-risk management, including the Sarbanes-Oxley Act, federal and state data breach notification requirements and certain requirements under our leases with tenants.

Item 2. Properties

The following table provides certain information about our operating property segments as of December 31, 2025 (dollars and square feet in thousands, except per square foot amounts):

Segment	Number of Properties	Operational Square Feet	Occupancy (1)	ARR (2)	ARR per Occupied Square Foot (2)
Defense/IT Portfolio					
Fort Meade/BW Corridor					
National Business Park (Annapolis Junction, MD)	34	4,288	96.8%	$ 182,792	$ 44.03
Howard County, MD	36	3,064	89.2%	82,553	$ 30.13
Other	25	1,883	93.3%	58,654	$ 33.24
Fort Meade/BW Corridor Subtotal / Average	95	9,235	93.6%	323,999	$ 37.44
Redstone Arsenal	25	2,525	96.1%	64,160	$ 26.31
NoVA Defense/IT	17	2,643	93.5%	100,065	$ 40.50
Lackland Air Force Base	9	1,143	100.0%	73,213	$ 59.71
Navy Support	22	1,271	86.9%	34,583	$ 31.32
Data Center Shells					
Consolidated Properties	9	2,047	100.0%	52,952	$ 25.87
Unconsolidated Joint Venture Properties	24	4,295	100.0%	8,286	$ 19.29
Defense/IT Portfolio Subtotal / Average	201	23,159	95.5%	657,258	$ 35.67
Other	6	1,988	76.6%	70,827	$ 41.78
Total Operating Properties / Average	**207**	**25,147**	**94.0%**	**$ 728,085**	**$ 36.14**
Total Consolidated Operating Properties				**$ 719,799**	

(1) This percentage is based upon all rentable square feet under lease terms that were in effect as of December 31, 2025.
(2) Refer to definition provided in Item 7 of this Annual Report on Form 10-K. Our computation of ARR excludes the effect of lease incentives; the ARR per occupied square foot, including the effect of lease incentives, was $35.43 for our total operating properties and $35.06 for our Defense/IT Portfolio.

The following table provides certain information about properties that were under, or contractually committed for, development as of December 31, 2025 (dollars and square feet in thousands):

Property and Location	Estimated Rentable Square Feet Upon Completion	Percentage Leased	Calendar Quarter Anticipated to be Operational	Costs Incurred to Date (1)	Estimated Costs to Complete (1)
Fort Meade/BW Corridor					
400 National Business Parkway Annapolis Junction, MD	148	0%	2Q 26	$ 49,799	$ 18,456
4400 River Road College Park, MD	110	100%	3Q 27	4,867	61,399
Fort Meade/BW Corridor Subtotal / Average	258	43%		54,666	79,855
Redstone Arsenal					
7700 Advanced Gateway Huntsville, AL	101	100%	1Q 27	2,546	24,718
8500 Advanced Gateway Huntsville, AL	155	20%	2Q 27	28,654	23,663
Redstone Arsenal Subtotal / Average	256	52%		31,200	48,381
Lackland Air Force Base					
Project EL 2 San Antonio, TX	132	100%	4Q 27	813	86,787
Total Under Development	**646**	**58%**		**$ 86,679**	**$ 215,023**

(1) Includes land, development, leasing costs and allocated portion of structured parking and other shared infrastructure, if applicable.

The following table provides certain information about land that we owned or controlled as of December 31, 2025, including properties under ground lease to us (square feet in thousands):

Segment	Acres	Estimated Developable Square Feet
Defense/IT Portfolio land owned/controlled for future development		
Fort Meade/BW Corridor		
National Business Park (Annapolis Junction, MD)	144	1,483
Howard County, MD	19	290
Other	123	1,228
Total Fort Meade/BW Corridor	286	3,001
Redstone Arsenal (1)	280	3,099
NoVA Defense/IT	29	1,171
Navy Support	38	64
Data Center Shells	365	3,300
Total Defense/IT Portfolio land owned/controlled for future development	998	10,635
Other land owned/controlled	47	1,478
Total Land Owned/Controlled	**1,045**	**12,113**

(1) This land is owned by the USG and is controlled by us under a long-term master lease agreement to a consolidated joint venture. As this land is developed in the future, the joint venture will execute site-specific leases under the master lease agreement. Lease payments will commence under the site-specific leases as cash rents under tenant leases commence at the respective properties.

Lease Expirations

The following table provides a summary schedule of lease expirations for leases in place at our operating properties as of December 31, 2025 based on the non-cancelable term of tenant leases determined in accordance with generally accepted accounting principles in the United States of America ("GAAP") (dollars and square feet in thousands, except per square foot amounts):

Year of Lease Expiration	Square Footage of Leases Expiring	ARR of Expiring Leases (1)	Percentage of Total ARR Expiring (1)	Total ARR of Expiring Leases Per Occupied Square Foot (1)
2026	2,906	$ 140,301	19.3%	$ 48.24
2027	2,060	63,131	8.7%	$ 36.40
2028	3,426	119,880	16.5%	$ 38.06
2029	3,622	91,563	12.6%	$ 33.51
2030	1,943	50,461	6.9%	$ 32.40
2031	1,824	33,842	4.7%	$ 32.93
2032	462	12,575	1.7%	$ 27.23
2033	775	31,574	4.3%	$ 40.74
2034	1,677	41,651	5.7%	$ 30.91
2035	1,482	50,830	7.0%	$ 34.29
2036	1,248	17,213	2.4%	$ 29.95
2037	133	10,704	1.5%	$ 79.68
2038	651	19,893	2.7%	$ 30.53
2039	483	10,980	1.5%	$ 22.73
2040	422	11,248	1.5%	$ 26.64
2041	39	5,924	0.8%	$ 22.78
2042	277	9,651	1.3%	$ 34.79
2043	193	4,906	0.7%	$ 25.42
2045	16	1,231	0.2%	$ 75.00
2046	10	259	—%	$ 25.25
2063 (2)	—	139	—%	$ —
2072 (2)	—	129	—%	$ —
Total	**23,649**	**$ 728,085**	**100.0%**	**$ 36.14**

(1) Refer to definition provided in Item 7 of this Annual Report on Form 10-K.
(2) Includes only ground leases.

With regard to the leases reported above as expiring in 2026, we believe that the weighted average ARR per occupied square foot for such leases as of December 31, 2025, on average, was approximately 1.0% to 3.0% lower than estimated current market rents for the related space, with specific results varying by market.

Item 3. Legal Proceedings

(a) We are not currently involved in any material litigation nor, to our knowledge, is any material litigation currently threatened against us (other than routine litigation arising in the ordinary course of business, substantially all of which is expected to be covered by liability insurance).

(b) None.

Item 4. Mine Safety Disclosures

Not applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

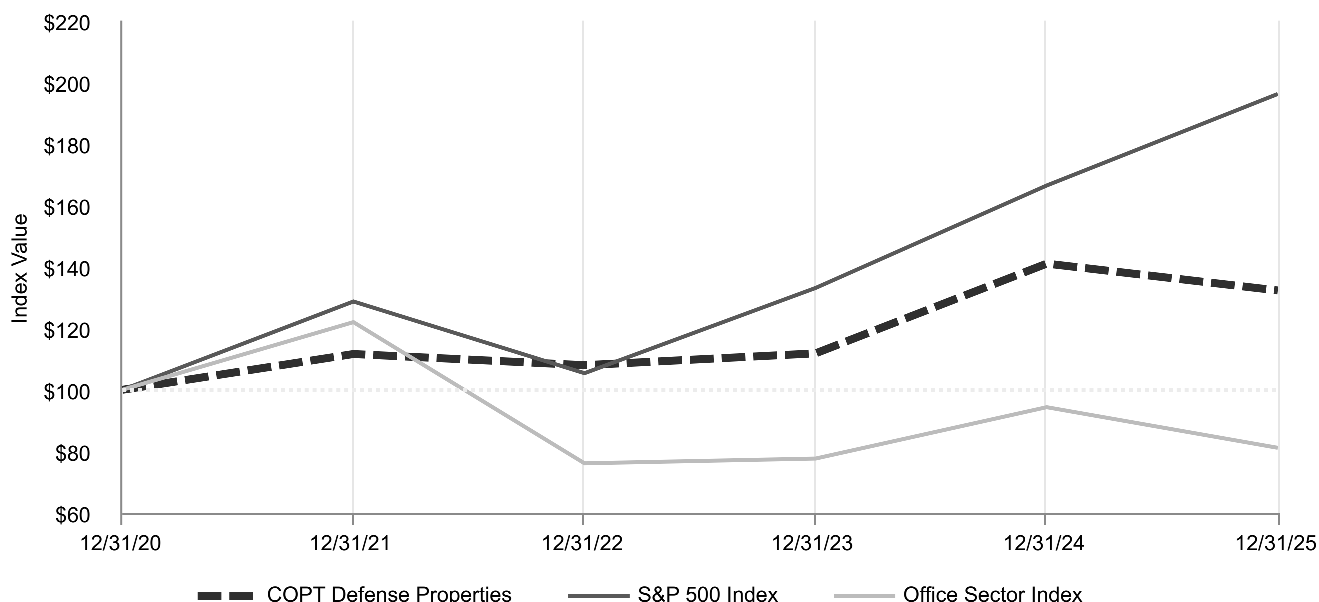
(a) Our common shares trade on the New York Stock Exchange ("NYSE") under the ticker symbol "CDP". The number of holders of record of our common shares was 448 as of February 4, 2026. This number does not include shareholders whose shares were held of record by a brokerage house or clearing agency, but does include any such brokerage house or clearing agency as one record holder.

Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended December 31, 2025, we issued 262,165 common shares in exchange for 262,165 CDPLP common units in accordance with CDPLP's Third Amended and Restated Limited Partnership Agreement, as amended. The issuance of these common shares relied upon the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

Common Shares Performance Graph

The graph and the table set forth below assume $100 was invested on December 31, 2020 in our common shares. The graph and the table compare the cumulative return (assuming reinvestment of dividends) of this investment with a $100 investment at that time in the S&P 500 Index and the Office Property Sector of the FTSE All Equity REITs Index of the National Association of Real Estate Investment Trusts ("Nareit") (the "Office Sector Index"):



Index	Period Ended 12/31/20	12/31/21	12/31/22	12/31/23	12/31/24	12/31/25
COPT Defense Properties	$ 100	$ 112	$ 108	$ 112	$ 141	$ 132
S&P 500 Index	$ 100	$ 129	$ 105	$ 133	$ 166	$ 196
Office Sector Index	$ 100	$ 122	$ 76	$ 78	$ 94	$ 81

Shares Authorized for Issuance Under Equity Compensation Plans

For the information required by Item 5 (a) related to shares authorized for issuance under equity compensation plans, you should refer to our definitive proxy statement relating to the 2026 Annual Meeting of our Shareholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

(b) Not applicable

(c) None.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should refer to our consolidated financial statements and the notes thereto as you read this section.

This section contains “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition and operations of our business. 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 we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, we 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, property operating and construction costs, and property values;
- adverse changes in the real estate markets, including, among other things, increased competition with other companies;
- our ability to borrow on favorable terms or at all;
- risks of property 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 our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives;
- changes in our 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;
- potential impact of prolonged government shutdowns or budgetary reductions or impasses, such as a reduction of rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by existing or new tenants;
- potential additional costs, such as capital improvements, fees and penalties, associated with environmental laws or regulations;
- adverse changes resulting from other government actions and initiatives, such as changes in taxation, zoning laws or other regulations;
- our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;
- the dilutive effects of issuing additional common shares; and
- security breaches relating to cyber attacks, cyber intrusions or other factors, and other significant disruptions of our information technology networks and related systems.

We undertake no obligation to publicly update or supplement forward-looking statements.

Overview

In 2025, we:

- achieved year end occupancy of 94.0% for our total portfolio and 95.5% for our Defense/IT Portfolio, both of which increased from year end 2024;
- completed strong leasing in our operating portfolio, including 557,000 square feet in vacancy leasing, a volume equating to 47% of the unleased space we had as of year end 2024, and a 77.9% tenant retention rate;
- committed capital to five new external growth investments across four Defense/IT Portfolio sub-segments, including:
  - four new development properties totaling 498,000 square feet, three of which were fully pre-leased; and
  - a fully-occupied, 142,000 square foot Defense/IT Portfolio property acquisition, which reinforces our position as the largest landlord in a highly-leased business park;
- placed into service 468,000 newly-developed, fully-leased square feet across three Defense/IT Portfolio properties;
- closed on three new financings, which pre-funded the repayment at maturity of a bond maturing in March 2026 and provided additional liquidity to fund our external growth; and
- ended the year with no significant debt maturing until 2028 other than the pre-funded 2026 bond maturity.

Our business is driven by our Defense/IT Portfolio segment, which as of year end represented 92.1% of our property square footage and 90.3% of our ARR. We believe that the critical nature of the activities served by this segment’s properties has

helped fuel strong demand for space, enabling the segment to consistently achieve year end occupancy of at least 93% for each of the last nine years. In 2025, our Defense/IT Portfolio:

- achieved a tenant retention rate of 79.3%, our 10th consecutive year with a retention rate of at least 75%, with average increases in rent per renewed square foot of 2.7% for cash rents and 11.0% for straight-line rents;
- leased 424,000 square feet of its vacant space, achieving progress across its sub-segments;
- increased its Same Property pool's average occupancy from 95.9% in 2024 to 96.0% in 2025, ending the year 95.8% occupied; and
- completed 477,000 square feet in investment space leasing, including the four new development properties discussed below and vacant space in a property that we acquired last year.

Throughout 2025, we experienced strong demand from defense contractors looking for new or incremental space to support mission programs and contracts, a significant amount of which required secured space. We believe that this demand drove the strong performance of this segment, along with the following unique advantages associated with our Defense/IT strategy: proximity of the properties to the demand drivers they serve; prevalence of significant investments in high security improvements, which may make tenants unable, or less likely, to relocate; and the high level of technical proficiency and credentials of our operations team (many of whom are credentialed) charged with managing these spaces.

Our Defense/IT Portfolio also has benefited from continued defense budget appropriation increases, with bipartisan support, a trend we expect could continue for the foreseeable future with the 2026 USG defense budget appropriations increase approved in February 2026, along with the additional appropriations included in the One Big Beautiful Bill Act passed in July 2025. We expect that these enhanced USG commitments to defense investment will support additional demand for our portfolio as the priority missions our tenants support are expected to see increased funding to counter an increasingly complex national security environment. These missions include intelligence, surveillance and reconnaissance, cybersecurity and network activities, naval sea and air technology development, unmanned aerial vehicles and missile defense and space activities.

For the 43-day long federal government shutdown in 2025, the most significant effect on us was that it delayed our ability to progress, or finalize, certain of our Defense/IT Portfolio segment's renewal leasing activities, but our existing USG leases remained in effect and the majority of our rent payments continued to occur in a timely manner.

Strong Defense/IT Portfolio demand coupled with limited vacancy in our operating portfolio drove our need to continue to invest in additional space, which we addressed in 2025 through the following external growth investments:

- developing space in new properties, including:
  - 468,000 square feet placed in service during the year in three fully-leased, newly-developed properties in our Data Center Shells and Redstone Arsenal sub-segments; and
  - 498,000 square feet in new capital commitments in four development properties across our Fort Meade/BW Corridor, Redstone Arsenal and Lackland Air Force Base sub-segments for an anticipated total cost of approximately $233.4 million.

  As of December 31, 2025, we had an aggregate of 646,000 square feet under development in five properties that were 58% leased, including: three fully-leased properties expected to be placed in service in 2027; and two properties across our Fort Meade/BW Corridor and Redstone Arsenal sub-segments with minimal pre-leasing being developed to accommodate future anticipated USG and contractor demand, which are expected to be placed in service in 2026 and 2027; and
- acquiring 15050 Conference Center Drive, a 142,000 square foot property in Chantilly, Virginia (included in our NoVA Defense/IT sub-segment), for a gross purchase price of $40.0 million, or $32.6 million net of a $7.4 million credit for an unpaid tenant improvement allowance. This property, with significant secured-space enhancements, is located in a supply-constrained submarket in which we are the largest landlord, and is 100% leased to an existing defense contractor tenant of ours.

We funded these property investments primarily using excess available cash flow from operations and borrowings under our Revolving Credit Facility and Revolving Development Facility (discussed below).

In 2025, our total portfolio also included six office properties in our Other segment, which as of year end represented 7.9% of our property square footage and 9.7% of our ARR, and accounted for 31% of the portfolio's vacant space. These properties, which have experienced a challenging leasing environment for several years, increased their average occupancy rate from 72.5% in 2024 to 75.5% in 2025, and we were successful in leasing 133,000 square feet of this segment's vacant space in 2025, which exceeded the expiring lease square footage that was vacated. One property accounted for 37% of this segment's vacant space and 11% of our total portfolio's vacant space. We do not consider our Other segment's properties to be strategic holdings since they do not align with our Defense/IT strategy. While we intend to sell them when market conditions and opportunities position us to optimize our return on investment, we did not initiate plans for sales in 2025 due in part to continued unfavorable capital markets for potential buyers.

Our total portfolio's 2025 year end occupancy rate increased (relative to 2024) from 93.6% to 94.0% due primarily to improved occupancy in our Other segment resulting from vacant space leasing, with occupancy for our Defense/IT Portfolio increasing slightly from 95.4% to 95.5%. The 2025 year end occupancy rate of our Same Property pool (which excludes the effect of properties acquired and placed in service in 2024 and 2025) decreased (relative to 2024) from 94.4% to 94.2% for our total portfolio and from 96.4% to 95.8% for the Defense/IT Portfolio component due primarily to several leases not renewed upon expiration in our Fort Meade/BW Corridor and Redstone Arsenal sub-segments. As of December 31, 2025, we had scheduled lease expirations for 2.9 million square feet in 2026, representing 12.3% of our total occupied square feet and 19.3% of our total ARR, including:

- 2.8 million square feet in our Defense/IT Portfolio segment, which included several large USG leases whose renewals were affected by the federal government shutdown. We expect to renew virtually all of these scheduled lease expirations due to the strong demand for space and unique retention advantages associated with our Defense/IT strategy discussed above; and
- 82,000 square feet in our Other segment, which represented 5.4% of this segment's occupied square feet.

Please refer to the section below entitled "Occupancy and Leasing" for additional related disclosure.

We were active in the capital markets in 2025, culminating in our:

- issuance of $400.0 million of 4.50% Senior Notes due 2030 (the "4.50% Notes") at an initial offering price of 99.46% of their face value on October 2, 2025, resulting in proceeds, after deducting underwriting discounts and commissions, but before other offering expenses, of $395.5 million. The net proceeds from the notes will fund the repayment at maturity of $400.0 million in 2.25% Senior Notes due 2026 (the "2.25% Notes"). Until such time, the proceeds were used for general corporate purposes, including paying down amounts outstanding under our Revolving Credit Facility, which resulted in a portion of the net proceeds being invested in interest-bearing accounts;
- entry into an amendment to the existing credit agreement underlying our Revolving Credit Facility and term loan facility on October 6, 2025. The resulting Amended Credit Agreement provided for: an increase in the aggregate lender commitment under our Revolving Credit Facility from $600.0 million to $800.0 million; extension of the previous maturity date of our Revolving Credit Facility by approximately three years and expansion of the facility's lender group; and changes in the facilities' interest and quarterly fee terms, including a decrease in our interest rate spread over the Secured Overnight Financing Rate ("SOFR") (effective as of the closing date) on the Revolving Credit Facility by 0.20% and on the term loan facility by 0.25%, and elimination of the 0.10% SOFR transition charge previously included in interest expense for both loans; and
- entry into the Revolving Development Facility, a secured facility with an initial aggregate lender commitment of $200.0 million, on October 16, 2025. While this facility can be used to fund any investment or for general corporate purposes, we plan on using it to fund property development activities. The net proceeds from our initial borrowing under this facility totaled approximately $154 million, which were used to pay down amounts outstanding under our Revolving Credit Facility previously borrowed to fund development activities.

As of December 31, 2025, we ended the year with:

- $400.0 million in 2.25% Notes maturing in March 2026 and no significant debt maturing thereafter until 2028;
- $275.0 million in cash and cash equivalents;
- $746.0 million in available borrowing capacity under our Revolving Credit Facility;
- $104.0 million in available borrowing capacity under our Revolving Development Facility;
- no variable-rate debt exposure, including the effect of interest rate swaps, although a $200.0 million notional amount of these swaps expired in February 2026;
- 5.1% of our outstanding debt encumbered by properties; and
- the ability to fund the equity portion of our investing activities with cash flow from operations for the foreseeable future.

For our 2025 results of operations:

- our diluted earnings per share increased from $1.23 per share in 2024 to $1.34 per share in 2025, and our net income increased from $143.9 million in 2024 to $159.5 million in 2025, due primarily to increased income from our real estate operations;
- net operating income ("NOI") from real estate operations, our segment performance measure, increased $26.7 million, or 6.4%, relative to 2024. This increase was driven primarily by a $14.9 million increase from our Same Properties, which included the effect of increased rental and occupancy rates in our Defense/IT Portfolio, and an $11.0 million increase from external growth in our portfolio, including newly-developed properties placed in service and property acquisitions; and
- diluted funds from operations per share, as adjusted for comparability increased 5.8% relative to 2024 due primarily to increased NOI from real estate operations in 2025.

Additional disclosure comparing our 2025 and 2024 results of operations is provided below.

We discuss significant factors contributing to changes in our net income between 2025 and 2024 in the section below entitled "Results of Operations." In addition, the section below entitled "Liquidity and Capital Resources" includes discussions of, among other things:

- how we expect to generate and obtain cash for short and long-term capital needs; and
- material cash requirements for known contractual and other obligations.

We refer to the measures "ARR", "tenant retention rate", "investment space leasing" and "vacant space leasing" in various sections of the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Annual Report on Form 10-K. ARR is a measure that we use to evaluate the sources of our rental revenue as of a point in time. It is computed by multiplying by 12 the sum of monthly contractual base rents and estimated monthly expense reimbursements under active leases as of a point in time (ignoring free rent then in effect and rent associated with tenant funded landlord assets). Our computation of ARR excludes the effect of lease incentives. We consider ARR to be a useful measure for analyzing revenue sources because, since it is point-in-time based, it does not contain increases and decreases in revenue associated with periods in which lease terms were not in effect; historical revenue under GAAP does contain such fluctuations. We find the measure particularly useful for leasing, tenant, segment and industry analysis. In instances in which we report ARR per occupied square foot, the measure excludes revenue from leases not associated with our buildings. Tenant retention rate is a measure we use that represents the percentage of square feet renewed in a period relative to the total square feet scheduled to expire in that period, including the effect of early renewals. Investment space leasing represents vacant space leased within two years of the shell completion date for development properties or the acquisition date for operating property acquisitions. Vacant space leasing represents our vacated second-generation space leased and vacant space leased in development properties and operating property acquisitions after two years from such properties' shell completion or acquisition date.

We also refer to the measures "cash rents", "straight-line rents", and "committed costs" in the "Occupancy and Leasing" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Annual Report on Form 10-K. Cash rents include monthly contractual base rent (ignoring rent abatements and rent associated with tenant-funded landlord assets) multiplied by 12, plus estimated annualized expense reimbursements (average for first 12 months of term for new or renewed leases or as of lease expiration for expiring leases). Straight-line rents include: (1) annual minimum base rents, net of abatements and lease incentives and excluding rent associated with tenant funded landlord assets, on a straight-line basis over the term of the lease; (2) and estimated annual expense reimbursements. Straight-line rents are disclosed as of lease commencement for new or renewed leases or as of lease expiration for expiring leases. We believe that cash rents and straight-line rents are useful measures for evaluating the rental rates of our leasing activity, including changes in such rates relative to rates that may have been previously in place, with cash rents serving as a measure to evaluate rents at the time rent payments commence, and straight-line rents serving as a measure to evaluate rents over the related lease terms. Committed costs includes tenant improvement allowances (excluding tenant-funded landlord assets), leasing commissions and estimated turn key costs and excludes lease incentives; we believe this is a useful measure for evaluating our costs associated with obtaining new leases.

For operating portfolio square footage, occupancy and leasing statistics included below and elsewhere in this Annual Report on Form 10-K, amounts disclosed include information pertaining to properties owned through unconsolidated real estate joint ventures except for amounts reported for ARR, which represent the portion attributable to our ownership interest.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which require us to make certain estimates and assumptions. A summary of our significant accounting policies is provided in Note 2 to our consolidated financial statements. The following section is a summary of certain aspects of those accounting policies involving estimates or assumptions that (1) involve a significant level of estimation uncertainty and (2) have had or are reasonably likely to have a material impact on our financial condition or results of operations. It is possible that the use of different reasonable estimates or assumptions could result in materially different amounts being reported in our consolidated financial statements. While reviewing this section, refer to Note 2 to our consolidated financial statements, including terms defined therein.

<u>Assessment of Lease Term as Lessor</u>

A significant portion of our portfolio is leased to the USG, and the majority of those leases provide for one-year terms, with a series of one-year renewal options (with defined rent escalations upon each renewal), and/or provide for early termination rights. Applicable accounting guidance requires us to recognize minimum rental payments on operating leases, net of rent abatements, on a straight-line basis over the term of each lease. We estimate a tenant's lease term at the lease commencement date and do not subsequently reassess such term unless the lease is modified. When estimating a tenant's lease term, we use judgment in contemplating the significance of: any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease; and economic incentives to the tenant based on any existing contract, asset, entity or market-based factors associated with the lease. Factors we consider in making this

assessment include the uniqueness of the purpose or location of the property, the availability of a comparable replacement property, the relative importance or significance of the property to the continuation of the lessee's line of business and the existence of tenant leasehold improvements or other assets whose value would be impaired by the tenant vacating or discontinuing use of the leased property. For most of our leases with the USG, our estimates of lease term conclude that exercise of existing renewal options, or continuation of such leases without exercising early termination rights, is reasonably certain as it relates to the expected lease end date. As a result, our recognition of minimum rents on these leases includes the effect of annual rent escalations over our estimate of the lease term (including on one-year renewal options) and our depreciation and amortization of costs incurred on these leases is recognized over the lease term. An over-estimate of the term of these leases by us could result in the write-off of any recorded assets associated with straight-line rental revenue and acceleration of depreciation and amortization expense associated with costs we incurred related to these leases. We had no significant USG leases with lease terms determined to have been over-estimated during the reporting periods included herein.

Impairment of Long-Lived Assets

We assess the asset groups associated with each of our properties for indicators of impairment quarterly or when circumstances indicate that an asset group may be impaired. If our analyses indicate that the carrying values of certain properties' asset groups may be impaired, we perform a recoverability analysis for such asset groups. If and when our plans change for a property, we revise our recoverability analyses to use the cash flows expected from the operations and eventual disposition of such property using holding periods that are consistent with our revised plans. In our accounting for impairment of long-lived assets, we estimate property fair values based on contract prices, indicative bids, discounted cash flow analyses or comparable sales analyses. We estimate cash flows used in performing impairment analyses based on our plans for the property and our views of market and economic conditions. Our estimates consider items such as current and future market rental and occupancy rates, estimated operating and capital expenditures, leasing commissions, absorption and hold periods and recent sales data for comparable properties. Most of these items are influenced by market data obtained from real estate leasing and brokerage firms and our direct experience with the properties and their markets. Our determination of appropriate capitalization or discount rates for use in estimating property fair values also requires significant judgment and is typically based on many factors, including the prevailing rate for the market or submarket, as well as the quality, location and other unique attributes of the property.

Since asset groups associated with properties held for sale are carried at the lower of their carrying values (i.e., cost less accumulated depreciation and any impairment loss recognized, where applicable) or estimated fair values less costs to sell, decisions by us to sell certain properties will result in impairment losses if the carrying values of the specific properties' asset groups classified as held for sale exceed such properties' estimated fair values less costs to sell. Our estimates of fair value consider matters such as recent sales data for comparable properties and, when applicable, contracts or the results of negotiations with prospective purchasers. These estimates are subject to revision as market conditions, and our assessment of such conditions, change.

Historically, future market rental and occupancy rates and tenant improvement requirements have tended to be the most variable assumptions in our impairment analyses of properties to be held and used; while changes in these assumptions can significantly affect our estimates of property undiscounted future cash flows in our recoverability analyses, such changes historically have not usually resulted in impairment losses since the resulting recoverability analyses still have tended to exceed the carrying value of the property asset groups. Historically, our recognition of impairment losses has most often occurred due to changes in our estimates of future cash flows resulting from a change in our plans for a property, such as a decision by us to sell or shorten our expected holding period for a property or to not develop a property. Changes in the estimated future cash flows due to changes in our plans for a property or significant changes in our views regarding property market and economic conditions and/or our ability to obtain development rights could result in recognition of impairment losses that could be substantial.

Concentration of Operations

Customer Concentration of Property Operations

The table below sets forth the 20 largest tenants in our portfolio of operating properties based on percentage of ARR (dollars in thousands):

Tenant (1)	Percentage of ARR of Operating Properties for 20 Largest Tenants as of December 31, 2025	2024	2023
USG	35.4%	35.9%	35.9%
Fortune 100 Company	11.3%	9.8%	8.7%
General Dynamics Corporation	4.5%	4.8%	5.0%
Peraton Corp.	2.6%	2.0%	2.0%
The Boeing Company	2.1%	2.1%	2.3%
Northrop Grumman Corporation	2.1%	2.2%	2.3%
CACI International Inc	2.0%	2.1%	2.3%
Fortune 100 Company	1.7%	1.7%	1.8%
Booz Allen Hamilton, Inc.	1.5%	1.8%	1.8%
Morrison & Foerster, LLP	1.4%	1.4%	1.5%
KBR, Inc.	1.1%	1.1%	1.2%
CareFirst, Inc.	1.1%	1.4%	1.4%
Amentum Holdings, LLC	1.0%	1.1%	N/A
Yulista Holding, LLC	1.0%	1.0%	1.1%
Mantech International Corp.	1.0%	1.0%	1.0%
AT&T Corporation	0.9%	1.0%	1.0%
University System of Maryland	0.9%	0.9%	0.9%
Wells Fargo & Company	0.8%	0.9%	1.0%
Lockheed Martin Corporation	0.8%	0.8%	NA
The MITRE Corporation	0.7%	N/A	N/A
Miles and Stockbridge, P.C.	N/A	0.8%	1.0%
RTX Corporation	N/A	N/A	1.1%
Jacobs Engineering Group Inc.	N/A	N/A	1.0%
Subtotal of 20 largest tenants	73.9%	73.8%	74.3%
All remaining tenants	26.1%	26.2%	25.7%
Total	100.0%	100.0%	100.0%
Total ARR	$ 728,085	$ 686,844	$ 646,660

(1) Includes affiliated organizations where applicable. Percentages shown as of December 31, 2024 and 2023 have not been restated for organizational changes of our top 20 largest tenants that occurred subsequent to those respective reporting periods.

Concentration of Properties by Segment/Sub-Segment

The table below sets forth the allocation of our ARR by segment/sub-segment (square feet in thousands):

	Percentage of ARR as of December 31,			Operational Square Feet as of December 31,		
Region	2025	2024	2023	2025	2024	2023
Defense/IT Portfolio						
Fort Meade/BW Corridor	44.5%	47.4%	48.1%	9,235	9,233	9,037
Redstone Arsenal	8.8%	8.9%	8.8%	2,525	2,475	2,300
NoVA Defense/IT	13.7%	13.0%	12.8%	2,643	2,500	2,501
Lackland Air Force Base	10.1%	10.1%	9.5%	1,143	1,143	1,062
Navy Support	4.8%	4.5%	5.2%	1,271	1,271	1,273
Data Center Shells	8.4%	6.8%	5.8%	6,342	5,928	5,703
Total Defense/IT Portfolio	90.3%	90.7%	90.2%	23,159	22,550	21,876
Other	9.7%	9.3%	9.8%	1,988	1,987	1,983
	100.0%	100.0%	100.0%	25,147	24,537	23,859

The increase in our portfolio's concentration in the Data Center Shells sub-segment was attributable to newly-developed properties that we placed into service.

Occupancy and Leasing

The tables below set forth occupancy information:

	December 31,		
	2025	2024	2023
Occupancy rates at year end			
Total	94.0%	93.6%	94.2%
Defense/IT Portfolio:			
Fort Meade/BW Corridor	93.6%	95.8%	96.0%
Redstone Arsenal	96.1%	94.5%	97.5%
NoVA Defense/IT	93.5%	91.7%	88.9%
Lackland Air Force Base	100.0%	93.0%	100.0%
Navy Support	86.9%	82.6%	87.4%
Data Center Shells	100.0%	100.0%	100.0%
Total Defense/IT Portfolio	95.5%	95.4%	96.1%
Other	76.6%	72.7%	73.0%
ARR per occupied square foot at year end	$ 36.14	$ 35.35	$ 34.14

	Rentable Square Feet	Occupied Square Feet
	(in thousands)	
December 31, 2024	24,537	22,961
Vacated upon lease expiration (1)	—	(597)
Occupancy for new leases	—	678
Development placed in service	468	468
Acquisition	142	142
Other changes	—	(3)
December 31, 2025	25,147	23,649

(1) Includes lease terminations and space reductions occurring in connection with lease renewals.

In 2025, we leased 3.1 million square feet, including the following:

- 2.0 million square feet in renewed leases, representing a tenant retention rate of 77.9%. Most of these lease renewals were for our Defense/IT Portfolio, which had a retention rate of 79.3%, while our Other segment had a retention rate of 60.5%. The cash rents for our renewals (totaling $34.38 per square foot) increased on average by approximately 1.1% and the

straight-line rents (totaling $34.50 per square foot) increased on average by approximately 9.6% relative to the leases previously in place for the space. The renewed leases had a weighted average lease term of approximately 5.3 years, with average escalations per year of 2.0%, and the per annum average committed costs associated with completing the leasing was approximately $2.51 per square foot;

- 557,000 square feet of vacant space leased, including 424,000 in our Defense/IT Portfolio and 133,000 in our Other segment. The cash rents from this leasing totaled $31.66 per square foot and the straight-line rents totaled $31.88 per square foot. These leases had a weighted average lease term of approximately 7.6 years, with average escalations per year of 2.7%, and the per annum average committed costs associated with completing this leasing was approximately $8.04 per square foot; and
- 477,000 square feet of investment space in our Defense/IT Portfolio, with weighted average lease terms of 13.1 years, virtually all of which was for development properties.

Lease Expirations

The table below sets forth as of December 31, 2025 our scheduled lease expirations based on the non-cancelable term of tenant leases determined in accordance with GAAP for our properties by segment/sub-segment in terms of percentage of ARR:

	Expiration of ARR of Operating Properties						
	2026	2027	2028	2029	2030	Thereafter	Total
Defense/IT Portfolio							
Fort Meade/BW Corridor	9.5%	5.5%	10.8%	5.6%	4.9%	8.2%	44.5%
Redstone Arsenal	0.1%	0.7%	0.1%	1.4%	0.9%	5.6%	8.8%
NoVA Defense/IT	0.4%	0.5%	2.5%	3.9%	0.6%	5.8%	13.7%
Lackland Air Force Base	8.2%	—%	—%	—%	—%	1.8%	10.1%
Navy Support	0.7%	1.3%	0.6%	0.5%	0.2%	1.4%	4.8%
Data Center Shells	—%	0.1%	0.1%	0.3%	0.1%	7.8%	8.4%
Other	0.3%	0.5%	2.3%	0.9%	0.2%	5.5%	9.7%
Total	19.3%	8.7%	16.5%	12.6%	6.9%	36.1%	100.0%

As of December 31, 2025, USG leases accounted for 83.3% of our total portfolio's 2026 scheduled lease expirations, including 80.0% of Fort Meade/BW Corridor and 100% of Lackland Air Force Base scheduled lease expirations. As discussed above, we encountered some delays in the latter portion of 2025 due to the federal government shutdown. We expect that virtually all of the USG leases scheduled to expire in 2026 will be renewed.

The weighted average lease term as of December 31, 2025 was approximately five years. We believe that the weighted average ARR per occupied square foot for leases expiring in 2026, on average, was approximately 1.0% to 3.0% lower than estimated current market rents for the related space, with specific results varying by segment/sub-segment.

Results of Operations

For a discussion of our results of operations comparison for 2024 and 2023, refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed on February 21, 2025.

We evaluate the operating performance of our properties using NOI from real estate operations, our segment performance measure, which includes: real estate revenues and property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate joint ventures ("UJV" or "UJVs") that is allocable to our ownership interest ("UJV NOI allocable to COPT Defense"). The table below reconciles net income, the most directly comparable GAAP measure, to NOI from real estate operations:

	For the Years Ended December 31,	
	2025	2024
	(in thousands)	
Net income	$ 159,534	$ 143,942
Construction contract and other service revenues	(42,074)	(75,550)
Depreciation and other amortization associated with real estate operations	161,826	153,640
Construction contract and other service expenses	39,962	73,265
General, administrative, leasing and other expenses	47,840	47,038
Interest expense	86,660	82,151
Interest and other income, net	(10,683)	(12,661)
Gain on sales of real estate	(3,350)	—
Loss on early extinguishment of debt	66	—
Equity in income of unconsolidated entities	(2,806)	(397)
UJV NOI allocable to COPT Defense included in equity in income of unconsolidated entities	7,706	7,217
Income tax expense	947	288
NOI from real estate operations	$ 445,628	$ 418,933

Our changes in NOI from real estate operations included the following primary categories:

- Same Property, which we define as properties stably owned and 100% operational throughout the two years being compared. For further discussion of the concept of "operational," refer to the Properties section of Note 2 of the consolidated financial statements;
- developed properties placed into service that were not 100% operational throughout the two years being compared; and
- acquired properties.

Our Same Property pool consisted of 198 properties, comprising 94.9% of our portfolio's square footage as of December 31, 2025. This pool of properties changed from the pool used for purposes of comparing 2024 and 2023 in our 2024 Annual Report on Form 10-K due to the addition of six properties placed in service and 100% operational on or before January 1, 2024 and three properties owned through a UJV that was formed in 2023.

In addition to owning properties, we provide construction management and other services. The primary manner in which we evaluate the operating performance of our construction management and other service activities is through a measure we define as NOI from service operations, which is based on the net of the revenues and expenses from these activities. The revenues and expenses from these activities consist primarily of subcontracted costs that are reimbursed to us by customers along with a management fee. The operating margins from these activities are small relative to the revenue. We believe NOI from service operations is a useful measure in assessing both our level of activity and our profitability in conducting such operations.

Since both of the measures discussed above exclude certain items includable in net income or loss, reliance on these measures has limitations; management compensates for these limitations by using the measures simply as supplemental measures that are considered alongside other GAAP and non-GAAP measures. A reconciliation of NOI from real estate operations and NOI from service operations to net income reported on the consolidated statements of operations is provided in Note 13 to our consolidated financial statements.

Comparison of Statements of Operations for the Years Ended December 31, 2025 and 2024

	For the Years Ended December 31,		
	2025	2024	Variance
		(in thousands)	
Revenues			
Revenues from real estate operations	$ 721,849	$ 677,717	$ 44,132
Construction contract and other service revenues	42,074	75,550	(33,476)
Total revenues	763,923	753,267	10,656
Operating expenses			
Property operating expenses	283,927	266,001	17,926
Depreciation and amortization associated with real estate operations	161,826	153,640	8,186
Construction contract and other service expenses	39,962	73,265	(33,303)
General, administrative, leasing and other expenses	47,840	47,038	802
Total operating expenses	533,555	539,944	(6,389)
Interest expense	(86,660)	(82,151)	(4,509)
Interest and other income, net	10,683	12,661	(1,978)
Gain on sales of real estate	3,350	—	3,350
Loss on early extinguishment of debt	(66)	—	(66)
Equity in income of unconsolidated entities	2,806	397	2,409
Income tax expense	(947)	(288)	(659)
Net income	$ 159,534	$ 143,942	$ 15,592

NOI from Real Estate Operations

	For the Years Ended December 31,		
	2025	2024	Variance
	(Dollars in thousands, except per square foot data)		
Revenues			
Same Property revenues			
Lease revenue, excluding lease termination revenue and collectability loss provisions	$ 680,993	$ 654,994	$ 25,999
Lease termination revenue, net	3,612	3,451	161
Collectability loss provisions included in lease revenue	(2,136)	(3,157)	1,021
Other property revenue	7,568	6,241	1,327
Same Property total revenues	690,037	661,529	28,508
Developed properties placed in service	15,086	4,883	10,203
Acquired properties	7,066	3,024	4,042
Other	9,660	8,281	1,379
	721,849	677,717	44,132
Property operating expenses			
Same Property	(269,775)	(255,679)	(14,096)
Developed properties placed in service	(3,017)	(857)	(2,160)
Acquired properties	(2,967)	(1,833)	(1,134)
Other	(8,168)	(7,632)	(536)
	(283,927)	(266,001)	(17,926)
UJV NOI allocable to COPT Defense			
Same Property	7,706	7,217	489
	7,706	7,217	489
NOI from real estate operations			
Same Property	427,968	413,067	14,901
Developed properties placed in service	12,069	4,026	8,043
Acquired properties	4,099	1,191	2,908
Other	1,492	649	843
	$ 445,628	$ 418,933	$ 26,695
Same Property NOI from real estate operations by segment			
Defense/IT Portfolio	$ 393,882	$ 384,887	$ 8,995
Other	34,086	28,180	5,906
	$ 427,968	$ 413,067	$ 14,901
Same Property rent statistics			
Average occupancy rate	94.3%	93.9%	0.4%
Average straight-line rent per occupied square foot (1)	$ 28.42	$ 27.62	$ 0.80

(1) Includes minimum base rents, net of abatements and lease incentives and excluding lease termination revenue, on a straight-line basis for the years set forth above.

Regarding the changes in NOI from real estate operations reported above:

- the increase for our Same Properties was due in large part to additional revenue in 2025 resulting from increased rental and occupancy rates. Our Same Properties also experienced increased property operating expenses, driven primarily by higher utility expenses (largely due to rate increases), labor-related increases in landscaping and janitorial and increased snow removal costs, the effect of which was mostly offset by increased tenant expense reimbursements and prior year real estate taxes refunded upon appeal;
- developed properties placed in service reflects the effect of sixproperties placed in service in 2025 and 2024; and
- acquired properties includes threeoperating office properties acquired in 2025 and 2024.

NOI from Service Operations

	For the Years Ended December 31,		
	2025	2024	Variance
		(in thousands)	
Construction contract and other service revenues	$ 42,074	$ 75,550	$ (33,476)
Construction contract and other service expenses	(39,962)	(73,265)	33,303
NOI from service operations	$ 2,112	$ 2,285	$ (173)

Construction contract and other service revenues and expenses decreased in 2025 due to a lower volume of construction activity for one of our tenants. Construction contract activity is inherently subject to significant variability depending on the volume and nature of projects undertaken by us primarily on behalf of tenants. Service operations are an ancillary component of our overall operations that typically contribute an insignificant amount of income relative to our real estate operations.

General, Administrative, Leasing and Other Expenses

Our general, administrative, leasing and other expenses are reported net of amounts capitalized for compensation and indirect costs associated with properties, or portions thereof, undergoing development activities. Our capitalized compensation and indirect costs totaled $10.6 million in 2025 and $9.3 million in 2024.

Interest Expense

The table below sets forth components of our interest expense:

	For the Years Ended December 31,		
	2025	2024	Variance
		(in thousands)	
Interest on unsecured senior notes	$ 72,115	$ 67,301	$ 4,814
Interest on mortgage and other secured debt	4,531	4,245	286
Interest on unsecured term debt	6,304	8,338	(2,034)
Interest on Revolving Credit Facility	5,541	5,009	532
Interest expense offsets from interest rate swaps	(1,491)	(4,330)	2,839
Amortization of deferred financing costs	2,910	2,708	202
Other interest	1,921	1,752	169
Capitalized interest	(5,171)	(2,872)	(2,299)
Interest expense	$ 86,660	$ 82,151	$ 4,509

Interest expense increased due primarily to the issuance in October 2025 of our 4.50% Senior Notes due 2030 to pre-fund the repayment at maturity of our 2.25% Notes.

Our average outstanding debt was $2.5 billion in 2025 and $2.4 billion in 2024, and our weighted average effective interest rate on debt was approximately 3.4% in 2025 and 3.3% in 2024. We have used interest rate swaps to hedge the effect of interest rate increases on variable rate debt, including swaps for a $200.0 million notional amount that expired in February 2026.

Gain on Sales of Real Estate

We recognized a gain on sale of real estate of $3.0 million in 2025 in connection with our sale of an undeveloped land parcel.

Funds from Operations

Funds from operations ("FFO") is defined as net income or loss computed using GAAP, excluding gains on sales and impairment losses of real estate and investments in UJVs (net of associated income tax) and real estate-related depreciation and amortization. FFO also includes adjustments to net income or loss for the effects of the items noted above pertaining to UJVs that were allocable to our ownership interest in the UJVs. We believe that we use the Nareit definition of FFO, although others may interpret the definition differently and, accordingly, our presentation of FFO may differ from those of other REITs. We believe that FFO is useful to management and investors as a supplemental measure of operating performance because, by excluding gains on sales and impairment losses of real estate (net of associated income tax), and real estate-related depreciation and amortization, FFO can help one compare our operating performance between periods. In addition, since most equity REITs provide FFO information to the investment community, we believe that FFO is useful to investors as a supplemental measure for comparing our results to those of other equity REITs. We believe that net income or loss is the most directly comparable GAAP measure to FFO.

Since FFO excludes certain items includable in net income or loss, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in balance with other GAAP and non-GAAP measures. FFO is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income or loss when evaluating our financial performance or to cash flow from operating, investing and financing activities when evaluating our liquidity or ability to make cash distributions or pay debt service.

Basic FFO available to common share and common unit holders ("Basic FFO") is FFO adjusted to subtract (1) preferred share dividends, (2) income attributable to noncontrolling interests through ownership of preferred units in the Operating Partnership or interests in other consolidated entities not owned by us, (3) depreciation and amortization allocable to noncontrolling interests in other consolidated entities and (4) Basic FFO allocable to share-based compensation awards. With these adjustments, Basic FFO represents FFO available to common shareholders and common unitholders. Common units in the Operating Partnership are substantially similar to our common shares and are exchangeable into common shares, subject to certain conditions. We believe that Basic FFO is useful to investors due to the close correlation of common units to common shares. We believe that net income or loss is the most directly comparable GAAP measure to Basic FFO. Basic FFO has essentially the same limitations as FFO; management compensates for these limitations in essentially the same manner as described above for FFO.

Diluted FFO available to common share and common unit holders ("Diluted FFO") is Basic FFO adjusted to add back any changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares. We believe that Diluted FFO is useful to investors because it is the numerator used to compute Diluted FFO per share, discussed below. We believe that net income or loss is the most directly comparable GAAP measure to Diluted FFO. Since Diluted FFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. Diluted FFO (which includes discontinued operations) is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income or loss when evaluating our financial performance or to cash flow from operating, investing and financing activities when evaluating our liquidity or ability to make cash distributions or pay debt service.

Diluted FFO available to common share and common unit holders, as adjusted for comparability is defined as Diluted FFO adjusted to exclude: operating property acquisition costs (for acquisitions classified as business combinations); gain or loss on early extinguishment of debt; demolition costs on redevelopment and nonrecurring improvements; FFO associated with properties that secured non-recourse debt on which we defaulted and, subsequently, extinguished via conveyance of such properties (including property NOI, interest expense and gains on debt extinguishment); loss on interest rate derivatives; and executive transition costs associated with named executive officers. This measure also includes adjustments for the effects of the items noted above pertaining to UJVs that were allocable to our ownership interest in the UJVs. We believe this to be a useful supplemental measure alongside Diluted FFO as it excludes gains and losses from certain investing and financing activities and certain other items that we believe are not closely correlated to (or associated with) our operating performance. We believe that net income or loss is the most directly comparable GAAP measure to this non-GAAP measure. This measure has essentially the same limitations as Diluted FFO, as well as the further limitation of not reflecting the effects of the excluded items; we compensate for these limitations in essentially the same manner as described above for Diluted FFO.

Diluted FFO per share is (1) Diluted FFO divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. We believe that Diluted FFO per share is useful to investors because it provides investors with a further context for evaluating our FFO results in the same manner that investors use earnings per share ("EPS") in evaluating net income or loss available to common shareholders. In addition, since most equity REITs provide Diluted FFO per share information to the investment community, we believe that Diluted FFO per share is a useful

supplemental measure for comparing us to other equity REITs. We believe that diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share. Diluted FFO per share has most of the same limitations as Diluted FFO (described above); management compensates for these limitations in essentially the same manner as described above for Diluted FFO.

Diluted FFO per share, as adjusted for comparability is (1) Diluted FFO, as adjusted for comparability divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. We believe that this measure is useful to investors because it provides investors with a further context for evaluating our FFO results. We believe this to be a useful supplemental measure alongside Diluted FFO per share as it excludes gains and losses from investing and financing activities and certain other items that we believe are not closely correlated to (or associated with) our operating performance. We believe that diluted EPS is the most directly comparable GAAP measure to this per share measure. This measure has most of the same limitations as Diluted FFO (described above) as well as the further limitation of not reflecting the effects of the excluded items; we compensate for these limitations in essentially the same manner as described above for Diluted FFO.

The computations for all of the above measures on a diluted basis assume the conversion of common units in CDPLP but do not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase per share measures in a given period.

We use measures called payout ratios as supplemental measures of our ability to make distributions to investors based on each of the following: FFO; Diluted FFO; and Diluted FFO, adjusted for comparability. These measures are defined as (1) the sum of dividends on unrestricted common and deferred shares and distributions to holders of interests in CDPLP to the extent they are dilutive in the respective related non-GAAP per share numerators divided by (2) the respective non-GAAP measures.

The table below sets forth the computation of the above stated measures for 2025 and 2024 and provides reconciliations from the GAAP measures associated with such measures:

	For the Years Ended December 31,	
	2025	2024
	(Dollars and shares in thousands, except per share data)	
Net income	$ 159,534	$ 143,942
Real estate-related depreciation and amortization	161,826	153,640
Gain on sales of real estate	(3,350)	—
Depreciation and amortization on UJVs allocable to COPT Defense	2,950	3,056
FFO	320,960	300,638
FFO allocable to other noncontrolling interests	(5,566)	(3,855)
Basic FFO allocable to share-based compensation awards	(2,171)	(2,417)
Basic FFO available to common share and common unit holders	313,223	294,366
Redeemable noncontrolling interests	—	1,963
Diluted FFO adjustments allocable to share-based compensation awards	387	188
Diluted FFO available to common share and common unit holders	313,610	296,517
Loss on early extinguishment of debt	66	—
Executive transition costs	—	285
Loss on early extinguishment of debt on unconsolidated real estate JVs	28	—
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	$ 313,704	$ 296,800
Weighted average common shares	112,516	112,296
Conversion of weighted average common units	2,083	1,672
Weighted average common shares/units - Basic FFO per share	114,599	113,968
Dilutive effect of share-based compensation awards	788	603
Redeemable noncontrolling interests	—	842
Weighted average common shares/units - Diluted FFO per share and as adjusted for comparability	115,387	115,413
Diluted EPS	$ 1.34	$ 1.23
Diluted FFO per share	$ 2.72	$ 2.57
Diluted FFO per share, as adjusted for comparability	$ 2.72	$ 2.57
Denominator for diluted EPS	113,304	112,899
Weighted average common units	2,083	1,672
Redeemable noncontrolling interests	—	842
Denominator for diluted FFO per share and as adjusted for comparability	115,387	115,413
Dividends on unrestricted common and deferred shares	$ 137,388	$ 132,628
Distributions on unrestricted common units	2,558	1,987
Dividends and distributions on restricted shares and units	868	1,000
Dividends and distributions for net income payout ratio	$ 140,814	$ 135,615
Dividends on unrestricted common and deferred shares	$ 137,388	$ 132,628
Distributions on unrestricted common units	2,558	1,987
Dividends and distributions for FFO payout ratio	139,946	134,615
Dividends and distributions adjustments for dilution	94	(6)
Dividends and distributions for diluted non-GAAP payout ratios	$ 140,040	$ 134,609
Net income payout ratio	88.3%	94.2%
FFO payout ratio	43.6%	44.8%
Diluted FFO payout ratio	44.7%	45.4%
Diluted FFO payout ratio, as adjusted for comparability	44.6%	45.4%

Property Additions

The table below sets forth the major components of our additions to properties for 2025 and 2024:

	For the Years Ended December 31,		
	2025	2024	Variance
		(in thousands)	
Properties in development or held for future development	$ 200,839	$ 153,306	$ 47,533
Tenant improvements on operating properties (1)	58,771	57,496	1,275
Capital improvements on operating properties	20,063	28,294	(8,231)
Acquisition of operating properties (2)	20,300	24,996	(4,696)
	$ 299,973	$ 264,092	$ 35,881

(1) Tenant improvement costs incurred on newly-developed properties are classified in this table as development.
(2) Excludes intangible assets associated with acquisitions.

Cash Flows

Net cash flow from operating activities decreased $21.0 million, or (6.4)%, from 2024 to 2025 due primarily to the timing of certain USG lease payments in 2025, along with decreased interest and other income and higher lease incentive payments in 2025.

Net cash flow used in investing activities decreased $1.3 million from 2024 to 2025, which included the effects of additional cash flow from distributions in 2025 of debt refinancing proceeds received from two of our UJVs, offset in part by increased cash outlays for property development activities, tenant improvements on operating properties and leasing costs.

Net cash flow provided by financing activities in 2025 was $216.5 million, and included primarily the following:

- net proceeds of debt borrowings during the period of $371.7 million, which included proceeds from our issuance of the 4.50% Notes; and
- dividends to common shareholders of $136.6 million.

Net cash flow used in financing activities in 2024 was $169.7 million, and included primarily the following:

- net repayments of debt borrowings during the period of $30.0 million; and
- dividends to common shareholders of $131.8 million.

Supplemental Guarantor Information

As of December 31, 2025, CDPLP had several series of unsecured senior notes outstanding that were issued in transactions registered with the SEC under the Securities Act of 1933, as amended. These notes are CDPLP's direct, senior unsecured and unsubordinated obligations and rank equally in right of payment with all of CDPLP's existing and future senior unsecured and unsubordinated indebtedness. However, these notes are effectively subordinated in right of payment to CDPLP's existing and future secured indebtedness. The notes are also effectively subordinated in right of payment to all existing and future liabilities and other indebtedness, whether secured or unsecured, of CDPLP's subsidiaries. COPT Defense fully and unconditionally guarantees CDPLP's obligations under these notes. COPT Defense's guarantees of these notes are senior unsecured obligations that rank equally in right of payment with other senior unsecured obligations of, or guarantees by, COPT Defense. COPT Defense itself does not hold any indebtedness, and its only material asset is its investment in CDPLP.

As permitted under Rule 13-01(a)(4)(vi), we do not provide summarized financial information for the Operating Partnership since: the assets, liabilities, and results of operations of the Company and the Operating Partnership are not materially different than the corresponding amounts presented in the consolidated financial statements of the Company; and we believe that inclusion of such summarized financial information would be repetitive and not provide incremental value to investors.

Liquidity and Capital Resources

As of December 31, 2025, we had $275.0 million in cash and cash equivalents. We were carrying a significant amount of cash and cash equivalents as of the end of the year due to the net proceeds from the October issuance of our 4.50% Notes that will fund the repayment at maturity of our 2.25% Notes in March 2026. Until such time, the proceeds were used for general corporate purposes, which resulted in a portion of the net proceeds being invested in interest-bearing accounts.

We have a Revolving Credit Facility with a maximum borrowing capacity of $800.0 million. The facility matures in October 2029 and may be extended by two six-month periods at our option, provided that there is no default under the facility and we pay an extension fee of 0.0625% of the total availability under the facility for each extension period. Our available borrowing capacity under the facility totaled $746.0 million as of December 31, 2025.

We also have a Revolving Development Facility with a maximum borrowing capacity of $200.0 million. The facility matures in October 2029 and may be extended by a 12-month period at our option, provided that there is no default under the facility and we pay an extension fee of 0.250% of the total amount available under the facility. Our available borrowing capacity under the facility totaled $104.0 million as of December 31, 2025.

We expect to use our Revolving Development Facility to fund most of our property development cash requirements and subsequently pay it down as development properties are placed into service using cash available from operations, any excess available cash and cash equivalents and borrowings from our Revolving Credit Facility. We expect to use our Revolving Credit Facility to initially fund most of the cash requirements from our other investing activities, including development cash requirements in excess of Revolving Development Facility available borrowings, as well as pay downs of the Revolving Development Facility discussed above and certain debt balloon payments due upon maturity; we expect to pay down this facility using cash available from operations and proceeds from financing and/or investing activities, such as long-term borrowings, equity issuances and sales of interests in properties.

Our senior unsecured debt is rated investment grade, with either stable or positive outlooks, by the three major rating agencies. We aim to maintain an investment grade rating to enable us to use debt comprised of unsecured, primarily fixed-rate debt (including the effect of interest rate swaps) from public markets and banks. We also use secured nonrecourse debt from institutional lenders and banks primarily for joint venture financings. In addition, we periodically raise equity when we access the public equity markets by issuing common shares.

We have a program in place under which we may offer and sell common shares in at-the-market stock offerings having an aggregate gross sales price of up to $300 million. Under this program, we may also, at our discretion, sell common shares under forward equity sales agreements. The use of a forward equity sales agreement would enable us to lock in a price on a sale of common shares when the agreement is executed but defer issuing the shares and receiving the sale proceeds until a later date.

We believe that our liquidity and capital resources are adequate for our near-term and longer-term requirements without necessitating property sales. However, we may dispose of interests in properties opportunistically or when market conditions otherwise warrant.

Our material cash requirements, including contractual and other obligations, include:

- property operating expenses, including future lease obligations from us as a lessee;
- construction contract expenses;
- general, administrative, leasing and other expenses;
- debt service, including interest expense;
- property development costs;
- tenant and capital improvements and leasing costs for operating properties (expected to total approximately $100 million in 2026);
- debt balloon payments due upon maturity; and
- dividends to our shareholders.

We expect to use cash flow from operations in 2026 and annually thereafter for the foreseeable future to fund all of these cash requirements except for debt balloon payments due upon maturity and a portion of property development costs, the fundings for which are discussed below.

In 2026, we expect to spend $135 million to $175 million on costs for properties actively under development, most of which was contractually obligated as of December 31, 2025, and have $445.6 million in debt balloon payments maturing in 2026 (including the repayment at maturity of the 2.25% Notes). In 2026 and beyond, we expect to continue to actively develop additional properties and also could opportunistically acquire operating properties. We expect to fund these activities using, in part, available cash flow from operations, with the balance funded using any remaining excess available cash and cash equivalents and borrowings under our Revolving Development Facility and Revolving Credit Facility.

We provide disclosure in our consolidated financial statements on our future lessee obligations (expected to be funded primarily by cash flow from operations) in Note 5 and future debt obligations (expected to be funded by any remaining excess available cash and cash equivalents, refinanced by new debt borrowings or funded by future equity issuances and/or sales of interests in properties) in Note 8.

Certain of our debt instruments require that we comply with a number of restrictive financial covenants, including maximum leverage ratio, unencumbered leverage ratio, minimum net worth, minimum fixed charge coverage, minimum unencumbered interest coverage ratio, minimum debt service and maximum secured indebtedness ratio. As of December 31, 2025, we were compliant with these covenants.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements for information regarding recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks, one of the most predominant of which is a change in interest rates. Increases in interest rates can result in increased interest expense under our Revolving Credit Facility, Revolving Development Facility and other variable-rate debt to the extent we do not have interest rate swaps in place to hedge the effect of such rate increases. Increases in interest rates can also result in increased interest expense when our fixed-rate debt matures and needs to be refinanced.

The following table sets forth as of December 31, 2025 our debt obligations and weighted average interest rates on debt maturing each year (dollars in thousands):

	For the Years Ending December 31,						
	2026	2027	2028	2029	2030	Thereafter	Total
Debt							
Fixed-rate debt (1)	$ 436,140	$ —	$ 345,000	$ 400,000	$ 400,000	$ 1,000,000	$ 2,581,140
Weighted average interest rate	2.38%	—%	5.25%	2.00%	4.25%	2.81%	3.16%
Variable-rate debt (2)	$ 10,160	$ 50,000	$ —	$ 150,000	$ —	$ —	$ 210,160
Weighted average interest rate (3)	5.21%	4.92%	—%	4.92%	—%	—%	4.94%

(1) Represents principal maturities only and therefore excludes net discounts and deferred financing costs of $23.5 million.
(2) Maturities in 2027 included $50.0 million that may be extended to 2028, subject to certain conditions. Maturities in 2029 included $150.0 million that may be extended to 2030, subject to certain conditions.
(3) Represents interest rates in effect for variable-rate debt as of December 31, 2025.

The fair value of our debt was $2.7 billion as of December 31, 2025 and $2.2 billion as of December 31, 2024. If interest rates had been 1% lower, the fair value of our fixed-rate debt would have increased by approximately $88 million as of December 31, 2025 and $72 million as of December 31, 2024.

See Note 9 to our consolidated financial statements for information pertaining to interest rate swap contracts in place as of December 31, 2025 and 2024 and their respective fair values.

Based on our variable-rate debt balances, including the effect of interest rate swap contracts, our interest expense would have increased by approximately $512,000 in 2025 and $34,000 in 2024 if the applicable variable index rate was 1% higher. Interest expense in 2025 was more sensitive to a change in interest rates than 2024 due primarily to our having no variable-rate debt outstanding for most of 2024, including the effect of interest rate swaps.

Item 8. Financial Statements and Supplementary Data

(a) This item is included in a separate section at the end of this report beginning on page F-1.

(b) Not applicable

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

I. Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2025. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2025 were functioning effectively to provide reasonable assurance that the information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded,

processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(a) Management's Annual Report on Internal Control over Financial Reporting

Management's Annual Report on Internal Control over Financial Reporting is included in a separate section at the end of this report on page F-2.

(b) Report of Independent Registered Public Accounting Firm

The Report of Independent Registered Public Accounting Firm is included in a separate section at the end of this report on pages F-3 through F-4.

(c) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

(a) Not applicable

(b) Rule 10b5-1 Trading Plans

During the three months ended December 31, 2025, none of our trustees or executive officers adopted or terminated contracts, instructions or written plans for the sale or purchase of our securities that (i) were intended to satisfy the affirmative defense conditions of Rule 10b5-1 or (ii) qualified as non-Rule 10b5-1 trading arrangements (as that term is defined in Item 408 of Regulation S-K under the Exchange Act).

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

(a) Not applicable

(b) Not applicable

PART III

Items 10, 11, 12, 13 & 14. Directors, Executive Officers and Corporate Governance; Executive Compensation; Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters; Certain Relationships and Related Transactions, and Director Independence; and Principal Accountant Fees and Services

For the information required by Item 10, Item 11, Item 12, Item 13 and Item 14, you should refer to our definitive proxy statement relating to the 2026 Annual Meeting of our Shareholders to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

With respect to Item 10, Directors, Executive Officers and Corporate Governance, we note that our Policy Statement on Securities Trading governs transactions in our securities by our trustees, officers and employees, and promotes compliance with the laws and rules applicable thereto. The Policy Statement on Securities Trading is incorporated by reference into this Annual Report on Form 10-K as Exhibit 19.1.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) The following documents are filed as exhibits to this Form 10-K:

1. **Financial Statements**. See "Index to consolidated financial statements" on page F-1 of this Annual Report on Form 10-K.

2. **Financial Statement Schedules.** See "Index to consolidated financial statements" on page F-1 of this Annual Report on Form 10-K.

3. **See section below entitled “Exhibits.”**

(b) Exhibits. Refer to the Exhibit Index that follows. Unless otherwise noted, the file number of all documents incorporated by reference is 1-14023.

EXHIBIT NO.	DESCRIPTION
3.1	Articles Supplementary of Corporate Office Properties Trust filed with the State Department of Assessments and Taxation of Maryland on September 22, 2014 (filed with the Company’s Current Report on Form 8-K on September 24, 2014 and incorporated herein by reference).
3.2	Amended and Restated Declaration of Trust of Corporate Office Properties Trust, as amended through May 15, 2018 (filed with the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 and incorporated herein by reference).
3.2.1	Articles of Amendment to Amended and Restated Declaration of Trust of Corporate Office Properties Trust, as amended through September 5, 2023 (filed with the Company’s Current Report on Form 8-K on September 5, 2023 and incorporated herein by reference).
3.3	Amended and Restated Bylaws of Corporate Office Properties Trust, as amended through May 2017 (filed with the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and incorporated herein by reference).
3.4	Form of certificate for the Registrant’s Common Shares of Beneficial Interest, $0.01 par value per share (filed with the Company’s Registration Statement on Form S-4 (Commission File No. 333-45649) on February 5, 1998 and incorporated herein by reference).
4	Description of Common Shares (filed with the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference).
10.1	Third Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P. (filed with the Company’s Current Report on Form 8-K on December 6, 2018 and incorporated herein by reference).
10.1.1	First Amendment to Third Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P. dated July 31, 2019 (filed with the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 and incorporated herein by reference).
10.1.2	Second Amendment to Third Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P. (filed with the Company’s Current Report on Form 8-K on September 5, 2023 and incorporated herein by reference).
10.2.1*	Corporate Office Properties Trust Supplemental Nonqualified Deferred Compensation Plan (filed with the Company’s Current Report on Form 8-K on December 10, 2008 and incorporated herein by reference).
10.2.2*	First Amendment to the Corporate Office Properties Trust Supplemental Nonqualified Deferred Compensation Plan dated December 4, 2008 (filed with the Company’s Current Report on Form 8-K on December 10, 2008 and incorporated herein by reference).
10.3.1*	Corporate Office Properties Trust 2017 Omnibus Equity and Incentive Plan (included in Annex B to the Company’s Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 27, 2017 and incorporated herein by reference).
10.3.2*	First Amendment to the Corporate Office Properties Trust 2017 Omnibus Equity and Incentive Plan (filed with the Company’s Current Report on Form 8-K on December 6, 2018 and incorporated herein by reference).
10.3.3*	Second Amendment to the COPT Defense Properties 2017 Omnibus Equity and Incentive Plan (filed with the Company’s Current Report on Form 8-K on May 14, 2024 and incorporated herein by reference).
10.3.4*	Third Amendment to the COPT Defense Properties 2017 Omnibus Equity and Incentive Plan (filed with the Company’s Registration Statement on Form S-8 on May 20, 2024 and incorporated herein by reference).
10.4.1*	Form of Corporate Office Properties Trust Time-Based Profit Interest Unit Award Certificate (2017 Omnibus Equity and Incentive Plan) (filed with the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and incorporated herein by reference).
10.4.2*	Form of COPT Defense Properties Performance-Based Restricted Share Unit Award Certificate (2017 Omnibus Equity and Incentive Plan) (filed with the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 and incorporated herein by reference).
10.4.3*	Form of COPT Defense Properties Performance-Based Profit Interest Unit Award Certificate (2017 Omnibus Equity and Incentive Plan) (filed with the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2025 and incorporated herein by reference).
10.5*	COPT Defense Properties and COPT Defense Properties, L.P. Second Amended and Restated Executive Change in Control and Severance Plan adopted January 30, 2026 (filed with the Company’s Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.6*	Letter Agreement, dated January 30, 2026, between COPT Defense Properties, COPT Defense Properties, L.P., and Stephen E. Budorick (filed with the Company’s Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.7*	Letter Agreement, dated January 30, 2026, between COPT Defense Properties, COPT Defense Properties, L.P., and Britt A. Snider (filed with the Company’s Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).

EXHIBIT NO.	DESCRIPTION
10.8*	Letter Agreement, dated January 30, 2026, between COPT Defense Properties, COPT Defense Properties, L.P., and Anthony Mifsud (filed with the Company's Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.9	Amended and Restated Registration Rights Agreement, dated March 16, 1998, for the benefit of certain shareholders of the Company (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference).
10.10	Indenture, dated as of April 8, 2019, among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Registration Statement on Form S-3 (Commission File No. 333-230764) on April 8, 2019 and incorporated herein by reference).
10.11	First Supplemental Indenture, dated as of September 17, 2020, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K on September 17, 2020 and incorporated herein by reference).
10.12	Second Supplemental Indenture, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K on March 11, 2021 and incorporated herein by reference).
10.13	Third Supplemental Indenture, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K on August 11, 2021 and incorporated herein by reference).
10.14	Fourth Supplemental Indenture, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K on November 17, 2021 and incorporated herein by reference).
10.15	Fifth Supplemental Indenture, by and among COPT Defense Properties, L.P., as issuer, COPT Defense Properties, as guarantor, and U.S. Bank Trust Company, National Association, as trustee (filed with the Company's Current Report on Form 8-K on October 2, 2025 and incorporated herein by reference).
10.16	Credit Agreement, dated as of October 26, 2022, by and among Corporate Office Properties, L.P.; Corporate Office Properties Trust; KeyBank National Association; KeyBanc Capital Markets, Inc.; PNC Capital Markets LLC; TD Bank National Association; M&T Bank, a New York Banking Corporation; and PNC Bank National Association (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 and incorporated herein by reference).
10.16.1	First Amendment to Credit Agreement, dated September 6, 2023, by and among Corporate Office Properties, L.P.; Corporate Office Properties Trust; KeyBank National Association; KeyBanc Capital Markets, Inc.; PNC Capital Markets LLC; TD Bank National Association; M&T Bank, a New York Banking Corporation; and PNC Bank National Association (filed with the Company's Current Report on Form 8-K on September 8, 2023 and incorporated herein by reference).
10.16.2	Second Amendment to Credit Agreement, dated as of October 6, 2025, by and among COPT Defense Properties, L.P.; COPT Defense Properties; KeyBank National Association; PNC Bank, National Association; TD Bank National Association; M&T Bank, a New York Banking Corporation; Wells Fargo Bank, National Association; Fifth Third Bank, National Association; JPMorgan Chase Bank, N.A.; and Synovus Bank (filed with the Company's Current Report on Form 8-K on October 10, 2025 and incorporated herein by reference).
10.17	Indenture, dated September 12, 2023, among the Issuer, the Guarantor and U.S. Bank Trust Company, National Association (filed with the Company's Current Report on Form 8-K on September 14, 2023 and incorporated herein by reference).
10.18	Registration Rights Agreement, dated as of September 12, 2023, among Corporate Office Properties, L.P., Corporate Office Properties Trust and Wells Fargo Securities, LLC (filed with the Company's Current Report on Form 8-K on September 14, 2023 and incorporated herein by reference).
19.1	COPT Defense Properties Policy Statement on Securities Trading (filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2024 and incorporated herein by reference).
21.1	Subsidiaries of Registrant (filed herewith).
22.1	List of Subsidiary Issuers of Guaranteed Securities (filed herewith).
23.1	Consent of Independent Registered Public Accounting Firm (filed herewith).
31.1	Certification of the Chief Executive Officer of COPT Defense Properties required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (filed herewith).
31.2	Certification of the Chief Financial Officer of COPT Defense Properties required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (filed herewith).
32.1	Certification of the Chief Executive Officer of COPT Defense Properties required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended. (This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.) (Furnished herewith).
32.2	Certification of the Chief Financial Officer of COPT Defense Properties required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended. (This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended). (Furnished herewith).

EXHIBIT NO.	DESCRIPTION
97.1*	Incentive-based Compensation Recovery Policy (filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2023 and incorporated herein by reference).
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document (filed herewith).
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith).
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.LAB	XBRL Extension Labels Linkbase (filed herewith).
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Indicates a compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K.

(c) Not applicable.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COPT DEFENSE PROPERTIES

Date: February 20, 2026	By:	/s/ Stephen E. Budorick Stephen E. Budorick President and Chief Executive Officer
Date: February 20, 2026	By:	/s/ Anthony Mifsud Anthony Mifsud Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Stephen E. Budorick (Stephen E. Budorick)	President and Chief Executive Officer and Trustee (Principal Executive Officer)	February 20, 2026
/s/ Anthony Mifsud (Anthony Mifsud)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 20, 2026
/s/ Matthew T. Myers (Matthew T. Myers)	Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)	February 20, 2026
/s/ Robert L. Denton, Sr. (Robert L. Denton, Sr.)	Chairman of the Board and Trustee	February 20, 2026
/s/ Philip L. Hawkins (Philip L. Hawkins)	Trustee	February 20, 2026
/s/ Letitia A. Long (Letitia A. Long)	Trustee	February 20, 2026
/s/ Essye B. Miller (Essye B. Miller)	Trustee	February 20, 2026
/s/ Raymond L. Owens (Raymond L. Owens)	Trustee	February 20, 2026
/s/ C. Taylor Pickett (C. Taylor Pickett)	Trustee	February 20, 2026
/s/ Lisa G. Trimberger (Lisa G. Trimberger)	Trustee	February 20, 2026

(This page intentionally left blank.)

COPT DEFENSE PROPERTIES AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

Management's Annual Report on Internal Control over Financial Reporting	F-2
Report of Independent Registered Public Accounting Firm (PCAOB ID: 238)	F-3
Consolidated Financial Statements	
Consolidated Balance Sheets as of December 31, 2025 and 2024	F-5
Consolidated Statements of Operations for the Years Ended December 31, 2025, 2024 and 2023	F-6
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2025, 2024 and 2023	F-7
Consolidated Statements of Equity for the Years Ended December 31, 2025, 2024 and 2023	F-8
Consolidated Statements of Cash Flows for the Years Ended December 31, 2025, 2024 and 2023	F-9
Notes to Consolidated Financial Statements	F-11
Financial Statements Schedule	
Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2025	F-43

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of December 31, 2025. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and trustees; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management performed an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2025 based upon criteria in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management determined that our internal control over financial reporting was effective as of December 31, 2025 based on the criteria in Internal Control - Integrated Framework (2013) issued by the COSO.

The effectiveness of our internal control over financial reporting as of December 31, 2025 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of COPT Defense Properties:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of COPT Defense Properties and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of operations, of comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the board of trustees of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Determination of the Expected Lease End Date for United States Government Leases with One-Year Renewal Options and/or Early Termination Rights

As described in Notes 2 and 5 to the consolidated financial statements, lease revenue from continuing operations for the year ended December 31, 2025 was $714.2 million and a significant portion of the Company's leases are with the United States Government, which represented 26% of the fixed lease revenues for the year ended December 31, 2025. The majority of United States Government leases contain one-year renewal options and/or provide for early termination rights. The Company recognizes minimum rental payments on a straight-line basis over the terms of each lease. The lease term of a lease includes the noncancellable periods of the lease along with periods covered by: (1) a tenant option to extend the lease if the tenant is reasonably certain to exercise that option; (2) a tenant option to terminate the lease if the tenant is reasonably certain not to exercise that option; and (3) an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the Company as the lessor. When assessing the expected lease end date, management uses judgment in contemplating the significance of any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease; and economic incentives for the tenant based on any existing contract, asset, entity or market-based factors in the lease. The principal considerations for our determination that performing procedures relating to the determination of the expected lease end date for United States Government leases with one-year renewal options and/or early termination rights is a critical audit matter are (i) the significant judgment by management when determining the expected lease end date for the United States Government leases with one-year renewal options and/or early termination rights and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence relating to the determination of such expected lease end dates. Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition for leases, including controls over the determination of the expected lease end date for United States Government leases with one-year renewal options and/or early termination rights. These procedures also included, among others, testing management's process for determining the expected lease end date for a sample of United States Government leases with one-year renewal options and/or early termination rights, including evaluating the reasonableness of significant assumptions used by management related to the significance of any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease and economic incentives for the tenant based on any existing contract, asset, entity or market-based factors in the lease. Evaluating management's assumptions involved evaluating whether the assumptions used were reasonable considering past experience with the tenant and the rental property and whether the assumptions were consistent with evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
February 20, 2026
We have served as the Company's auditor since 1997.

COPT Defense Properties and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share data)

	December 31,	
	2025	2024
Assets		
Properties, net		
Operating properties, net	$ 3,500,087	$ 3,353,477
Projects in development or held for future development	283,390	277,049
Total properties, net	3,783,477	3,630,526
Property - operating lease right-of-use assets	50,383	55,760
Cash and cash equivalents	274,986	38,284
Investment in unconsolidated real estate joint ventures	36,368	39,360
Accounts receivable, net	58,185	42,234
Deferred rent receivable	177,921	161,438
Lease incentives, net	72,347	64,013
Deferred leasing costs (net of accumulated amortization of $44,127 and $44,060, respectively)	75,052	71,268
Investing receivables (net of allowance for credit losses of $3,575 and $2,792, respectively)	69,856	69,680
Prepaid expenses and other assets, net	103,215	81,628
Total assets	$ 4,701,790	$ 4,254,191
Liabilities and equity		
Liabilities		
Debt, net	$ 2,767,834	$ 2,391,755
Accounts payable and accrued expenses	147,200	126,031
Rents received in advance and security deposits	37,914	38,560
Dividends and distributions payable	35,205	33,909
Deferred revenue associated with operating leases	47,714	39,752
Property - operating lease liabilities	45,012	49,240
Other liabilities	33,236	14,377
Total liabilities	3,114,115	2,693,624
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interest	25,506	23,974
Equity		
Shareholders’ equity		
Common Shares of beneficial interest ($0.01 par value; 150,000,000 shares authorized; shares issued and outstanding of 113,210,642 at December 31, 2025 and 112,703,460 at December 31, 2024)	1,132	1,127
Additional paid-in capital	2,502,661	2,494,369
Cumulative distributions in excess of net income	(988,957)	(1,003,401)
Accumulated other comprehensive (loss) income	(61)	988
Total shareholders’ equity	1,514,775	1,493,083
Noncontrolling interests in subsidiaries		
Common units in COPT Defense Properties, L.P. (“CDPLP”)	29,317	28,935
Other consolidated entities	18,077	14,575
Noncontrolling interests in subsidiaries	47,394	43,510
Total equity	1,562,169	1,536,593
Total liabilities, redeemable noncontrolling interest and equity	$ 4,701,790	$ 4,254,191

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per share data)

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Revenues			
Lease revenue	$ 714,180	$ 671,366	$ 619,847
Other property revenue	7,669	6,351	4,956
Construction contract and other service revenues	42,074	75,550	60,179
Total revenues	763,923	753,267	684,982
Operating expenses			
Property operating expenses	283,927	266,001	247,385
Depreciation and amortization associated with real estate operations	161,826	153,640	148,950
Construction contract and other service expenses	39,962	73,265	57,416
General, administrative, leasing and other expenses	47,840	47,038	42,769
Impairment losses	—	—	252,797
Total operating expenses	533,555	539,944	749,317
Interest expense	(86,660)	(82,151)	(71,142)
Interest and other income, net	10,683	12,661	12,587
Gain on sales of real estate	3,350	—	49,392
Loss on early extinguishment of debt	(66)	—	—
Income (loss) before equity in income (loss) of unconsolidated entities and income taxes	157,675	143,833	(73,498)
Equity in income (loss) of unconsolidated entities	2,806	397	(261)
Income tax expense	(947)	(288)	(588)
Net income (loss)	159,534	143,942	(74,347)
Net (income) loss attributable to noncontrolling interests			
Common units in CDPLP	(3,239)	(2,694)	1,306
Other consolidated entities	(3,980)	(2,319)	(428)
Net income (loss) attributable to common shareholders	$ 152,315	$ 138,929	$ (73,469)
Earnings per common share (1)			
Net income (loss) attributable to common shareholders - basic	$ 1.35	$ 1.23	$ (0.67)
Net income (loss) attributable to common shareholders - diluted	$ 1.34	$ 1.23	$ (0.67)

(1) Basic and diluted earnings per common share are calculated based on amounts attributable to common shareholders.

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousands)

	For the Years Ended December 31,		
	2025	**2024**	**2023**
Net income (loss)	$ 159,534	$ 143,942	$ (74,347)
Other comprehensive loss			
Unrealized income on interest rate derivatives	283	3,087	3,827
Reclassification adjustments on interest rate derivatives recognized in interest expense	(1,491)	(4,330)	(3,900)
Total other comprehensive loss	(1,208)	(1,243)	(73)
Comprehensive income (loss)	158,326	142,699	(74,420)
Comprehensive (income) loss attributable to noncontrolling interests	(7,060)	(4,897)	995
Comprehensive income (loss) attributable to common shareholders	$ 151,266	$ 137,802	$ (73,425)

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Equity
(Dollars in thousands)

	Common Shares	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total
Balance at December 31, 2022 (112,423,893 common shares outstanding)	$ 1,124	$2,486,116	$ (807,508)	$ 2,071	$ 39,652	$1,721,455
Redemption of common units	—	—	—	—	(731)	(731)
Share-based compensation (131,459 shares issued, net of redemptions)	2	4,157	—	—	4,961	9,120
Redemption of vested equity awards	—	(1,251)	—	—	—	(1,251)
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP	—	1,039	—	—	(1,039)	—
Comprehensive (loss) income	—	—	(73,469)	44	(3,449)	(76,874)
Dividends	—	—	(128,341)	—	—	(128,341)
Distributions to owners of common units in CDPLP	—	—	—	—	(2,190)	(2,190)
Distributions to noncontrolling interest in other consolidated entities	—	—	—	—	(31)	(31)
Adjustments for changes in fair value of redeemable noncontrolling interests	—	(72)	—	—	—	(72)
Reclassification of redeemable noncontrolling interests to equity	—	—	—	—	2,670	2,670
Balance at December 31, 2023 (112,555,352 common shares outstanding)	1,126	2,489,989	(1,009,318)	2,115	39,843	1,523,755
Conversion of common units to common shares (40,000 shares)	—	538	—	—	(538)	—
Redemption of common units	—	—	—	—	(1,549)	(1,549)
Share-based compensation (108,108 shares issued, net of redemptions)	1	4,142	—	—	6,825	10,968
Redemption of vested equity awards	—	(1,277)	—	—	—	(1,277)
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP	—	1,371	—	—	(1,371)	—
Comprehensive income (loss)	—	—	138,929	(1,127)	2,935	140,737
Dividends	—	—	(133,012)	—	—	(133,012)
Distributions to owners of common units in CDPLP	—	—	—	—	(2,604)	(2,604)
Distributions to noncontrolling interests in other consolidated entities	—	—	—	—	(31)	(31)
Adjustments for changes in fair value of redeemable noncontrolling interests	—	(394)	—	—	—	(394)
Balance at December 31, 2024 (112,703,460 common shares outstanding)	1,127	2,494,369	(1,003,401)	988	43,510	1,536,593
Conversion of common units to common shares (296,046 shares)	3	4,029	—	—	(4,032)	—
Redemption of common units	—	—	—	—	(1,103)	(1,103)
Share-based compensation (211,136 shares issued, net of redemptions)	2	4,500	—	—	7,885	12,387
Redemption of vested equity awards	—	(1,347)	—	—	—	(1,347)
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP	—	2,642	—	—	(2,642)	—
Comprehensive income (loss)	—	—	152,315	(1,049)	3,904	155,170
Dividends	—	—	(137,871)	—	—	(137,871)
Distributions to owners of common units in CDPLP	—	—	—	—	(2,943)	(2,943)
Contributions from noncontrolling interests in other consolidated entities	—	—	—	—	2,846	2,846
Distributions to noncontrolling interests in other consolidated entities	—	—	—	—	(31)	(31)
Adjustments for changes in fair value of redeemable noncontrolling interests	—	(1,532)	—	—	—	(1,532)
Balance at December 31, 2025 (113,210,642 common shares outstanding)	$ 1,132	$2,502,661	$ (988,957)	$ (61)	$ 47,394	$1,562,169

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	For the Years Ended December 31,		
	2025	2024	2023
Cash flows from operating activities			
Revenues from real estate operations received	$ 706,809	$ 700,435	$ 638,177
Construction contract and other service revenues received	46,442	72,998	66,027
Property operating expenses paid	(283,222)	(261,845)	(243,209)
Construction contract and other service expenses paid	(44,548)	(75,204)	(65,335)
General, administrative, leasing and other expenses paid	(35,343)	(34,698)	(33,283)
Interest expense paid	(75,405)	(75,549)	(59,807)
Lease incentives paid	(22,457)	(17,545)	(25,566)
Sales-type lease costs paid	(776)	(1,680)	(7,409)
Interest and other income received	16,784	22,573	5,491
Income taxes paid	(40)	(53)	(37)
Other	1,689	1,523	1,225
Net cash provided by operating activities	309,933	330,955	276,274
Cash flows from investing activities			
Properties in development or held for future development	(176,159)	(163,648)	(264,834)
Acquisitions of operating properties and related intangible assets	(32,877)	(32,244)	—
Tenant improvements on operating properties	(60,186)	(53,691)	(67,113)
Other capital improvements on operating properties	(21,067)	(31,342)	(20,500)
Proceeds from sale of properties	4,998	—	189,506
Non-operating distributions from unconsolidated real estate joint venture	21,807	1,198	1,088
Investing receivables funded	(9,521)	(2,087)	(1,087)
Investing receivables payments received	3,193	3,560	11,000
Leasing costs paid	(18,465)	(12,651)	(16,328)
Other	(1,466)	(105)	(1,355)
Net cash used in investing activities	(289,743)	(291,010)	(169,623)
Cash flows from financing activities			
Proceeds from debt			
Revolving Credit Facility	370,000	76,000	291,000
Revolving Development Facility	159,000	—	—
Unsecured senior notes	395,456	—	336,375
Repayments of debt			
Revolving Credit Facility	(391,000)	(76,000)	(427,000)
Term loan facility	(75,000)	—	—
Revolving Development Facility	(63,000)	—	—
Scheduled principal amortization	(1,792)	(2,334)	(3,052)
Other debt repayments	(21,925)	(27,649)	(15,902)
Deferred financing costs paid	(10,589)	—	(1,030)
Common share dividends paid	(136,598)	(131,840)	(127,178)
Distributions paid to redeemable noncontrolling interests	(2,480)	(2,266)	(2,686)
Other	(5,528)	(5,583)	(4,263)
Net cash provided by (used in) financing activities	216,544	(169,672)	46,264
Net increase (decrease) in cash and cash equivalents and restricted cash	236,734	(129,727)	152,915
Cash and cash equivalents and restricted cash			
Beginning of year	39,697	169,424	16,509
End of year	$ 276,431	$ 39,697	$ 169,424

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Cash Flows (continued)
(in thousands)

	For the Years Ended December 31,		
	2025	2024	2023
Reconciliation of net income (loss) to net cash provided by operating activities			
Net income (loss)	$ 159,534	$ 143,942	$ (74,347)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and other amortization	163,699	156,015	151,395
Impairment losses	—	—	252,797
Amortization of deferred financing costs and net debt discounts	7,261	6,818	5,574
Change in net deferred rent receivable and liability	(8,510)	(1,190)	(5,495)
Gain on sales of real estate	(3,350)	—	(49,392)
Share-based compensation	11,693	10,443	8,544
Loss on early extinguishment of debt	66	—	—
Other	5,994	12,052	(4,826)
Changes in operating assets and liabilities			
(Increase) decrease in accounts receivable	(15,936)	6,498	(5,618)
Increase in lease incentives and prepaid expenses and other assets, net	(10,428)	(2,688)	(4,851)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	556	(4,086)	(2,900)
(Decrease) increase in rents received in advance and security deposits	(646)	3,151	5,393
Net cash provided by operating activities	$ 309,933	$ 330,955	$ 276,274
Reconciliation of cash and cash equivalents and restricted cash			
Cash and cash equivalents at beginning of year	$ 38,284	$ 167,820	$ 12,337
Restricted cash at beginning of year	1,413	1,604	4,172
Cash and cash equivalents and restricted cash at beginning of year	$ 39,697	$ 169,424	$ 16,509
Cash and cash equivalents at end of year	$ 274,986	$ 38,284	$ 167,820
Restricted cash at end of year	1,445	1,413	1,604
Cash and cash equivalents and restricted cash at end of year	$ 276,431	$ 39,697	$ 169,424
Supplemental schedule of non-cash investing and financing activities			
Increase (decrease) in accrued capital improvements, leasing and other investing activity costs	$ 19,387	$ (7,721)	$ (22,700)
Finance right-of-use asset contributed by noncontrolling interest in joint venture	$ 2,846	$ —	$ —
Recognition of operating lease right-of-use assets and related lease liabilities	$ 302	$ 19,570	$ 8,718
Recognition of finance lease right-of-use assets and related lease liabilities	$ —	$ —	$ 434
Investment in unconsolidated real estate joint ventures retained in property disposition	$ —	$ —	$ 21,121
Decrease in fair value of derivatives applied to accumulated other comprehensive loss/income and noncontrolling interests	$ (1,208)	$ (1,243)	$ (73)
Dividends/distributions payable	$ 35,205	$ 33,909	$ 32,644
Decrease in noncontrolling interests and increase in shareholders' equity in connection with the conversion of common units into common shares	$ 4,032	$ 538	$ —
Adjustments to noncontrolling interests resulting from changes in CDPLP ownership	$ (2,642)	$ (1,371)	$ (1,039)
Increase in redeemable noncontrolling interests and decrease in equity to adjust for changes in fair value of redeemable noncontrolling interests	$ 1,532	$ 394	$ 72
Reclassification of redeemable noncontrolling interests to equity	$ —	$ —	$ 2,670

See accompanying notes to consolidated financial statements.

1. Organization

COPT Defense Properties ("COPT Defense") and subsidiaries (collectively, the "Company", "we" or "us") is a fully-integrated and self-managed real estate investment trust ("REIT") focused on owning, operating and developing properties in locations proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and missions (which we refer to herein as our Defense/IT Portfolio). Our tenants include the USG and its defense contractors, who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. Our property portfolio is predominantly comprised of office properties and single-tenant data center shells. As of December 31, 2025, our Defense/IT Portfolio included (all references to number of properties, square footage and acres are unaudited):

- 201 operating properties totaling 23.2 million square feet. We owned 24 of these properties totaling 4.3 million square feet through unconsolidated real estate joint ventures;
- five properties under development that will total approximately 646,000 square feet upon completion; and
- approximately 1,000 acres of land controlled that we believe could be developed into approximately 10.6 million square feet.

We also owned six other operating properties totaling 2.0 million square feet and approximately 50 acres of other developable land in the Greater Washington, DC/Baltimore region as of December 31, 2025.

We conduct almost all of our operations and own almost all of our assets through our operating partnership, COPT Defense Properties, L.P. ("CDPLP") and subsidiaries (collectively, the "Operating Partnership"), of which COPT Defense is the sole general partner. CDPLP owns real estate directly and through subsidiary partnerships and limited liability companies ("LLCs"). In addition to owning real estate, CDPLP also owns subsidiaries that provide real estate services such as property management, development and construction services primarily for our properties but also for third parties, most of which are tenants. Some of these services are performed by a taxable REIT subsidiary ("TRS").

Equity interests in CDPLP are in the form of common and preferred units. As of December 31, 2025, COPT Defense owned 97.5% of the outstanding CDPLP common units ("common units") and there were no preferred units outstanding. Common units not owned by COPT Defense carry certain redemption rights. The number of common units owned by COPT Defense is equivalent to the number of outstanding common shares of beneficial interest ("common shares") of COPT Defense, and the entitlement of common units to quarterly distributions and payments in liquidation is substantially the same as that of COPT Defense common shareholders.

COPT Defense's common shares are publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "CDP".

2. Summary of Significant Accounting Policies

Basis of Presentation

These consolidated financial statements include the accounts of COPT Defense, the Operating Partnership, their subsidiaries and other entities in which COPT Defense has a majority voting interest and control. We also consolidate certain entities when control of such entities can be achieved through means other than voting rights ("variable interest entities" or "VIEs") if we are deemed to be the primary beneficiary of such entities. We eliminate all intercompany balances and transactions in consolidation.

We use the equity method of accounting when we own an interest in an entity and can exert significant influence over but cannot control the entity's operations. We discontinue equity method accounting if our investment in an entity (and net advances) is reduced to zero unless we have guaranteed obligations of the entity or are otherwise committed to provide further financial support for the entity.

When we own an equity investment in an entity and cannot exert significant influence over its operations, we measure the investment at fair value, with changes recognized through net income. For an investment without a readily determinable fair value, we measure the investment at cost, less any impairments, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

Reclassifications

We reclassified certain amounts from prior periods to conform to the current period presentation of our consolidated financial statements with no effect on previously reported net income or equity.

Use of Estimates in the Preparation of Financial Statements

We make estimates and assumptions when preparing financial statements under generally accepted accounting principles ("GAAP"). These estimates and assumptions affect various matters, including:

- the reported amounts of assets and liabilities in our consolidated balance sheets as of the dates of the financial statements;
- the disclosure of contingent assets and liabilities as of the dates of the financial statements; and
- the reported amounts of revenues and expenses in our consolidated statements of operations during the reporting periods.

Significant estimates are inherent in the presentation of our financial statements in a number of areas, including the evaluation of the collectability of accounts and deferred rent receivable, the determination of estimated useful lives of assets, the determination of lease terms, the evaluation of long-lived assets for impairment, the amount of impairment losses recognized, the allocation of property acquisition costs, the amount of revenue recognized relating to tenant improvements, the level of expense recognized in connection with share-based compensation and the determination of accounting method for investments. Actual results could differ from these and other estimates.

Properties

We report properties to be developed or held and used in operations at our depreciated cost, reduced for impairment losses.

We capitalize direct and indirect project costs (including related compensation and other indirect costs), interest expense and real estate taxes associated with properties, or portions thereof, undergoing development or redevelopment activities. In capitalizing interest expense, if there is a specific debt for a property undergoing development or redevelopment activities, we apply the interest rate of that debt to the average accumulated expenditures that do not exceed such debt; for the portion of expenditures exceeding any such specific debt, we apply our weighted average interest rate on other debt to the expenditures. We continue to capitalize costs while development or redevelopment activities are underway until a property becomes "operational," which occurs when lease terms commence (generally when the tenant has control of the leased space and we have delivered the premises to the tenant as required under the terms of such lease), but no later than one year after the cessation of major construction activities. When leases commence on portions of a newly-developed or redeveloped property in the period prior to one year from the cessation of major construction activities, we consider that property to be "partially operational." When a property is partially operational, we allocate the costs associated with the property between the portion that is operational and the portion under development. We start depreciating costs associated with newly-developed or redeveloped properties as they become operational. For newly-developed properties, we classify improvements provided under the terms of a lease that are deemed to be landlord assets (as discussed further below) as new building development costs.

Most of our leases provide for some form of improvements to leased space. When we are required to provide improvements under the terms of a lease, we determine whether the improvements constitute landlord assets or tenant assets. If the improvements are landlord assets, we capitalize the cost of the improvements and recognize depreciation expense over the estimated useful lives of the assets as discussed below. We recognize any payments from the tenant for such assets as lease revenue over the term of the lease. If the improvements are tenant assets associated with an operating lease, we defer the costs funded by us as a lease incentive asset and amortize it as a reduction of rental revenue over the term of the lease. In determining whether improvements constitute landlord or tenant assets, we consider numerous factors, including whether the economic substance of the lease terms is properly reflected and whether the improvements: have value to us as real estate; are unique to the tenant or reusable by other tenants; may be altered or removed by the tenant without our consent or without compensating us for any lost fair value; or are owned, and remain, with us or the tenant at the end of the lease term.

We depreciate our fixed assets using the straight-line method over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings and building improvements	10-40 years
Land improvements	10-20 years
Tenant improvements on operating properties	Shorter of remaining useful lives of assets or related lease term
Equipment and personal property	3-10 years

We report properties disposed or classified as held for sale as discontinued operations when the disposition represents a strategic shift having a major effect on our operations and financial results (such as a disposition of a reportable segment or sub-segment or major line of business). For discontinued operations, we classify for all periods presented the associated: assets as held for sale on our consolidated balance sheets; and results of operations as discontinued operations on our consolidated statements of operations (including interest expense on debt specifically identifiable to such components).

For periods in which a property not reported as discontinued operations is classified as held for sale, we classify the assets of the property's asset group as held for sale on our consolidated balance sheets.

Sales of Properties

We recognize gains from sales of consolidated interests in properties when we transfer control of such interests.

Impairment of Properties

We assess the asset groups associated with each of our properties, including operating properties, properties in development, land held for future development, related intangible assets and liabilities, deferred leasing costs, right-of-use assets, deferred rents receivable and lease liabilities, for indicators of impairment quarterly or when circumstances indicate that an asset group may be impaired. If our analyses indicate that the carrying values of certain properties' asset groups may be impaired, we perform a recovery analysis for such asset groups. For properties to be held and used, we analyze recoverability based on the estimated undiscounted future cash flows expected to be generated from the operations and eventual disposition of the properties over, in most cases, a ten-year holding period. If we believe it is more likely than not that we will dispose of the properties earlier, we analyze recoverability using a probability weighted analysis of the estimated undiscounted future cash flows expected to be generated from the operations and eventual disposition of the properties over the various possible holding periods. If the analysis indicates that the carrying value of a tested property's asset group is not recoverable from its estimated future cash flows, the property's asset group is written down to the property's estimated fair value and an impairment loss is recognized. If and when our plans change, we revise our recoverability analyses to use the cash flows expected from the operations and eventual disposition of such property using holding periods that are consistent with our revised plans; as a result, changes in holding periods may require us to recognize impairment losses.

Fair values are estimated based on contract prices, indicative bids, discounted cash flow analyses or comparable sales analyses. Estimated cash flows used in our impairment analyses are based on our plans for the property and our views of market and economic conditions. The estimates consider items such as current and future market rental and occupancy rates, estimated operating and capital expenditures, leasing commissions, absorption and hold periods and recent sales data for comparable properties; most of these items are influenced by market data obtained from real estate leasing and brokerage firms and our direct experience with the properties and their markets.

When we determine that a property is held for sale, we stop depreciating the property and estimate the property's fair value, net of selling costs; if we then determine that the estimated fair value, net of selling costs, is less than the net carrying value of the property's asset group, we recognize an impairment loss equal to the difference and reduce the net carrying value of the property's asset group.

Acquisition of Operating Properties

Upon completion of operating property acquisitions, we allocate the purchase price and direct transaction-related costs to tangible and intangible assets and liabilities associated with such acquisitions based on their relative fair values. We determine these fair values by using market data and independent appraisals available to us and making numerous estimates and assumptions. We allocate operating property acquisitions to the following components:

- properties based on a valuation performed under the assumption that the property is vacant upon acquisition (the "if-vacant value"). The if-vacant value is allocated based on the valuation performed between land and buildings or, in the case of properties under development, development in progress. We also allocate additional amounts to properties for in-place tenant improvements based on our estimate of improvements per square foot attributable to the remaining non-cancelable terms of the respective in-place leases;
- above- and below-market lease intangible assets or liabilities based on the present value (using an estimated interest rate reflective of the risks associated with the leases acquired) of the difference between: (1) the contractual amounts to be received pursuant to the in-place leases; and (2) our estimate of fair market lease rates for the corresponding spaces, measured over a period equal to the remaining non-cancelable terms of the respective leases. The capitalized above- and below-market lease values are amortized as adjustments to lease revenue over the remaining lease terms of the respective leases, and to renewal periods in the case of below-market leases;
- in-place lease value based on our estimates of: (1) the present value of additional income to be realized as a result of leases being in place on the acquired properties; and (2) costs to execute similar leases. Our estimate of costs to execute similar leases includes leasing commissions, legal and other related costs;
- tenant relationship value based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with that respective tenant. Characteristics we consider in determining these values include the nature and extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors; and

- above- and below-market cost arrangements (such as real estate tax treaties or above- or below-market ground leases) based on the present value of the expected benefit from any such arrangements in place on the property at the time of acquisition.

Leased Assets, as a Lessee

We recognize right-of-use assets and lease liabilities for land and other assets leased by us from third parties for terms of at least one year. We recognize lease expense over lease terms on a straight-line basis for operating leases and on an effective interest method basis for finance leases. In determining right-of-use assets and lease liabilities, we estimate an appropriate incremental borrowing rate on a fully-collateralized basis for the terms of the leases. Since the terms under our land leases are usually significantly longer than the terms of borrowings available to us on a fully-collateralized basis, our estimates of rates for such leases require significant judgment, and consider factors such as estimated interest rates available to us on a fully-collateralized basis for shorter-termed debt and U.S. Treasury rates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments that mature three months or less from when they are purchased. Cash equivalents are reported at cost, which approximates fair value. We maintain our cash in bank accounts in amounts that may exceed federally insured limits at times. We have not experienced any losses on these accounts in the past and believe that we are not exposed to significant credit risk because our accounts are deposited with major financial institutions.

Investments in Marketable Securities

We classify marketable securities as trading securities when we intend to sell such securities in the near term, and classify other marketable securities as available-for-sale securities. We determine the appropriate classification of investments in marketable securities at the acquisition date and re-evaluate the classification at each balance sheet date. We report investments in marketable securities classified as trading securities at fair value, with unrealized gains and losses recognized through earnings; on our consolidated statements of cash flows, we classify cash flows from these securities as operating activities.

Receivables and Credit Losses

We write off receivables when we believe the facts and circumstances indicate that continued pursuit of collection is no longer warranted. When cash is received in connection with receivables for which we have previously recognized credit losses, we recognize reductions in our credit losses.

Lease Revenue

We estimate the collectability of lease revenue and related accounts receivable using judgement based on the credit status and payment history of the related tenants. If we deem that collectability of revenue under a lease is not probable, revenue recognized is limited to the lesser of revenue that would have been recognized if collectability was probable or lease payments collected.

Financial Assets and Other Instruments

We measure credit losses of most financial assets and certain other instruments not measured at fair value through net income using an expected loss model, including for our:

- investing receivables, as disclosed in Note 7;
- tenant notes receivable;
- net investments in sales-type leases;
- other assets comprised of non-lease revenue related accounts receivable (primarily from construction contract services) and contract assets from unbilled construction contract revenue; and
- off-balance sheet credit exposures.

We recognize an estimate of our expected credit losses on these items as an allowance or as a separate liability in the case of off-balance sheet credit exposures. The allowance represents the portion that we do not expect to collect (or loss we expect to incur in the case of off-balance sheet credit exposures) due to credit over the contractual life based on available information relevant to assessing the collectability of cash flows, which includes consideration of past events, current conditions and reasonable and supportable forecasts of future economic conditions (including consideration of asset- or borrower-specific factors). The allowance for expected credit losses reflects the risk of loss, even when that risk is remote. An allowance for credit losses is measured and recorded upon the initial recognition of a financial asset (or off-balance sheet credit exposure),

regardless of whether it is originated or purchased. We update our estimate of expected losses quarterly, considering any cash receipts and changes in risks or assumptions, with resulting adjustments recognized as credit loss expense or recoveries on our consolidated statements of operations (included in the line entitled "interest and other income, net").

Expected credit losses are estimated using historical loss rate information developed for varying classifications of credit risk and contractual lives. Due to our limited quantity of items for which we use the expected loss model and the unique risk characteristics of such items, we individually assign each item a credit risk classification. The credit risk classifications assigned by us are determined based on credit ratings assigned by ratings agencies (as available) or are internally-developed based on available financial information, historical payment experience, credit documentation, other publicly available information and current economic trends. In addition, for our notes receivable from the City of Huntsville disclosed in Note 7, since the risk of credit loss is affected by the economic performance of a real estate development project, we develop probability weighted scenario analyses for varying levels of performance in estimating our credit loss allowance.

When we believe that collection of interest income on an investing or tenant note receivable is not probable, we place the receivable on nonaccrual status, meaning interest income is recognized when payments are received rather than on an accrual basis.

Deferred Leasing Costs

We defer costs incurred to obtain new tenant leases or extend existing tenant leases. We amortize these costs evenly over the lease terms. We classify leasing costs paid as an investing activity on our statements of cash flows since such costs are necessary in order for us to generate long-term future cash flows from our properties. When tenant leases are terminated early, we expense any unamortized deferred leasing costs associated with those leases over the shortened lease term.

Intangible Assets and Deferred Revenue on Property Acquisitions

We amortize intangible assets and deferred revenue on property acquisitions as follows:

Asset Type	Amortization Period	Statement of Operations Location
Above- and below-market leases	Related lease terms	Lease revenue
In-place lease value	Related lease terms	Depreciation and amortization associated with real estate operations
Tenant relationship value	Estimated period of time that tenant will lease space in property	Depreciation and amortization associated with real estate operations

On our consolidated balance sheets, we include intangible assets in the line entitled "prepaid expense and other assets, net" and deferred revenue in the line entitled "deferred revenue associated with operating leases."

Intangible assets on property acquisitions consisted of the following (in thousands):

	December 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease value	$ 137,274	$ 122,897	$ 14,377	$ 124,806	$ 121,091	$ 3,715
Tenant relationship value	51,462	46,453	5,009	53,788	48,008	5,780
Above-market leases	14,806	14,419	387	14,865	13,914	951
Other	759	759	—	1,333	1,081	252
	$ 204,301	$ 184,528	$ 19,773	$ 194,792	$ 184,094	$ 10,698

Deferred Financing Costs

We defer costs of financing arrangements and recognize such costs as interest expense over the related debt terms on a straight-line basis, which approximates the amortization that would occur under the effective interest method of amortization. We expense any unamortized loan costs when loans are retired early or significantly modified. We include deferred costs of financing arrangements as a direct deduction from the related debt liability, except for costs attributable to line-of-credit arrangements and interest rate derivatives, which we include on our consolidated balance sheets in the line entitled "prepaid expenses and other assets, net."

Interest Rate Derivatives

Our primary objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. To accomplish this objective, we use interest rate swaps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for our making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. We use interest rate swaps to hedge the cash flows associated with interest rates on variable-rate debt borrowings. We have also used forward-starting interest rate swaps to hedge the cash flows associated with interest rates on forecasted fixed-rate borrowings. We recognize all derivatives as assets or liabilities on our consolidated balance sheets at fair value.

We defer all changes in the fair value of designated cash flow hedges to accumulated other comprehensive income ("AOCI") or loss ("AOCL"), reclassifying such deferrals to interest expense as interest expense is recognized on the hedged forecasted transactions, and recognize related cash flows as cash flows from operating activities. When an interest rate swap designated as a cash flow hedge no longer qualifies for hedge accounting and the hedged transactions are probable not to occur, we recognize changes in the fair value of the hedge previously deferred to AOCI or AOCL, along with any changes in fair value occurring thereafter, through earnings and, if applicable, related cash flows as cash flows from investing activities. We do not use interest rate derivatives for trading or speculative purposes. We manage counter-party risk by only entering into contracts with major financial institutions based upon their credit ratings and other risk factors.

We use standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost and termination cost in computing the fair value of derivatives at each balance sheet date.

Noncontrolling Interests

Our consolidated noncontrolling interests are comprised of interests in CDPLP not owned by COPT Defense and interests in consolidated real estate joint ventures not owned by us (discussed further in Note 6). We evaluate whether noncontrolling interests are subject to redemption features outside of our control. We classify noncontrolling interests that are currently redeemable for cash at the option of the holders or are probable of becoming redeemable as redeemable noncontrolling interests in the mezzanine section of our consolidated balance sheet. We adjust these interests each period to the greater of their fair value or carrying amount (initial amount as adjusted for allocations of income and losses and contributions and distributions), with a corresponding offset to additional paid-in capital on our consolidated balance sheets. Our other noncontrolling interests are reported in the equity section of our consolidated balance sheets.

Revenue Recognition

Lease and Other Property Revenue

We lease real estate properties, comprised primarily of office properties and data center shells, to third parties. These leases usually include options under which the tenant may renew its lease based on market rates at the time of renewal, which are then typically subject to further negotiation. These leases occasionally provide the tenant with an option to terminate its lease early, usually for a defined termination fee.

Most of our lease revenue is from fixed contractual payments defined under the lease that, in most cases, escalate annually over the term of the lease. Our lease revenue also includes variable lease payments predominantly for tenant reimbursements of property operating expenses and lease termination fees. Property operating expense reimbursement structures vary, with some tenants responsible for all of a property's expenses, while others are responsible for their share of a property's expenses only to the extent such expenses exceed amounts defined in the lease (which are derived from the property's historical expense levels). Lease termination fees in most cases result from a tenant's exercise of an existing right under a lease.

Upon lease commencement, we evaluate leases to determine if they meet criteria set forth in lease accounting guidance for classification as sales-type leases or direct financing leases; if a lease meets none of these criteria, we classify the lease as an operating lease. Upon commencement of sales-type leases, we derecognize the underlying asset, recognizing in its place a net investment in the lease equal to the sum of the lease receivable and the present value of any unguaranteed residual asset and recognize any selling profit or loss created as a result of the difference between those two amounts, less any related deferred initial direct lease costs. Similarly, for direct financing leases, we would derecognize the underlying asset and recognize a net investment in the lease, but, unlike in a sales-type lease, would defer profit and amortize it as interest income over the lease term. Our leases of properties as lessor are predominantly classified as operating leases, for which the underlying asset remains on our balance sheet and is depreciated consistently with other owned assets, with income recognized as described below.

We recognize minimum rents on operating leases, net of abatements, on a straight-line basis over the term of tenant leases. A lease term commences when: (1) the tenant has control of the leased space (legal right to use the property); and (2) we have delivered the premises to the tenant as required under the terms of the lease. The term of a lease includes the

noncancellable periods of the lease along with periods covered by: (1) a tenant option to extend the lease if the tenant is reasonably certain to exercise that option; (2) a tenant option to terminate the lease if the tenant is reasonably certain not to exercise that option; and (3) an option to extend (or not to terminate) the lease in which exercise of the option is controlled by us as the lessor. When assessing the expected lease end date, we use judgment in contemplating the significance of: any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease; and economic incentives for the tenant based on any existing contract, asset, entity or market-based factors associated with the lease. While a significant portion of our portfolio is leased to the USG, and the majority of those leases consist of a series of one-year renewal options, and/or provide for early termination rights, we have concluded that exercise of existing renewal options, or continuation of such leases without exercising early termination rights, is reasonably certain for most of these leases.

We elected a practical expedient available under lease accounting guidance that enables us to combine non-lease components that otherwise would need to be accounted for under revenue accounting guidance (such as tenant reimbursements of property operating expenses) with the associated lease components for our accounting and reporting of operating lease revenue.

We report on our consolidated balance sheets amounts by which our minimum rental revenue recognized on a straight-line basis under leases exceed the contractual rent billings associated with such leases as deferred rent receivable and amounts by which our minimum rental revenue recognized on a straight-line basis under leases are less than the contractual rent billings associated with such leases in liabilities as deferred revenue associated with operating leases.

In connection with a tenant's entry into, or modification of, a lease, if we make cash payments to, or on behalf of, the tenant for purposes other than funding the construction of landlord assets, we generally defer the amount of such payments as lease incentives. As discussed above, when we are required to provide improvements under the terms of a lease, we determine whether the improvements constitute landlord assets or tenant assets. If the improvements are tenant assets associated with an operating lease, we defer the costs funded by us as a lease incentive asset. We amortize lease incentives as a reduction of rental revenue over the term of the lease.

If collectability under a lease is not probable, revenue recognized is limited to the lesser of revenue that would have been recognized if collectability was probable or lease payments collected.

We recognize lease revenue associated with tenant expense recoveries in the same periods in which we incur the related expenses, including tenant reimbursements of property taxes, utilities and other property operating expenses.

We recognize fees received for lease terminations as revenue and write off against such revenue any (1) deferred rents receivable, and (2) deferred revenue, lease incentives and intangible assets that are amortizable into lease revenue associated with such leases; the resulting net amount is the net revenue from the early termination of the leases. When a tenant's lease for space in a property is terminated early but the tenant continues to lease such space under a new or modified lease in the property, the net revenue from the early termination of the lease is recognized evenly over the remaining life of the new or modified lease in place on that property.

Construction Contract and Other Service Revenues

We enter into construction contracts to complete various design and construction services primarily for our USG tenants. The revenues and expenses from these services include primarily subcontracted costs that are reimbursed to us by our customers along with a fee. These services are an ancillary component of our overall operations, with small operating margins relative to the revenue. We review each contract to determine the performance obligations and allocate the transaction price based on the standalone selling price, as discussed further below. We recognize revenue under these contracts as services are performed in an amount that reflects the consideration we expect to receive in exchange for those services. Our performance obligations are satisfied over time as work progresses. Revenue recognition is determined using the input method based on costs incurred as of a point in time relative to the total estimated costs at completion to measure progress towards satisfying our performance obligations. We believe incurred costs of work performed best depicts the transfer of control of the services being transferred to the customer.

In determining whether the performance obligations associated with a construction contract should be accounted for separately versus together, we consider numerous factors that may require significant judgment, including: whether the components contracted are substantially the same with the same pattern of transfer; whether the customer could contract with another party to perform construction based on our design project; and whether the customer can elect not to move forward after the design phase of the contract. Most of our contracts have a single performance obligation as the promise to transfer the services is not separately identifiable from other obligations in the contracts and, therefore, are not distinct. Some contracts have multiple performance obligations, most commonly due to having distinct project phases for design and construction that our customer is managing separately. In these cases, we allocate the transaction price between these performance obligations

based on the relative standalone selling prices, which we determine by evaluating: the relative costs of each performance obligation; the expected operating margins (which typically do not vary significantly between obligations); and amounts set forth in the contracts for each obligation. Contract modifications, such as change orders, are routine for our construction contracts and are generally determined to be additions to the existing performance obligations because they would have been part of the initial performance obligations if they were identified at the initial contract date.

We have three main types of compensation arrangements for our construction contracts: guaranteed maximum price (“GMP”); firm fixed price (“FFP”); and cost-plus fee.

- GMP contracts provide for revenue equal to costs incurred plus a fee equal to a percentage of such costs, up to a maximum contract amount. We generally enter into GMP contracts for projects that are significant in nature based on the size of the project and total fees and with an undefined scope as of the contract date. GMP contracts are lower risk to us than FFP contracts since the costs and revenue move proportionately to one another.
- FFP contracts provide for revenue equal to a fixed fee. These contracts are typically lower in value and scope relative to GMP contracts, and are generally entered into when the scope of the project is well defined. Typically, we assume more risk with FFP contracts than GMP contracts since the revenue is fixed and we could realize losses or less than expected profits if we incur more costs than originally estimated. However, these types of contracts offer the opportunity for additional profits when we complete the work for less than originally estimated.
- Cost-plus fee contracts provide for revenue equal to costs incurred plus a fee equal to a percentage of such costs but, unlike GMP contracts, do not have a maximum contract amount. Similar to GMP contracts, cost-plus fee contracts are low risk to us since the costs and revenue move proportionately to one another.

Construction contract cost estimates are based primarily on contracts in place with subcontractors to complete most of the work, but may also include assumptions, such as performance of subcontractors and cost and availability of materials, to project the outcome of future events over the course of the project. We review and update these estimates regularly as a significant change could affect the profitability of our construction contracts. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method as the modification does not create a new performance obligation. Under this method, the impact of an adjustment to profit recorded to date on a contract is recognized in the period the adjustment is identified. Revenue and profit in future periods are recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on a contract, we recognize the total loss in the quarter it is identified.

Our timing of revenue recognition for construction contracts generally differs from the timing of invoicing to customers. We recognize construction contract revenue as we satisfy our performance obligations. Payment terms and conditions vary by contract type. Under most of our contracts, we bill customers monthly as work progresses in accordance with the contract terms, with payment due in 30 days, although customers occasionally pay in advance of services being provided. We have determined that our contracts generally do not include a significant financing component. The timing of our customer invoicing is for convenience purposes, rather than to provide or receive financing. Additionally, the timing of transfer of our services is often at the discretion of the customer.

Under most of our contracts, we bill customers one month subsequent to revenue recognition, resulting in contract assets representing unbilled construction revenue.

Our contract liabilities consist of advance payments from our customers or billings in excess of construction contract revenue recognized.

Expense Classification

We classify as property operating expenses costs incurred for property taxes, ground rents, utilities, property management, insurance, repairs and exterior and interior maintenance, as well as associated labor and indirect costs.

We classify as general, administrative, leasing and other expenses costs incurred for corporate-level management, public company administration, asset management, leasing, investor relations, marketing, corporate-level insurance, leasing prospects and business development and land carry costs, as well as associated labor and indirect costs.

Share-Based Compensation

We issue four forms of share-based compensation: restricted COPT Defense common shares (“restricted shares”), profit interest units (“PIUs”) (time-based and performance-based), deferred share awards (also known as restricted share units) and performance share units (also known as performance share awards) (“PSUs”). We account for share-based compensation based on the fair value of awards on the grant date; such cost is then recognized over the period during which the employee is required to provide service in exchange for the award. No compensation cost is recognized for equity instruments for which employees do not render the requisite service. We recognize share-based compensation associated with awards that are ultimately expected to vest; as a result, future forfeitures of awards are estimated at the time of grant and revised, if necessary, in

subsequent periods if actual forfeitures differ from those estimates. If an award is voluntarily cancelled by an employee, we recognize the previously unrecognized cost associated with the original award on the date of such cancellation. We capitalize costs associated with share-based compensation attributable to employees engaged in development and redevelopment activities.

We compute the fair value of restricted shares, time-based PIUs ("TB-PIUs") and deferred share awards based on the fair value of COPT Defense common shares on the grant date. We compute the fair value of performance-based PIUs ("PB-PIUs") and PSUs using a Monte Carlo model. Significant assumptions used for that model include the following: the baseline common share value determined based on market value on the grant date; the risk-free interest rate determined based on the U.S. Treasury yield curve in effect at the time of grant; and expected volatility determined based on historical volatility of COPT Defense's common shares.

Income Taxes

COPT Defense elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code. To qualify as a REIT, COPT Defense must meet a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its adjusted taxable income to its shareholders. As a REIT, COPT Defense generally will not be subject to federal income tax on taxable income that it distributes to its shareholders. If COPT Defense fails to qualify as a REIT in any tax year, it will be subject to federal income tax on its taxable income at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years.

For federal income tax purposes, dividends to shareholders may be characterized as ordinary income, capital gains or return of capital. The characterization of dividends paid on COPT Defense's common shares during each of the last three years was as follows:

	For the Years Ended December 31,		
	2025	2024	2023
Ordinary income	97.6%	100.0%	51.0%
Long-term capital gain	2.4%	—%	49.0%

The dividends allocated to each of the above years for federal income tax purposes included dividends on COPT Defense's common shares with a record date during each of those years except for the dividends paid on January 17, 2023 (with a record date of December 30, 2022), which were allocated for federal income tax purposes to 2023.

We distributed all of COPT Defense's REIT taxable income in 2025, 2024 and 2023 and, as a result, did not incur federal income tax in those years.

The net basis of our consolidated assets and liabilities for tax reporting purposes was approximately $238 million higher than the amount reported on our consolidated balance sheet as of December 31, 2025, which was primarily related to differences in basis for net properties and deferred rent receivable.

We are subject to certain state and local income and franchise taxes. The expense associated with these state and local taxes, excluding state income tax, is included in general, administrative, leasing and other expenses and property operating expenses on our consolidated statements of operations. We did not separately state these amounts on our consolidated statements of operations because they are insignificant.

Recent Accounting Pronouncements

Effective January 1, 2025, we adopted guidance issued by the Financial Accounting Standards Board ("FASB") aimed at reducing complexity and diversity in practice in determining whether a profits interest award is accounted for as a share-based payment. Our adoption of this guidance did not change the accounting for any of our share-based compensation award types, and therefore did not affect our consolidated financial statements.

Effective for this 2025 Annual Report on Form 10-K, we adopted guidance issued by the FASB to improve income tax disclosures. This guidance requires enhanced annual disclosures primarily related to existing rate reconciliation and income taxes paid disclosure requirements. This guidance was applied prospectively and did not affect our consolidated financial statements.

In November 2024, the FASB issued guidance requiring disaggregated disclosure of specified information about certain expense categories included in expense line items on the consolidated statements of operations in the notes to the financial statements. This guidance is effective for us for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. Early adoption is permitted. We expect to apply this guidance prospectively to financial

statements issued for reporting periods after the effective date. We are currently assessing the application of this guidance on our future consolidated financial statements.

In July 2025, the FASB issued guidance providing a practical expedient for use in estimating expected credit losses on non-lease revenue related accounts receivable and contract assets. The practical expedient permits an entity to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. The guidance is effective for us for interim and annual periods beginning after December 15, 2025. Early adoption is permitted and the guidance will be applied prospectively. We do not expect this guidance to materially affect our future consolidated financial statements.

3. Fair Value Measurements

Accounting standards define fair value as the exit price, or the amount that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standards also establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy of these inputs is broken down into three levels: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs include (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets and (3) inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is most significant to the fair value measurement.

Recurring Fair Value Measurements

The fair values of our interest rate derivatives are determined using widely accepted valuation techniques, including a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate market data and implied volatilities in such interest rates. While we determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our interest rate derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default. However, as of December 31, 2025 and 2024, we assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivatives and determined that these adjustments were not significant. As a result, we determined that our interest rate derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, other assets (excluding investing receivables) and accounts payable and accrued expenses are reasonable estimates of their fair values because of the short maturities of these instruments. The fair values of our investing receivables, as disclosed in Note 7, were based on the discounted estimated future cash flows of the loans (categorized within Level 3 of the fair value hierarchy); the discount rates used approximate current market rates for loans with similar maturities and credit quality, and the estimated cash payments include scheduled principal and interest payments. For our disclosure of debt fair values in Note 8, we estimated the fair value of our unsecured senior notes based on quoted market rates for our senior notes (categorized within Level 1 of the fair value hierarchy) and estimated the fair value of our other debt based on the discounted estimated future cash payments to be made on such debt (categorized within Level 3 of the fair value hierarchy); the discount rates used approximate current market rates for loans, or groups of loans, with similar maturities and credit quality, and the estimated future payments include scheduled principal and interest payments. Fair value estimates are made as of a specific point in time, are subjective in nature and involve uncertainties and matters of significant judgment.

The table below sets forth our financial assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2025 and 2024 and the hierarchy level of inputs used in measuring their respective fair values under applicable accounting standards (in thousands):

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2025				
Assets (1)				
Interest rate derivatives	$ —	$ 114	$ —	$ 114
Liabilities (2)				
Interest rate derivatives	$ —	$ 7	$ —	$ 7
December 31, 2024				
Assets (1)				
Interest rate derivatives	$ —	$ 1,315	$ —	$ 1,315

(1) Included in the line entitled “prepaid expenses and other assets, net” on our consolidated balance sheets.
(2) Included in the line entitled “other liabilities” on our consolidated balance sheets.

4. Properties, Net

Operating properties, net consisted of the following (in thousands):

	December 31,	
	2025	2024
Land	$ 519,256	$ 495,707
Buildings and improvements	4,663,198	4,395,063
Less: Accumulated depreciation	(1,682,367)	(1,537,293)
Operating properties, net	$ 3,500,087	$ 3,353,477

2025 Acquisition

On October 30, 2025, we acquired 15050 Conference Center Drive, a 142,000 square foot operating office property in Chantilly, Virginia (included in the NoVA Defense/IT sub-segment of our Defense/IT Portfolio reportable segment) that was 100% leased, for a gross purchase price of $40.0 million, or $32.6 million net of a $7.4 million purchase price credit for an unpaid tenant improvement allowance.

The table below sets forth the allocation of the purchase price and transaction costs associated with the acquisition (in thousands):

Land, operating properties	$ 10,943
Building and improvements	9,357
Intangible assets on real estate acquisition (1)	13,344
Total assets	$ 33,644
Below-market leases	(767)
Total acquisition cost	$ 32,877

(1) Represents in-place lease value with an amortization period of 9.8 years associated with the acquisition.

2024 Acquisitions

In 2024, we acquired the following operating office properties:

- 6841 Benjamin Franklin Drive, a 202,000 square foot property in Columbia, Maryland (included in the Fort Meade/BW Corridor sub-segment of our Defense/IT Portfolio reportable segment) that was 56% leased, for a purchase price of $15.0 million on March 15, 2024; and
- 3900 Rogers Road, an 80,000 square foot property in San Antonio, Texas (included in the Lackland Air Force Base sub-segment of our Defense/IT Portfolio reportable segment) that was vacant on the acquisition date and subsequently leased in full, for a purchase price of $17.0 million on September 26, 2024.

The table below sets forth the allocation of the aggregate purchase price and transaction costs associated with these acquisitions (in thousands):

Land, operating properties	$ 8,361
Building and improvements	16,635
Intangible assets on real estate acquisitions	7,248
Total acquisition cost	$ 32,244

Intangible assets recorded in connection with these acquisitions included the following (dollars in thousands):

		Weighted Average Amortization Period (in Years)
Tenant relationship value	$ 3,752	12.4
In-place lease value	2,229	2.4
Above-market leases	1,267	2.4
	$ 7,248	7.6

2023 Impairments

As part of our closing process for the three months ended September 30, 2023, we conducted our quarterly review of our portfolio of long-lived assets to be held and used for indicators of impairment. As a result of this process, we shortened the expected holding periods for six operating properties in our Other segment and a parcel of land located in Baltimore, Maryland, Northern Virginia and Washington, DC. We determined that the carrying amount of the properties would not likely be recovered from the undiscounted cash flows from the operations and sales of the properties over the shortened holding periods. Accordingly, we recognized impairment losses of $252.8 million on these properties in 2023.

2023 Dispositions

On January 10, 2023, we sold a 90% interest in three data center shell properties in Northern Virginia based on an aggregate property value of $211.3 million and retained a 10% interest in the properties through Redshift JV LLC ("Redshift"), a newly-formed joint venture. Our partner in the joint venture acquired the 90% interest from us for $190.2 million. We account for our interest in the joint venture using the equity method of accounting, as described further in Note 6. We recognized a gain on sale of $49.4 million.

5. Leases

Lessor Arrangements

We lease real estate properties, comprised primarily of office properties and data center shells, to third parties. These leases encompass all, or a portion, of properties, with various expiration dates. Our lease revenue is comprised of: fixed-lease revenue, including contractual rent billings under leases recognized on a straight-line basis over lease terms and amortization of lease incentives and above- and below-market lease intangibles; and variable-lease revenue, including tenant expense recoveries, lease termination revenue and other revenue from tenants that is not fixed under leases. The table below sets forth our composition of lease revenue recognized between fixed- and variable-lease revenue (in thousands):

	For the Years Ended December 31,		
Lease revenue	**2025**	**2024**	**2023**
Fixed	$ 543,300	$ 513,461	$ 478,585
Variable	170,880	157,905	141,262
	$ 714,180	$ 671,366	$ 619,847

A significant concentration of our lease revenue was earned from our largest tenant, the USG, including 37% of our total lease revenue in 2025, 2024 and 2023 and 26% in 2025 and 27% in 2024 and 2023 of our fixed-lease revenue. Our lease revenue from the USG was earned primarily from properties in the Fort George G. Meade and the Baltimore/Washington Corridor ("Fort Meade/BW Corridor"), Lackland Air Force Base and Northern Virginia Defense/IT ("NoVA Defense/IT") reportable sub-segments (see Note 13).

Fixed contractual payments due under our property leases were as follows (in thousands):

	As of December 31, 2025	
Year Ending December 31,	**Operating leases**	**Sales-type leases**
2026	$ 506,290	$ 960
2027	479,574	960
2028	407,473	960
2029	337,270	960
2030	268,762	675
Thereafter	1,284,857	—
Total contractual payments	$ 3,284,226	4,515
Less: Amount representing interest		(685)
Net investment in sales-type leases (1)		$ 3,830

(1) Included in the line entitled “prepaid expenses and other assets, net” on our consolidated balance sheet.

Lessee Arrangements

As of December 31, 2025, our balance sheet included $55.8 million in right-of-use assets associated primarily with land leased from third parties underlying certain properties that we are operating. The land leases have long durations with remaining terms ranging from 23 to 75 years (excluding extension options). As of December 31, 2025, our right-of-use assets included:

- $17.3 million for land in a business park in Huntsville, Alabama under 26 leases through our LW Redstone Company, LLC joint venture, with remaining terms ranging from 37 to 49 years and options to renew for an additional 25 years that were not included in the term used in determining the asset balance;
- $12.0 million for data center space in Phoenix, Arizona with a remaining term of two years;
- $9.1 million for land underlying operating office properties in Washington, DC under two leases with remaining terms of approximately 74 years;
- $6.3 million for land underlying a parking garage in Baltimore, Maryland under a lease with a remaining term of 23 years and an option to renew for an additional 49 years that was included in the term used in determining the asset balance;
- $8.7 million for land in a research park in College Park, Maryland under five leases through our M Square Associates, LLC joint venture, all of the rent on which was previously paid. These leases had remaining terms ranging from 57 to 75 years; and
- $2.0 million for other land underlying operating properties in our Fort Meade/BW Corridor sub-segment under two leases with remaining terms of approximately 42 years, all of the rent on which was previously paid.

The table below sets forth our property right-of-use assets and property lease liabilities on our consolidated balance sheets (in thousands):

		As of December 31,	
Leases	**Balance Sheet Location**	**2025**	**2024**
Right-of-use assets			
Operating leases - Property	Property - operating lease right-of-use assets	$ 50,383	$ 55,760
Finance leases - Property	Prepaid expenses and other assets, net	5,373	2,491
Total right-of-use assets		$ 55,756	$ 58,251
Lease liabilities			
Operating leases - Property	Property - operating lease liabilities	$ 45,012	$ 49,240
Finance leases - Property	Other liabilities	363	391
Total lease liabilities		$ 45,375	$ 49,631

As of December 31, 2025, our operating leases had a weighted average remaining lease term of 41 years and a weighted average discount rate of 7.4%, while our finance leases had a weighted average remaining lease term of seven years and a weighted average discount rate of 9.1%. The table below presents our total property lease cost (in thousands):

Lease cost	Statement of Operations Location	For the Years Ended December 31, 2025	2024	2023
Operating lease cost				
Property leases - fixed	Property operating expenses	$ 9,088	$ 7,845	$ 6,955
Property leases - variable	Property operating expenses	108	246	66
Finance lease cost				
Amortization of property right-of-use assets	Property operating expenses	76	74	76
Interest on lease liabilities	Interest expense	35	37	42
		$ 9,307	$ 8,202	$ 7,139

The table below presents the effect of property lease payments on our consolidated statements of cash flows (in thousands):

Supplemental cash flow information	For the Years Ended December 31, 2025	2024	2023
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows for operating leases	$ 7,940	$ 7,002	$ 6,056
Operating cash flows for finance leases	$ 35	$ 37	$ 42
Financing cash flows for finance leases	$ 28	$ 24	$ 20

Payments on property leases were due as follows (in thousands):

Year Ending December 31,	December 31, 2025 Operating Leases	Finance Leases
2026	$ 8,218	$ 65
2027	8,418	67
2028	2,838	69
2029	2,094	71
2030	2,129	73
Thereafter	151,870	153
Total lease payments	175,567	498
Less: Amount representing interest	(130,555)	(135)
Lease liability	$ 45,012	$ 363

6. Real Estate Joint Ventures

Consolidated Real Estate Joint Ventures

The table below sets forth information pertaining to our investments in consolidated real estate joint ventures, which are each variable interest entities (dollars in thousands):

Entity	Date Formed	Nominal Ownership %	Location	December 31, 2025 Total Assets	Encumbered Assets	Total Liabilities	Mortgage Debt
LW Redstone Company, LLC (1)	3/23/2010	85%	Huntsville, AL	$ 758,799	$ 33,119	$ 61,581	$ —
Stevens Investors, LLC	8/11/2015	95%	Washington, DC	141,077	—	2,444	—
M Square Associates, LLC	6/26/2007	50%	College Park, MD	103,856	54,348	48,592	46,189
				$1,003,732	$ 87,467	$ 112,617	$ 46,189

(1) As discussed below, we fund all capital requirements. Our partner receives distributions of $1.2 million of annual operating cash flows, plus certain fees for leasing and development, and we receive the remainder.

Each of these joint ventures is engaged in the development and/or operation of real estate. We consolidate these joint ventures because of our: (1) power to direct the matters that most significantly impact their activities, including development, leasing and management of their properties; and (2) right to receive returns on our fundings and, in many cases, the obligation to fund the

activities of the ventures to the extent that third-party financing is not obtained, both of which potentially could be significant. With regard to these joint ventures:

- for LW Redstone Company, LLC, we have funded $75.3 million in infrastructure costs through December 31, 2025 (excluding accrued interest thereon), which are due to be reimbursed by the City of Huntsville as discussed further in Note 7. We also have funded development costs through equity contributions to the extent that third party financing was not obtained, and expect to continue to do so in the future. Our partner was credited with $9.0 million in invested capital upon formation and is not required to make, nor has it made, additional equity contributions. Cash flows are generally distributed to the partners as follows: (1) debt service on member loans; (2) cumulative preferred returns of 13.5% on our partner's invested capital; (3) cumulative preferred returns of 13.5% on our invested capital; (4) return of our invested capital; (5) return of our partner's invested capital; and (6) any remaining residual 85% to us and 15% to our partner. Our partner has the right to require us to acquire its interest for fair value; accordingly, we classify the fair value of our partner's interest as redeemable noncontrolling interests in the mezzanine section of our consolidated balance sheets. We have the right to acquire our partner's interest at fair value upon the earlier of five years following the project's achievement of a construction commencement threshold of 4.4 million square feet or March 2040; the project had achieved approximately 2.8 million square feet of construction commencement through December 31, 2025. Our partner has the right to receive some or all of the consideration for the acquisition of its interests in the form of common units in CDPLP;
- for Stevens Investors, LLC, net cash flows of this entity are distributed to the partners as follows: (1) member loans and accrued interest; (2) pro rata return of the partners' capital; (3) pro rata return of the partners' respective unpaid preferred returns; and (4) varying splits of 85% to 60% to us and the balance to our partners as we reach specified return hurdles. Our partners had the right to require us to acquire some or all of their interests for fair value until June 2023; accordingly, we classified the fair value of our partners' interests as redeemable noncontrolling interests in the mezzanine section of our consolidated balance sheets until such rights expired in June 2023. We and our partners each have the right to acquire each other's interests at fair value. Our partners have the right to receive some or all of the consideration for the acquisition of their interests in the form of common units in CDPLP; and
- for M Square Associates, LLC, net cash flows of this entity are distributed to the partners as follows: (1) member loans and accrued interest; (2) our capital contributions used to fund infrastructure costs and 10% preferred return thereon; (3) the partners' capital contributions used to fund all other costs and 10% preferred return thereon in proportion to their respective accrued returns and capital accounts; and (4) residual amounts distributed 50% to each member.

We disclose the activity of our redeemable noncontrolling interests in Note 10.

Unconsolidated Real Estate Joint Ventures

The table below sets forth information pertaining to our investments in unconsolidated real estate joint ventures accounted for using the equity method of accounting (dollars in thousands):

Entity	Date Formed	Nominal Ownership %	Number of Properties	Carrying Value of Investment as of December 31 (1), 2025	2024
Redshift (2)	1/10/2023	10%	3	$ 20,767	$ 20,921
BREIT COPT DC JV LLC	6/20/2019	10%	9	8,941	9,584
Quark JV LLC	12/14/2022	10%	2	6,660	6,706
B RE COPT DC JV III LLC	6/2/2021	10%	2	(600)	2,149
B RE COPT DC JV II LLC (3)	10/30/2020	10%	8	(22,243)	(3,409)
			24	$ 13,525	$ 35,951

(1) Included $36.4 million and $39.4 million reported in "investment in unconsolidated real estate joint ventures" and $22.8 million and $3.4 million for investments with deficit balances reported in "other liabilities" on our consolidated balance sheets as of December 31, 2025 and 2024, respectively. Investments with deficit balances are attributable to JV distributions of nonrecourse debt refinancing proceeds in excess of our equity in B RE COPT DC JV III LLC and B RE COPT DC JV II LLC; we are obligated to fund our share of future cash flow requirements of these joint ventures.
(2) Formed in connection with the transaction described further in Note 4.
(3) Our investment in B RE COPT DC JV II LLC was lower than our share of the joint venture's equity by $6.5 million as of December 31, 2025 and $6.7 million as of December 31, 2024 due to a difference between our cost basis and our share of the joint venture's underlying equity in its net assets. We recognize adjustments to our share of the joint venture's earnings and losses resulting from this basis difference in the underlying assets of the joint venture.

These joint ventures operate triple-net leased, single-tenant data center shell properties in Northern Virginia. We concluded that these joint ventures are variable interest entities. Under the terms of the joint venture agreements, we and our partners receive returns in proportion to our investments, and our maximum exposure to losses is limited to our investments, subject to our share of certain indemnification obligations with respect to nonrecourse debt secured by the properties. The nature of our involvement in the activities of the joint ventures do not give us power over decisions that significantly affect their economic performance.

7. Investing Receivables

Investing receivables consisted of the following (in thousands):

	December 31,	
	2025	2024
Notes receivable from the City of Huntsville	$ 64,461	$ 69,241
Other investing loans receivable	8,970	3,231
Amortized cost basis	73,431	72,472
Allowance for credit losses	(3,575)	(2,792)
Investing receivables, net	$ 69,856	$ 69,680

The balances above included accrued interest receivable, net of allowance for credit losses, of $3.8 million as of December 31, 2025 and $3.2 million as of December 31, 2024.

Our notes receivable from the City of Huntsville funded infrastructure costs in connection with our LW Redstone Company, LLC joint venture (see Note 6) and carry an interest rate of 9.95%. These notes and the accrued and unpaid interest thereon, which compounds annually on March 1, will be repaid using the real estate taxes generated by the properties developed by the joint venture. When these tax revenues are sufficient to cover the debt service on a certain increment of municipal bonds, the City of Huntsville is required to issue bonds to repay the notes and the accrued and unpaid interest thereon. The city made payments on these notes and accrued interest thereon totaling $12.7 million in 2025, $17.6 million in 2024 and $820,000 in 2023. Each note has a maturity date of the earlier of 30 years from the date issued or the expiration of the tax increment district comprising the developed properties in 2045.

Our other investing loan receivable as of December 31, 2025 carries an effective interest rate of 12.0% and matures in early 2026.

The fair value of these receivables was approximately $73 million as of December 31, 2025 and $72 million as of December 31, 2024.

8. Debt, Net

Debt Summary

Our debt consisted of the following (dollars in thousands):

	Carrying Value (1) as of December 31,		December 31, 2025	
	2025	2024	Stated Interest Rates	Scheduled Maturity
Mortgage and Other Secured Debt				
Fixed-rate mortgage debt	$ 36,064	$ 37,130	3.82%	June 2026
Variable-rate secured debt	10,125	32,471	SOFR + 0.10% + 1.45% (2)	August 2026
Revolving Development Facility (3)	96,000	—	SOFR + 1.25% to 1.90% (4)	October 2029 (3)
Total mortgage and other secured debt	142,189	69,601		
Revolving Credit Facility (3)	54,000	75,000	SOFR + 0.725% to 1.400% (5)	October 2029 (3)
Term loan facility (3)	49,911	124,633	SOFR + 0.850% to 1.700% (6)	January 2027 (3)
Unsecured Senior Notes (3)				
2.25%, $400,000 aggregate principal	399,812	398,699	2.25% (7)	March 2026
5.25%, $345,000 aggregate principal	339,470	337,588	5.25% (8)	September 2028
2.00%, $400,000 aggregate principal	398,459	397,961	2.00% (9)	January 2029
4.50%, $400,000 aggregate principal	394,326	—	4.50% (10)	October 2030
2.75%, $600,000 aggregate principal	593,476	592,330	2.75% (11)	April 2031
2.90%, $400,000 aggregate principal	396,130	395,692	2.90% (12)	December 2033
Unsecured note payable	61	251	0% (13)	May 2026
Total debt, net	$ 2,767,834	$ 2,391,755		

(1) The carrying values of our debt other than the Revolving Development Facility and Revolving Credit Facility reflect net deferred financing costs of $4.1 million as of December 31, 2025 and $4.0 million as of December 31, 2024.
(2) Including the effect of an interest rate swap that hedges the risk of interest rate changes, the weighted average interest rate on our variable-rate secured debt as of December 31, 2025 was 3.1%; excluding the effect of this swap, the weighted average interest rate on this debt as of December 31, 2025 was 5.2%.
(3) Refer to the paragraphs below for further disclosure.
(4) The weighted average interest rate on the Revolving Development Facility was 5.1% as of December 31, 2025, excluding the effect of interest rate swaps that hedge the risk of interest rate changes (see Note 9).
(5) The weighted average interest rate on the Revolving Credit Facility was 4.6% as of December 31, 2025, excluding the effect of interest rate swaps that hedge the risk of interest rate changes (see Note 9).
(6) The interest rate on this loan was 4.9% as of December 31, 2025, excluding the effect of interest rate swaps that hedge the risk of interest rate changes (see Note 9).
(7) The carrying value of these notes reflects unamortized discounts and commissions totaling $153,000 as of December 31, 2025 and $1.1 million as of December 31, 2024. The effective interest rate under the notes, including amortization of such costs, was 2.5%.
(8) As discussed below, these notes have an exchange settlement feature under which the notes may, under certain circumstances, be exchangeable at the option of the holders. The carrying value of these notes reflects unamortized commissions totaling $4.9 million as of December 31, 2025 and $6.6 million as of December 31, 2024. The effective interest rate under the notes, including amortization of such costs, was 5.8%.
(9) The carrying value of these notes reflects unamortized discounts and commissions totaling $1.1 million as of December 31, 2025 and $1.5 million as of December 31, 2024. The effective interest rate under the notes, including amortization of such costs, was 2.1%.
(10) The carrying value of these notes reflects unamortized discounts and commissions totaling $4.3 million as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 4.8%.
(11) The carrying value of these notes reflects unamortized discounts and commissions totaling $5.7 million as of December 31, 2025 and $6.7 million as of December 31, 2024. The effective interest rate under the notes, including amortization of such costs, was 2.9%.
(12) The carrying value of these notes reflects unamortized discounts and commissions totaling $3.2 million as of December 31, 2025 and $3.5 million as of December 31, 2024. The effective interest rate under the notes, including amortization of such costs, was 3.0%.
(13) This note carries an interest rate that, upon assumption, was below market rates and it therefore was recorded at its fair value based on applicable effective interest rates. The carrying value of this note reflects an unamortized discount totaling $1,000 as of December 31, 2025 and $10,000 as of December 31, 2024.

All debt is owed by the Operating Partnership. While COPT Defense is not directly obligated by any debt, it has guaranteed CDPLP's Revolving Development Facility, Revolving Credit Facility, term loan facility and Unsecured Senior Notes. As of December 31, 2025, all of our mortgage and other secured debt was for consolidated real estate joint ventures (see Note 6), except for our Revolving Development Facility.

Certain of our debt instruments require that we comply with a number of restrictive financial covenants, including corporate leverage ratio, unencumbered leverage ratio, minimum fixed charge coverage ratio, minimum unencumbered interest coverage ratio, minimum debt service and maximum secured indebtedness ratio. In addition, the terms of some of CDPLP's debt may limit its ability to make certain types of payments and distributions to COPT Defense in the event of default or when such payments or distributions may prompt failure of debt covenants, excluding distributions required to maintain COPT Defense's qualification as a REIT. As of December 31, 2025, we were compliant with these financial covenants.

Our debt matures on the following schedule (in thousands):

Year Ending December 31,	December 31, 2025
2026	$ 446,300
2027	50,000
2028	345,000
2029	550,000
2030	400,000
Thereafter	1,000,000
Total	$ 2,791,300 (1)

(1) Represents scheduled principal amortization and maturities only and therefore excludes net discounts and deferred financing costs of $23.5 million.

We capitalized interest costs of $5.2 million in 2025, $2.9 million in 2024 and $4.5 million in 2023.

The following table sets forth information pertaining to the fair value of our debt (in thousands):

	December 31, 2025		December 31, 2024	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Fixed-rate debt				
Unsecured Senior Notes	$ 2,521,673	$ 2,438,332	$ 2,122,270	$ 1,946,905
Other fixed-rate debt	36,125	35,649	37,381	35,841
Variable-rate debt	210,036	211,505	232,104	232,768
	$ 2,767,834	$ 2,685,486	$ 2,391,755	$ 2,215,514

Revolving Development Facility

On October 16, 2025, we entered into a credit agreement for a secured revolving line of credit that we expect to use to fund property development activities (the "Revolving Development Facility"). The agreement provides for an initial aggregate commitment by the lender of $200.0 million. The facility matures on October 16, 2029, with the ability to extend such maturity by a 12-month period at our option, provided that there is no default under the facility and we pay an extension fee of 0.250% of the total amount available under the facility. The interest rate on the facility is based on the Secured Overnight Financing Rate ("SOFR") plus 1.250% to 1.900%, as determined by the credit ratings assigned to CDPLP by S&P Global Ratings, Moody's Investors Service, Inc. or Fitch Ratings, Inc. (collectively, the "Ratings Agencies") or otherwise specified under the agreement. The facility also carries a quarterly fee that is based on the lenders' commitment multiplied by a per annum rate of 0.125% to 0.300%, as determined by the credit ratings assigned to CDPLP by the Ratings Agencies or otherwise specified under the agreement. As of December 31, 2025, the maximum borrowing capacity under our Revolving Development Facility totaled $200.0 million, of which $104.0 million was available.

In 2025, weighted average borrowings totaled $123.4 million and the weighted average interest rate was 5.3% under our Revolving Development Facility.

Revolving Credit Facility and Term Loan Facility

On October 6, 2025, we entered into an amendment to an existing credit agreement with a group of lenders for an unsecured revolving credit facility (the "Revolving Credit Facility"), and which also provided for a $125.0 million term loan facility. The resulting amended credit agreement (the "Amended Credit Agreement") includes the following provisions:

- for the Revolving Credit Facility:
    - an aggregate commitment by the lenders of $800.0 million (increased from $600.0 million);

  - an interest rate based on SOFR plus 0.725% to 1.400%, as determined by the credit ratings assigned to CDPLP by the Ratings Agencies or otherwise specified under the Amended Credit Agreement, with no SOFR transition charge;
  - a quarterly fee based on the lenders' commitment under the facility multiplied by a per annum rate of 0.125% to 0.300%, as determined by the credit ratings assigned to CDPLP by the Ratings Agencies or otherwise specified under the Amended Credit Agreement; and
  - an extension of the maturity date from October 26, 2026 to October 5, 2029, with the ability for us to extend such maturity by two six-month periods at our option, provided that there is no default under the Amended Credit Agreement and we pay an extension fee of 0.0625% of the total availability under the facility for each extension period; and
- for the term loan facility:
  - an interest rate based on SOFR plus 0.850% to 1.700%, as determined by the credit ratings assigned to CDPLP by the Ratings Agencies or otherwise specified under the Amended Credit Agreement, with no SOFR transition charge; and
  - maintained the facility's maturity date and extension option terms. The facility matures on January 30, 2027, with the ability for us to extend such maturity by a 12-month period at our option, provided that there is no default under the Amended Credit Agreement and we pay an extension fee of 0.125% of the outstanding term loans under the agreement for each extension period.

As of December 31, 2025, the maximum borrowing capacity under our Revolving Credit Facility totaled $800.0 million, of which $746.0 million was available.

Weighted average borrowings under our Revolving Credit Facility totaled $100.9 million in 2025 and $78.3 million in 2024. The weighted average interest rate on our Revolving Credit Facility was 5.4% in 2025 and 6.3% in 2024, excluding the effect of interest rate swaps that hedge the risk of interest rate changes.

We repaid $75.0 million of our term loan facility in the fourth quarter of 2025.

Unsecured Senior Notes

During 2023 and 2025, we issued the following unsecured senior notes:

- $345.0 million of 5.25% Exchangeable Senior Notes due 2028 (the "5.25% Notes") on September 12, 2023 in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, resulting in proceeds, after deducting the initial purchasers' commissions, but before other offering expenses, of $336.4 million. The notes mature on September 15, 2028; and
- $400.0 million of 4.50% Senior Notes due 2030 (the "4.50% Notes") at an initial offering price of 99.46% of their face value on October 2, 2025. The proceeds from this issuance, after deducting underwriting discounts and commissions, but before other offering expenses, were $395.5 million. The notes mature on October 15, 2030.

With regard to the 5.25% Notes:

- prior to the close of business on the business day immediately preceding June 15, 2028, the notes will be exchangeable at the option of the noteholders only in the event of certain circumstances and during certain periods defined under the terms of the notes. On or after June 15, 2028, the notes will be exchangeable at the option of the holders at any time prior to the close of business on the business day immediately preceding the maturity date. Upon exchange, the principal amount of notes is payable in cash. The remainder of the exchange obligation, if any, as determined based on the exchange price per common share at the time of settlement, is payable in cash, common shares or a combination thereof at our election. The exchange rate of the notes initially equaled 33.3739 of our common shares per $1,000 principal amount of notes (equivalent to an initial exchange price of approximately $29.96 per common share) and is subject to adjustment upon the occurrence of some events, but will not be adjusted for any accrued and unpaid interest. As of December 31, 2025, the exchange rate of the notes equaled 33.5201 of our common shares per $1,000 principal amount of notes (equivalent to an exchange price of approximately $29.83 per common share);
- we may redeem the notes at our option, in whole or in part, on any business day on or after September 21, 2026, and prior to the 51st scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common shares has been at least 130% of the exchange price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. The redemption price will be equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date; and
- the table below sets forth interest expense recognized on the notes (in thousands):

	For the Years Ended December 31,	
	2025	2024
Interest expense at stated interest rate	$ 18,113	$ 18,113
Interest expense associated with amortization of debt discount and issuance costs	1,653	1,560
Total	$ 19,766	$ 19,673

We may redeem our 2.25% Senior Notes due 2026 (the "2.25% Notes"), 2.00% Senior Notes due 2029 (the "2.00% Notes"), 4.50% Notes, 2.75% Senior Notes due 2031 (the "2.75% Notes") and 2.90% Senior Notes due 2033 (the "2.90% Notes") in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of (1) the aggregate principal amount of the notes being redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted, on a semi-annual basis at an adjusted treasury rate plus a spread (35 basis points for the 2.25% Notes, 20 basis points for the 2.00% Notes,15 basis points for the 4.50% Notes, 25 basis points for the 2.75% Notes and 25 basis points for the 2.90% Notes), plus, in each case, accrued and unpaid interest thereon to the date of redemption. However, in each case, if this redemption occurs on or after a defined date (February 15, 2026 for the 2.25% Notes, November 15, 2028 for the 2.00% Notes, September 15, 2030 for the 4.50% Notes, January 15, 2031 for the 2.75% Notes and September 1, 2033 for the 2.90% Notes), the redemption price will be equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date.

Our unsecured senior notes are unconditionally guaranteed by COPT Defense.

9. Interest Rate Derivatives

The following table sets forth the key terms and fair values of our interest rate swap derivatives (dollars in thousands):

Notional Amount	Fixed Rate	Floating Rate Index	Effective Date	Expiration Date	Fair Value at December 31, 2025	Fair Value at December 31, 2024
$ 150,000	3.742%	One-Month SOFR	2/1/2023	2/2/2026	$ (5)	$ 550
$ 50,000	3.747%	One-Month SOFR	2/1/2023	2/2/2026	(2)	181
$ 10,160 (1)	1.678%	SOFR + 0.10%	8/1/2019	8/1/2026	114	387
$ 22,100	0.573%	SOFR + 0.10%	4/1/2020	3/26/2025	—	197
					$ 107	$ 1,315

(1) The notional amount of this instrument is scheduled to amortize to $10.0 million.

Each of these swaps was designated as a cash flow hedge of interest rate risk.

The table below sets forth the fair value of our interest rate derivatives as well as their classification on our consolidated balance sheets (in thousands):

Derivatives	Balance Sheet Location	Fair Value at December 31, 2025	Fair Value at December 31, 2024
Interest rate swaps designated as cash flow hedges	Prepaid expenses and other assets, net	$ 114	$ 1,315
Interest rate swaps designated as cash flow hedges	Other liabilities	$ (7)	$ —

The table below presents the effect of our interest rate derivatives on our consolidated statements of operations and comprehensive income (in thousands):

	Amount of Income Recognized in AOCI on Derivatives			Amount of Income Reclassified from AOCI into Interest Expense on Statement of Operations		
	For the Years Ended December 31,			For the Years Ended December 31,		
Derivatives in Hedging Relationships	2025	2024	2023	2025	2024	2023
Interest rate derivatives	$ 283	$ 3,087	$ 3,827	$ 1,491	$ 4,330	$ 3,900

Based on the fair value of our derivatives as of December 31, 2025, we estimate that approximately $107,000 of net gains will be reclassified from AOCI as a decrease to interest expense over the next 12 months.

We have agreements with each of our interest rate derivative counterparties that contain provisions under which, if we default or are capable of being declared in default on defined levels of our indebtedness, we could also be declared in default on

our derivative obligations. Failure to comply with the loan covenant provisions could result in our being declared in default on any derivative instrument obligations covered by the agreements. As of December 31, 2025, we were not in default with any of these provisions. As of December 31, 2025, the fair value of interest rate derivatives in a liability position related to these agreements was $7,000, excluding the effects of accrued interest and credit valuation adjustments. As of December 31, 2025, we had not posted any collateral related to these agreements.

10. Redeemable Noncontrolling Interests

As discussed further in Note 6, redeemable noncontrolling interests on our consolidated balance sheets included the ownership interests of our partners in LW Redstone Company, LLC, and until June 2023 also included Stevens Investors, LLC, due to the partners' rights to require us to acquire their interests. Effective in June 2023, these rights expired for our Stevens Investors, LLC partners, which resulted in our reclassification of their interests from redeemable noncontrolling interests to the noncontrolling interests in subsidiaries section of equity. The table below sets forth the activity for redeemable noncontrolling interests (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
Beginning balance	$ 23,974	$ 23,580	$ 26,293
Distributions to noncontrolling interests	(3,156)	(1,962)	(2,569)
Net income attributable to noncontrolling interests	3,156	1,962	2,454
Adjustment for changes in fair value of interests	1,532	394	72
Reclassification of Stevens Investors, LLC interests to equity	—	—	(2,670)
Ending balance	$ 25,506	$ 23,974	$ 23,580

We determine the fair value of the interests based on unobservable inputs after considering the assumptions that market participants would make in pricing the interest. We apply a discount rate to the estimated future cash flows allocable to our partners from the properties underlying the respective joint ventures. Estimated cash flows used in such analyses are based on our plans for the properties and our views of market and economic conditions, and consider items such as current and future rental rates, occupancy projections and estimated operating and development expenditures.

11. Equity

Preferred Shares

As of December 31, 2025, we had 25.0 million preferred shares authorized and unissued at $0.01 par value per share.

Common Shares

In May 2022, we entered into an at-the-market ("ATM") stock offering program under which we may offer and sell common shares in at-the-market stock offerings having an aggregate gross sales price of up to $300 million and may also, at our discretion, sell common shares under forward equity sales agreements. As of December 31, 2025, we had not issued any shares under the ATM Program.

Certain CDPLP limited partners converted their common units in CDPLP for an equal number of common shares in the amount of 296,046 in 2025 and 40,000 in 2024.

We declared dividends per common share of $1.22 in 2025 and $1.18 in 2024 and $1.14 in 2023.

We pay dividends at the discretion of our Board of Trustees. Our ability to pay cash dividends will be dependent upon: (1) the cash flow generated from our operations; (2) cash generated or used by our financing and investing activities; and (3) the annual distribution requirements under the REIT provisions of the Internal Revenue Code described in Note 2 and such other factors as the Board of Trustees deems relevant. Our ability to make cash dividends will also be limited by the terms of CDPLP's Partnership Agreement, as well as by limitations imposed by state law. In addition, we are prohibited from paying cash dividends in excess of the amount necessary for us to qualify for taxation as a REIT if a default or event of default exists pursuant to the terms of the credit agreement underlying our Revolving Credit Facility, Revolving Development Facility and term loan facility; this restriction does not currently limit our ability to pay dividends, and we do not believe that this restriction is reasonably likely to limit our ability to pay future dividends because we expect to comply with the terms of this agreement.

See Note 12 for disclosure of common share activity pertaining to our share-based compensation plans.

12. Share-Based Compensation and Other Compensation Matters

Share-Based Compensation Plans

In May 2017, we adopted the 2017 Omnibus Equity and Incentive Plan following the approval of such plan by our common shareholders, and we amended the plan in November 2018 and May 2024. We may issue equity-based awards under this plan to officers, employees, non-employee trustees and any other key persons of us and our subsidiaries, as defined in the plan. The plan provides for a maximum of 6.9 million of our common shares to be issued in the form of options, share appreciation rights, restricted share unit awards, restricted share awards, unrestricted share awards, PIUs, dividend equivalent rights and other equity-based awards and for the granting of cash-based awards. This plan expires on May 11, 2027. Shares for the plan are issued under a registration statement on Form S-8 that became effective upon filing with the Securities and Exchange Commission.

The table below sets forth our reporting for share based compensation cost (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
General, administrative, leasing and other expenses	$ 10,150	$ 9,031	$ 7,255
Property operating expenses	1,543	1,412	1,289
Capitalized to development activities	694	525	576
Share-based compensation cost	$ 12,387	$ 10,968	$ 9,120

The amounts included in our consolidated statements of operations for share-based compensation reflected an estimate of pre-vesting forfeitures of 0% for awards to our executives and non-employee Trustees and 8% to 9% for awards to all other employees.

As of December 31, 2025, unrecognized compensation costs related to unvested awards included:

- $7.3 million on restricted shares expected to be recognized over a weighted average period of approximately three years;
- $5.3 million on PB-PIUs expected to be recognized over a weighted average performance period of approximately two years;
- $3.6 million on TB-PIUs expected to be recognized over a weighted average period of approximately two years;
- $296,000 on PSUs expected to be recognized through December 2027; and
- $41,000 on deferred share awards expected to be recognized through May 2026.

Restricted Shares

The following table summarizes restricted shares activity under our share-based compensation plan for 2023, 2024 and 2025:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2022	325,083	$ 26.27
Granted	220,336	$ 25.38
Forfeited	(39,474)	$ 26.03
Vested	(152,490)	$ 26.09
Unvested as of December 31, 2023	353,455	$ 25.82
Granted	184,477	$ 25.58
Forfeited	(25,152)	$ 26.20
Vested	(159,766)	$ 25.85
Unvested as of December 31, 2024	353,014	$ 25.65
Granted	260,034	$ 27.28
Forfeited	(32,261)	$ 26.73
Vested	(146,033)	$ 25.63
Unvested as of December 31, 2025	434,754	$ 26.56
Unvested shares as of December 31, 2025 that are expected to vest	390,047	$ 26.50

Restricted shares granted to employees generally vest based on increments and over periods of time set forth under the terms of the respective awards provided that the employee remains employed by us. Restricted shares granted to non-employee Trustees vest on the first anniversary of the grant date, provided that the Trustee remains in the position.

The aggregate intrinsic value of restricted shares that vested was $4.0 million in 2025 and 2024 and $3.8 million in 2023.

PIUs

We granted two forms of PIUs: TB-PIUs; and PB-PIUs. TB-PIUs are subject to forfeiture restrictions until the end of the requisite service period, at which time the TB-PIUs automatically convert into vested PIUs. PB-PIUs are subject to a market condition in that the number of earned awards are determined at the end of the performance period (as described further below) and then settled in vested PIUs. Vested PIUs automatically convert into common units in CDPLP if, or when, a book-up event (as defined under federal income tax regulations) has occurred and carry substantially the same rights to distributions as common units.

TB-PIUs

TB-PIUs granted to senior management team members vest based on increments and over periods of time set forth under the terms of the respective awards provided that the employee remains employed by us. TB-PIUs granted to non-employee Trustees vest on the first anniversary of the grant date, provided that the Trustee remains in the position. Prior to vesting, TB-PIUs carry substantially the same rights to distributions as common units but carry no redemption rights. The following table summarizes TB-PIUs activity under our share-based compensation plan for 2023, 2024 and 2025:

	Number of TB-PIUs	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2022	187,330	$ 26.19
Granted	123,900	$ 25.40
Forfeited	(27,182)	$ 26.46
Vested	(89,633)	$ 25.95
Unvested as of December 31, 2023	194,415	$ 25.76
Granted	127,795	$ 24.57
Vested	(98,271)	$ 25.63
Unvested as of December 31, 2024	223,939	$ 25.14
Granted	123,250	$ 27.11
Vested	(111,286)	$ 25.33
Unvested as of December 31, 2025	235,903	$ 26.08
Unvested TB-PIUs as of December 31, 2025 that are expected to vest	235,260	$ 26.08

The aggregate intrinsic value of TB-PIUs that vested was $3.0 million in 2025, $2.4 million in 2024 and $2.3 million in 2023.

Performance-Based Awards

We made the following grants of performance-based equity in the form of either PB-PIUs or PSUs to certain senior management team members from 2021 through 2025 as based on the election of the grant recipients (dollars in thousands):

	PB-PIUs			PSUs		
Grant Date	Number of Awards Granted (200% of Target Award)	Grant Date Fair Value	Number of Awards Outstanding as of December 31, 2025	Number of Awards Granted (200% of Target Award)	Grant Date Fair Value	Number of Awards Outstanding as of December 31, 2025
1/1/2021	227,544	$ 3,417	—	—	N/A	—
1/1/2022	231,838	$ 3,810	—	—	N/A	—
1/1/2023	275,402	$ 4,343	225,590	—	N/A	—
1/1/2024	299,766	$ 5,405	299,766	—	N/A	—
1/1/2025	246,230	$ 5,335	246,230	20,296	$ 444	20,296

The performance-based equity awards have a three-year performance period concluding on the earlier of the respective performance period end dates, or the date of: (1) termination by us without cause, death or disability of the employee or constructive discharge of the employee (collectively, “qualified termination”); or (2) a sale event. The number of earned awards following the end of the performance period will be determined based on the percentile rank of COPT Defense’s total shareholder return (“TSR”) relative to a peer group of companies, as set forth in the following schedule:

Percentile Rank	Earned Award Payout %
75th or greater	200% of target award
50th (target)	100% of target award
25th	50% of target award
Below 25th	0% of target award

If the percentile rank exceeds the 25th percentile and is between two of the percentile ranks set forth in the table above, then the percentage of the earned awards will be interpolated between the ranges set forth in the table above to reflect any performance between the listed percentiles. In addition:

- for performance-based equity granted in 2024 and 2025:
  - if COPT Defense’s TSR is negative when its TSR’s percentile rank exceeds the 50th percentile, then the earned award payout percentage used to arrive at the earned awards would be reduced by 25 percentage points, but in no event to a payout percentage of less than 100% of the target award; however, the resulting reduction in earned awards would subsequently be deemed earned awards if COPT Defense’s TSR becomes positive on any date in the calendar year following the end of the performance period; and
  - regardless of COPT Defense’s TSR relative to the peer group, no less than 100% of the target award will be earned if COPT Defense’s TSR is at least 10% and no less than 50% of the target award will be earned if COPT Defense’s TSR is at least 6%, with linear interpolation if COPT Defense’s TSR is between 6% and 10%; and
- for PB-PIUs granted prior to 2024, if COPT Defense’s TSR is negative, the maximum number of earned awards will be limited to the target level payout percentage.

During the performance period, PB-PIUs carry rights to distributions equal to 10% of the distribution rights of common units but carry no redemption rights.

Following the end of the performance period, we settle the awards as follows:

- for PB-PIUs, issuing vested PIUs equal to the number of earned awards and the excess, if any, of (1) the aggregate distributions that would have been paid with respect to vested PIUs issued in settlement of the earned awards through the date of settlement had such vested PIUs been issued on the grant date over (2) the aggregate distributions made on the PB-PIUs through the date of settlement, divided by the price of our common shares over a defined period of time; and
- for PSUs, issuing fully-vested COPT Defense shares equal to: the number of earned awards; and the aggregate dividends that would have been paid with respect to the common shares issued in settlement of the earned awards through the date of settlement had such shares been issued on the grant date, divided by the price of our common shares over a defined period of time.

If a performance period ends due to a sale event or qualified termination, the number of earned awards is prorated based on the portion of the three-year performance period that has elapsed. If employment is terminated by the employee or by us for cause, all unvested performance-based awards are forfeited.

Based on COPT Defense's TSR relative to its peer group of companies:

- for the 2021 PB-PIUs issued to executives that vested on December 31, 2023, we issued 211,845 vested PIUs in settlement of the PB-PIUs on February 1, 2024;
- for the 2022 PB-PIUs issued to executives that vested on December 31, 2024, we issued 212,831 vested PIUs in settlement of the PB-PIUs on February 1, 2025; and
- for the 2023 PB-PIUs issued to executives that vested on December 31, 2025, we issued 250,070 vested PIUs in settlement of the PB-PIUs on February 5, 2026.

We computed grant date fair values for performance-based equity using Monte Carlo models and recognize these values over the respective performance periods. The grant date fair value and certain of the assumptions used in the Monte Carlo models for the performance-based equity granted in 2023, 2024 and 2025 are set forth below:

Grant Date	Grant Date Fair Value Per PB-PIU at Target-Level Award	Grant Date Fair Value Per PSU at Target-Level Award	Baseline Common Share Value	Expected Volatility of Common Shares	Risk-free Interest Rate
1/1/2023	$ 31.54	N/A	$ 25.94	35.0%	4.3%
1/1/2024	$ 36.06	N/A	$ 25.63	25.9%	4.1%
1/1/2025	$ 43.33	$ 43.75	$ 30.95	28.3%	4.5%

In 2023, 126,890 PB-PIUs were forfeited due to an award recipient's resignation.

Deferred Share Awards

We made the following grants of deferred share awards to non-employee Trustees in 2023, 2024 and 2025 (dollars in thousands, except per share data):

Year of Grant	Number of Deferred Share Awards Granted	Aggregate Grant Date Fair Value	Grant Date Fair Value Per Award
2023	9,046	$ 215	$ 23.75
2024	8,796	$ 217	$ 24.66
2025	3,922	$ 108	$ 27.47

Deferred share awards vest on the first anniversary of the grant date, provided that the Trustee remains in the position. We settle deferred share awards by issuing an equivalent number of common shares upon vesting of the awards or a later date elected by the Trustee (generally upon cessation of being a Trustee). In 2025, we issued 32,669 common shares in settlement of vested deferred share awards with a weighted average grant date fair value of $26.19 per award and an aggregate intrinsic value on the settlement date of $897,000. We did not have any award settlements in 2023 or 2024.

13. Information by Business Segment

We organize our portfolio of operating properties into reportable segments by demand driver, which is based primarily on their location and secondarily on their physical characteristics and use. We have two reportable segments: Defense/IT Portfolio; and Other. We also report on Defense/IT Portfolio sub-segments, which include the following: Fort Meade/BW Corridor; Redstone Arsenal (in Huntsville, Alabama); NoVA Defense/IT; Lackland Air Force Base (in San Antonio, Texas); locations serving the U.S. Navy ("Navy Support"), which included properties proximate to the Washington Navy Yard in Washington, DC, the Naval Air Station Patuxent River in Maryland and the Naval Surface Warfare Center Dahlgren Division in Virginia; and data center shells (properties leased to tenants to be operated as data centers in which the tenants fund the costs for the power, fiber connectivity and data center infrastructure). In the first quarter of 2025, we retrospectively reclassified two properties to our Fort Meade/BW Corridor sub-segment from our Other segment.

We measure the performance of our segments through the measure we define as net operating income from real estate operations ("NOI from real estate operations"), which includes real estate revenues and other segment items, which is comprised of: property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate joint ventures ("UJV" or "UJVs") that is allocable to our ownership interest ("UJV NOI allocable to COPT Defense"). Property operating expenses represent costs associated with operating our properties, including property taxes, ground rents, utilities, property management, insurance, repairs and exterior and interior maintenance, as well as associated labor and indirect costs.

FASB guidance on segment reporting uses the term chief operating decision maker to define a function responsible for allocating resources to and assessing the performance of the segments of a public entity. Our President and Chief Executive Officer served as our chief operating decision maker for each of the periods included herein. Our chief operating decision maker uses budget to actual comparisons of:

- NOI from real estate operations to assess the performance of our segments; and
- operating expense information on a consolidated basis and for our Same Property pool (defined as our properties stably owned and 100% operational throughout both the current and prior year) to manage expenses associated with operating our properties.

Amounts reported for segment assets represent long-lived assets associated with consolidated operating properties (including the carrying value of properties, right-of-use assets, net of related lease liabilities, intangible assets, deferred leasing costs, deferred rents receivable and lease incentives) and the carrying value of investments in UJVs owning operating properties, net of deficit investment balances reported in "other liabilities" on our consolidated balance sheets (which were included in our data center shells sub-segment and totaled $13.5 million, $36.0 million and $38.3 million as of December 31, 2025, 2024 and 2023, respectively).

Amounts reported as additions to long-lived assets represent additions to existing consolidated operating properties, excluding transfers from non-operating properties, which we report separately.

The table below reports segment financial information for our reportable segments (in thousands):

	Defense/IT Portfolio								
	Fort Meade/ BW Corridor	Redstone Arsenal	NoVA Defense/IT	Lackland Air Force Base	Navy Support	Data Center Shells	Total Defense/IT Portfolio	Other	Total
Year Ended December 31, 2025									
Revenues from real estate operations	$ 329,916	$ 74,659	$ 90,830	$ 73,079	$ 33,566	$ 44,866	$ 646,916	$ 74,933	$ 721,849
Other segment items									
Property operating expenses	(117,491)	(26,630)	(37,041)	(40,065)	(15,852)	(7,493)	(244,572)	(39,355)	(283,927)
UJV NOI allocable to COPT Defense	—	—	—	—	—	7,706	7,706	—	7,706
Total other segment items	(117,491)	(26,630)	(37,041)	(40,065)	(15,852)	213	(236,866)	(39,355)	(276,221)
NOI from real estate operations	$ 212,425	$ 48,029	$ 53,789	$ 33,014	$ 17,714	$ 45,079	$ 410,050	$ 35,578	$ 445,628
Additions to long-lived assets	$ 45,226	$ 13,118	$ 51,038	$ 1,509	$ 19,288	$ —	$ 130,179	$ 20,009	$ 150,188
Transfers from non-operating properties	$ 46,728	$ 25,383	$ 46	$ —	$ —	$ 114,726	$ 186,883	$ 5,854	$ 192,737
Segment assets at December 31, 2025	$ 1,467,935	$ 615,352	$ 522,301	$ 193,861	$ 172,101	$ 576,812	$ 3,548,362	$ 324,310	$ 3,872,672
Year Ended December 31, 2024									
Revenues from real estate operations	$ 317,319	$ 69,317	$ 86,034	$ 67,837	$ 32,628	$ 37,190	$ 610,325	$ 67,392	$ 677,717
Other segment items									
Property operating expenses	(108,789)	(24,185)	(36,059)	(37,169)	(15,146)	(6,124)	(227,472)	(38,529)	(266,001)
UJV NOI allocable to COPT Defense	—	—	—	—	—	7,217	7,217	—	7,217
Total other segment items	(108,789)	(24,185)	(36,059)	(37,169)	(15,146)	1,093	(220,255)	(38,529)	(258,784)
NOI from real estate operations	$ 208,530	$ 45,132	$ 49,975	$ 30,668	$ 17,482	$ 38,283	$ 390,070	$ 28,863	$ 418,933
Additions to long-lived assets	$ 64,237	$ 7,253	$ 27,205	$ 17,098	$ 10,128	$ —	$ 125,921	$ 19,864	$ 145,785
Transfers from non-operating properties	$ 4,041	$ 60,872	$ 1,016	$ 10	$ 352	$ 65,314	$ 131,605	$ 5,325	$ 136,930
Segment assets at December 31, 2024	$ 1,448,641	$ 601,430	$ 494,881	$ 199,166	$ 162,855	$ 488,429	$ 3,395,402	$ 315,245	$ 3,710,647
Year Ended December 31, 2023									
Revenues from real estate operations	$ 292,699	$ 55,131	$ 80,413	$ 67,254	$ 32,638	$ 27,444	$ 555,579	$ 69,224	$ 624,803
Other segment items									
Property operating expenses	(101,243)	(19,148)	(31,593)	(36,616)	(14,614)	(2,703)	(205,917)	(41,468)	(247,385)
UJV NOI allocable to COPT Defense	—	—	—	—	—	6,659	6,659	—	6,659
Total other segment items	(101,243)	(19,148)	(31,593)	(36,616)	(14,614)	3,956	(199,258)	(41,468)	(240,726)
NOI from real estate operations	$ 191,456	$ 35,983	$ 48,820	$ 30,638	$ 18,024	$ 31,400	$ 356,321	$ 27,756	$ 384,077
Additions to long-lived assets	$ 54,872	$ 20,949	$ 19,041	$ 62	$ 5,785	$ —	$ 100,709	$ 16,919	$ 117,628
Transfers from non-operating properties	$ 64,264	$ 86,868	$ 4,136	$ 166	$ 2,651	$ 115,052	$ 273,137	$ 2,671	$ 275,808
Segment assets at December 31, 2023	$ 1,449,638	$ 554,803	$ 490,104	$ 188,847	$ 163,818	$ 430,075	$ 3,277,285	$ 309,254	$ 3,586,539

The following table reconciles our segment revenues to total revenues as reported on our consolidated statements of operations (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
Segment revenues from real estate operations	$ 721,849	$ 677,717	$ 624,803
Construction contract and other service revenues	42,074	75,550	60,179
Total revenues	$ 763,923	$ 753,267	$ 684,982

The following table reconciles UJV NOI allocable to COPT Defense to equity in income (loss) of unconsolidated entities as reported on our consolidated statements of operations (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
UJV NOI allocable to COPT Defense	$ 7,706	$ 7,217	$ 6,659
Less: Income from UJVs allocable to COPT Defense attributable to depreciation and amortization expense, interest expense and loss on early extinguishment of debt	(6,637)	(6,820)	(6,917)
Add: Equity in income (loss) of unconsolidated non-real estate entities	1,737	—	(3)
Equity in income (loss) of unconsolidated entities	$ 2,806	$ 397	$ (261)

As previously discussed, we provide real estate services such as property management, development and construction services primarily for our properties but also for third parties. The primary manner in which we evaluate the operating performance of our service activities is through a measure we define as net operating income from service operations ("NOI from service operations"), which is based on the net of revenues and expenses from these activities. Construction contract and other service revenues and expenses consist primarily of subcontracted costs that are reimbursed to us by the customer along with a management fee. The operating margins from these activities are small relative to the revenue. We believe NOI from service operations is a useful measure in assessing both our level of activity and our profitability in conducting such operations. The table below sets forth the computation of our NOI from service operations (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
Construction contract and other service revenues	$ 42,074	$ 75,550	$ 60,179
Construction contract and other service expenses	(39,962)	(73,265)	(57,416)
NOI from service operations	$ 2,112	$ 2,285	$ 2,763

The following table reconciles our NOI from real estate operations for reportable segments and NOI from service operations to net income as reported on our consolidated statements of operations (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
NOI from real estate operations	$ 445,628	$ 418,933	$ 384,077
NOI from service operations	2,112	2,285	2,763
Depreciation and other amortization associated with real estate operations	(161,826)	(153,640)	(148,950)
Impairment losses	—	—	(252,797)
General, administrative, leasing and other expenses	(47,840)	(47,038)	(42,769)
Interest expense	(86,660)	(82,151)	(71,142)
Interest and other income, net	10,683	12,661	12,587
Gain on sales of real estate	3,350	—	49,392
Loss on early extinguishment of debt	(66)	—	—
Equity in income (loss) of unconsolidated entities	2,806	397	(261)
UJV NOI allocable to COPT Defense included in equity in income (loss) of unconsolidated entities	(7,706)	(7,217)	(6,659)
Income tax expense	(947)	(288)	(588)
Net income (loss)	$ 159,534	$ 143,942	$ (74,347)

The following table reconciles our segment assets to our consolidated total assets (in thousands):

	As of December 31,	
	2025	2024
Segment assets	$ 3,872,672	$ 3,710,647
Operating properties lease liabilities included in segment assets	45,375	49,631
Investment in UJV deficit balance included in segment assets	22,843	3,409
Non-operating property assets	284,428	277,147
Other assets	476,472	213,357
Total consolidated assets	$ 4,701,790	$ 4,254,191

The accounting policies of the segments are the same as those used to prepare our consolidated financial statements. In the segment reporting presented above, we did not allocate interest expense, depreciation and amortization, impairment losses, gain on sales of real estate, loss on early extinguishment of debt and equity in income (loss) of unconsolidated entities not included in NOI to our real estate segments since they are not included in the measure of segment profit reviewed by management. We also did not allocate general, administrative, leasing and other expenses, interest and other income, net, income taxes and noncontrolling interests because these items represent general corporate or non-operating property items not attributable to segments.

14. Construction Contract and Other Service Revenues

We disaggregate in the table below our construction contract and other service revenues by compensation arrangement as we believe it best depicts the nature, timing and uncertainty of our revenue (in thousands):

	For the Years Ended December 31,		
	2025	2024	2023
Construction contract revenue:			
FFP	$ 18,925	$ 36,073	$ 30,846
GMP	15,072	32,002	18,178
Cost-plus fee	6,924	5,875	9,843
Other	1,153	1,600	1,312
	$ 42,074	$ 75,550	$ 60,179

We derived 98% of our construction contract revenue from the USG in 2025 and 2024 and 88% in 2023.

We recognized an insignificant amount of revenue in 2025, 2024 and 2023 from performance obligations satisfied (or partially satisfied) in previous periods.

Accounts receivable related to our construction contract services is included in accounts receivable, net on our consolidated balance sheets. The beginning and ending balances of accounts receivable related to our construction contracts were as follows (in thousands):

	For the Years Ended December 31,	
	2025	2024
Beginning balance	$ 8,828	$ 10,500
Ending balance	$ 4,036	$ 8,828

Contract assets are included in prepaid expenses and other assets, net on our consolidated balance sheets. The beginning and ending balances of our contract assets were as follows (in thousands):

	For the Years Ended December 31,	
	2025	2024
Beginning balance	$ 17,050	$ 15,086
Ending balance	$ 17,925	$ 17,050

Contract liabilities are included in other liabilities on our consolidated balance sheets. Changes in contract liabilities were as follows (in thousands):

	For the Years Ended December 31,	
	2025	2024
Beginning balance	$ 2,016	$ 4,176
Ending balance	$ 2,183	$ 2,016
Portion of beginning balance recognized in revenue during the year	$ 228	$ 2,290

Revenue allocated to the remaining performance obligations under existing contracts as of December 31, 2025 that will be recognized as revenue in future periods was $26.7 million, all of which we expect to recognize in 2026.

We have no deferred incremental costs incurred to obtain or fulfill our construction contracts or other service revenues as of December 31, 2025 and 2024. Credit loss expense or recoveries on construction contracts receivable and unbilled construction revenue were insignificant in 2025, 2024 or 2023.

15. Credit Losses on Financial Assets and Other Instruments

The table below sets forth the activity for our allowance for credit losses in 2023, 2024 and 2025 (in thousands):

	For the Years Ended December 31, 2024 and 2025			
	Investing Receivables	Tenant Notes Receivable (1)	Other Assets (2)	Total
December 31, 2022	$ 2,794	$ 778	$ 268	$ 3,840
Credit loss recoveries (3)	(417)	(79)	(115)	(611)
Write-offs	—	(33)	—	(33)
December 31, 2023	2,377	666	153	3,196
Net credit loss expense (recoveries) (3)	415	46	(78)	383
Write-offs	—	(97)	—	(97)
December 31, 2024	2,792	615	75	3,482
Net credit loss expense (recoveries) (3)	783	(83)	34	734
December 31, 2025	$ 3,575	$ 532	$ 109	$ 4,216

(1) Included in the line entitled “accounts receivable, net” on our consolidated balance sheets.
(2) The balances as of December 31, 2025 and 2024 included insignificant amounts in the lines entitled “accounts receivable, net” and “prepaid expenses and other assets, net” on our consolidated balance sheets.
(3) Included in the line entitled “interest and other income, net” on our consolidated statements of operations.

The following table presents the amortized cost basis of our investing receivables, tenant notes receivable and sales-type lease receivables by credit risk classification, by origination year as of December 31, 2025 (in thousands):

	Origination Year						
	2020 and Earlier	2021	2022	2023	2024	2025	Total
Investing receivables							
Credit risk classification							
Investment grade	$ 50,659	$ 11,976	$ —	$ 1,826	$ —	$ —	$ 64,461
Non-investment grade	—	—	210	—	—	8,760	8,970
Total	$ 50,659	$ 11,976	$ 210	$ 1,826	$ —	$ 8,760	$ 73,431
Tenant notes receivable							
Credit risk classification							
Investment grade	$ 421	$ —	$ —	$ —	$ —	$ —	$ 421
Non-investment grade	1,168	—	—	—	334	21	1,523
Total	$ 1,589	$ —	$ —	$ —	$ 334	$ 21	$ 1,944
Sales-type lease receivable							
Credit risk classification							
Investment grade	$ 3,830	$ —	$ —	$ —	$ —	$ —	$ 3,830

Our investment grade credit risk classification represents entities with investment grade credit ratings from the Ratings Agencies, meaning that they are considered to have at least an adequate capacity to meet their financial commitments, with credit risk ranging from minimal to moderate. Our non-investment grade credit risk classification represents entities with either no credit agency credit ratings or ratings deemed to be sub-investment grade; we believe that there is significantly more credit risk associated with this classification. The credit risk classifications of our investing receivables and tenant notes receivable were last updated in December 2025.

None of the investing and tenant notes receivables set forth above were past due, which we define as being delinquent by more than three months from the due date.

We did not have any tenant notes receivable on nonaccrual status as of December 31, 2025 and 2024. We did not recognize any interest income on tenant notes receivable on nonaccrual status during the years ended December 31, 2025, 2024 and 2023.

16. Earnings Per Share ("EPS")

We present both basic and diluted EPS. We compute basic EPS by dividing net income (loss) available to common shareholders allocable to unrestricted common shares by the weighted average number of unrestricted common shares outstanding during the period after allocating undistributed earnings between common shareholders and participating securities under the two-class method. Our participating securities include restricted shares and PIUs and deferred share awards not previously settled by common share issuances. Our computation of diluted EPS is similar except that:

- the denominator is increased to include: (1) the weighted average number of potential additional common shares that would have been outstanding if securities that are convertible into common shares were converted; and (2) the effect of dilutive potential common shares outstanding during the period attributable to redeemable noncontrolling interests and share-based compensation awards using the if-converted or treasury stock methods; and
- the numerator is adjusted to add back any changes in income or loss that would result from the assumed conversion into common shares that we add to the denominator.

We compute diluted EPS using the treasury stock method for unvested restricted shares, TB-PIUs and deferred share awards and the if-converted method for exchangeable debt (including our 5.25% Notes), common units, redeemable noncontrolling interests, PB-PIUs, PSUs and vested PIUs and deferred share awards not previously settled by common share issuances.

Summaries of the numerator and denominator for purposes of basic and diluted EPS calculations are set forth below (in thousands, except per share data):

	For the Years Ended December 31,		
	2025	2024	2023
Numerator			
Net income (loss) attributable to common shareholders	$ 152,315	$ 138,929	$ (73,469)
Income attributable to share-based compensation awards for basic EPS	(622)	(510)	(1,199)
Numerator for basic EPS on net income (loss) attributable to common shareholders	151,693	138,419	(74,668)
Adjustment to income attributable to share-based compensation awards for diluted EPS	187	89	—
Numerator for diluted EPS on net income (loss) attributable to common shareholders	$ 151,880	$ 138,508	$ (74,668)
Denominator (all weighted averages)			
Denominator for basic EPS (common shares)	112,516	112,296	112,178
Dilutive effect of share-based compensation awards	788	603	—
Denominator for diluted EPS (common shares)	113,304	112,899	112,178
Basic EPS attributable to common shareholders	$ 1.35	$ 1.23	$ (0.67)
Diluted EPS attributable to common shareholders	$ 1.34	$ 1.23	$ (0.67)

Our diluted EPS computations do not include the effects of the following securities since the conversions of such securities would increase diluted EPS for the respective periods (in thousands):

	Weighted Average Shares Excluded from Denominator for the Years Ended December 31,		
	2025	**2024**	**2023**
Conversion of common units	2,083	1,672	1,509
Conversion of redeemable noncontrolling interests	847	842	969

The following securities were also excluded from the computation of diluted EPS because their effect was antidilutive:

- weighted average restricted shares and deferred share awards of 432,000 for 2025, 434,000 for 2024 and 416,000 for 2023;
- weighted average TB-PIUs of 236,000 for 2025, 223,000 for 2024 and 175,000 for 2023;
- weighted average PB-PIUs of 629,000 for 2023; and
- weighted average vested PIUs of 215,000 for 2024 and 154,000 for 2023.

As discussed in Note 8, our 5.25% Notes have an exchange settlement feature under which the principal amount of notes exchanged is payable in cash, with the remainder of the exchange obligation, if any, determined based on the exchange price per common share at the time of settlement, payable in cash, common shares or a combination thereof at our election. These notes did not affect our diluted EPS reported above since the weighted average closing price of our common shares for the years ended December 31, 2025, 2024 and 2023 was less than the exchange price applicable to those periods.

17. Commitments and Contingencies

Litigation and Claims

In the normal course of business, we are subject to legal actions and other claims. We record losses for specific legal proceedings and claims when we determine that a loss is probable and the amount of loss can be reasonably estimated. As of December 31, 2025, management believes that it is reasonably possible that we could recognize a loss of up to $5.3 million for certain municipal tax claims; while we do not believe this loss would materially affect our financial position or liquidity, it could be material to our results of operations. Management believes that it is also reasonably possible that we could incur losses pursuant to other claims but do not believe such losses would materially affect our financial position, liquidity or results of operations. Our assessment of the potential outcomes of these matters involves significant judgment and is subject to change based on future developments.

Environmental

We are subject to various federal, state and local environmental regulations related to our property ownership and operations. We have performed environmental assessments of our properties, the results of which have not revealed any environmental liability that we believe would have a materially adverse effect on our financial position, operations or liquidity.

In connection with a lease and subsequent sale in prior periods of three properties in Dayton, New Jersey, we agreed to provide certain environmental indemnifications limited to $19 million in the aggregate. We have insurance coverage in place to mitigate most of any potential future losses that may result from these indemnification agreements.

Tax Incremental Financing Obligation

Anne Arundel County, Maryland issued tax incremental financing bonds to third-party investors in order to finance public improvements needed in connection with our project known as the National Business Park. These bonds had a remaining principal balance of approximately $23 million as of December 31, 2025. The real estate taxes on increases in assessed values post-bond issuance of properties in development districts encompassing the National Business Park are transferred to a special fund pledged to the repayment of the bonds. While we are obligated to fund, through a special tax, any future shortfalls between debt service of the bonds and real estate taxes available to repay the bonds, as of December 31, 2025, we do not expect any such future fundings will be required.

Corporate Office Properties Trust and Subsidiaries
Schedule III—Real Estate and Accumulated Depreciation
December 31, 2025
(Dollars in thousands)

			Initial Cost			Gross Amounts Carried At Close of Period					
Property (Type) (1)	Location	Encumbrances (2)	Land	Building and Land Improvements	Costs Capitalized Subsequent to Acquisition	Land	Building and Land Improvements	Total (3)	Accumulated Depreciation (4)	Year Built or Renovated	Date Acquired (5)
100 Light Street (O)	Baltimore, MD	$ —	$ 6,720	$ 31,215	$ 35,419	$ 6,720	$ 66,634	$ 73,354	$ (42,607)	1973/2011	8/7/2015
100 Secured Gateway (O)	Huntsville, AL	—	—	71,180	122	—	71,302	71,302	(9,493)	2020	3/23/2010
1000 Redstone Gateway (O)	Huntsville, AL	—	—	20,533	216	—	20,749	20,749	(6,619)	2013	3/23/2010
1100 Redstone Gateway (O)	Huntsville, AL	—	—	19,593	5,018	—	24,611	24,611	(6,622)	2014	3/23/2010
114 National Business Parkway (O)	Annapolis Junction, MD	—	364	3,109	433	364	3,542	3,906	(2,086)	2002	6/30/2000
1200 Redstone Gateway (O)	Huntsville, AL	—	—	22,389	14,883	—	37,272	37,272	(9,943)	2013	3/23/2010
1201 M Street SE (O)	Washington, DC	—	—	49,775	19,924	—	69,699	69,699	(29,719)	2001	9/28/2010
1201 Winterson Road (O)	Linthicum, MD	—	2,130	17,769	1,210	2,130	18,979	21,109	(7,739)	1985/2017	4/30/1998
1220 12th Street SE (O)	Washington, DC	—	—	42,464	13,640	—	56,104	56,104	(26,813)	2003	9/28/2010
1243 Winterson Road (L)	Linthicum, MD	—	630	—	—	630	—	630	—	(6)	12/19/2001
131 National Business Parkway (O)	Annapolis Junction, MD	—	1,906	7,623	6,879	1,906	14,502	16,408	(10,632)	1990	9/28/1998
132 National Business Parkway (O)	Annapolis Junction, MD	—	2,917	12,259	5,041	2,917	17,300	20,217	(12,579)	2000	5/28/1999
133 National Business Parkway (O)	Annapolis Junction, MD	—	2,517	10,068	7,235	2,517	17,303	19,820	(12,906)	1997	9/28/1998
134 National Business Parkway (O)	Annapolis Junction, MD	—	3,684	7,517	6,467	3,684	13,984	17,668	(10,552)	1999	11/13/1998
1340 Ashton Road (O)	Hanover, MD	—	905	3,620	3,147	905	6,767	7,672	(4,391)	1989	4/28/1999
13450 Sunrise Valley Drive (O)	Herndon, VA	—	1,386	5,576	9,554	1,386	15,130	16,516	(8,095)	1998	7/25/2003
13454 Sunrise Valley Drive (O)	Herndon, VA	—	2,847	11,986	15,610	2,847	27,596	30,443	(17,372)	1998	7/25/2003
135 National Business Parkway (O)	Annapolis Junction, MD	—	2,484	9,750	7,643	2,484	17,393	19,877	(13,076)	1998	12/30/1998
1362 Mellon Road (O)	Hanover, MD	—	950	3,864	3,528	950	7,392	8,342	(3,457)	2006	2/10/2006
13857 McLearen Road (O)	Herndon, VA	—	3,507	30,177	9,894	3,507	40,071	43,578	(18,178)	2007	7/11/2012
140 National Business Parkway (O)	Annapolis Junction, MD	—	3,407	24,167	3,022	3,407	27,189	30,596	(14,667)	2003	12/31/2003
141 National Business Parkway (O)	Annapolis Junction, MD	—	2,398	9,538	7,581	2,398	17,119	19,517	(11,275)	1990	9/28/1998
14280 Park Meadow Drive (O)	Chantilly, VA	—	3,731	15,953	7,494	3,731	23,447	27,178	(14,348)	1999	9/29/2004
14840 Conference Center Drive (O)	Chantilly, VA	—	1,572	8,175	6,394	1,572	14,569	16,141	(10,010)	2000	7/25/2003
14850 Conference Center Drive (O)	Chantilly, VA	—	1,615	8,358	8,367	1,615	16,725	18,340	(10,379)	2000	7/25/2003
14900 Conference Center Drive (O)	Chantilly, VA	—	3,436	14,402	14,022	3,436	28,424	31,860	(17,066)	1999	7/25/2003
1501 South Clinton Street (O)	Baltimore, MD	—	13,137	20,753	51,243	13,137	71,996	85,133	(43,562)	2006	10/27/2009
15049 Conference Center Drive (O)	Chantilly, VA	—	4,415	20,365	18,984	4,415	39,349	43,764	(27,741)	1997	8/14/2002
15050 Conference Center Drive (O)	Chantilly, VA	—	10,943	9,357	48	10,943	9,405	20,348	(109)	2000	10/30/2025
15059 Conference Center Drive (O)	Chantilly, VA	—	5,753	13,615	9,681	5,753	23,296	29,049	(14,142)	2000	8/14/2002
1550 West Nursery Road (O)	Linthicum, MD	—	14,071	16,930	—	14,071	16,930	31,001	(8,151)	2009	10/28/2009
1560 West Nursery Road (O)	Linthicum, MD	—	1,441	113	—	1,441	113	1,554	(33)	2014	10/28/2009
1610 West Nursery Road (O)	Linthicum, MD	—	259	246	—	259	246	505	(54)	2016	4/30/1998
1616 West Nursery Road (O)	Linthicum, MD	—	393	3,323	90	393	3,413	3,806	(720)	2017	4/30/1998
1622 West Nursery Road (O)	Linthicum, MD	—	393	2,542	—	393	2,542	2,935	(564)	2016	4/30/1998
16442 Commerce Drive (O)	Dahlgren, VA	—	613	2,582	1,268	613	3,850	4,463	(2,466)	2002	12/21/2004
16480 Commerce Drive (O)	Dahlgren, VA	—	1,856	7,425	3,796	1,856	11,221	13,077	(6,477)	2000	12/28/2004

Property (Type) (1)	Location	Encumbrances (2)	Initial Cost		Costs Capitalized Subsequent to Acquisition	Gross Amounts Carried At Close of Period			Accumulated Depreciation (4)	Year Built or Renovated	Date Acquired (5)
			Land	Building and Land Improvements		Land	Building and Land Improvements	Total (3)			
16501 Commerce Drive (O)	Dahlgren, VA	—	522	2,090	1,932	522	4,022	4,544	(2,140)	2002	12/21/2004
16539 Commerce Drive (O)	Dahlgren, VA	—	688	2,860	2,640	688	5,500	6,188	(3,620)	1990	12/21/2004
16541 Commerce Drive (O)	Dahlgren, VA	—	773	3,094	2,717	773	5,811	6,584	(3,966)	1996	12/21/2004
16543 Commerce Drive (O)	Dahlgren, VA	—	436	1,742	992	436	2,734	3,170	(1,722)	2002	12/21/2004
1751 Pinnacle Drive (O)	McLean, VA	—	4,762	26,046	36,351	4,762	62,397	67,159	(51,619)	1989/1995	9/23/2004
1753 Pinnacle Drive (O)	McLean, VA	—	3,729	21,500	28,793	3,729	50,293	54,022	(37,196)	1976/2004	9/23/2004
206 Research Boulevard (O)	Aberdeen, MD	—	—	—	—	—	—	—	—	2012	9/14/2007
209 Research Boulevard (O)	Aberdeen, MD	—	134	1,711	1,135	134	2,846	2,980	(1,174)	2010	9/14/2007
210 Research Boulevard (O)	Aberdeen, MD	—	113	2,644	663	113	3,307	3,420	(929)	2010	9/14/2007
2100 L Street (O)	Washington, DC	—	41,935	80,720	—	41,935	80,720	122,655	(10,371)	2020	8/11/2015
2100 Rideout Road (O)	Huntsville, AL	—	—	7,343	3,652	—	10,995	10,995	(4,300)	2016	3/23/2010
22289 Exploration Drive (O)	Lexington Park, MD	—	1,422	5,719	2,724	1,422	8,443	9,865	(5,397)	2000	3/24/2004
22299 Exploration Drive (O)	Lexington Park, MD	—	1,278	5,791	3,089	1,278	8,880	10,158	(6,139)	1998	3/24/2004
22300 Exploration Drive (O)	Lexington Park, MD	—	1,094	5,038	3,073	1,094	8,111	9,205	(5,517)	1997	11/9/2004
22309 Exploration Drive (O)	Lexington Park, MD	—	2,160	10,419	13,103	2,160	23,522	25,682	(11,838)	1984/1997	3/24/2004
23535 Cottonwood Parkway (O)	California, MD	—	692	3,051	1,402	692	4,453	5,145	(2,872)	1984	3/24/2004
250 W Pratt St (O)	Baltimore, MD	—	4,704	21,487	24,717	4,704	46,204	50,908	(30,226)	1985	3/19/2015
2600 Park Tower Drive (O)	Vienna, VA	—	20,078	34,443	19,174	20,078	53,617	73,695	(15,864)	1999	4/15/2015
2691 Technology Drive (O)	Annapolis Junction, MD	—	2,098	17,334	9,198	2,098	26,532	28,630	(15,921)	2005	5/26/2000
2701 Technology Drive (O)	Annapolis Junction, MD	—	1,737	15,266	8,714	1,737	23,980	25,717	(16,493)	2001	5/26/2000
2711 Technology Drive (O)	Annapolis Junction, MD	—	2,251	21,611	7,199	2,251	28,810	31,061	(18,355)	2002	11/13/2000
2720 Technology Drive (O)	Annapolis Junction, MD	14,350	3,863	29,272	3,264	3,863	32,536	36,399	(18,250)	2004	1/31/2002
2721 Technology Drive (O)	Annapolis Junction, MD	—	4,611	14,597	6,042	4,611	20,639	25,250	(13,146)	2000	10/21/1999
2730 Hercules Road (O)	Annapolis Junction, MD	24,208	8,737	31,612	13,775	8,737	45,387	54,124	(28,840)	1990	9/28/1998
30 Light Street (O)	Baltimore, MD	—	—	2,501	734	—	3,235	3,235	(3,112)	2009	8/7/2015
300 Secured Gateway (O)	Huntsville, AL	—	—	64,364	39	—	64,403	64,403	(3,609)	2023	3/23/2010
300 Sentinel Drive (O)	Annapolis Junction, MD	—	1,517	59,165	3,729	1,517	62,894	64,411	(25,918)	2009	11/14/2003
302 Sentinel Drive (O)	Annapolis Junction, MD	—	2,648	29,687	8,215	2,648	37,902	40,550	(17,257)	2007	11/14/2003
304 Sentinel Drive (O)	Annapolis Junction, MD	—	3,411	24,917	5,722	3,411	30,639	34,050	(17,120)	2005	11/14/2003
306 Sentinel Drive (O)	Annapolis Junction, MD	—	3,260	22,592	4,238	3,260	26,830	30,090	(13,695)	2006	11/14/2003
308 Sentinel Drive (O)	Annapolis Junction, MD	—	1,422	26,208	2,371	1,422	28,579	30,001	(11,400)	2010	11/14/2003
310 Sentinel Way (O)	Annapolis Junction, MD	14,500	2,372	50,750	781	2,372	51,531	53,903	(10,867)	2016	11/14/2003
310 The Bridge Street (O)	Huntsville, AL	—	261	26,530	10,487	261	37,017	37,278	(16,991)	2009	8/9/2011
312 Sentinel Way (O)	Annapolis Junction, MD	—	3,138	27,797	5	3,138	27,802	30,940	(7,863)	2014	11/14/2003
314 Sentinel Way (O)	Annapolis Junction, MD	—	1,254	7,741	2	1,254	7,743	8,997	(2,413)	2008	11/14/2003
316 Sentinel Way (O)	Annapolis Junction, MD	—	2,748	38,156	288	2,748	38,444	41,192	(13,306)	2011	11/14/2003
318 Sentinel Way (O)	Annapolis Junction, MD	12,702	2,185	28,426	573	2,185	28,999	31,184	(14,555)	2005	11/14/2003

Property (Type) (1)	Location	Encumbrances (2)	Initial Cost		Costs Capitalized Subsequent to Acquisition	Gross Amounts Carried At Close of Period			Accumulated Depreciation (4)	Year Built or Renovated	Date Acquired (5)
			Land	Building and Land Improvements		Land	Building and Land Improvements	Total (3)			
320 Sentinel Way (O)	Annapolis Junction, MD	—	2,067	21,623	156	2,067	21,779	23,846	(9,849)	2007	11/14/2003
322 Sentinel Way (O)	Annapolis Junction, MD	—	2,605	22,827	2,849	2,605	25,676	28,281	(12,373)	2006	11/14/2003
324 Sentinel Way (O)	Annapolis Junction, MD	—	1,656	23,018	81	1,656	23,099	24,755	(8,852)	2010	6/29/2006
340th Trail (L)	Van Meter, IA	6,747	32,852	3,266	—	32,852	3,266	36,118	—	(6)	9/27/2024
3900 Rogers Road (O)	San Antonio, TX	—	2,932	14,101	1,259	2,932	15,360	18,292	(441)	2005	9/26/2024
400 National Business Parkway (O)	Annapolis Junction, MD	6,871	—	49,788	11	—	49,799	49,799	(190)	(7)	6/29/2006
4000 Market Street (O)	Huntsville, AL	—	—	9,198	2,603	—	11,801	11,801	(2,166)	2018	3/23/2010
410 National Business Parkway (O)	Annapolis Junction, MD	—	1,831	23,257	4,174	1,831	27,431	29,262	(9,835)	2012	6/29/2006
4100 Market Street (O)	Huntsville, AL	—	—	8,046	31	—	8,077	8,077	(1,323)	2019	3/23/2010
420 National Business Parkway (O)	Annapolis Junction, MD	—	2,370	31,609	4,529	2,370	36,138	38,508	(9,670)	2013	6/29/2006
430 National Business Parkway (O)	Annapolis Junction, MD	—	1,852	21,563	5,185	1,852	26,748	28,600	(9,790)	2011	6/29/2006
4400 River Road (O)	College Park, MD	—	—	4,367	—	—	4,367	4,367	—	(7)	1/29/2008
44408 Pecan Court (O)	California, MD	—	817	1,583	2,432	817	4,015	4,832	(2,711)	1986	3/24/2004
44414 Pecan Court (O)	California, MD	—	405	1,619	1,231	405	2,850	3,255	(2,261)	1986	3/24/2004
44417 Pecan Court (O)	California, MD	—	434	3,822	322	434	4,144	4,578	(2,973)	1989/2015	3/24/2004
44420 Pecan Court (O)	California, MD	—	344	890	418	344	1,308	1,652	(862)	1989	11/9/2004
44425 Pecan Court (O)	California, MD	—	1,309	3,506	3,090	1,309	6,596	7,905	(4,846)	1997	5/5/2004
45310 Abell House Lane (O)	California, MD	—	2,272	13,808	3,149	2,272	16,957	19,229	(6,462)	2011	8/30/2010
4600 River Road (O)	College Park, MD	—	—	28,620	144	—	28,764	28,764	(3,108)	2020	1/29/2008
46579 Expedition Drive (O)	Lexington Park, MD	—	1,406	5,796	3,228	1,406	9,024	10,430	(5,781)	2002	3/24/2004
46591 Expedition Drive (O)	Lexington Park, MD	—	1,200	7,199	5,231	1,200	12,430	13,630	(6,910)	2005	3/24/2004
4851 Stonecroft Boulevard (O)	Chantilly, VA	—	1,878	11,558	1,381	1,878	12,939	14,817	(6,583)	2004	8/14/2002
5300 Redstone Gateway (O)	Huntsville, AL	—	—	21,301	6	—	21,307	21,307	(912)	2024	3/23/2010
540 National Business Parkway (O)	Annapolis Junction, MD	—	2,035	36,284	233	2,035	36,517	38,552	(6,854)	2017	6/29/2006
550 National Business Parkway (O)	Annapolis Junction, MD	—	2,678	62,031	21	2,678	62,052	64,730	(2,661)	2023	6/29/2006
5520 Research Park Drive (O)	Catonsville, MD	—	—	20,072	2,458	—	22,530	22,530	(9,882)	2009	4/4/2006
5522 Research Park Drive (O)	Catonsville, MD	—	—	4,550	996	—	5,546	5,546	(2,615)	2007	3/8/2006
560 National Business Parkway (O)	Annapolis Junction, MD	—	2,193	67,249	10	2,193	67,259	69,452	(4,516)	2022	6/29/2006
5801 University Research Court (O)	College Park, MD	10,160	—	17,431	170	—	17,601	17,601	(3,590)	2018	1/29/2008
5825 University Research Court (O)	College Park, MD	17,531	—	22,771	4,095	—	26,866	26,866	(11,661)	2008	1/29/2008
5850 University Research Court (O)	College Park, MD	18,548	—	31,906	1,112	—	33,018	33,018	(13,306)	2008	1/29/2008
6000 Redstone Gateway (O)	Huntsville, AL	—	—	8,542	41	—	8,583	8,583	(1,072)	2020	3/23/2010
610 Guardian Way (O)	Annapolis Junction, MD	—	7,636	54,088	—	7,636	54,088	61,724	(5,618)	2021	6/29/2006
6200 Redstone Gateway (O)	Huntsville, AL	—	—	52,179	60	—	52,239	52,239	(4,346)	2022	3/23/2010
6700 Alexander Bell Drive (O)	Columbia, MD	—	1,755	7,019	11,329	1,755	18,348	20,103	(12,497)	1988	5/14/2001
6708 Alexander Bell Drive (O)	Columbia, MD	—	897	12,693	2,022	897	14,715	15,612	(6,080)	1988/2016	5/14/2001
6711 Columbia Gateway Drive (O)	Columbia, MD	—	2,683	23,239	3,928	2,683	27,167	29,850	(13,290)	2006-2007	9/28/2000

			Initial Cost			Gross Amounts Carried At Close of Period					
Property (Type) (1)	Location	Encumbrances (2)	Land	Building and Land Improvements	Costs Capitalized Subsequent to Acquisition	Land	Building and Land Improvements	Total (3)	Accumulated Depreciation (4)	Year Built or Renovated	Date Acquired (5)
6716 Alexander Bell Drive (O)	Columbia, MD	—	1,242	4,969	10,242	1,242	15,211	16,453	(8,389)	1990	12/31/1998
6721 Columbia Gateway Drive (O)	Columbia, MD	—	1,753	34,090	14,851	1,753	48,941	50,694	(19,283)	2009	9/28/2000
6724 Alexander Bell Drive (O)	Columbia, MD	—	449	5,039	2,739	449	7,778	8,227	(5,223)	2001	5/14/2001
6731 Columbia Gateway Drive (O)	Columbia, MD	—	2,807	19,098	7,962	2,807	27,060	29,867	(17,724)	2002	3/29/2000
6740 Alexander Bell Drive (O)	Columbia, MD	—	1,424	4,209	10,583	1,424	14,792	16,216	(4,835)	1992	12/31/1998
6741 Columbia Gateway Drive (O)	Columbia, MD	—	675	1,711	528	675	2,239	2,914	(934)	2008	9/28/2000
6750 Alexander Bell Drive (O)	Columbia, MD	—	1,263	12,461	6,077	1,263	18,538	19,801	(13,441)	2001	12/31/1998
6760 Alexander Bell Drive (O)	Columbia, MD	—	890	3,561	4,277	890	7,838	8,728	(6,013)	1991	12/31/1998
6841 Benjamin Franklin Drive (O)	Columbia, MD	—	5,429	2,534	6,652	5,429	9,186	14,615	(1,745)	2008	3/15/2024
6940 Columbia Gateway Drive (O)	Columbia, MD	—	3,545	9,916	13,691	3,545	23,607	27,152	(16,169)	1999	11/13/1998
6950 Columbia Gateway Drive (O)	Columbia, MD	—	3,596	28,283	4,459	3,596	32,742	36,338	(15,630)	1998/2019	10/22/1998
7000 Columbia Gateway Drive (O)	Columbia, MD	—	3,131	12,103	12,618	3,131	24,721	27,852	(15,466)	1999	5/31/2002
7000 Redstone Gateway (O)	Huntsville, AL	—	—	10,026	34	—	10,060	10,060	(745)	2022	3/23/2010
7005 Columbia Gateway Drive (L)	Columbia, MD	—	3,036	747	—	3,036	747	3,783	—	(6)	6/26/2014
7015 Albert Einstein Drive (O)	Columbia, MD	—	2,058	6,093	3,701	2,058	9,794	11,852	(6,287)	1999	12/1/2005
7061 Columbia Gateway Drive (O)	Columbia, MD	—	729	3,094	3,027	729	6,121	6,850	(4,304)	2000	8/30/2001
7063 Columbia Gateway Drive (O)	Columbia, MD	—	902	3,684	3,712	902	7,396	8,298	(5,490)	2000	8/30/2001
7065 Columbia Gateway Drive (O)	Columbia, MD	—	919	3,763	4,011	919	7,774	8,693	(5,480)	2000	8/30/2001
7067 Columbia Gateway Drive (O)	Columbia, MD	—	1,829	11,823	10,747	1,829	22,570	24,399	(13,289)	2001	8/30/2001
7100 Redstone Gateway (O)	Huntsville, AL	—	—	12,983	48	—	13,031	13,031	(1,490)	2021	3/23/2010
7125 Columbia Gateway Drive (O)	Columbia, MD	—	20,487	49,926	35,038	20,487	84,964	105,451	(42,753)	1973/1999	6/29/2006
7130 Columbia Gateway Drive (O)	Columbia, MD	—	1,350	4,359	3,187	1,350	7,546	8,896	(5,110)	1989	9/19/2005
7134 Columbia Gateway Drive (O)	Columbia, MD	—	704	4,700	963	704	5,663	6,367	(2,647)	1990/2016	9/19/2005
7138 Columbia Gateway Drive (O)	Columbia, MD	—	1,104	3,518	3,406	1,104	6,924	8,028	(4,943)	1990	9/19/2005
7142 Columbia Gateway Drive (O)	Columbia, MD	—	1,342	7,148	4,245	1,342	11,393	12,735	(6,222)	1994/2018	9/19/2005
7150 Columbia Gateway Drive (O)	Columbia, MD	—	1,032	3,429	1,829	1,032	5,258	6,290	(2,855)	1991	9/19/2005
7150 Riverwood Drive (O)	Columbia, MD	—	1,821	4,388	16,249	1,821	20,637	22,458	(5,331)	2000	1/10/2007
7160 Riverwood Drive (O)	Columbia, MD	—	2,732	7,006	4,841	2,732	11,847	14,579	(7,272)	2000	1/10/2007
7170 Riverwood Drive (O)	Columbia, MD	—	1,283	3,096	2,624	1,283	5,720	7,003	(3,607)	2000	1/10/2007
7175 Riverwood Drive (O)	Columbia, MD	—	1,788	7,269	145	1,788	7,414	9,202	(2,225)	1996/2013	7/27/2005
7200 Redstone Gateway (O)	Huntsville, AL	—	—	8,348	272	—	8,620	8,620	(2,500)	2013	3/23/2010
7200 Riverwood Drive (O)	Columbia, MD	—	4,089	22,630	6,090	4,089	28,720	32,809	(16,743)	1986	10/13/1998
7205 Riverwood Drive (O)	Columbia, MD	—	1,367	21,419	420	1,367	21,839	23,206	(6,697)	2013	7/27/2005
7272 Park Circle Drive (O)	Hanover, MD	—	1,479	6,300	5,305	1,479	11,605	13,084	(7,534)	1991/1996	1/10/2007
7318 Parkway Drive (O)	Hanover, MD	—	972	3,888	2,410	972	6,298	7,270	(4,044)	1984	4/16/1999
7400 Redstone Gateway (O)	Huntsville, AL	—	—	9,223	253	—	9,476	9,476	(2,470)	2015	3/23/2010
7467 Ridge Road (O)	Hanover, MD	—	1,565	3,116	7,987	1,565	11,103	12,668	(6,951)	1990	4/28/1999

			Initial Cost			Gross Amounts Carried At Close of Period					
Property (Type) (1)	Location	Encumbrances (2)	Land	Building and Land Improvements	Costs Capitalized Subsequent to Acquisition	Land	Building and Land Improvements	Total (3)	Accumulated Depreciation (4)	Year Built or Renovated	Date Acquired (5)
7500 Advanced Gateway (O)	Huntsville, AL	—	—	18,665	106	—	18,771	18,771	(2,615)	2020	3/23/2010
7600 Advanced Gateway (O)	Huntsville, AL	—	—	13,752	35	—	13,787	13,787	(1,861)	2020	3/23/2010
7700 Advanced Gateway (O)	Huntsville, AL	404	—	2,546	—	—	2,546	2,546	—	(7)	3/23/2010
7740 Milestone Parkway (O)	Hanover, MD	—	3,825	34,176	2,102	3,825	36,278	40,103	(14,171)	2009	7/2/2007
7770 Backlick Road (O)	Springfield, VA	—	6,387	78,892	4,185	6,387	83,077	89,464	(26,415)	2012	3/10/2010
7880 Milestone Parkway (O)	Hanover, MD	—	4,857	27,166	1,804	4,857	28,970	33,827	(7,829)	2015	9/17/2013
8000 Rideout Road (O)	Huntsville, AL	—	—	28,157	213	—	28,370	28,370	(2,697)	2021	3/23/2010
8100 Rideout Road (O)	Huntsville, AL	—	—	42,601	11	—	42,612	42,612	(1,583)	2024	3/23/2010
8200 Rideout Road (O)	Huntsville, AL	—	—	45,903	12	—	45,915	45,915	(4,725)	2022	3/23/2010
8300 Rideout Road (O)	Huntsville, AL	—	—	52,633	17	—	52,650	52,650	(5,554)	2022	3/23/2010
8500 Advanced Gateway (O)	Huntsville, AL	4,549	—	28,116	—	—	28,116	28,116	—	(7)	3/23/2010
8600 Advanced Gateway (O)	Huntsville, AL	—	—	27,314	70	—	27,384	27,384	(3,455)	2020	3/23/2010
8621 Robert Fulton Drive (O)	Columbia, MD	—	2,317	12,642	8,177	2,317	20,819	23,136	(11,864)	2005-2006	6/10/2005
8661 Robert Fulton Drive (O)	Columbia, MD	—	1,510	3,764	4,238	1,510	8,002	9,512	(4,968)	2002	12/30/2003
8671 Robert Fulton Drive (O)	Columbia, MD	—	1,718	4,280	4,848	1,718	9,128	10,846	(6,547)	2002	12/30/2003
870 Elkridge Landing Road (O)	Linthicum, MD	—	2,003	9,442	10,622	2,003	20,064	22,067	(15,037)	1981	8/3/2001
8800 Redstone Gateway (O)	Huntsville, AL	—	—	18,470	168	—	18,638	18,638	(2,828)	2019	3/23/2010
891 Elkridge Landing Road (O)	Linthicum, MD	—	1,165	4,772	4,471	1,165	9,243	10,408	(6,886)	1984	7/2/2001
901 Elkridge Landing Road (O)	Linthicum, MD	—	1,156	4,437	8,447	1,156	12,884	14,040	(8,008)	1984	7/2/2001
911 Elkridge Landing Road (O)	Linthicum, MD	—	1,215	4,861	4,729	1,215	9,590	10,805	(6,449)	1985	4/30/1998
938 Elkridge Landing Road (O)	Linthicum, MD	—	922	4,748	1,544	922	6,292	7,214	(4,159)	1984	7/2/2001
939 Elkridge Landing Road (O)	Linthicum, MD	—	939	3,756	11,247	939	15,003	15,942	(7,599)	1983	4/30/1998
9700 Advanced Gateway (O)	Huntsville, AL	—	—	15,329	—	—	15,329	15,329	(207)	2025	3/23/2010
Arundel Preserve (L)	Hanover, MD	—	13,352	10,809	—	13,352	10,809	24,161	—	(6)	7/2/2007
Canton Crossing Land (L)	Baltimore, MD	—	—	6,000	54	—	6,054	6,054	(54)	(6)	10/27/2009
Canton Crossing Util Distr Ctr (O)	Baltimore, MD	—	2,866	7,271	2,399	2,866	9,670	12,536	(8,294)	2006	10/27/2009
Columbia Gateway - Southridge (L)	Columbia, MD	—	6,387	3,725	—	6,387	3,725	10,112	—	(6)	9/20/2004
Dahlgren Technology Center (L)	Dahlgren, VA	—	978	178	—	978	178	1,156	—	(6)	3/16/2005
Expedition VII (O)	Lexington Park, MD	—	705	8,677	3	705	8,680	9,385	(773)	2022	3/24/2004
M Square Research Park (L)	College Park, MD	—	—	2,043	—	—	2,043	2,043	—	(6)	1/29/2008
MP 3 (O)	Northern Virginia	11,364	9,038	51,798	—	9,038	51,798	60,836	(97)	2025	11/8/2018
National Business Park North (L)	Annapolis Junction, MD	—	15,554	31,981	2	15,554	31,983	47,537	—	(6)	6/29/2006
North Gate Business Park (L)	Aberdeen, MD	—	1,755	264	—	1,755	264	2,019	—	(6)	9/14/2007
NoVA Office A (O)	Chantilly, VA	—	2,096	46,849	5	2,096	46,854	48,950	(12,777)	2015	7/18/2002
NoVA Office B (O)	Chantilly, VA	—	739	38,376	—	739	38,376	39,115	(8,636)	2016	7/18/2002
NoVA Office C (O)	Chantilly, VA	—	7,751	85,820	—	7,751	85,820	93,571	(8,805)	2021	7/18/2002
NoVA Office D (O)	Chantilly, VA	—	6,587	40,559	7	6,587	40,566	47,153	(8,533)	2017	7/2/2013

			Initial Cost			Gross Amounts Carried At Close of Period					
Property (Type) (1)	Location	Encumbrances (2)	Land	Building and Land Improvements	Costs Capitalized Subsequent to Acquisition	Land	Building and Land Improvements	Total (3)	Accumulated Depreciation (4)	Year Built or Renovated	Date Acquired (5)
Oak Grove A (O)	Northern Virginia	—	12,866	42,090	—	12,866	42,090	54,956	(5,386)	2020	11/1/2018
Oak Grove B (O)	Northern Virginia	—	12,866	41,621	—	12,866	41,621	54,487	(5,995)	2019	11/1/2018
Oak Grove C (O)	Northern Virginia	—	11,741	79,188	—	11,741	79,188	90,929	(7,280)	2022	11/1/2018
Oak Grove D (O)	Northern Virginia	—	11,741	78,905	—	11,741	78,905	90,646	(6,011)	2022	11/1/2018
Old Annapolis Road (O)	Columbia, MD	—	1,637	5,500	7,044	1,637	12,544	14,181	(7,479)	1974/1985	12/14/2000
Patriot Ridge (L)	Springfield, VA	—	18,517	14,656	—	18,517	14,656	33,173	—	(6)	3/10/2010
Project EL (O)	Confidential-USA	—	7,190	46,922	—	7,190	46,922	54,112	(5,232)	2021	1/20/2006
Project EL 2 (O)	Confidential-USA	—	—	813	—	—	813	813	—	(7)	1/20/2006
Project EX (O)	Confidential-USA	—	13,010	19,107	—	13,010	19,107	32,117	(3,282)	2018	7/16/2008
PS A (O)	Northern Virginia	—	4,078	54,776	—	4,078	54,776	58,854	(3,247)	2023	1/27/2005
PS B (O)	Northern Virginia	—	3,468	47,738	—	3,468	47,738	51,206	(2,431)	2023	1/27/2005
Redstone Gateway (L)	Huntsville, AL	305	—	31,955	66	—	32,021	32,021	(9)	(6)	3/23/2010
Sentry Gateway - T (O)	San Antonio, TX	—	14,020	38,804	62	14,020	38,866	52,886	(18,324)	1982/2008	3/30/2005
Sentry Gateway - V (O)	San Antonio, TX	—	—	1,066	—	—	1,066	1,066	(454)	2007	3/30/2005
Sentry Gateway - W (O)	San Antonio, TX	—	—	1,884	71	—	1,955	1,955	(807)	2009	3/30/2005
Sentry Gateway - X (O)	San Antonio, TX	—	1,964	21,178	53	1,964	21,231	23,195	(8,075)	2010	1/20/2006
Sentry Gateway - Y (O)	San Antonio, TX	—	1,964	21,298	275	1,964	21,573	23,537	(8,165)	2010	1/20/2006
Sentry Gateway - Z (O)	San Antonio, TX	—	1,964	30,573	—	1,964	30,573	32,537	(8,262)	2015	6/14/2005
Southpoint Phase 2 Bldg A (O)	Northern Virginia	—	4,404	67,277	—	4,404	67,277	71,681	(1,743)	2024	7/24/2019
Southpoint Phase 2 Bldg B (O)	Northern Virginia	—	3,752	38,587	—	3,752	38,587	42,339	(132)	2025	7/24/2019
Westfields - Park Center (L)	Chantilly, VA	—	8,667	4,156	—	8,667	4,156	12,823	—	(6)	7/2/2013
Other Developments, including intercompany eliminations (V)	Various	—	—	1,140	270	—	1,410	1,410	(256)	Various	Various
		$ 142,239	$ 620,983	$ 3,954,910	$ 889,951	$ 620,983	$ 4,844,861	$ 5,465,844	$ (1,682,367)		

(1) A legend for the Property Type follows: (O) = Office or data center shell property; (L) = Land held or pre-development; and (V) = Various.
(2) Excludes our Revolving Credit Facility of $54.0 million, term loan facilities of $49.9 million, unsecured senior notes of $2.5 billion, unsecured notes payable of $61,000, and deferred financing costs, net of premiums, on the remaining loans of $50,000.
(3) The aggregate gross amounts carried for federal income tax purposes as of December 31, 2025 was approximately $5.7 billion, or $4.1 billion net of accumulated depreciation.
(4) The estimated lives over which depreciation is recognized follow: Building and land improvements: 10-40 years; and tenant improvements: related lease terms.
(5) The acquisition date of multi-parcel properties reflects the date of the earliest parcel acquisition. The acquisition date of properties owned through real estate joint ventures reflects the date of the formation of the joint venture.
(6) Held as of December 31, 2025.
(7) Under development as of December 31, 2025.

The following table summarizes our changes in cost of properties for the years ended December 31, 2025, 2024 and 2023 (in thousands):

	2025	2024	2023
Beginning balance	$ 5,167,819	$ 4,903,840	$ 4,986,537
Acquisitions of operating properties (1)	20,300	24,996	—
Improvements and other additions	279,673	239,096	333,081
Sales (2)	(1,764)	—	(162,981)
Impairments (3)	—	—	(252,797)
Other dispositions	(184)	(113)	—
Ending balance	$ 5,465,844	$ 5,167,819	$ 4,903,840

The following table summarizes our changes in accumulated depreciation for the same time periods (in thousands):

	2025	2024	2023
Beginning balance	$ 1,537,293	$ 1,400,162	$ 1,273,448
Depreciation expense	145,074	137,224	132,728
Sales (2)	—	—	(6,014)
Other dispositions	—	(93)	—
Ending balance	$ 1,682,367	$ 1,537,293	$ 1,400,162

(1) Includes acquisitions of operating properties in 2025 and 2024, as described in Note 4 to our consolidated financial statements. These amounts exclude intangible assets associated with the acquisitions.
(2) Includes sale of a parcel of land in 2025 and sale of our ownership interest in data center shells through a newly-formed unconsolidated real estate joint venture in 2023 as described in Note 4 to our consolidated financial statements.
(3) Includes impairment recognized on six operating properties and a parcel of land, as described in Note 4 to our consolidated financial statements.