



2017 – Q2

**SUPPLEMENTAL
INFORMATION PACKAGE**

Corporate Office Properties Trust

CORPORATE OFFICE PROPERTIES TRUST

Earnings Release & Supplemental Information – Unaudited
For the Quarter Ended June 30, 2017

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Please refer to the section entitled "Definitions" for definitions of non-GAAP measures and other terms we use herein that may not be customary or commonly known.



Corporate Office Properties Trust
Summary Description

The Company: Corporate Office Properties Trust (the “Company” or “COPT”) is a self-managed office real estate investment trust (“REIT”). COPT is listed on the New York Stock Exchange under the symbol “OFC” and is a S&P MidCap 400 Company. We own, manage, lease, develop and selectively acquire office and data center properties. The majority of our portfolio is in locations that support the United States Government and its contractors, most of whom are engaged in national security, defense and information technology (“IT”) related activities servicing what we believe are growing, durable priority missions; we refer to these properties as Defense/IT Locations (sometimes also referred to as “Mission-Centric”). We also own a portfolio of office properties located in select urban/urban-like submarkets within our regional footprint with durable Class-A office fundamentals and characteristics; these properties are included in a segment referred to as Regional Office Properties (sometimes also referred to as “Urban-Centric”). As of June 30, 2017, we derived 87% of our core portfolio annualized revenue from Defense/IT Locations and 13% from our Regional Office Properties. As of June 30, 2017, our core portfolio of 153 office properties, including six owned through an unconsolidated joint venture, encompassed 16.6 million square feet and was 94.8% leased. As of the same date, we also owned a wholesale data center with a critical load of 19.25 megawatts in operations.

Management:

Stephen E. Budorick, President & CEO
Paul R. Adkins, EVP & COO
Anthony Mifsud, EVP & CFO

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Corporate Credit Rating: BBB- (Fitch), Baa3 (Moody’s), and BBB- (S&P); All Stable Outlook

Disclosure Statement: This supplemental package contains forward-looking statements within the meaning of the Federal securities laws. 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 and property values; adverse changes in the real estate markets, including, among other things, increased competition with other companies; governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses, such as a reduction in rental revenues, non-renewal of leases and/or a curtailment of demand for additional space by our strategic customers; our ability to borrow on favorable terms; risks of real estate acquisition and development activities, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated; risks of investing through joint venture structures, including risks that 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 impairment losses; 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; our ability to achieve projected results; and environmental requirements. We undertake no obligation to update or supplement any forward-looking statements. For further information, please refer to our filings with the Securities and Exchange Commission, particularly the section entitled “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016.

Corporate Office Properties Trust
Equity Research Coverage

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With the exception of Green Street Advisors, the above-listed firms are those whose analysts publish research material on the Company and whose estimates of our FFO per share can be tracked through Thomson's First Call Corporation. Any opinions, estimates, or forecasts the above analysts make regarding COPT's future performance are their own and do not represent the views, estimates, or forecasts of COPT's management.

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

| | Page | Three Months Ended | | | | | Six Months Ended | |
|---|--------|--------------------|-------------|-------------|-------------|-------------|------------------|-------------|
| SUMMARY OF RESULTS | Refer. | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Net income (loss) | 6 | \$ 19,207 | \$ 23,088 | \$ 26,603 | \$ 29,272 | \$ (48,316) | \$ 42,295 | \$ (40,220) |
| NOI from real estate operations | 13 | \$ 80,963 | \$ 79,546 | \$ 81,734 | \$ 82,010 | \$ 85,783 | \$ 160,509 | \$ 166,995 |
| Same Office Property NOI | 16 | \$ 70,936 | \$ 70,695 | \$ 71,308 | \$ 69,059 | \$ 69,516 | \$ 141,631 | \$ 136,825 |
| Same Office Property Cash NOI | 17 | \$ 71,313 | \$ 70,433 | \$ 71,280 | \$ 68,581 | \$ 69,485 | \$ 141,746 | \$ 136,601 |
| Adjusted EBITDA | 10 | \$ 75,595 | \$ 73,885 | \$ 76,781 | \$ 76,834 | \$ 79,625 | \$ 149,480 | \$ 154,531 |
| Diluted AFFO avail. to common share and unit holders | 9 | \$ 43,687 | \$ 38,347 | \$ 40,717 | \$ 37,998 | \$ 42,937 | \$ 82,034 | \$ 79,772 |
| Dividend per common share | N/A | \$ 0.275 | \$ 0.275 | \$ 0.275 | \$ 0.275 | \$ 0.275 | \$ 0.550 | \$ 0.550 |
| <u>Per share - diluted:</u> | | | | | | | | |
| EPS | 8 | \$ 0.08 | \$ 0.18 | \$ 0.22 | \$ 0.25 | \$ (0.54) | \$ 0.26 | \$ (0.51) |
| FFO - NAREIT | 8 | \$ 0.42 | \$ 0.51 | \$ 0.57 | \$ 0.49 | \$ 0.36 | \$ 0.93 | \$ 0.75 |
| FFO - as adjusted for comparability | 8 | \$ 0.49 | \$ 0.47 | \$ 0.51 | \$ 0.51 | \$ 0.52 | \$ 0.97 | \$ 0.99 |
| <u>Numerators for diluted per share amounts:</u> | | | | | | | | |
| Diluted EPS | 6 | \$ 7,859 | \$ 18,050 | \$ 20,976 | \$ 23,642 | \$ (51,068) | \$ 25,909 | \$ (47,912) |
| Diluted FFO available to common share and unit holders | 7 | \$ 42,767 | \$ 51,900 | \$ 56,558 | \$ 48,449 | \$ 35,194 | \$ 94,667 | \$ 73,754 |
| Diluted FFO available to common share and unit holders, as adjusted for comparability | 7 | \$ 50,658 | \$ 48,163 | \$ 50,219 | \$ 50,461 | \$ 50,630 | \$ 98,821 | \$ 96,637 |
| <u>Payout ratios:</u> | | | | | | | | |
| Diluted FFO | N/A | 65.9% | 54.2% | 49.5% | 55.6% | 76.6% | 59.5% | 73.0% |
| Diluted FFO - as adjusted for comparability | N/A | 55.6% | 58.5% | 55.7% | 53.4% | 53.2% | 57.0% | 55.7% |
| Diluted AFFO | N/A | 64.5% | 73.4% | 68.7% | 70.9% | 62.7% | 68.7% | 67.5% |
| CAPITALIZATION | | | | | | | | |
| Total Market Capitalization | 28 | \$5,524,727 | \$5,503,036 | \$5,315,331 | \$4,887,466 | \$5,228,793 | | |
| Total Equity Market Capitalization | 28 | \$3,612,511 | \$3,583,815 | \$3,395,102 | \$2,996,247 | \$3,116,093 | | |
| Gross debt | 29 | \$1,942,216 | \$1,949,221 | \$1,950,229 | \$1,921,219 | \$2,112,700 | | |
| Net debt to adjusted book | 31 | 42.4% | 38.2% | 38.3% | 41.2% | 43.6% | N/A | N/A |
| Net debt plus preferred equity to adjusted book | 31 | 42.6% | 42.2% | 42.9% | 45.8% | 48.0% | N/A | N/A |
| Adjusted EBITDA fixed charge coverage ratio | 31 | 3.2x | 3.1x | 3.1x | 3.1x | 2.9x | 3.1x | 2.8x |
| Net debt to in-place adjusted EBITDA ratio | 31 | 6.4x | 5.9x | 5.7x | 6.3x | 6.6x | N/A | N/A |
| Net debt plus pref. equity to in-place adj. EBITDA ratio | 31 | 6.4x | 6.5x | 6.3x | 7.0x | 7.2x | N/A | N/A |
| OTHER | | | | | | | | |
| Revenue from early termination of leases | N/A | \$ 467 | \$ 612 | \$ 794 | \$ 437 | \$ 338 | \$ 1,079 | \$ 1,050 |
| Capitalized interest costs | N/A | \$ 1,611 | \$ 1,531 | \$ 1,419 | \$ 1,242 | \$ 1,309 | \$ 3,142 | \$ 3,062 |

Corporate Office Properties Trust
Selected Portfolio Data

| | 6/30/17 (1) | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 |
|--|----------------|---------|----------|---------|---------|
| # of Operating Office Properties | | | | | |
| Total Portfolio | 165 | 164 | 164 | 168 | 181 |
| Consolidated Portfolio | 159 | 158 | 158 | 162 | 181 |
| Core Portfolio | 153 | 152 | 152 | 146 | 146 |
| Same Office Properties | 137 | 137 | 137 | 137 | 137 |
| % Occupied | | | | | |
| Total Portfolio | 93.0% | 92.4% | 92.1% | 91.3% | 92.6% |
| Consolidated Portfolio | 92.6% | 92.0% | 91.6% | 90.8% | 92.6% |
| Core Portfolio | 93.8% | 93.3% | 92.9% | 93.0% | 92.3% |
| Same Office Properties | 92.7% | 92.5% | 91.9% | 91.9% | 91.7% |
| % Leased | | | | | |
| Total Portfolio | 94.0% | 93.3% | 93.5% | 92.8% | 92.6% |
| Consolidated Portfolio | 93.7% | 92.9% | 93.1% | 92.4% | 92.6% |
| Core Portfolio | 94.8% | 94.2% | 94.4% | 94.4% | 93.8% |
| Same Office Properties | 93.6% | 93.2% | 93.3% | 93.5% | 93.2% |
| Square Feet of Office Properties (in thousands) | | | | | |
| Total Portfolio | 17,323 | 17,082 | 17,190 | 17,488 | 18,402 |
| Consolidated Portfolio | 16,361 | 16,121 | 16,228 | 16,526 | 18,402 |
| Core Portfolio | 16,568 | 16,347 | 16,301 | 15,938 | 16,018 |
| Same Office Properties | 14,699 | 14,699 | 14,699 | 14,699 | 14,699 |
| Wholesale Data Center (in megawatts ("MWs")) | | | | | |
| MWs Operational | 19.25 | 19.25 | 19.25 | 19.25 | 19.25 |
| MWs Leased (2) | 16.86 | 14.86 | 14.86 | 15.81 | 15.81 |

- (1) As of 6/30/2017, our total portfolio included 9 properties held for sale totaling 469,000 square feet that were 95.4% occupied and leased. Our total portfolio and core portfolio included six properties owned through an unconsolidated joint venture totaling 962,000 square feet that were 100% occupied and leased.
- (2) Leased to tenants with further expansion rights of up to a combined 17.92 megawatts as of 6/30/2017.

Corporate Office Properties Trust
Consolidated Balance Sheets
(dollars in thousands)

| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Properties, net | | | | | |
| Operating properties, net | \$ 2,688,174 | \$ 2,670,157 | \$ 2,671,831 | \$ 2,632,069 | \$ 2,782,330 |
| Construction and redevelopment in progress, including land (1) | 107,910 | 108,925 | 86,323 | 72,043 | 69,070 |
| Land held (1) | 338,475 | 313,932 | 315,208 | 324,226 | 318,327 |
| Total properties, net | 3,134,559 | 3,093,014 | 3,073,362 | 3,028,338 | 3,169,727 |
| Assets held for sale | 51,291 | 41,391 | 94,654 | 161,454 | 300,584 |
| Cash and cash equivalents | 10,606 | 226,470 | 209,863 | 47,574 | 13,317 |
| Restricted cash and marketable securities | 6,866 | 6,439 | 8,193 | 7,583 | 8,302 |
| Investment in unconsolidated real estate joint venture | 25,335 | 25,417 | 25,548 | 25,721 | — |
| Accounts receivable, net | 42,742 | 29,431 | 34,438 | 25,790 | 32,505 |
| Deferred rent receivable, net | 89,832 | 89,410 | 90,219 | 87,526 | 92,316 |
| Intangible assets on real estate acquisitions, net | 69,205 | 73,748 | 78,351 | 84,081 | 88,788 |
| Deferred leasing costs, net | 40,506 | 40,753 | 41,214 | 41,470 | 42,632 |
| Investing receivables | 54,598 | 53,570 | 52,279 | 51,119 | 50,162 |
| Prepaid expenses and other assets, net | 49,347 | 59,723 | 72,764 | 73,538 | 43,359 |
| Total assets | \$ 3,574,887 | \$ 3,739,366 | \$ 3,780,885 | \$ 3,634,194 | \$ 3,841,692 |
| Liabilities and equity | | | | | |
| Liabilities: | | | | | |
| Debt | \$ 1,897,734 | \$ 1,903,657 | \$ 1,904,001 | \$ 1,873,836 | \$ 2,094,486 |
| Accounts payable and accrued expenses | 95,267 | 83,107 | 108,682 | 112,306 | 92,848 |
| Rents received in advance and security deposits | 25,444 | 28,393 | 29,798 | 28,740 | 32,035 |
| Dividends and distributions payable | 28,462 | 31,131 | 31,335 | 30,225 | 30,219 |
| Deferred revenue associated with operating leases | 13,172 | 11,750 | 12,666 | 9,898 | 17,560 |
| Interest rate derivatives | 601 | 735 | 1,572 | 17,272 | 20,245 |
| Redeemable preferred shares at liquidation preference (2) | — | — | 26,583 | — | — |
| Capital lease obligation | 16,177 | — | — | — | — |
| Other liabilities | 55,475 | 55,049 | 48,605 | 38,282 | 31,123 |
| Total liabilities | 2,132,332 | 2,113,822 | 2,163,242 | 2,110,559 | 2,318,516 |
| Redeemable noncontrolling interests | 23,731 | 23,676 | 22,979 | 22,848 | 22,473 |
| Equity: | | | | | |
| COPT's shareholders' equity: | | | | | |
| Preferred shares at liquidation preference | — | 172,500 | 172,500 | 199,083 | 199,083 |
| Common shares | 995 | 994 | 985 | 948 | 947 |
| Additional paid-in capital | 2,146,119 | 2,136,369 | 2,116,581 | 2,008,787 | 2,007,328 |
| Cumulative distributions in excess of net income | (793,828) | (774,445) | (765,276) | (759,262) | (756,940) |
| Accumulated other comprehensive loss | (1,163) | (370) | (1,731) | (16,314) | (17,712) |
| Total COPT's shareholders' equity | 1,352,123 | 1,535,048 | 1,523,059 | 1,433,242 | 1,432,706 |
| Noncontrolling interests in subsidiaries | | | | | |
| Common units in the Operating Partnership | 46,233 | 46,683 | 49,228 | 46,757 | 47,550 |
| Preferred units in the Operating Partnership | 8,800 | 8,800 | 8,800 | 8,800 | 8,800 |
| Other consolidated entities | 11,668 | 11,337 | 13,577 | 11,988 | 11,647 |
| Total noncontrolling interests in subsidiaries | 66,701 | 66,820 | 71,605 | 67,545 | 67,997 |
| Total equity | 1,418,824 | 1,601,868 | 1,594,664 | 1,500,787 | 1,500,703 |
| Total liabilities, redeemable noncontrolling interest and equity | \$ 3,574,887 | \$ 3,739,366 | \$ 3,780,885 | \$ 3,634,194 | \$ 3,841,692 |

(1) Please refer to pages 24, 25 and 27 for detail.

(2) We redeemed all of our Series K Preferred Shares effective 1/21/17. Since we notified holders of such shares in December 2016 that we were redeeming the shares, we present the liquidation preference as a liability as of 12/31/16.

Corporate Office Properties Trust
Consolidated Statements of Operations
(in thousands, except per share data)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|--------------------|------------------|--------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Revenues | | | | | | | |
| Rental revenue | \$ 101,347 | \$ 100,615 | \$ 100,849 | \$ 103,956 | \$ 107,524 | \$ 201,962 | \$ 212,906 |
| Tenant recoveries and other real estate operations revenue | 26,950 | 26,152 | 27,150 | 26,998 | 26,400 | 53,102 | 54,105 |
| Construction contract and other service revenues | 23,138 | 13,034 | 13,992 | 11,149 | 12,003 | 36,172 | 23,223 |
| Total revenues | 151,435 | 139,801 | 141,991 | 142,103 | 145,927 | 291,236 | 290,234 |
| Expenses | | | | | | | |
| Property operating expenses | 48,628 | 48,519 | 47,562 | 49,952 | 48,141 | 97,147 | 100,016 |
| Depreciation and amortization associated with real estate operations | 32,793 | 33,059 | 32,929 | 32,015 | 33,248 | 65,852 | 67,775 |
| Construction contract and other service expenses | 22,315 | 12,486 | 12,968 | 10,341 | 11,478 | 34,801 | 22,172 |
| Impairment losses | 1,625 | — | 1,554 | 27,699 | 69,692 | 1,625 | 72,138 |
| General and administrative expenses | 6,017 | 6,747 | 6,211 | 7,242 | 6,512 | 12,764 | 16,642 |
| Leasing expenses | 1,842 | 1,864 | 1,578 | 1,613 | 1,514 | 3,706 | 3,267 |
| Business development expenses and land carry costs | 1,597 | 1,693 | 1,747 | 1,716 | 2,363 | 3,290 | 4,781 |
| Total operating expenses | 114,817 | 104,368 | 104,549 | 130,578 | 172,948 | 219,185 | 286,791 |
| Operating income | 36,618 | 35,433 | 37,442 | 11,525 | (27,021) | 72,051 | 3,443 |
| Interest expense | (19,163) | (18,994) | (18,664) | (18,301) | (22,639) | (38,157) | (46,198) |
| Interest and other income | 1,583 | 1,726 | 1,567 | 1,391 | 1,330 | 3,309 | 2,486 |
| (Loss) gain on early extinguishment of debt | (513) | — | (1,073) | (59) | 5 | (513) | 22 |
| Income (loss) before equity in income of unconsolidated entities and income taxes | 18,525 | 18,165 | 19,272 | (5,444) | (48,325) | 36,690 | (40,247) |
| Equity in income of unconsolidated entities | 718 | 725 | 718 | 594 | 10 | 1,443 | 20 |
| Income tax (expense) benefit | (48) | (40) | (272) | 21 | (1) | (88) | 7 |
| Income (loss) before gain on sales of real estate | 19,195 | 18,850 | 19,718 | (4,829) | (48,316) | 38,045 | (40,220) |
| Gain on sales of real estate | 12 | 4,238 | 6,885 | 34,101 | — | 4,250 | — |
| Net income (loss) | 19,207 | 23,088 | 26,603 | 29,272 | (48,316) | 42,295 | (40,220) |
| Net (income) loss attributable to noncontrolling interests | | | | | | | |
| Common units in the Operating Partnership | (273) | (634) | (793) | (901) | 1,976 | (907) | 1,849 |
| Preferred units in the Operating Partnership | (165) | (165) | (165) | (165) | (165) | (330) | (330) |
| Other consolidated entities | (907) | (934) | (912) | (907) | (914) | (1,841) | (1,892) |
| Net income (loss) attributable to COPT | 17,862 | 21,355 | 24,733 | 27,299 | (47,419) | 39,217 | (40,593) |
| Preferred share dividends | (3,039) | (3,180) | (3,640) | (3,552) | (3,553) | (6,219) | (7,105) |
| Issuance costs associated with redeemed preferred shares | (6,847) | — | (17) | — | — | (6,847) | — |
| Net income (loss) attributable to COPT common shareholders | \$ 7,976 | \$ 18,175 | \$ 21,076 | \$ 23,747 | \$ (50,972) | \$ 26,151 | \$ (47,698) |
| Amount allocable to share-based compensation awards | (117) | (125) | (100) | (105) | (96) | (242) | (214) |
| Numerator for diluted EPS | \$ 7,859 | \$ 18,050 | \$ 20,976 | \$ 23,642 | \$ (51,068) | \$ 25,909 | \$ (47,912) |

Corporate Office Properties Trust
Funds from Operations
(in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|------------------|------------------|------------------|--------------------|------------------|--------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Net income (loss) | \$ 19,207 | \$ 23,088 | \$ 26,603 | \$ 29,272 | \$ (48,316) | \$ 42,295 | \$ (40,220) |
| Real estate-related depreciation and amortization | 32,793 | 33,059 | 32,929 | 32,015 | 33,248 | 65,852 | 67,775 |
| Impairment losses on previously depreciated operating properties | 1,610 | — | 1,518 | 25,857 | 55,124 | 1,610 | 55,971 |
| Gain on sales of previously depreciated operating properties | (12) | (19) | 312 | (34,101) | — | (31) | — |
| Depreciation and amortization on unconsolidated real estate JV (1) | 311 | 311 | 311 | 207 | — | 622 | — |
| FFO - per NAREIT (2)(3) | 53,909 | 56,439 | 61,673 | 53,250 | 40,056 | 110,348 | 83,526 |
| Preferred share dividends | (3,039) | (3,180) | (3,640) | (3,552) | (3,553) | (6,219) | (7,105) |
| Issuance costs associated with redeemed preferred shares | (6,847) | — | (17) | — | — | (6,847) | — |
| Noncontrolling interests - preferred units in the Operating Partnership | (165) | (165) | (165) | (165) | (165) | (330) | (330) |
| FFO allocable to other noncontrolling interests (4) | (906) | (978) | (1,085) | (894) | (1,014) | (1,884) | (2,041) |
| Basic and diluted FFO allocable to share-based compensation awards | (185) | (216) | (208) | (190) | (130) | (401) | (296) |
| Basic and Diluted FFO available to common share and common unit holders (3) | 42,767 | 51,900 | 56,558 | 48,449 | 35,194 | 94,667 | 73,754 |
| Gain on sales of non-operating properties | — | (4,219) | (7,197) | — | — | (4,219) | — |
| Impairment losses on non-operating properties | 15 | — | 36 | 1,842 | 14,568 | 15 | 16,167 |
| Loss (gain) on interest rate derivatives | 444 | (453) | (725) | (1,523) | 319 | (9) | 1,870 |
| Loss (gain) on early extinguishment of debt | 513 | — | 1,073 | 59 | (5) | 513 | (22) |
| Issuance costs associated with redeemed preferred shares | 6,847 | — | 17 | — | — | 6,847 | — |
| Demolition costs on redevelopment properties | 72 | 222 | — | — | 370 | 294 | 578 |
| Executive transition costs | 31 | 699 | 431 | 1,639 | 247 | 730 | 4,384 |
| Diluted FFO comparability adjustments allocable to share-based compensation awards | (31) | 14 | 26 | (5) | (63) | (17) | (94) |
| Diluted FFO avail. to common share and common unit holders, as adj. for comparability (3) | \$ 50,658 | \$ 48,163 | \$ 50,219 | \$ 50,461 | \$ 50,630 | \$ 98,821 | \$ 96,637 |

(1) FFO adjustment pertaining to COPT's share of an unconsolidated real estate joint venture reported on page 33.

(2) Please see reconciliation on page 34 for components of FFO per NAREIT.

(3) Please refer to the section entitled "Definitions" for a definition of this measure.

(4) Pertains to noncontrolling interests in consolidated real estate joint ventures reported on page 32.

Corporate Office Properties Trust
Diluted Share and Unit Computations
(in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|----------------|----------------|----------------|------------------|------------------|------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| <u>EPS Denominator:</u> | | | | | | | |
| Weighted average common shares - basic | 99,036 | 98,411 | 95,066 | 94,433 | 94,300 | 98,725 | 94,251 |
| Dilutive effect of share-based compensation awards | 160 | 155 | 76 | 81 | — | 158 | — |
| Weighted average common shares - diluted | 99,196 | 98,566 | 95,142 | 94,514 | 94,300 | 98,883 | 94,251 |
| Diluted EPS | \$ 0.08 | \$ 0.18 | \$ 0.22 | \$ 0.25 | \$ (0.54) | \$ 0.26 | \$ (0.51) |
| Weighted Average Shares for period ended: | | | | | | | |
| Common Shares Outstanding | 99,036 | 98,411 | 95,066 | 94,433 | 94,300 | 98,725 | 94,251 |
| Dilutive effect of share-based compensation awards | 160 | 155 | 76 | 81 | 117 | 158 | 107 |
| Common Units | 3,405 | 3,446 | 3,591 | 3,591 | 3,676 | 3,425 | 3,676 |
| Denominator for diluted FFO per share and as adjusted for comparability | 102,601 | 102,012 | 98,733 | 98,105 | 98,093 | 102,308 | 98,034 |
| Weighted average common units | (3,405) | (3,446) | (3,591) | (3,591) | (3,676) | (3,425) | (3,676) |
| Anti-dilutive EPS effect of share-based compensation awards | — | — | — | — | (117) | — | (107) |
| Denominator for diluted EPS | 99,196 | 98,566 | 95,142 | 94,514 | 94,300 | 98,883 | 94,251 |
| Diluted FFO per share - NAREIT | \$ 0.42 | \$ 0.51 | \$ 0.57 | \$ 0.49 | \$ 0.36 | \$ 0.93 | \$ 0.75 |
| Diluted FFO per share - as adjusted for comparability | \$ 0.49 | \$ 0.47 | \$ 0.51 | \$ 0.51 | \$ 0.52 | \$ 0.97 | \$ 0.99 |

Corporate Office Properties Trust
Adjusted Funds from Operations
(in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Diluted FFO available to common share and common unit holders, as adjusted for comparability | \$ 50,658 | \$ 48,163 | \$ 50,219 | \$ 50,461 | \$ 50,630 | \$ 98,821 | \$ 96,637 |
| Straight line rent adjustments and lease incentive amortization | 1,517 | 433 | 1,294 | 691 | 480 | 1,950 | (485) |
| Amortization of intangibles included in NOI | 325 | 359 | 463 | 349 | 338 | 684 | 676 |
| Share-based compensation, net of amounts capitalized | 1,309 | 1,249 | 1,174 | 1,258 | 1,485 | 2,558 | 3,117 |
| Amortization of deferred financing costs | 922 | 1,009 | 1,093 | 1,126 | 1,178 | 1,931 | 2,354 |
| Amortization of net debt discounts, net of amounts capitalized | 343 | 339 | 336 | 332 | 325 | 682 | 644 |
| Accum. other comprehensive loss on derivatives amortized to expense | 36 | — | — | — | — | 36 | — |
| Replacement capital expenditures (1) | (11,269) | (13,049) | (13,716) | (16,120) | (11,546) | (24,318) | (23,266) |
| Diluted AFFO adjustments allocable to other noncontrolling interests (2) | 25 | 26 | 42 | 42 | 47 | 51 | 95 |
| Diluted AFFO adjustments on unconsolidated real estate JV (3) | (179) | (182) | (188) | (141) | — | (361) | — |
| Diluted AFFO available to common share and common unit holders (“diluted AFFO”) | \$ 43,687 | \$ 38,347 | \$ 40,717 | \$ 37,998 | \$ 42,937 | \$ 82,034 | \$ 79,772 |
| Replacement capital expenditures (1) | | | | | | | |
| Tenant improvements and incentives | \$ 6,148 | \$ 4,740 | \$ 8,000 | \$ 21,470 | \$ 6,784 | \$ 10,888 | \$ 15,550 |
| Building improvements | 5,972 | 3,230 | 7,064 | 5,707 | 5,302 | 9,202 | 9,255 |
| Leasing costs | 1,666 | 1,151 | 1,387 | 5,182 | 1,613 | 2,817 | 2,796 |
| Net additions to (exclusions from) tenant improvements and incentives | 626 | 6,796 | 871 | (12,706) | (885) | 7,422 | (2,238) |
| Excluded building improvements | (3,143) | (2,868) | (3,606) | (3,533) | (1,121) | (6,011) | (1,678) |
| Excluded leasing costs | — | — | — | — | (147) | — | (419) |
| Replacement capital expenditures | \$ 11,269 | \$ 13,049 | \$ 13,716 | \$ 16,120 | \$ 11,546 | \$ 24,318 | \$ 23,266 |

(1) Please refer to the section entitled “Definitions” for a definition of this measure.

(2) AFFO adjustments pertaining to noncontrolling interests on consolidated joint ventures reported on page 32.

(3) AFFO adjustments pertaining to COPT’s share of an unconsolidated real estate joint venture reported on page 33.

Corporate Office Properties Trust
Adjusted EBITDA
(in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|--------------------|-------------------|--------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Net income (loss) | \$ 19,207 | \$ 23,088 | \$ 26,603 | \$ 29,272 | \$ (48,316) | \$ 42,295 | \$ (40,220) |
| Interest expense | 19,163 | 18,994 | 18,664 | 18,301 | 22,639 | 38,157 | 46,198 |
| Income tax expense (benefit) | 48 | 40 | 272 | (21) | 1 | 88 | (7) |
| Depreciation of furniture, fixtures and equipment | 585 | 511 | 512 | 513 | 524 | 1,096 | 1,126 |
| Real estate-related depreciation and amortization | 32,793 | 33,059 | 32,929 | 32,015 | 33,248 | 65,852 | 67,775 |
| Impairment losses | 1,625 | — | 1,554 | 27,699 | 69,692 | 1,625 | 72,138 |
| Loss (gain) on early extinguishment of debt | 513 | — | 1,073 | 59 | (5) | 513 | (22) |
| Gain on sales of operating properties | (12) | (19) | 312 | (34,101) | — | (31) | — |
| Gain on sales of non-operational properties | — | (4,219) | (7,197) | — | — | (4,219) | — |
| Net (gain) loss on investments in unconsolidated entities included in interest and other income | — | — | (117) | 27 | (36) | — | (59) |
| Business development expenses | 995 | 938 | 1,167 | 1,016 | 1,261 | 1,933 | 2,640 |
| Demolition costs on redevelopment properties | 72 | 222 | — | — | 370 | 294 | 578 |
| Adjustments from unconsolidated real estate JV (1) | 575 | 572 | 578 | 415 | — | 1,147 | — |
| Executive transition costs | 31 | 699 | 431 | 1,639 | 247 | 730 | 4,384 |
| Adjusted EBITDA | \$ 75,595 | \$ 73,885 | \$ 76,781 | \$ 76,834 | \$ 79,625 | \$ 149,480 | \$ 154,531 |
| Proforma NOI adjustment for property changes within period | 421 | (440) | 39 | (2,469) | 109 | | |
| In-place adjusted EBITDA | \$ 76,016 | \$ 73,445 | \$ 76,820 | \$ 74,365 | \$ 79,734 | | |

(1) Includes COPT's share of adjusted EBITDA adjustments in an unconsolidated real estate JV (see page 33).

Corporate Office Properties Trust
Operating Office Properties by Segment (1) - 6/30/2017
(square feet in thousands)

| | <u># of Properties</u> | <u>Operational Square Feet</u> | <u>Occupancy %</u> | <u>Leased %</u> |
|--|----------------------------|------------------------------------|------------------------|---------------------|
| Core Portfolio: (2) | | | | |
| Defense IT Locations: (3) | | | | |
| Fort Meade/Baltimore Washington ("BW") Corridor: | | | | |
| National Business Park | 30 | 3,555 | 95.8% | 96.6% |
| Howard County | 35 | 2,750 | 93.1% | 96.0% |
| Other | 21 | 1,557 | 94.3% | 94.8% |
| Total Fort Meade/BW Corridor | 86 | 7,862 | 94.6% | 96.0% |
| Northern Virginia ("NoVA") Defense/IT | 11 | 1,600 | 86.5% | 88.4% |
| Lackland AFB (San Antonio, Texas) | 7 | 953 | 100.0% | 100.0% |
| Navy Support | 21 | 1,256 | 81.9% | 82.8% |
| Redstone Arsenal (Huntsville, Alabama) | 7 | 651 | 98.7% | 99.0% |
| Data Center Shells | | | | |
| Consolidated Properties | 8 | 1,261 | 100.0% | 100.0% |
| Unconsolidated JV Properties (4) | 6 | 962 | 100.0% | 100.0% |
| Total Defense/IT Locations | 146 | 14,545 | 94.0% | 95.0% |
| Regional Office (5) | 7 | 2,023 | 92.5% | 93.4% |
| Core Portfolio | 153 | 16,568 | 93.8% | 94.8% |
| Properties Held for Sale | 9 | 469 | 95.4% | 95.4% |
| Other Properties | 3 | 286 | 44.0% | 44.0% |
| Total Portfolio | 165 | 17,323 | 93.0% | 94.0% |
| Consolidated Properties | 159 | 16,361 | 92.6% | 93.7% |

- (1) This presentation sets forth Core Portfolio data by segment followed by data for the remainder of the portfolio.
- (2) Represents Defense/IT Locations and Regional Office properties excluding properties held for sale.
- (3) Includes properties in locations that support the United States Government and its contractors, most of whom are engaged in national security, defense and IT related activities servicing what we believe are growing, durable, priority missions.
- (4) See page 33 for additional disclosure regarding an unconsolidated real estate joint venture.
- (5) Includes office properties located in select urban/urban-like submarkets within our regional footprint with durable Class-A office fundamentals and characteristics.

Corporate Office Properties Trust
NOI from Real Estate Operations and Occupancy by Property Grouping
(dollars and square feet in thousands)

| 6/30/2017 | | | | | | | | |
|---------------------------------------|----------------------------------|--------------------------------|----------------|--------------|---|--|--|--|
| Property Grouping | # of Operating Office Properties | Office Operational Square Feet | % Occupied (1) | % Leased (1) | Office Property Annualized Rental Revenue (2) | Percentage of Total Office Annualized Rental Revenue (2) | NOI from Real Estate Operations for Three Months Ended 6/30/17 | NOI from Real Estate Operations for Six Months Ended 6/30/17 |
| Core Portfolio: | | | | | | | | |
| Same Office Properties (3) | 134 | 14,413 | 93.7% | 94.6% | \$ 441,438 | 92.1% | \$ 70,170 | \$ 140,122 |
| Office Properties Placed in Service | 12 | 1,168 | 89.7% | 93.1% | 18,589 | 3.9% | 3,479 | 5,737 |
| Unconsolidated real estate JV (5) | 6 | 962 | 100.0% | 100.0% | 5,268 | 1.1% | 1,294 | 2,592 |
| Wholesale Data Center and Other | 1 | 25 | 100.0% | 100.0% | 564 | N/A | 3,509 | 6,722 |
| Total Core Portfolio | 153 | 16,568 | 93.8% | 94.8% | 465,859 | 97.2% | 78,452 | 155,173 |
| Office Properties Held for Sale (6) | 9 | 469 | 95.4% | 95.4% | 9,588 | 2.0% | 1,727 | 3,298 |
| Disposed Office Properties | N/A | N/A | N/A | N/A | N/A | N/A | 18 | 529 |
| Other Office Properties (Same Office) | 3 | 286 | 44.0% | 44.0% | 3,620 | 0.8% | 766 | 1,509 |
| Total Portfolio | 165 | 17,323 | 93.0% | 94.0% | \$ 479,067 | 100.0% | \$ 80,963 | \$ 160,509 |
| Consolidated Properties | 159 | 16,361 | 92.6% | 93.7% | \$ 473,799 | 98.9% | \$ 79,669 | \$ 157,917 |

| 6/30/2017 | | | | | | | | |
|-----------------------------------|----------------------------------|--------------------------------|----------------|--------------|---|--|--|--|
| Property Grouping | # of Operating Office Properties | Office Operational Square Feet | % Occupied (1) | % Leased (1) | Office Property Annualized Rental Revenue (2) | Percentage of Core Portfolio Annualized Rental Revenue (2) | NOI from Real Estate Operations for Three Months Ended 6/30/17 | NOI from Real Estate Operations for Six Months Ended 6/30/17 |
| Core Portfolio: | | | | | | | | |
| Defense/IT Locations | | | | | | | | |
| Consolidated properties | 140 | 13,583 | 93.5% | 94.7% | 400,817 | 86.0% | 64,432 | 126,966 |
| Unconsolidated real estate JV (5) | 6 | 962 | 100.0% | 100.0% | 5,268 | 1.1% | 1,294 | 2,592 |
| Total Defense/IT Locations | 146 | 14,545 | 94.0% | 95.0% | 406,085 | 87.2% | 65,726 | 129,558 |
| Regional Office | 7 | 2,023 | 92.5% | 93.4% | 59,774 | 12.8% | 9,169 | 18,718 |
| Wholesale Data Center and Other | N/A | N/A | N/A | N/A | N/A | N/A | 3,557 | 6,897 |
| Total Core Portfolio | 153 | 16,568 | 93.8% | 94.8% | \$ 465,859 | 100.0% | \$ 78,452 | \$ 155,173 |

- (1) Percentages calculated based on operational square feet.
- (2) Excludes Annualized Rental Revenue from our wholesale data center, DC-6, of \$21.9 million as of 6/30/17. With regard to properties owned through unconsolidated real estate joint ventures, we include the portion of Annualized Rental Revenue allocable to COPT's ownership interest.
- (3) Properties continually owned and 100% operational since at least 1/1/2016, excluding properties disposed or held for sale.
- (4) Newly constructed or redeveloped properties placed in service that were not fully operational by 1/1/2016.
- (5) Represents total information pertaining to properties owned through an unconsolidated real estate joint venture except for the amounts reported for Annualized Rental Revenue and NOI from real estate operations, which represent the portion allocable to COPT's ownership interest. See page 33 for additional disclosure regarding this joint venture.
- (6) The carrying value of operating property assets held for sale as of 6/30/17 totaled \$47.5 million.

Corporate Office Properties Trust
Consolidated Real Estate Revenues and NOI by Segment
(dollars in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Consolidated real estate revenues | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | \$ 61,284 | \$ 60,855 | \$ 60,473 | \$ 61,460 | \$ 60,912 | \$ 122,139 | \$ 123,421 |
| NoVA Defense/IT | 11,095 | 11,707 | 12,560 | 12,231 | 12,057 | 22,802 | 24,173 |
| Lackland Air Force Base | 13,029 | 11,634 | 12,395 | 12,532 | 11,651 | 24,663 | 21,876 |
| Navy Support | 7,449 | 7,010 | 7,033 | 7,232 | 6,998 | 14,459 | 13,932 |
| Redstone Arsenal | 3,624 | 3,460 | 3,560 | 3,189 | 3,191 | 7,084 | 6,307 |
| Data Center Shells-Consolidated | 5,800 | 5,522 | 5,043 | 5,175 | 7,288 | 11,322 | 13,618 |
| Total Defense/IT locations | 102,281 | 100,188 | 101,064 | 101,819 | 102,097 | 202,469 | 203,327 |
| Regional Office | 17,462 | 18,276 | 18,521 | 20,499 | 23,283 | 35,738 | 46,785 |
| Wholesale Data Center | 7,033 | 6,770 | 6,763 | 6,809 | 6,804 | 13,803 | 13,297 |
| Other | 1,521 | 1,533 | 1,651 | 1,827 | 1,740 | 3,054 | 3,602 |
| Consolidated real estate revenues | \$ 128,297 | \$ 126,767 | \$ 127,999 | \$ 130,954 | \$ 133,924 | \$ 255,064 | \$ 267,011 |
| NOI | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | \$ 41,155 | \$ 40,335 | \$ 41,011 | \$ 40,862 | \$ 40,534 | \$ 81,490 | \$ 79,797 |
| NoVA Defense/IT | 6,876 | 7,255 | 8,046 | 7,769 | 7,750 | 14,131 | 15,325 |
| Lackland Air Force Base | 4,899 | 4,832 | 4,901 | 4,933 | 4,807 | 9,731 | 9,612 |
| Navy Support | 4,424 | 3,801 | 3,916 | 3,858 | 4,323 | 8,225 | 7,733 |
| Redstone Arsenal | 2,133 | 2,089 | 2,134 | 2,077 | 2,231 | 4,222 | 4,369 |
| Data Center Shells | | | | | | | |
| Consolidated properties | 5,223 | 4,863 | 4,533 | 4,647 | 6,462 | 10,086 | 11,982 |
| COPT's share of unconsolidated real estate JV (1) | 1,294 | 1,298 | 1,297 | 1,008 | — | 2,592 | — |
| Total Defense/IT locations | 66,004 | 64,473 | 65,838 | 65,154 | 66,107 | 130,477 | 128,818 |
| Regional Office | 10,380 | 10,790 | 11,133 | 12,344 | 14,562 | 21,170 | 28,233 |
| Wholesale Data Center | 3,532 | 3,405 | 3,880 | 3,492 | 4,153 | 6,937 | 7,985 |
| Other | 1,047 | 878 | 883 | 1,020 | 961 | 1,925 | 1,959 |
| NOI from real estate operations | \$ 80,963 | \$ 79,546 | \$ 81,734 | \$ 82,010 | \$ 85,783 | \$ 160,509 | \$ 166,995 |

(1) See page 33 for additional disclosure regarding an unconsolidated real estate joint venture.

Corporate Office Properties Trust
Cash NOI by Segment
(dollars in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Cash NOI | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | \$ 40,550 | \$ 40,481 | \$ 40,872 | \$ 40,253 | \$ 39,588 | \$ 81,031 | \$ 78,090 |
| NoVA Defense/IT | 7,195 | 7,046 | 7,766 | 7,234 | 7,614 | 14,241 | 15,536 |
| Lackland Air Force Base | 4,943 | 4,876 | 4,945 | 4,855 | 4,718 | 9,819 | 9,434 |
| Navy Support | 4,462 | 3,866 | 3,612 | 3,524 | 4,218 | 8,328 | 7,414 |
| Redstone Arsenal | 2,411 | 2,422 | 2,326 | 2,411 | 2,534 | 4,833 | 5,007 |
| Data Center Shells | | | | | | | |
| Consolidated properties | 5,172 | 4,823 | 4,519 | 4,549 | 6,077 | 9,995 | 11,185 |
| COPT's share of unconsolidated real estate JV (1) | 1,109 | 1,110 | 1,103 | 862 | — | 2,219 | — |
| Total Defense/IT locations | 65,842 | 64,624 | 65,143 | 63,688 | 64,749 | 130,466 | 126,666 |
| Regional Office | 10,179 | 9,916 | 10,967 | 12,480 | 14,152 | 20,095 | 27,152 |
| Wholesale Data Center | 3,211 | 3,382 | 3,833 | 3,439 | 4,052 | 6,593 | 7,780 |
| Other | 839 | 624 | 739 | 935 | 892 | 1,463 | 1,715 |
| Cash NOI from real estate operations | \$ 80,071 | \$ 78,546 | \$ 80,682 | \$ 80,542 | \$ 83,845 | \$ 158,617 | \$ 163,313 |
| Straight line rent adjustments and lease incentive amortization | (1,832) | (775) | (1,650) | (1,086) | (897) | (2,607) | (351) |
| Amortization of acquired above- and below-market rents | (270) | (303) | (315) | (201) | (189) | (573) | (379) |
| Amortization of below-market cost arrangements | (149) | (149) | (244) | (241) | (241) | (298) | (481) |
| Lease termination fees, gross | 517 | 706 | 938 | 471 | 417 | 1,223 | 1,397 |
| Tenant funded landlord assets | 2,441 | 1,333 | 2,129 | 2,379 | 2,848 | 3,774 | 3,496 |
| Cash NOI adjustments in unconsolidated real estate JV | 185 | 188 | 194 | 146 | — | 373 | — |
| NOI from real estate operations | \$ 80,963 | \$ 79,546 | \$ 81,734 | \$ 82,010 | \$ 85,783 | \$ 160,509 | \$ 166,995 |

(1) See page 33 for additional disclosure regarding an unconsolidated real estate joint venture.

Corporate Office Properties Trust
Same Office Properties (1) Average Occupancy Rates by Segment
(square feet in thousands)

| | Number of Buildings | Rentable Square Feet | Three Months Ended | | | | | Six Months Ended | |
|--|---------------------|----------------------|--------------------|---------------|---------------|---------------|---------------|------------------|---------------|
| | | | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Core Portfolio: | | | | | | | | | |
| Defense/IT Locations: | | | | | | | | | |
| Fort Meade/BW Corridor | 79 | 7,498 | 96.0 % | 95.9 % | 95.5 % | 95.2 % | 95.1 % | 96.0 % | 95.1 % |
| NoVA Defense/IT | 11 | 1,600 | 86.3 % | 85.9 % | 84.0 % | 82.3 % | 80.5 % | 86.1 % | 80.7 % |
| Lackland Air Force Base | 7 | 953 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Navy Support | 21 | 1,256 | 80.9 % | 77.2 % | 73.3 % | 73.6 % | 73.0 % | 79.0 % | 72.6 % |
| Redstone Arsenal | 6 | 632 | 100.0 % | 97.6 % | 98.8 % | 99.5 % | 98.9 % | 98.8 % | 98.3 % |
| Data Center Shells | 3 | 451 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Total Defense/IT Locations | 127 | 12,390 | 93.9 % | 93.3 % | 92.5 % | 92.1 % | 91.7 % | 93.6 % | 91.7 % |
| Regional Office | 7 | 2,023 | 92.8 % | 93.5 % | 94.4 % | 96.5 % | 97.5 % | 93.2 % | 97.1 % |
| Core Portfolio Same Office Properties | 134 | 14,413 | 93.7 % | 93.3 % | 92.7 % | 92.7 % | 92.5 % | 93.5 % | 92.4 % |
| Other Same Office Properties | 3 | 286 | 44.0 % | 44.0 % | 44.0 % | 44.0 % | 43.5 % | 44.0 % | 43.5 % |
| Total Same Office Properties | 137 | 14,699 | 92.7 % | 92.3 % | 91.8 % | 91.8 % | 91.6 % | 92.5 % | 91.5 % |

Corporate Office Properties Trust
Same Office Properties (1) Period End Occupancy Rates by Segment
(square feet in thousands)

| | Number of Buildings | Rentable Square Feet | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 |
|--|---------------------|----------------------|---------------|---------------|---------------|---------------|---------------|
| Core Portfolio: | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | 79 | 7,498 | 95.8 % | 96.0 % | 95.8 % | 95.2 % | 95.0 % |
| NoVA Defense/IT | 11 | 1,600 | 86.5 % | 85.9 % | 84.8 % | 83.5 % | 80.3 % |
| Lackland Air Force Base | 7 | 953 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Navy Support | 21 | 1,256 | 81.9 % | 78.1 % | 72.7 % | 73.6 % | 74.7 % |
| Redstone Arsenal | 6 | 632 | 100.0 % | 100.0 % | 96.3 % | 100.0 % | 98.9 % |
| Data Center Shells | 3 | 451 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Total Defense/IT Locations | 127 | 12,390 | 93.9 % | 93.5 % | 92.5 % | 92.3 % | 91.8 % |
| Regional Office | 7 | 2,023 | 92.5 % | 92.8 % | 95.1 % | 96.2 % | 97.7 % |
| Core Portfolio Same Office Properties | 134 | 14,413 | 93.7 % | 93.4 % | 92.9 % | 92.9 % | 92.6 % |
| Other Same Office Properties | 3 | 286 | 44.0 % | 44.0 % | 44.0 % | 44.0 % | 43.5 % |
| Total Same Office Properties | 137 | 14,699 | 92.7 % | 92.5 % | 91.9 % | 91.9 % | 91.7 % |

(1) Same office properties represent buildings continually owned and 100% operational since at least 1/1/2016, excluding properties disposed or held for sale.

Corporate Office Properties Trust
Same Office Property Real Estate Revenues and NOI by Segment
(dollars in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|--|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Same office property real estate revenues | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | \$ 58,895 | \$ 59,441 | \$ 58,910 | \$ 58,299 | \$ 57,627 | \$ 118,336 | \$ 117,139 |
| NoVA Defense/IT | 11,096 | 11,004 | 11,019 | 10,188 | 10,052 | 22,100 | 20,326 |
| Lackland Air Force Base | 13,029 | 11,634 | 12,395 | 12,532 | 11,651 | 24,663 | 21,876 |
| Navy Support | 7,449 | 7,010 | 7,033 | 7,232 | 6,998 | 14,459 | 13,932 |
| Redstone Arsenal | 3,246 | 3,158 | 3,297 | 3,131 | 3,149 | 6,404 | 6,223 |
| Data Center Shells | 3,045 | 3,043 | 3,023 | 3,050 | 3,095 | 6,088 | 6,135 |
| Total Defense/IT Locations | 96,760 | 95,290 | 95,677 | 94,432 | 92,572 | 192,050 | 185,631 |
| Regional Office | 15,777 | 16,563 | 16,375 | 16,582 | 16,556 | 32,340 | 32,917 |
| Other Properties | 1,146 | 1,203 | 1,022 | 1,015 | 951 | 2,349 | 1,880 |
| Same office property real estate revenues | \$ 113,683 | \$ 113,056 | \$ 113,074 | \$ 112,029 | \$ 110,079 | \$ 226,739 | \$ 220,428 |
| Same office property NOI | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | \$ 39,537 | \$ 39,792 | \$ 39,950 | \$ 38,892 | \$ 38,534 | \$ 79,329 | \$ 76,325 |
| NoVA Defense/IT | 7,051 | 6,959 | 7,100 | 6,495 | 6,325 | 14,010 | 12,702 |
| Lackland Air Force Base | 4,899 | 4,832 | 4,902 | 4,937 | 4,803 | 9,731 | 9,608 |
| Navy Support | 4,424 | 3,801 | 3,916 | 3,858 | 4,323 | 8,225 | 7,732 |
| Redstone Arsenal | 2,332 | 2,262 | 2,390 | 2,179 | 2,214 | 4,594 | 4,317 |
| Data Center Shells | 2,760 | 2,759 | 2,755 | 2,758 | 2,764 | 5,519 | 5,533 |
| Total Defense/IT Locations | 61,003 | 60,405 | 61,013 | 59,119 | 58,963 | 121,408 | 116,217 |
| Regional Office | 9,167 | 9,547 | 9,645 | 9,334 | 9,976 | 18,714 | 19,543 |
| Other Properties | 766 | 743 | 650 | 606 | 577 | 1,509 | 1,065 |
| Same office property NOI | \$ 70,936 | \$ 70,695 | \$ 71,308 | \$ 69,059 | \$ 69,516 | \$ 141,631 | \$ 136,825 |

Corporate Office Properties Trust
Same Office Property Cash NOI (1) by Segment
(dollars in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Same office property cash NOI | | | | | | | |
| Defense/IT Locations: | | | | | | | |
| Fort Meade/BW Corridor | \$ 39,461 | \$ 39,965 | \$ 39,849 | \$ 38,658 | \$ 38,173 | \$ 79,426 | \$ 75,372 |
| NoVA Defense/IT | 7,369 | 6,989 | 7,044 | 6,095 | 6,327 | 14,358 | 13,087 |
| Lackland Air Force Base | 4,943 | 4,876 | 4,946 | 4,858 | 4,714 | 9,819 | 9,430 |
| Navy Support | 4,462 | 3,866 | 3,612 | 3,524 | 4,218 | 8,328 | 7,414 |
| Redstone Arsenal | 2,620 | 2,603 | 2,590 | 2,524 | 2,528 | 5,223 | 4,976 |
| Data Center Shells | 2,951 | 2,937 | 2,927 | 2,915 | 2,890 | 5,888 | 5,773 |
| Total Defense/IT Locations | 61,806 | 61,236 | 60,968 | 58,574 | 58,850 | 123,042 | 116,052 |
| Regional Office | 8,956 | 8,698 | 9,767 | 9,446 | 10,081 | 17,654 | 19,525 |
| Other Properties | 551 | 499 | 545 | 561 | 554 | 1,050 | 1,024 |
| Same office property cash NOI | \$ 71,313 | \$ 70,433 | \$ 71,280 | \$ 68,581 | \$ 69,485 | \$ 141,746 | \$ 136,601 |
| Straight line rent adjustments and lease incentive amortization | (1,106) | (262) | (1,389) | (1,849) | (2,724) | (1,368) | (3,618) |
| Amortization of acquired above- and below-market rents | (270) | (303) | (315) | (202) | (190) | (573) | (380) |
| Amortization of below-market cost arrangements | (146) | (146) | (239) | (239) | (239) | (292) | (478) |
| Lease termination fees, gross | 517 | 706 | 601 | 389 | 336 | 1,223 | 1,289 |
| Tenant funded landlord assets | 628 | 267 | 1,370 | 2,379 | 2,848 | 895 | 3,411 |
| Same office property NOI | \$ 70,936 | \$ 70,695 | \$ 71,308 | \$ 69,059 | \$ 69,516 | \$ 141,631 | \$ 136,825 |
| Percentage change in same office property cash NOI (1) | 2.6% | | | | | 3.8% | |

(1) Represents the change between the current period and the same period in the prior year.

Corporate Office Properties Trust
Leasing - Total Office Portfolio (1)
Quarter Ended June 30, 2017
(square feet in thousands)

| | Defense/IT Locations | | | | | Regional Office | Other | Total Office |
|--|-----------------------------|--------------------|-----------------|--------------------------|----------------------------------|-----------------|----------|--------------|
| | Ft Meade/ BW Corridor | NoVA Defense/IT | Navy Support | Data Center Shells | Total Defense/IT Locations | | | |
| Renewed Space | | | | | | | | |
| Leased Square Feet | 175 | 12 | 100 | — | 287 | 4 | 2 | 293 |
| Expiring Square Feet | 210 | 12 | 105 | — | 327 | 16 | 2 | 345 |
| Vacating Square Feet | 35 | — | 5 | — | 40 | 12 | — | 53 |
| Retention Rate (% based upon square feet) | 83.4 % | 100.0 % | 95.0 % | —% | 87.7 % | 23.7 % | 100.0 % | 84.8 % |
| Statistics for Completed Leasing: | | | | | | | | |
| Average Committed Cost per Square Foot (2) | \$ 12.04 | \$ 34.31 | \$ 9.20 | \$ — | \$ 11.97 | \$ 18.39 | \$ — | \$ 11.97 |
| Weighted Average Lease Term in Years | 4.3 | 3.0 | 2.7 | — | 3.7 | 5.7 | 3.0 | 3.7 |
| Average Rent Per Square Foot | | | | | | | | |
| Renewal Average Rent | \$ 32.69 | \$ 31.59 | \$ 24.49 | \$ — | \$ 29.80 | \$ 28.17 | \$ 24.45 | \$ 29.74 |
| Expiring Average Rent | \$ 29.31 | \$ 30.14 | \$ 23.25 | \$ — | \$ 27.24 | \$ 27.34 | \$ 24.02 | \$ 27.22 |
| Change in Average Rent | 11.6 % | 4.8 % | 5.4 % | —% | 9.4 % | 3.0 % | 1.8 % | 9.3 % |
| Cash Rent Per Square Foot | | | | | | | | |
| Renewal Cash Rent | \$ 31.92 | \$ 30.83 | \$ 24.12 | \$ — | \$ 29.17 | \$ 28.00 | \$ 23.50 | \$ 29.11 |
| Expiring Cash Rent | \$ 31.93 | \$ 30.77 | \$ 24.77 | \$ — | \$ 29.40 | \$ 30.72 | \$ 26.37 | \$ 29.39 |
| Change in Cash Rent | — % | 0.2 % | (2.6)% | —% | (0.8)% | (8.9)% | (10.9)% | (1.0)% |
| Average escalations per year | 2.1 % | 2.8 % | 1.5 % | —% | 1.9 % | 2.8 % | 4.0 % | 2.0 % |
| New Leases | | | | | | | | |
| <u>Development and Redevelopment Space</u> | | | | | | | | |
| Leased Square Feet | 28 | — | — | 297 | 325 | — | — | 325 |
| Statistics for Completed Leasing: | | | | | | | | |
| Average Committed Cost per Square Foot (2) | \$ 71.61 | \$ — | \$ — | \$ — | \$ 6.15 | \$ — | \$ — | \$ 6.15 |
| Weighted Average Lease Term in Years | 7.9 | — | — | 12.0 | 11.6 | — | — | 11.6 |
| Average Rent Per Square Foot | \$ 31.73 | \$ — | \$ — | \$ 18.44 | \$ 19.58 | \$ — | \$ — | \$ 19.58 |
| Cash Rent Per Square Foot | \$ 30.06 | \$ — | \$ — | \$ 16.47 | \$ 17.64 | \$ — | \$ — | \$ 17.64 |
| <u>Other New Leases (3)</u> | | | | | | | | |
| Leased Square Feet | 41 | 21 | 11 | — | 73 | 5 | — | 78 |
| Statistics for Completed Leasing: | | | | | | | | |
| Average Committed Cost per Square Foot (2) | \$ 64.00 | \$ 78.36 | \$ 28.07 | \$ — | \$ 62.95 | \$ 50.00 | \$ — | \$ 62.12 |
| Weighted Average Lease Term in Years | 7.6 | 5.2 | 4.7 | — | 6.5 | 10.4 | — | 6.7 |
| Average Rent Per Square Foot | \$ 30.54 | \$ 29.30 | \$ 20.45 | \$ — | \$ 28.72 | \$ 31.91 | \$ — | \$ 28.92 |
| Cash Rent Per Square Foot | \$ 29.14 | \$ 29.45 | \$ 20.07 | \$ — | \$ 27.91 | \$ 29.00 | \$ — | \$ 27.98 |
| Total Square Feet Leased | 245 | 33 | 110 | 297 | 685 | 9 | 2 | 696 |
| Average escalations per year | 2.2 % | 2.8 % | 1.7 % | 2.3 % | 2.2 % | 2.8 % | 4.0 % | 2.2 % |
| Average escalations excl. data center shells | | | | | | | | 2.2 % |

- (1) Activity is exclusive of owner occupied space and leases with less than a one-year term. Weighted average lease term is based on the non-cancelable term of tenant leases determined in accordance with GAAP. Committed costs for leasing are reported above in the period of lease execution. Actual capital expenditures for leasing are reported on page 9 in the period such costs are incurred.
- (2) Committed costs include tenant improvements and leasing commissions and exclude free rent concession.
- (3) Other New Leases includes acquired first generation space and vacated second generation space.

Corporate Office Properties Trust
Leasing - Total Office Portfolio (1)
Six Months Ended June 30, 2017
(square feet in thousands)

| | Defense/IT Locations | | | | | | | As Adjusted (4) | | | |
|---|-----------------------------|------------------------|-----------------|---------------------|--------------------------|----------------------------------|--------------------|-----------------|-----------------|-----------------------------|-----------------|
| | Ft Meade/ BW Corridor | NoVA Defense/ IT | Navy Support | Redstone Arsenal | Data Center Shells | Total Defense/IT Locations | Regional Office | Other | Total Office | Ft Meade/ BW Corridor | Total Office |
| Renewed Space | | | | | | | | | | | |
| Leased Square Feet | 350 | 12 | 120 | — | — | 482 | 15 | 37 | 534 | 224 | 408 |
| Expiring Square Feet | 390 | 15 | 126 | — | — | 531 | 161 | 43 | 735 | 264 | 609 |
| Vacating Square Feet | 40 | 3 | 5 | — | — | 48 | 146 | 6 | 200 | 40 | 200 |
| Retention Rate (% based upon square feet) | 89.8% | 79.7% | 95.8 % | —% | —% | 90.9 % | 9.1 % | 85.9 % | 72.7% | 84.9% | 67.1 % |
| Statistics for Completed Leasing: | | | | | | | | | | | |
| Average Committed Cost per Square Foot (2) \$ | 13.43 | \$ 34.31 | \$ 7.61 | \$ — | \$ — | \$ 12.48 | \$ 40.66 | \$ 0.34 | \$ 12.41 | \$ 9.75 | \$ 10.08 |
| Weighted Average Lease Term in Years | 6.0 | 3.0 | 2.4 | — | — | 5.0 | 5.4 | 1.2 | 4.7 | 3.7 | 3.1 |
| Average Rent Per Square Foot | | | | | | | | | | | |
| Renewal Average Rent | \$ 36.63 | \$ 31.59 | \$ 24.73 | \$ — | \$ — | \$ 33.53 | \$ 27.57 | \$ 18.86 | \$ 32.35 | \$ 30.92 | \$ 27.90 |
| Expiring Average Rent | \$ 31.11 | \$ 30.14 | \$ 23.57 | \$ — | \$ — | \$ 29.20 | \$ 25.19 | \$ 18.53 | \$ 28.35 | \$ 27.80 | \$ 25.68 |
| Change in Average Rent | 17.7% | 4.8% | 4.9 % | —% | —% | 14.8 % | 9.5 % | 1.8 % | 14.1% | 11.2% | 8.6 % |
| Cash Rent Per Square Foot | | | | | | | | | | | |
| Renewal Cash Rent | \$ 34.78 | \$ 30.83 | \$ 24.42 | \$ — | \$ — | \$ 32.10 | \$ 27.26 | \$ 18.82 | \$ 31.04 | \$ 30.32 | \$ 27.44 |
| Expiring Cash Rent | \$ 33.79 | \$ 30.77 | \$ 24.83 | \$ — | \$ — | \$ 31.48 | \$ 27.98 | \$ 19.62 | \$ 30.55 | \$ 30.27 | \$ 27.63 |
| Change in Cash Rent | 3.0% | 0.2% | (1.7)% | —% | —% | 2.0 % | (2.6)% | (4.1)% | 1.6% | 0.2% | (0.7)% |
| Average escalations per year | 2.6% | 2.8% | 1.4 % | —% | —% | 2.4 % | 2.8 % | 0.5 % | 2.4% | 2.0% | 1.8 % |
| New Leases | | | | | | | | | | | |
| <u>Development and Redevelopment Space</u> | | | | | | | | | | | |
| Leased Square Feet | 76 | 8 | — | 2 | 297 | 383 | — | — | 383 | 76 | 383 |
| Statistics for Completed Leasing: | | | | | | | | | | | |
| Average Committed Cost per Square Foot (2) \$ | 61.39 | \$ 95.08 | \$ — | \$ 1.76 | \$ — | \$ 14.26 | \$ — | \$ — | \$ 14.26 | \$ 61.39 | \$ 14.26 |
| Weighted Average Lease Term in Years | 7.2 | 7.5 | — | 3.0 | 12.0 | 10.9 | — | — | 10.9 | 7.2 | 10.9 |
| Average Rent Per Square Foot | \$ 28.97 | \$ 39.06 | \$ — | \$ 29.31 | \$ 18.44 | \$ 21.03 | \$ — | \$ — | \$ 21.03 | \$ 28.97 | \$ 21.03 |
| Cash Rent Per Square Foot | \$ 28.18 | \$ 38.00 | \$ — | \$ 29.31 | \$ 16.47 | \$ 19.32 | \$ — | \$ — | \$ 19.32 | \$ 28.18 | \$ 19.32 |
| <u>Other New Leases (3)</u> | | | | | | | | | | | |
| Leased Square Feet | 65 | 27 | 26 | — | — | 118 | 20 | 6 | 144 | 65 | 144 |
| Statistics for Completed Leasing: | | | | | | | | | | | |
| Average Committed Cost per Square Foot (2) \$ | 56.71 | \$ 77.79 | \$ 28.90 | \$ — | \$ — | \$ 55.41 | \$ 57.76 | \$ 1.42 | \$ 53.45 | \$ 56.71 | \$ 53.45 |
| Weighted Average Lease Term in Years | 6.9 | 5.7 | 4.1 | — | — | 6.0 | 6.6 | 1.8 | 5.9 | 6.9 | 5.9 |
| Average Rent Per Square Foot | \$ 31.88 | \$ 29.04 | \$ 21.59 | \$ — | \$ — | \$ 28.96 | \$ 29.81 | \$ 19.30 | \$ 28.67 | \$ 31.88 | \$ 28.67 |
| Cash Rent Per Square Foot | \$ 30.61 | \$ 29.04 | \$ 21.60 | \$ — | \$ — | \$ 28.27 | \$ 29.07 | \$ 22.00 | \$ 28.12 | \$ 30.61 | \$ 28.12 |
| Total Square Feet Leased | 491 | 47 | 146 | 2 | 297 | 983 | 35 | 43 | 1,062 | 365 | 936 |
| Average escalations per year | 2.5% | 2.8% | 1.8 % | 3.0% | 2.3% | 2.4 % | 2.8 % | 1.0 % | 2.4% | 2.2% | 2.2 % |
| Average escalations excl. data center shells | | | | | | | | | 2.5% | | 2.2 % |

- (1) Activity is exclusive of owner occupied space and leases with less than a one-year term. Weighted average lease term is based on the non-cancelable term of tenant leases determined in accordance with GAAP. Committed costs for leasing are reported above in the period of lease execution. Actual capital expenditures for leasing are reported on page 9 in the period such costs are incurred.
- (2) Committed costs include tenant improvements and leasing commissions and exclude rent concessions.
- (3) Other New Leases includes acquired first generation space and vacated second generation space.
- (4) Excludes a lease in holdover status as of 12/31/16 and executed in January 2017 that we included in our 2016 reporting on an as adjusted basis.

Corporate Office Properties Trust
Lease Expiration Analysis as of 6/30/17 (1)
(dollars and square feet in thousands, except per square foot amounts)

| Year and Segment of Lease (2) | Number of Leases Expiring | Square Footage of Leases Expiring | Annual Rental Revenue of Expiring Leases (3) | Percentage of Core/Total Annualized Rental Revenue Expiring (3)(4) | Annual Rental Revenue of Expiring Leases per Occupied Square Foot |
|--|---------------------------------|--|---|---|--|
| Core Portfolio | | | | | |
| Ft Meade/BW Corridor | 24 | 634 | \$ 22,014 | 4.7 % | \$34.72 |
| NoVA Defense/IT | 6 | 31 | 914 | 0.2 % | 29.24 |
| Navy Support | 9 | 31 | 751 | 0.2 % | 24.04 |
| Redstone Arsenal | 1 | 5 | 131 | — % | 26.03 |
| Regional Office | 5 | 57 | 1,704 | 0.4 % | 29.86 |
| 2017 | 45 | 758 | 25,514 | 5.5% | 33.63 |
| Ft Meade/BW Corridor | 55 | 1,420 | 46,485 | 10.0 % | 32.74 |
| NoVA Defense/IT | 6 | 171 | 6,996 | 1.5 % | 40.82 |
| Navy Support | 28 | 390 | 11,493 | 2.5 % | 29.43 |
| Redstone Arsenal | 4 | 253 | 6,635 | 1.4 % | 26.23 |
| Data Center Shells-Consolidated properties | 1 | 155 | 2,547 | 0.5 % | 16.44 |
| Regional Office | 16 | 171 | 6,232 | 1.3 % | 36.50 |
| 2018 | 110 | 2,560 | 80,388 | 17.3% | 31.40 |
| Ft Meade/BW Corridor | 49 | 1,624 | 53,492 | 11.5 % | 32.93 |
| NoVA Defense/IT | 7 | 342 | 12,628 | 2.7 % | 36.88 |
| Navy Support | 12 | 114 | 3,399 | 0.7 % | 29.88 |
| Redstone Arsenal | 2 | 43 | 965 | 0.2 % | 22.53 |
| Regional Office | 11 | 160 | 4,456 | 1.0 % | 27.78 |
| 2019 | 81 | 2,283 | 74,940 | 16.1% | 32.82 |
| Ft Meade/BW Corridor | 44 | 989 | 32,483 | 7.0 % | 32.85 |
| NoVA Defense/IT | 5 | 133 | 3,754 | 0.8 % | 28.24 |
| Lackland Air Force Base | 2 | 250 | 10,132 | 2.2 % | 40.48 |
| Navy Support | 17 | 98 | 3,140 | 0.7 % | 32.05 |
| Redstone Arsenal | 1 | 11 | 219 | — % | 19.64 |
| Regional Office | 11 | 67 | 2,071 | 0.4 % | 30.76 |
| 2020 | 80 | 1,548 | 51,799 | 11.1% | 33.45 |
| Ft Meade/BW Corridor | 36 | 784 | 26,278 | 5.6 % | 33.53 |
| NoVA Defense/IT | 8 | 104 | 2,823 | 0.6 % | 27.16 |
| Navy Support | 15 | 166 | 5,108 | 1.1 % | 30.83 |
| Redstone Arsenal | 6 | 161 | 3,549 | 0.8 % | 22.04 |
| Regional Office | 7 | 115 | 3,367 | 0.7 % | 29.27 |
| 2021 | 72 | 1,330 | 41,125 | 8.8% | 30.94 |
| Thereafter | | | | | |
| Consolidated Properties | 165 | 6,096 | 186,825 | 40.1% | 30.65 |
| Unconsolidated JV Properties | 6 | 962 | 5,268 | 1.1% | 10.96 |
| Core Portfolio | 559 | 15,537 | \$ 465,859 | 97.2% | \$29.98 |

| Year and Segment of Lease (2) | Number of Leases Expiring | Square Footage of Leases Expiring | Annual Rental Revenue of Expiring Leases (3) | Percentage of Core/Total Annualized Rental Revenue Expiring (3)/(4) | Annual Rental Revenue of Expiring Leases per Occupied Square Foot |
|--|---------------------------------|--|---|--|--|
| Core Portfolio | 559 | 15,537 | \$ 465,859 | 97.2% | \$29.98 |
| Office Properties Held for Sale and Other | | | | | |
| Ft Meade/BW Corridor | 2 | 57 | 1,194 | 0.2 % | 20.97 |
| Regional Office | 20 | 328 | 7,149 | 1.5 % | 21.81 |
| Other | 13 | 189 | 4,865 | 1.0 % | 25.74 |
| Office Properties Held for Sale and Other Total Average | 35 | 574 | 13,208 | 2.7% | 23.02 |
| Total Portfolio | 594 | 16,111 | \$ 479,067 | 99.9% | \$30.06 |
| Consolidated Portfolio | 588 | 15,149 | \$ 473,799 | | |
| Unconsolidated JV Properties | 6 | 962 | \$ 5,268 | | |

Note: As of 6/30/17, the weighted average lease term is 4.5 years for the Core Portfolio, 4.5 for the Total Portfolio and 4.3 for the Consolidated Portfolio.

Wholesale Data Center Lease Expiration Analysis

| Year of Lease Expiration | Number of Leases Expiring | Raised Floor Square Footage | Critical Load (MW) | Total Annual Rental Revenue of Expiring Leases (3)(000's) |
|--------------------------|------------------------------|--------------------------------|-----------------------|--|
| 2017 | 1 | 9 | 1.00 | \$ 1,620 |
| 2018 | 2 | 1 | 0.26 | 548 |
| 2019 | 1 | 6 | 1.00 | 2,321 |
| 2020 | 1 | 17 | 11.55 | 13,884 |
| 2021 | 1 | 2 | 0.05 | 87 |
| 2022 | 2 | 17 | 3.00 | 3,395 |
| | | | 16.86 | \$ 21,855 |

- (1) This expiration analysis reflects occupied space of our total portfolio (including consolidated and unconsolidated properties) and includes the effect of early renewals completed on existing leases but excludes the effect of new tenant leases on square feet yet to commence as of 6/30/17 of 175,000 for the total portfolio and Core Portfolio. With regard to properties owned through unconsolidated real estate joint ventures, the amounts reported above reflect 100% of the properties' square footage but only reflect the portion of Annualized Rental Revenue that was allocable to COPT's ownership interest.
- (2) A number of our leases are subject to certain early termination provisions. The year of lease expiration is based on the non-cancelable term of tenant leases determined in accordance with GAAP.
- (3) Total Annualized Rental Revenue is the monthly contractual base rent as of 6/30/17 multiplied by 12 plus the estimated annualized expense reimbursements under existing leases. The amounts reported above for Annualized Rental Revenue include the portion of properties owned through an unconsolidated real estate joint venture that was allocable to COPT's ownership interest.
- (4) Amounts reported represent the percentage of our Core Portfolio for components of such portfolio while other amounts represent the percentage of our total portfolio.

Corporate Office Properties Trust
Top 20 Office Tenants as of 6/30/17 (1)
(Based on Annualized Rental Revenue of
office properties, dollars and square feet in thousands)

| Tenant | | Number of Leases | Total Occupied Square Feet | Percentage of Total Occupied Square Feet | Total Annualized Rental Revenue (2) | Percentage of Total Annualized Rental Revenue (2) | Weighted Average Remaining Lease Term (3) |
|--|-----|---------------------|----------------------------------|---|--|---|---|
| United States Government | (4) | 61 | 3,824 | 23.7 % | \$ 148,999 | 31.1 % | 4.3 |
| Northrop Grumman Corporation | | 8 | 758 | 4.7 % | 22,222 | 4.6 % | 3.5 |
| The Boeing Company | | 11 | 684 | 4.2 % | 20,903 | 4.4 % | 2.1 |
| Vadata Inc. | (1) | 11 | 1,772 | 11.0 % | 16,634 | 3.5 % | 8.3 |
| General Dynamics Corporation | | 6 | 466 | 2.9 % | 16,629 | 3.5 % | 4.2 |
| CareFirst, Inc. | | 2 | 313 | 1.9 % | 11,351 | 2.4 % | 5.6 |
| Computer Sciences Corporation | | 3 | 279 | 1.7 % | 11,119 | 2.3 % | 1.0 |
| Booz Allen Hamilton, Inc. | | 6 | 291 | 1.8 % | 10,156 | 2.1 % | 4.1 |
| Wells Fargo & Company | | 5 | 222 | 1.4 % | 8,494 | 1.8 % | 8.8 |
| CACI Technologies, Inc. | | 3 | 224 | 1.4 % | 7,301 | 1.5 % | 3.4 |
| AT&T Corporation | | 3 | 308 | 1.9 % | 6,130 | 1.3 % | 1.8 |
| KEYW Corporation | | 2 | 211 | 1.3 % | 6,041 | 1.3 % | 6.5 |
| The Raytheon Company | | 5 | 161 | 1.0 % | 5,888 | 1.2 % | 2.1 |
| Miles & Stockbridge, PC | | 2 | 160 | 1.0 % | 5,430 | 1.1 % | 10.2 |
| Transamerica Life Insurance Company | | 2 | 159 | 1.0 % | 4,870 | 1.0 % | 4.5 |
| University of Maryland | | 3 | 172 | 1.1 % | 4,860 | 1.0 % | 4.1 |
| Kratos Defense and Security Solutions | | 1 | 131 | 0.8 % | 4,830 | 1.0 % | 2.8 |
| Science Applications International Corp. | | 3 | 131 | 0.8 % | 4,725 | 1.0 % | 2.9 |
| The Mitre Corporation | | 4 | 122 | 0.8 % | 4,295 | 0.9 % | 2.4 |
| Accenture Federal Services LLC | | 5 | 128 | 0.8 % | 3,709 | 0.8 % | 2.3 |
| Subtotal Top 20 Office Tenants | | 146 | 10,518 | 65.3% | 324,586 | 67.8% | 4.7 |
| All remaining tenants | | 448 | 5,593 | 34.7 % | 154,481 | 32.2 % | 4.0 |
| Total/Weighted Average | | 594 | 16,111 | 100.0% | \$ 479,067 | 100.0% | 4.5 |

- (1) Includes Annualized Rental Revenue (“ARR”) in six properties owned through an unconsolidated JV of \$5.3 million (see page 33 for additional information).
- (2) Total ARR is the monthly contractual base rent as of 6/30/17, multiplied by 12, plus the estimated annualized expense reimbursements under existing leases. With regard to properties owned through unconsolidated real estate joint ventures, the amounts reported above reflect 100% of the properties’ square footage but only reflect the portion of ARR that was allocable to COPT’s ownership interest.
- (3) A number of our leases are subject to certain early termination provisions. Weighted average lease term is based on the non-cancelable term of tenant leases determined in accordance with GAAP. The weighting of the lease term was computed using Total Rental Revenue.
- (4) Substantially all of our government leases are subject to early termination provisions which are customary in government leases. As of 6/30/17, \$2.5 million in ARR (or 1.7% of our ARR from the United States Government and 0.5% of our total ARR) was through the General Services Administration (GSA).

Corporate Office Properties Trust
Property Dispositions
(dollars and square feet in thousands)

| | <u>Property Segment/ Subsegment</u> | <u>Business Park/ Submarket</u> | <u>Number of Buildings</u> | <u>Square Feet</u> | <u>Transaction Date</u> | <u>Occupancy on Transaction Date</u> | <u>Transaction Price</u> |
|--|---|-------------------------------------|--------------------------------|--------------------|-----------------------------|--|------------------------------|
| | <u>Property Dispositions</u> | | | | | | |
| Quarter Ended 3/31/17 | | | | | | | |
| Herndon, Virginia Land | N/A | N/A | N/A | N/A | 1/12/2017 | N/A | \$ 14,325 |
| 3120 Fairview Park Drive | NoVA Defense/IT | Merrifield | 1 | 190 | 2/15/2017 | 87.2% | 39,000 |
| Subtotal - Quarter Ended 3/31/17 | | | | | | | <u>53,325</u> |
| Quarter Ended 6/30/17 | | | | | | | |
| 1334 Ashton Road | Fort Meade/BW Corridor | BWI South | 1 | 37 | 6/9/2017 | 40.7% | 2,300 |
| Year to Date Dispositions through 6/30/17 | | | <u>2</u> | <u>227</u> | | | <u>\$ 55,625</u> |

Corporate Office Properties Trust
Summary of Construction Projects as of 6/30/17 (1)
(dollars and square feet in thousands)

| Property and Location | Property Segment | Park/ Submarket | Total Rentable Square Feet | Percentage Leased as of 6/30/17 | as of 6/30/2017 (2) | | | Actual or Anticipated Shell Completion Date | Anticipated Operational Date (3) |
|---|---------------------------|-----------------------|----------------------------------|---------------------------------------|---------------------------|-------------------|-----------------------------------|---|--|
| | | | | | Anticipated Total Cost | Cost to Date | Cost to Date Placed in Service | | |
| <u>Under Construction</u> | | | | | | | | | |
| Bethlehem Technology Park - DC18 Manassas, Virginia | Data Center Shells | Manassas | 216 | 100% | \$ 31,179 | \$ 26,709 | \$ — | 3Q 17 | 3Q 17 |
| NoVA Office D Northern Virginia | NoVA Defense/IT | Other | 240 | 100% | 49,344 | 37,727 | — | 3Q 17 | 3Q 17 |
| Paragon Park - DC 21 Sterling, Virginia | Data Center Shells | Other NoVA | 149 | 100% | 31,385 | 13,534 | — | 4Q 17 | 4Q 17 |
| 540 National Business Parkway Annapolis Junction, Maryland (4) | Ft. Meade/ BW Corridor | National Bus. Park | 145 | 49% | 43,712 | 30,632 | 16,721 | 1Q 17 | 1Q 18 |
| Paragon Park - DC 22 Sterling, Virginia | Data Center Shells | Other NoVA | 149 | 100% | 31,770 | 11,226 | — | 1Q 18 | 1Q 18 |
| 5801 University Research Court College Park, Maryland | Ft. Meade/ BW Corridor | College Park | 71 | 0% | 19,414 | 5,057 | — | 1Q 18 | 1Q 19 |
| Total Under Construction | | | 970 | 85% | \$ 206,804 | \$ 124,885 | \$ 16,721 | | |
| <u>Held for Lease to Government</u> | | | | | | | | | |
| 310 Sentinel Way Annapolis Junction, Maryland | Ft Meade/BW Corridor | National Bus. Park | 191 | 12% | 54,352 | 39,470 | 39,470 | (1) | (1) |
| NoVA Office B Northern Virginia | NoVA Defense/IT | Other | 161 | 0% | 41,500 | 31,171 | 31,171 | (1) | (1) |
| Total Held for Lease to Government | | | 352 | 6% | \$ 95,852 | \$ 70,641 | \$ 70,641 | | |
| Total Construction Projects | | | 1,322 | 64% | \$ 302,656 | \$ 195,526 | \$ 87,362 | | |

(1) Includes properties under, or contractually committed for, construction as of 6/30/17 and 310 Sentinel Way and NOVA Office B, two properties that were complete but held for future lease to the United States Government.

(2) Cost includes land, construction, leasing costs and allocated portion of structured parking and other shared infrastructure, if applicable.

(3) Anticipated operational date is the earlier of the estimated date when leases have commenced on 100% of a property's space or one year from the cessation of major construction activities.

(4) Although classified as under construction, 71,000 square feet were operational as of 6/30/17.

Corporate Office Properties Trust
Summary of Redevelopment Projects as of 6/30/17
(dollars and square feet in thousands)

| Property and Location | Property Segment | Park/ Submarket | Total Rentable Square Feet | Percentage Leased as of 6/30/17 | as of 6/30/2017 (1) | | | | | Actual or Anticipated Shell Completion Date | Anticipated Operational Date (2) |
|--|--------------------------|-------------------------|-------------------------------------|---------------------------------------|--------------------------|--------------------------------------|---------------------------|-----------------|---|---|--|
| | | | | | Historical Basis, Net | Incremental Redevelopment Cost | Anticipated Total Cost | Cost to Date | Cost to Date Placed in Service | | |
| Airport Landing Retail Bldgs. (3) Linthicum, Maryland | Ft Meade/ BW Corridor | Airport Square | 14 | 100% | \$ 785 | \$ 6,401 | \$ 7,186 | \$ 6,357 | \$ 3,935 | 4Q 16 | 4Q 17 |
| 7142 Columbia Gateway (4) Columbia, Maryland | Ft Meade/ BW Corridor | Howard Co. Perimeter | 22 | 0% | 622 | 3,173 | 3,795 | 632 | 622 | 1Q18 | 1Q19 |
| Total Under Redevelopment | | | 36 | 39% | \$ 1,407 | \$ 9,574 | \$ 10,981 | \$ 6,989 | \$ 4,557 | | |

(1) Cost includes construction, leasing costs and allocated portion of shared infrastructure.

(2) Anticipated operational date is the earlier of the estimated date when leases have commenced on 100% of a property's space or one year from the cessation of major construction activities.

(3) Although classified as under redevelopment, 8,000 square feet were operational as of 6/30/17.

(4) A portion of this property is undergoing redevelopment (22,000 of the 47,000 square feet).

Corporate Office Properties Trust
Office Property Construction and Redevelopment Placed in Service as of 6/30/17
(square feet in thousands)

| Property and Location | Property Segment | Park/ Submarket | Total Property | | Prior Year | Square Feet Placed in Service in 2017 | | | Space Placed in Service % Leased as of 6/30/17 |
|---|---------------------------|-------------------------|------------------------|----------------------|------------|---------------------------------------|-------------|------------|---|
| | | | % Leased as of 6/30/17 | Rentable Square Feet | | 1st Quarter | 2nd Quarter | Total 2017 | |
| | | | | | | | | | |
| 7134 Columbia Gateway Drive Columbia, Maryland | Ft Meade/ BW Corridor | Howard Co. Perimeter | 100% | 22 | 8 | 14 | — | 14 | 100% |
| 1201 Winterson Road Linthicum, Maryland | Ft Meade/ BW Corridor | Airport Square | 72% | 68 | — | 68 | — | 68 | 72% |
| Airport Landing Retail Buildings Linthicum, Maryland | Ft Meade/ BW Corridor | Airport Square | 100% | 14 | 2 | 4 | 2 | 6 | 100% |
| Bethlehem Technology Park - DC20 Manassas, Virginia | Data Center Shells | Manassas | 100% | 216 | — | — | 216 | 216 | 100% |
| 540 National Business Parkway Annapolis Junction, Maryland | Ft. Meade/ BW Corridor | National Bus. Park | 49% | 145 | — | — | 71 | 71 | 100% |
| 2100 Rideout Road Huntsville, Alabama | Redstone Arsenal | Redstone Gateway | 66% | 19 | 11 | — | 8 | 8 | 66% |
| Total Construction/Redevelopment Placed Into Service | | | 79% | 484 | 21 | 86 | 297 | 383 | 94% |

Corporate Office Properties Trust
Summary of Land Owned/Controlled as of 6/30/17 (1)

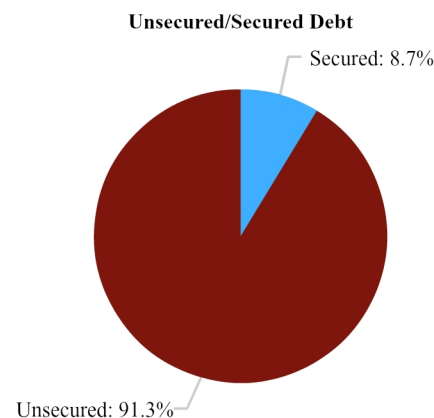
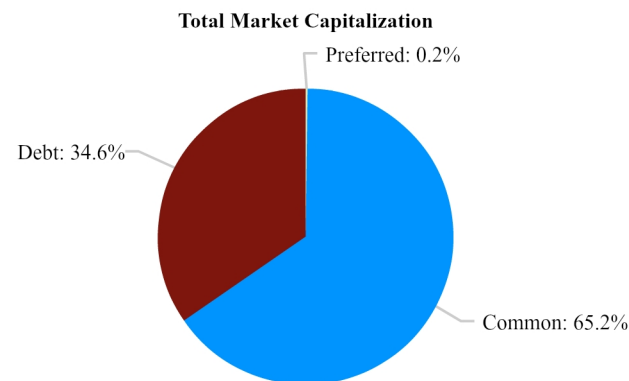
| Location | Acres | Estimated Developable Square Feet (in thousands) | Costs to Date |
|---|--------------|--|-------------------|
| Land Owned/Controlled for Future Development | | | |
| Defense IT Locations: | | | |
| Fort Meade/BW Corridor: | | | |
| National Business Park | 196 | 2,106 | |
| Howard County | 27 | 590 | |
| Other | 133 | 1,494 | |
| Total Fort Meade/BW Corridor | 356 | 4,190 | |
| NoVA Defense/IT | 59 | 1,614 | |
| Lackland AFB | 68 | 1,033 | |
| Navy Support | 44 | 109 | |
| Redstone Arsenal (2) | 428 | 4,084 | |
| Data Center Shells | 21 | 355 | |
| Total Defense/IT Locations | 976 | 11,385 | |
| Regional Office | 11 | 1,089 | |
| Total land owned/controlled for future development | 987 | 12,474 | \$ 329,358 |
| Other land owned/controlled | 152 | 1,638 | 9,117 |
| Land held for sale | 42 | 500 | 3,753 |
| Land owned/controlled | 1,181 | 14,612 | \$ 342,228 |
| Land held for sale | (42) | (500) | (3,753) |
| Land held, net | 1,139 | 14,112 | \$ 338,475 |

- (1) This land inventory schedule excludes all properties listed as construction or redevelopment as detailed on pages 24 and 25, and includes properties under ground lease to us.
- (2) Includes land owned under a long-term master lease agreement to LW Redstone Company, a consolidated joint venture (see page 32). As this land is developed in the future, the joint venture will execute site-specific leases under the master lease agreement. Rental payments will commence under the site-specific leases as cash rents under tenant leases commence at the respective properties.

Corporate Office Properties Trust
Capitalization Overview
(dollars, shares and units in thousands)

| | Wtd. Avg. Maturity (Years) | Stated Rate | Effective Rate (1)(2) | Gross Debt Balance at 6/30/2017 |
|---|----------------------------------|----------------|-----------------------------|---------------------------------------|
| Debt | | | | |
| Secured debt | 6.7 | 4.09% | 4.06% | \$ 166,455 |
| Unsecured debt | 5.3 | 3.78% | 4.10% | 1,745,761 |
| Total Consolidated Debt | 5.5 | 3.81% | 4.06% | \$1,912,216 |
| Fixed rate debt (2) | 6.2 | 4.30% | 4.24% | \$1,718,216 |
| Variable rate debt | 3.7 | 2.63% | 2.39% | 194,000 |
| Total Consolidated Debt | | | | \$1,912,216 |
| Preferred Equity | | Redeemable | | |
| 7.375% Series L Redeemable Pref. Shares | | (3) | | \$ — |
| 7.5% Series I Convertible Preferred Units (4) | | Sep-19 | | 8,800 |
| Total Preferred Equity | | | | \$ 8,800 |
| Common Equity | | | | |
| Common Shares | | | | 99,472 |
| Common Units | | | | 3,403 |
| Total Common Shares and Units | | | | 102,875 |
| Closing Common Share Price on 6/30/17 | | | | \$ 35.03 |
| Common Equity Market Capitalization | | | | \$3,603,711 |
| Total Equity Market Capitalization | | | | \$3,612,511 |
| Total Market Capitalization | | | | \$5,524,727 |

| Investment Grade Ratings & Outlook: | | | Latest Affirmation |
|-------------------------------------|------|--------|--------------------|
| Fitch | BBB- | Stable | 7/19/17 |
| Moody's | Baa3 | Stable | 7/28/16 |
| Standard & Poor's | BBB- | Stable | 5/26/17 |



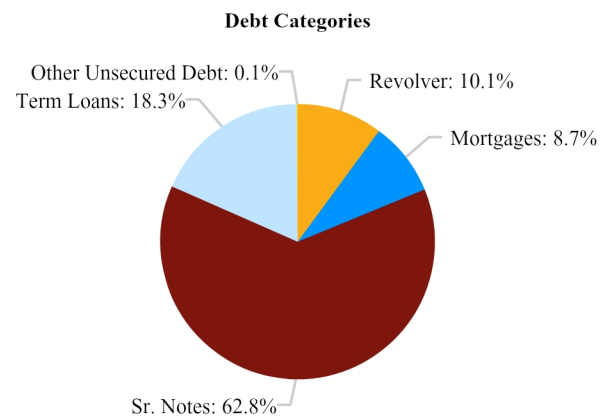
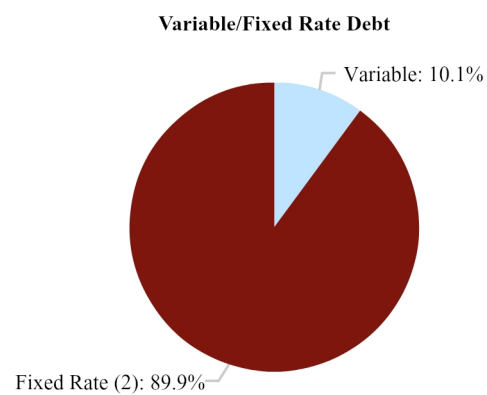
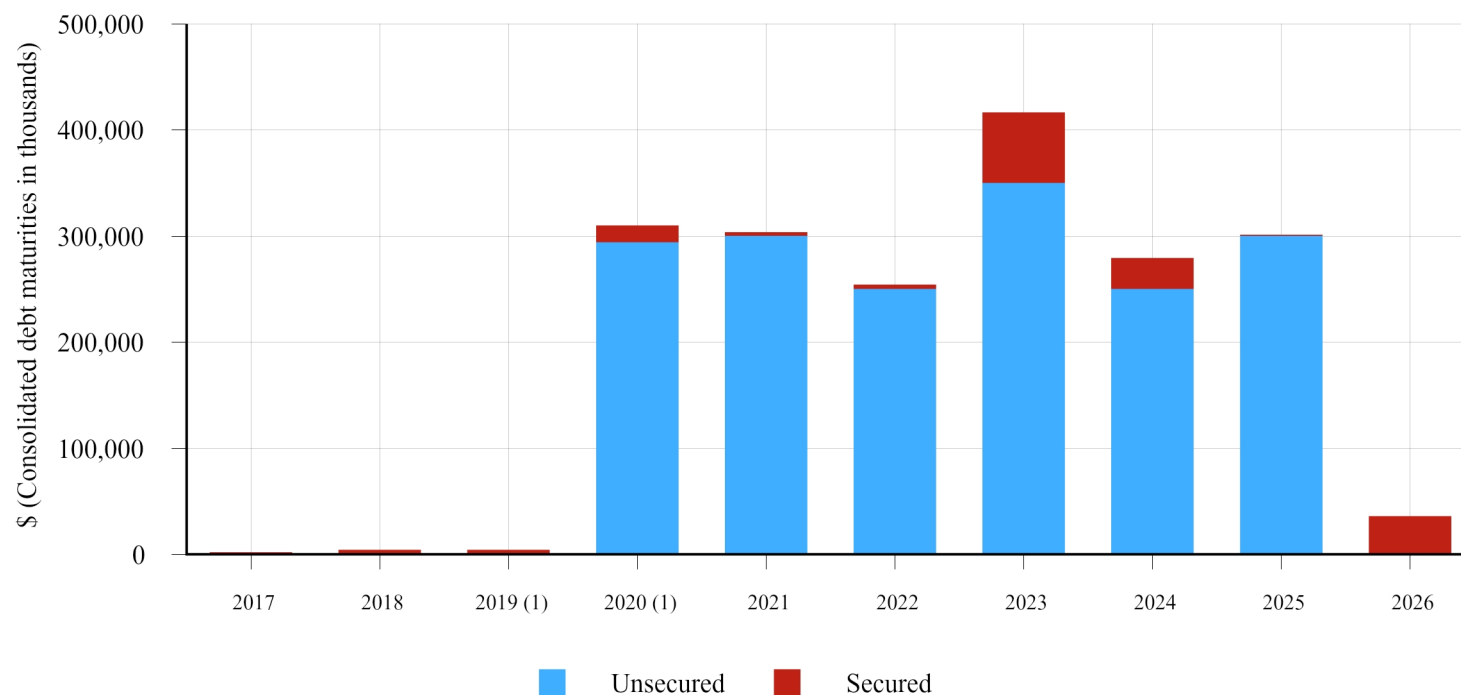
- (1) Excludes the effect of deferred financing cost amortization.
(2) Includes the effect of interest rate swaps that hedge the risk of changes in interest rates on variable rate debt.
(3) We redeemed our Series L Preferred Shares effective on 6/27/17.
(4) 352,000 units outstanding with a liquidation preference of \$25 per unit, and convertible into 176,000 common units.

Corporate Office Properties Trust
Summary of Outstanding Debt as of 6/30/17
(dollars in thousands)

| | Stated | Amount | Maturity | | Stated | Amount | Balloon Payment | Maturity |
|---|---------------|---------------------|---------------|--------------------------------|---------------|-------------------|----------------------|----------|
| Unsecured Debt | Rate | Outstanding | Date | Secured Debt | Rate | Outstanding | Due Upon Maturity | Date |
| Revolving Credit Facility | L + 1.20% | \$ 194,000 | May-19 (1)(2) | 7015 Albert Einstein Drive | 7.87 % | \$ 1,025 | \$ — | Nov-19 |
| <u>Senior Unsecured Notes</u> | | | | 7200 Redstone Gateway (4) | L + 1.85% | 13,402 | 12,132 | Oct-20 |
| 3.70% due 2021 | 3.70 % | \$ 300,000 | Jun-21 | 7740 Milestone Parkway | 3.96 % | 18,405 | 15,902 | Feb-23 |
| 3.60% due 2023 | 3.60 % | 350,000 | May-23 | 100 & 30 Light Street | 4.32 % | 54,006 | 47,676 | Jun-23 |
| 5.25% due 2024 | 5.25 % | 250,000 | Feb-24 | 1000, 1200 and 1100 Redstone | | | | |
| 5.00% due 2025 | 5.00 % | 300,000 | Jul-25 | Gateway (4) | 4.47 % (5) | 35,410 | 27,649 | Jun-24 |
| Subtotal - Senior Unsecured Notes | 4.32 % | \$ 1,200,000 | | M Square (5825 & 5850 | | | | |
| | | | | University Research Court) (4) | 3.82 % | 44,207 | 35,603 | Jun-26 |
| <u>Unsecured Bank Term Loans</u> | | | | Total Secured Debt | 4.09 % | \$ 166,455 | | |
| 2020 Maturity | L + 1.40% | 100,000 | May-20 (2) | | | | | |
| 2022 Maturity | L + 1.80% | 250,000 | Dec-22 (3) | | | | | |
| Subtotal - Term Loans | 2.75 % | 350,000 | | | | | | |
| Other Unsecured Debt | — % | 1,761 | May-26 | | | | | |
| Total Unsecured Debt | 3.78% | \$ 1,745,761 | | | | | | |
| Debt Summary | | | | | | | | |
| Total Unsecured Debt | 3.78 % | \$ 1,745,761 | | | | | | |
| Total Secured Debt | 4.09 % | 166,455 | | | | | | |
| Consolidated Debt | 3.81 % | \$ 1,912,216 | | | | | | |
| Net discounts and deferred | | | | | | | | |
| financing costs | | (14,482) | | | | | | |
| Debt, per balance sheet | | \$ 1,897,734 | | | | | | |
| Consolidated Debt | | \$ 1,912,216 | | | | | | |
| COPT's share of unconsolid. JV gross debt (6) | | 30,000 | | | | | | |
| Gross debt | | \$ 1,942,216 | | | | | | |

- (1) The Company's \$800 million line of credit matures in May 2019 and may be extended for two six-month periods, at our option.
(2) Pre-payable anytime without penalty.
(3) Pre-payable in 2017 without penalty.
(4) These properties are owned through consolidated joint ventures.
(5) Represents the weighted average rate of three loans on the properties.
(6) See page 33 for additional disclosure regarding an unconsolidated real estate joint venture.

Corporate Office Properties Trust
Summary of Outstanding Debt as of 6/30/17 (continued)



(1) Revolving Credit Facility maturity of \$194.0 million scheduled for 2019 is presented assuming our exercise of two six-month extension options.

(2) Includes the effect of interest rate swaps in effect that hedge the risk of changes in interest rates on variable rate debt.

Corporate Office Properties Trust
Debt Analysis
(dollars, shares and units in thousands, except per share amounts)

| As of and for Three Months Ended | | | As of and for Three Months Ended | | |
|--|----------|--------------|--|----------|-----------|
| Senior Note Covenants (1) | Required | 6/30/2017 | Line of Credit & Term Loan Covenants (1) | Required | 6/30/2017 |
| Total Debt / Total Assets | < 60% | 43.6% | Total Debt / Total Assets | < 60% | 36.8% |
| Secured Debt / Total Assets | < 40% | 3.8% | Secured Debt / Total Assets | < 40% | 3.3% |
| Debt Service Coverage | > 1.5x | 3.7x | Adjusted EBITDA / Fixed Charges | > 1.5x | 3.2x |
| Unencumbered Assets / Unsecured Debt | > 150% | 230.5% | Unsecured Debt / Unencumbered Assets | < 60% | 36.8% |
| | | | Unencumbered Adjusted NOI / Unsecured Interest Expense | > 1.75x | 4.2x |
| Debt Ratios (2) | Source | | Unencumbered Portfolio Analysis | | |
| Gross debt | p. 29 | \$ 1,942,216 | # of unencumbered properties | | 149 |
| Adjusted book | p. 36 | \$ 4,552,362 | % of total portfolio | | 90% |
| Net debt / adjusted book ratio | | 42.4% | Unencumbered square feet in-service | | 14,843 |
| Net debt plus pref. equity / adj. book ratio | | 42.6% | % of total portfolio | | 86% |
| Net debt | p. 36 | \$ 1,931,233 | NOI from unencumbered real estate operations | \$ | 73,952 |
| In-place adjusted EBITDA | p. 10 | \$ 76,016 | % of total NOI from real estate operations | | 91% |
| Net debt / in-place adjusted EBITDA ratio | | 6.4x | Adjusted EBITDA from unencumbered real estate operations | \$ | 68,574 |
| Net debt plus pref. equity / in-place adj. EBITDA ratio | | 6.4x | % of total adjusted EBITDA from real estate operations | | 91% |
| Denominator for debt service coverage | p. 35 | \$ 18,631 | Unencumbered adjusted book | \$ | 4,146,697 |
| Denominator for fixed charges | p. 35 | \$ 23,446 | % of total adjusted book | | 91% |
| Adjusted EBITDA | p. 10 | \$ 75,595 | | | |
| Adjusted EBITDA debt service coverage ratio | | 4.1x | | | |
| Adjusted EBITDA fixed charge coverage ratio | | 3.2x | | | |

(1) The covenants are calculated as defined in the applicable agreements, and the calculations differ between those agreements.

Corporate Office Properties Trust
Consolidated Real Estate Joint Ventures as of 6/30/17
(dollars and square feet in thousands)

| Operating Properties | Operational Square Feet | Occupancy % | Leased % | NOI for Three Months Ended 6/30/17 (2) | NOI for the Six Months Ended 6/30/17 (2) | Total Assets (1) | Venture Level Debt | % COPT Owned |
|---|----------------------------|----------------|--------------|--|--|---------------------|-----------------------|-----------------|
| Suburban Maryland: | | | | | | | | |
| M Square Associates, LLC (2 properties) | 242 | 100.0% | 100.0% | \$ 1,379 | \$ 2,779 | \$ 55,234 | \$ 44,207 | 50% |
| Huntsville, AL: | | | | | | | | |
| LW Redstone Company, LLC (6 properties) | 514 | 98.3% | 98.7% | 1,776 | 3,601 | 86,937 | 48,812 | 85% |
| Total/Average | 756 | 98.8% | 99.1% | \$ 3,155 | \$ 6,380 | \$ 142,171 | \$ 93,019 | |

| Non-operational Properties | Estimated Developable Square Feet | Total Assets (1) | Venture Level Debt | % COPT Owned |
|-----------------------------|---|---------------------|-----------------------|-----------------|
| Suburban Maryland: | | | | |
| M Square Research Park | 525 | \$ 12,555 | \$ — | 50% |
| Huntsville, Alabama: | | | | |
| Redstone Gateway (3) | 4,084 | 70,687 | — | 85% |
| Washington, DC: | | | | |
| Stevens Place | 189 | 62,382 | — | 95% |
| Total | 4,798 | \$ 145,624 | \$ — | |

(1) Total assets includes the assets of the consolidated joint venture plus any outside investment basis.

(2) Represents gross NOI of the joint venture operating properties before allocation to joint venture partners.

(3) Total assets include \$51.6 million due from the City of Huntsville (including accrued interest) in connection with infrastructure costs funded by the joint venture.

Corporate Office Properties Trust
Unconsolidated Real Estate Joint Venture as of 6/30/17
(dollars and square feet in thousands)

Joint venture information

| | |
|--|-----------|
| COPT ownership % | 50% |
| Investment in unconsolidated real estate joint venture | \$ 25,335 |
| Number of properties | 6 |
| Square feet | 962 |
| Percentage occupied | 100% |

Balance sheet information

| | Venture | COPT's Share (1) |
|---------------------------|------------|------------------|
| Operating properties, net | \$ 127,189 | \$ 63,595 |
| Total Assets | \$ 145,279 | \$ 72,640 |
| Debt | \$ 59,577 | \$ 29,789 |

Operating information

| | <u>Three Months Ended 6/30/17</u> | | <u>Six Months Ended 6/30/17</u> | |
|--------------------------------|-----------------------------------|------------------|---------------------------------|------------------|
| | Venture | COPT's Share (1) | Venture | COPT's Share (1) |
| Revenue | \$ 2,929 | \$ 1,512 | \$ 5,901 | \$ 3,046 |
| Operating expenses | (436) | (218) | (908) | (454) |
| NOI and EBITDA | 2,493 | 1,294 | 4,993 | 2,592 |
| Interest expense | (526) | (264) | (1,049) | (525) |
| Depreciation and amortization | (872) | (311) | (1,747) | (622) |
| Net income | <u>\$ 1,095</u> | <u>\$ 719</u> | <u>\$ 2,197</u> | <u>\$ 1,445</u> |
| NOI (per above) | \$ 2,493 | \$ 1,294 | \$ 4,993 | \$ 2,592 |
| Straight line rent adjustments | (275) | (185) | (554) | (373) |
| Cash NOI | <u>\$ 2,218</u> | <u>\$ 1,109</u> | <u>\$ 4,439</u> | <u>\$ 2,219</u> |

(1) COPT's share represents the portion allocable to our ownership interest.

Corporate Office Properties Trust
Supplementary Reconciliations of Non-GAAP Measures
(dollars in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|--|---------------------------|------------------|------------------|------------------|------------------|-------------------------|------------------|
| | <u>6/30/17</u> | <u>3/31/17</u> | <u>12/31/16</u> | <u>9/30/16</u> | <u>6/30/16</u> | <u>6/30/17</u> | <u>6/30/16</u> |
| Gain on sales of real estate, net, per statements of operations | \$ 12 | \$ 4,238 | \$ 6,885 | \$ 34,101 | \$ — | \$ 4,250 | \$ — |
| Gain on sales of non-operating properties | — | (4,219) | (7,197) | — | — | (4,219) | — |
| Gain (loss) on sales of operating properties | \$ 12 | \$ 19 | \$ (312) | \$ 34,101 | \$ — | \$ 31 | \$ — |
| Impairment losses, per statements of operations | \$ 1,625 | \$ — | \$ 1,554 | \$ 27,699 | \$ 69,692 | \$ 1,625 | \$ 72,138 |
| Impairment losses on previously depreciated operating properties | (1,610) | — | (1,518) | (25,857) | (55,124) | (1,610) | (55,971) |
| Impairment losses on non-operating properties | \$ 15 | \$ — | \$ 36 | \$ 1,842 | \$ 14,568 | \$ 15 | \$ 16,167 |
| NOI from real estate operations (1) | | | | | | | |
| Real estate revenues | \$ 128,297 | \$ 126,767 | \$ 127,999 | \$ 130,954 | \$ 133,924 | \$ 255,064 | \$ 267,011 |
| Real estate property operating expenses | (48,628) | (48,519) | (47,562) | (49,952) | (48,141) | (97,147) | (100,016) |
| COPT's share of NOI in unconsolidated real estate JV (2) | 1,294 | 1,298 | 1,297 | 1,008 | — | 2,592 | — |
| NOI from real estate operations | 80,963 | 79,546 | 81,734 | 82,010 | 85,783 | 160,509 | 166,995 |
| General and administrative expenses | (6,017) | (6,747) | (6,211) | (7,242) | (6,512) | (12,764) | (16,642) |
| Leasing expenses | (1,842) | (1,864) | (1,578) | (1,613) | (1,514) | (3,706) | (3,267) |
| Business development expenses and land carry costs | (1,597) | (1,693) | (1,747) | (1,716) | (2,363) | (3,290) | (4,781) |
| NOI from construction contracts and other service operations | 823 | 548 | 1,024 | 808 | 525 | 1,371 | 1,051 |
| Impairment losses on non-operating properties | (15) | — | (36) | (1,842) | (14,568) | (15) | (16,167) |
| Equity in (loss) income of unconsolidated non-real estate entities | (1) | (1) | (1) | 1 | 10 | (2) | 20 |
| Interest and other income | 1,583 | 1,726 | 1,567 | 1,391 | 1,330 | 3,309 | 2,486 |
| (Loss) gain on early extinguishment of debt | (513) | — | (1,073) | (59) | 5 | (513) | 22 |
| Gain on sales of non-operating properties | — | 4,219 | 7,197 | — | — | 4,219 | — |
| Interest expense | (19,163) | (18,994) | (18,664) | (18,301) | (22,639) | (38,157) | (46,198) |
| COPT's share of interest expense of unconsolidated real estate JV | (264) | (261) | (267) | (208) | — | (525) | — |
| Income tax (expense) benefit | (48) | (40) | (272) | 21 | (1) | (88) | 7 |
| FFO - per NAREIT (1) | \$ 53,909 | \$ 56,439 | \$ 61,673 | \$ 53,250 | \$ 40,056 | \$ 110,348 | \$ 83,526 |

(1) Please refer to the section entitled "Definitions" for a definition of this measure.

(2) See page 33 for a schedule of the related components.

Corporate Office Properties Trust
Supplementary Reconciliations of Non-GAAP Measures (continued)
(dollars in thousands)

| | Three Months Ended | | | | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 | 6/30/17 | 6/30/16 |
| Total interest expense | \$ 19,163 | \$ 18,994 | \$ 18,664 | \$ 18,301 | \$ 22,639 | \$ 38,157 | \$ 46,198 |
| Less: Amortization of deferred financing costs | (922) | (1,009) | (1,093) | (1,126) | (1,178) | (1,931) | (2,354) |
| Less: Amortization of net debt discounts and prem., net of amounts capitalized | (343) | (339) | (336) | (332) | (325) | (682) | (644) |
| Less: Accum. other comprehensive loss on derivatives amortized to expense | (36) | — | — | — | — | (36) | — |
| (Loss) gain on interest rate derivatives | (444) | 453 | 725 | 1,523 | (319) | 9 | (1,870) |
| COPT's share of interest expense of unconsolidated real estate JV, excluding deferred financing costs | 258 | 255 | 261 | 204 | — | 513 | — |
| Denominator for interest coverage | 17,676 | 18,354 | 18,221 | 18,570 | 20,817 | 36,030 | 41,330 |
| Scheduled principal amortization | 955 | 958 | 941 | 922 | 1,732 | 1,913 | 3,532 |
| Denominator for debt service coverage | 18,631 | 19,312 | 19,162 | 19,492 | 22,549 | 37,943 | 44,862 |
| Capitalized interest | 1,611 | 1,531 | 1,419 | 1,242 | 1,309 | 3,142 | 3,062 |
| Preferred share dividends - redeemable non-convertible | 3,039 | 3,180 | 3,640 | 3,552 | 3,553 | 6,219 | 7,105 |
| Preferred unit distributions | 165 | 165 | 165 | 165 | 165 | 330 | 330 |
| Denominator for fixed charge coverage | \$ 23,446 | \$ 24,188 | \$ 24,386 | \$ 24,451 | \$ 27,576 | \$ 47,634 | \$ 55,359 |
| Preferred share dividends | \$ 3,039 | \$ 3,180 | \$ 3,640 | \$ 3,552 | \$ 3,553 | \$ 6,219 | \$ 7,105 |
| Preferred unit distributions | 165 | 165 | 165 | 165 | 165 | 330 | 330 |
| Common share dividends - unrestricted shares | 27,241 | 27,219 | 26,991 | 25,963 | 25,938 | 54,460 | 51,857 |
| Common share dividends - restricted shares | 117 | 125 | 100 | 105 | 96 | 242 | 214 |
| Common unit distributions | 936 | 936 | 987 | 988 | 1,004 | 1,872 | 2,015 |
| Total dividends/distributions | \$ 31,498 | \$ 31,625 | \$ 31,883 | \$ 30,773 | \$ 30,756 | \$ 63,123 | \$ 61,521 |
| Common share dividends - unrestricted shares | \$ 27,241 | \$ 27,219 | \$ 26,991 | \$ 25,963 | \$ 25,938 | \$ 54,460 | \$ 51,857 |
| Common unit distributions | 936 | 936 | 987 | 988 | 1,004 | 1,872 | 2,015 |
| Dividends and distributions for payout ratios | \$ 28,177 | \$ 28,155 | \$ 27,978 | \$ 26,951 | \$ 26,942 | \$ 56,332 | \$ 53,872 |

Corporate Office Properties Trust
Supplementary Reconciliations of Non-GAAP Measures (continued)
(dollars in thousands)

| | Three Months Ended | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 6/30/17 | 3/31/17 | 12/31/16 | 9/30/16 | 6/30/16 |
| Total Assets | \$3,574,887 | \$3,739,366 | \$3,780,885 | \$3,634,194 | \$3,841,692 |
| Accumulated depreciation | 755,208 | 732,371 | 706,385 | 681,476 | 678,827 |
| Accumulated depreciation included in assets held for sale | 8,148 | 7,104 | 9,566 | 22,938 | 76,653 |
| Accumulated amort. of real estate intangibles and deferred leasing costs | 183,199 | 218,336 | 210,692 | 201,414 | 199,038 |
| Accumulated amortization of real estate intangibles and deferred leasing costs included in assets held for sale | 9,951 | 9,259 | 11,575 | 21,469 | 27,206 |
| COPT's share of liabilities of unconsolidated real estate JV | 29,888 | 30,037 | 29,873 | 30,013 | — |
| COPT's share of accumulated depreciation and amortization of unconsolidated real estate JV | 2,064 | 1,501 | 938 | 375 | — |
| Less: Cash and cash equivalents | (10,606) | (226,470) | (209,863) | (47,574) | (13,317) |
| COPT's share of cash of unconsolidated real estate JV | (377) | (370) | (283) | (444) | — |
| Adjusted book | \$4,552,362 | \$4,511,134 | \$4,539,768 | \$4,543,861 | \$4,810,099 |
| Gross debt (page 29) | \$1,942,216 | \$1,949,221 | \$1,950,229 | \$1,921,219 | \$2,112,700 |
| Less: Cash and cash equivalents | (10,606) | (226,470) | (209,863) | (47,574) | (13,317) |
| COPT's share of cash of unconsolidated real estate JV | (377) | (370) | (283) | (444) | — |
| Net debt | \$1,931,233 | \$1,722,381 | \$1,740,083 | \$1,873,201 | \$2,099,383 |
| Preferred equity | 8,800 | 181,300 | 207,883 | 207,883 | 207,883 |
| Net debt plus preferred equity | \$1,940,033 | \$1,903,681 | \$1,947,966 | \$2,081,084 | \$2,307,266 |

Corporate Office Properties Trust
Definitions

Non-GAAP Measures

We believe that the measures defined below that are not determined in accordance with generally accepted accounting principles (“GAAP”) are helpful to investors in measuring our performance and comparing it to that of other real estate investment trusts (“REITs”). Since these measures exclude certain items includable in their respective most comparable GAAP measures, reliance on the measures has limitations; management compensates for these limitations by using the measures simply as supplemental measures that are weighed in balance with other GAAP and non-GAAP measures. These measures should not be used as an alternative to the respective most comparable GAAP measures 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.

Adjusted book

Defined as total assets presented on our consolidated balance sheet excluding the effect of cash and cash equivalents, accumulated depreciation on real estate properties, accumulated amortization of intangible assets on real estate acquisitions, accumulated amortization of deferred leasing costs, unconsolidated real estate joint venture cash and cash equivalents, liabilities and accumulated depreciation and amortization (of real estate intangibles and deferred leasing costs) allocable to our ownership interest in the joint venture and the effect of properties serving as collateral for debt in default that we extinguished (or intend to extinguish) via conveyance of such properties.

Adjusted earnings before interest, income taxes, depreciation and amortization (“Adjusted EBITDA”)

Adjusted EBITDA is net income (loss) adjusted for the effects of interest expense, depreciation and amortization, impairment losses, gain on sales of properties, gain or loss on early extinguishment of debt, net gain on unconsolidated entities, operating property acquisition costs, loss on interest rate derivatives, income taxes, business development expenses, demolition costs on redevelopment properties and executive transition costs, and excluding the effect of properties that served as collateral for debt in default that we extinguished via conveyance of such properties. Adjusted EBITDA also includes adjustments to net income for the effects of the items noted above pertaining to an unconsolidated real estate JV that was allocable to our ownership interest in the JV. While EBITDA (earnings before interest, taxes, depreciation and amortization) is a universally-defined supplemental measure, Adjusted EBITDA incorporates additional adjustments for 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 adjusted EBITDA is a useful supplemental measure for assessing our un-levered performance. We believe that net income is the most directly comparable GAAP measure to adjusted EBITDA.

Amortization of acquisition intangibles included in NOI

Represents the amortization of intangible asset and liability categories that is included in net operating income, including amortization of above- or below-market leases and above- or below-market cost arrangements.

Basic FFO available to common share and common unit holders (“Basic FFO”)

This measure is FFO adjusted to subtract (1) preferred share dividends, (2) income attributable to noncontrolling interests through ownership of preferred units in Corporate Office Properties, L.P. (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, (4) Basic FFO allocable to restricted shares and (5) issuance costs associated with redeemed preferred shares. With these adjustments, Basic FFO represents FFO available to common shareholders and holders of common units in the Operating Partnership (“common units”). Common units are substantially similar to our common shares of beneficial interest (“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 is the most directly comparable GAAP measure to Basic FFO.

Corporate Office Properties Trust
Definitions

Cash net operating income (“Cash NOI”)

Defined as NOI from real estate operations adjusted to eliminate the effects of: straight-line rental adjustments, amortization of tenant incentives, amortization of acquisition intangibles included in FFO and NOI (including above- and below-market leases and above- or below-market cost arrangements), lease termination fees from tenants to terminate their lease obligations prior to the end of the agreed upon lease terms and rental revenue recognized under GAAP resulting from landlord assets funded by tenants. Cash NOI also includes adjustments to NOI from real estate operations for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV. Under GAAP, rental revenue is recognized evenly over the term of tenant leases (through straight-line rental adjustments and amortization of tenant incentives), which, given the long term nature of our leases, does not align with the economics of when tenant payments are due to us under the arrangements. Also under GAAP, when a property is acquired, we allocate the acquisition to certain intangible components, which are then amortized into NOI over their estimated lives, even though the resulting revenue adjustments are not reflective of our lease economics. In addition, revenue from lease termination fees and tenant-funded landlord improvements, absent an adjustment from us, would result in large one-time lump sum amounts in Cash NOI that we do not believe are reflective of a property’s long-term value. We believe that Cash NOI is a useful supplemental measure of operating performance for a REIT’s operating real estate because it makes adjustments to NOI for the above stated items to be more reflective of the economics of when tenant payments are due to us under our leases and the value of our properties. As is the case with NOI, the measure is useful in our opinion in evaluating and comparing the performance of geographic segments, same-office property groupings and individual properties. We believe that operating income, as reported on our consolidated statements of operations, is the most directly comparable GAAP measure to Cash NOI.

COPT’s share of NOI from unconsolidated real estate joint venture (“JV”)

Represents the net of revenues and property operating expenses of real estate operations owned through an unconsolidated JV that is allocable to COPT’s ownership interest. This measure is included in the computation of NOI, our segment performance measure, as discussed below.

Diluted adjusted funds from operations available to common share and common unit holders (“Diluted AFFO”)

Defined as Diluted FFO, as adjusted for comparability, adjusted for the following: (1) the elimination of the effect of (a) noncash rental revenues and property operating expenses (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of acquisition intangibles included in FFO and NOI, both of which are described under “Cash NOI” above), (b) share-based compensation, net of amounts capitalized, (c) amortization of deferred financing costs, (d) amortization of debt discounts and premiums and (e) amortization of settlements of debt hedges; and (2) replacement capital expenditures (defined below). Diluted AFFO also includes adjustments to Diluted FFO, as adjusted for comparability for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV. We believe that Diluted AFFO is a useful supplemental measure of operating performance for a REIT because it incorporates adjustments for: certain revenue and expenses that are not associated with cash to or from us during the period; and certain capital expenditures for operating properties incurred during the period that do require cash outlays. We believe that net income is the most directly comparable GAAP measure to Diluted AFFO.

Diluted FFO available to common share and common unit holders (“Diluted FFO”)

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. The computation of Diluted FFO assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period. 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 is the most directly comparable GAAP measure to Diluted FFO.

Corporate Office Properties Trust
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Diluted FFO available to common share and common unit holders, as adjusted for comparability (“Diluted FFO, as adjusted for comparability”)

Defined as Diluted FFO or FFO adjusted to exclude: operating property acquisition costs; gains on sales of, and impairment losses on, properties other than previously depreciated operating properties; gain or loss on early extinguishment of debt; 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; demolition costs on redevelopment properties; executive transition costs (including separation related compensation and replacement recruitment costs for Vice President level positions and above); and accounting charges for original issuance costs associated with redeemed preferred shares. Diluted FFO, as adjusted for comparability also includes adjustments to Diluted FFO for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV. 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. The adjustment for FFO associated with properties securing non-recourse debt on which we defaulted pertains to the periods subsequent to our default on the loan’s payment terms, which was the result of our decision to not support payments on the loan since the estimated fair value of the properties was less than the loan balance. While we continued as the legal owner of the properties during this period, all cash flows produced by them went directly to the lender and we did not fund any debt service shortfalls, which included incremental additional interest under the default rate. We believe that net income is the most directly comparable GAAP measure to this non-GAAP measure.

Diluted FFO per share

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. The computation of Diluted FFO per share assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period. 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 available to common shareholders. We believe that diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share.

Diluted FFO per share, as adjusted for comparability

Defined as (1) Diluted FFO available to common share and common unit holders, 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. The computation of this measure assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase the per share measure in a given period. 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.

Dividend coverage-Diluted FFO, Diluted FFO, as adjusted for comparability, and Dividend coverage-Diluted AFFO

These measures divide either Diluted FFO, Diluted FFO, as adjusted for comparability, or Diluted AFFO by the sum of (1) dividends on unrestricted common shares and (2) distributions to holders of interests in the Operating Partnership and dividends on convertible preferred shares when such distributions and dividends are included in Diluted FFO.

Funds from operations (“FFO” or “FFO per NAREIT”)

Defined as net income computed using GAAP, excluding gains on sales of, and impairment losses on, previously depreciated operating properties and real estate-related depreciation and amortization. When multiple properties consisting of both operating and non-operating properties exist on a single tax parcel, we classify all of the gains on sales of, and impairment losses on, the tax parcel as all being for previously depreciated operating properties when most of the value of the parcel is associated with

Corporate Office Properties Trust Definitions

operating properties on the parcel. FFO also includes adjustments to net income for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV. We believe that we use the National Association of Real Estate Investment Trust's ("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 related to sales of, and impairment losses on, previously depreciated operating properties and excluding real estate-related depreciation and amortization, FFO can help one compare our operating performance between periods. We believe that net income is the most directly comparable GAAP measure to FFO.

Gross debt

Defined as total consolidated outstanding debt, which is debt reported per our balance sheet adjusted to exclude net discounts and premiums and deferred financing costs, as further adjusted to include outstanding debt of an unconsolidated real estate JV that were allocable to our ownership interest in the JV.

In-place adjusted EBITDA

Defined as Adjusted EBITDA, as further adjusted for: (1) the removal of NOI pertaining to properties in the quarterly periods in which such properties were sold; and (2) the addition of pro forma adjustments to NOI for properties acquired or placed into service subsequent to the commencement of a quarter made in order to reflect a full quarter of ownership/operations. The measure also includes adjustments to Adjusted EBITDA for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV. We believe that in-place adjusted EBITDA is a useful supplemental measure of performance for assessing our unlevered performance, as further adjusted for changes in operating properties subsequent to the commencement of a quarter. We believe that net income is the most directly comparable GAAP measure to in-place adjusted EBITDA.

Net debt

Defined as Gross debt (total outstanding debt reported per our balance sheet as adjusted to exclude net discounts and premiums and deferred financing costs), as adjusted to subtract cash and cash equivalents as of the end of the period and debt in default that was extinguished via conveyance of properties. The measure also includes adjustments to Gross debt for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.

Net debt plus preferred equity

Defined as Net debt plus the total liquidation preference of our outstanding preferred equity.

Net debt to Adjusted book and Net debt plus preferred equity to Adjusted book

These measures divide either Net debt or Net debt plus preferred equity (as defined above) by Adjusted book.

Net debt to in-place adjusted EBITDA ratio and Net debt plus preferred equity to in-place adjusted EBITDA ratio

Defined as Net debt or Net debt plus preferred equity (as defined above) divided by in-place adjusted EBITDA (defined above) for the three month period that is annualized by multiplying by four.

Net operating income from real estate operations ("NOI")

NOI, which is our segment performance measure, includes: consolidated real estate revenues; consolidated property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through an unconsolidated real estate JV that is allocable to COPT's ownership interest in the JV. We believe that NOI is an important supplemental measure of operating performance for a REIT's operating real estate because it provides a measure of the core real estate operations that is unaffected by depreciation, amortization, financing and general, administrative and leasing expenses; we believe this measure is particularly useful in evaluating the performance of geographic segments, same-office property groupings and individual properties. We believe that operating income, as reported on our consolidated statements of operations, is the most directly comparable GAAP measure to NOI.

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NOI debt service coverage ratio and Adjusted EBITDA debt service coverage ratio

These measures divide either NOI from real estate operations or Adjusted EBITDA by the sum of interest expense (excluding amortization of deferred financing costs and amortization of debt discounts and premiums, net of amounts capitalized, gains or losses on interest rate derivatives and interest expense on debt in default to be extinguished via conveyance of properties) and scheduled principal amortization on mortgage loans.

NOI fixed charge coverage ratio and Adjusted EBITDA fixed charge coverage ratio

These measures divide either NOI from real estate operations or Adjusted EBITDA by the sum of (1) interest expense (excluding amortization of deferred financing costs and amortization of debt discounts and premiums, net of amounts capitalized, gains or losses on interest rate derivatives and interest expense on debt in default to be extinguished via conveyance of properties), (2) scheduled principal amortization on mortgage loans, (3) capitalized interest, (4) dividends on preferred shares and (5) distributions on preferred units in the Operating Partnership not owned by us.

NOI interest coverage ratio and Adjusted EBITDA interest coverage ratio

These measures divide either NOI from real estate operations or Adjusted EBITDA by interest expense (excluding amortization of deferred financing costs and amortization of debt discounts and premiums, net of amounts capitalized, gains on losses on interest rate derivatives and interest expense on debt in default to be extinguished via conveyance of properties).

Payout ratios based on: Diluted FFO; Diluted FFO, as adjusted for comparability; and Diluted AFFO

These payout ratios are defined as (1) the sum of (a) dividends on unrestricted common shares and (b) distributions to holders of interests in the Operating Partnership and dividends on convertible preferred shares when such distributions and dividends are included in Diluted FFO divided by (2) the respective non-GAAP measures on which the payout ratios are based.

Replacement capital expenditures

Replacement capital expenditures are defined as tenant improvements and incentives, building improvements and leasing costs incurred during the period for operating properties that are not (1) items contemplated prior to the acquisition of a property, (2) improvements associated with the expansion of a building or its improvements, (3) renovations to a building which change the underlying classification of the building (for example, from industrial to office or Class C office to Class B office) or (4) capital improvements that represent the addition of something new to the property rather than the replacement of something (for example, the addition of a new heating and air conditioning unit that is not replacing one that was previously there). Replacement capital expenditures excludes expenditures of operating properties included in disposition plans during the period that were already sold or are held for future disposition. The measure also includes replacement capital expenditures of an unconsolidated real estate JV that were allocable to our ownership interest in the JV. For cash tenant incentives not due to the tenant for a period exceeding three months past the date on which such incentives were incurred, we recognize such incentives as replacement capital expenditures in the periods such incentives are due to the tenant. Replacement capital expenditures, which is included in the computation of Diluted AFFO, is intended to represent non-transformative capital expenditures of existing properties held for long-term investment. We believe that the excluded expenditures are more closely associated with our investing activities than the performance of our operating portfolio.

Same Office Property NOI and Same Office Cash NOI

Defined as NOI, or Cash NOI, from real estate operations of Same Office Properties. We believe that these are important supplemental measures of operating performance of Same Office Properties for the same reasons discussed above for NOI from real estate operations and Cash NOI.

Corporate Office Properties Trust
Definitions

Other Definitions

Acquisition Costs — Transaction costs expensed in connection with executed or anticipated acquisitions of operating properties.

Annualized Rental Revenue — The monthly contractual base rent as of the reporting date multiplied by 12, plus the estimated annualized expense reimbursements under existing leases for occupied space. With regard to properties owned through unconsolidated real estate joint ventures, we include the portion of Annualized Rental Revenue allocable to COPT's ownership interest.

Construction Properties — Properties under, or contractually committed for, construction. Also includes newly-constructed properties that are complete but held for future lease to the United States Government.

Core Portfolio — Represents Defense/IT Locations and Regional Office properties excluding properties held for sale.

Defense/IT Locations — Represents properties in locations that support the United States Government and its contractors, most of whom are engaged in national security, defense and IT related activities servicing what we believe are growing, durable priority missions.

First Generation Space — Newly constructed or redeveloped space that has never been occupied.

Operational Space — The portion of a property in operations (excludes portion under construction or redevelopment).

Pre-Construction Properties — Properties on which work associated with one or more of the following tasks is underway on a regular basis: pursuing entitlements, planning, design and engineering, bidding, permitting and premarketing/preleasing. Typically, these projects, as categorized in this Supplemental Information package, are targeted to begin construction in 12 months or less.

Redevelopment Properties — Properties previously in operations on which activities to substantially renovate such properties were underway or approved.

Regional Office Properties — Includes traditional office properties located in select urban/urban-like submarkets within our regional footprint with durable Class-A office fundamentals and characteristics, as well as other properties supporting general commercial office tenants.

Same Office Properties — Operating office properties continually owned and 100% operational since at least 1/1/16, excluding properties disposed or held for sale.

Second Generation Space — Space leased that has been previously occupied.

Total Portfolio — Operating properties, including ones owned through an unconsolidated joint venture.



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COPT REPORTS SECOND QUARTER 2017 RESULTS

COLUMBIA, MD July 27, 2017 - Corporate Office Properties Trust (“COPT” or the “Company”) (NYSE: OFC) announced financial and operating results for the second quarter ended June 30, 2017.

Management Comments

“Our FFO per share, as adjusted for comparability, in the second quarter of \$0.49 was at the high end of our guidance due primarily to the timing of certain operating expenses that boosted same office NOI. We have strong visibility on the remaining quarters and, are narrowing our guidance for the full year but maintaining the original mid-point of \$2.04. Our second quarter same office cash NOI increase of 2.6% represents our ninth consecutive quarter of increases, and equates to 3.8% growth for the first half of the year,” stated Stephen E. Budorick, COPT’s President & Chief Executive Officer.

“In May, the fiscal 2017 federal budget was signed into law, giving the Department of Defense (“DOD”) a base discretionary budget (“Base Budget”) of \$532 billion, a 2% increase over 2016’s Base Budget. The Administration’s Base Budget request for fiscal 2018 of \$575 billion would represent an 8% increase over the current year and is slightly higher than the defense industry expectations for average annual growth of 5% through 2021. By unanimous and nearly unanimous votes, the Senate and the House Armed Services Committees, respectively, recommended substantial increases to the DOD’s Base Budget beyond the Administration’s requested level, which evidences bipartisan support for such growth. Given our portfolio’s unique geographic alignment with DOD spending priorities, we believe we are well positioned to benefit from incremental space requirements related to mission growth at our Defense/IT installations,” added Mr. Budorick.

Financial Highlights

2nd Quarter Financial Results:

- Diluted earnings (loss) per share (“EPS”) was \$0.08 for the quarter ended June 30, 2017 as compared to (\$0.54) for the second quarter of 2016.
- Diluted funds from operations per share (“FFOPS”), as calculated in accordance with NAREIT’s definition, was \$0.42 for the second quarter of 2017 as compared to \$0.36 for the second quarter of 2016.
- FFOPS, as adjusted for comparability, was \$0.49 for the quarter ended June 30, 2017 as compared to \$0.52 for the second quarter of 2016.

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

Operating Performance Highlights

Portfolio Summary:

- At June 30, 2017, the Company's core portfolio of 153 operating office properties was 93.8% occupied and 94.8% leased.
- During the quarter, the Company placed 297,000 square feet of development into service that was 97% leased.
- At June 30, 2017, the Company had nine operating properties and land held for sale with an aggregate book value of \$51.3 million. The buildings contain a total of 469,000 square feet that were 95.4% occupied and leased at June 30, 2017.

Same Office Performance:

- At June 30, 2017, COPT's same office portfolio of 137 buildings was 92.7% occupied and 93.6% leased.
- For the quarter and six months ended June 30, 2017, the Company's same office property cash NOI increased 2.6% and 3.8%, respectively, over the prior year's comparable periods.

Leasing: For the six months ended June 30, 2017, the Company leased a total of 936,000 square feet. The 383,000 square feet of development leasing through June 30, 2017, represents approximately half of the Company's goal of leasing 700,000 square feet in development projects during the year.

Detail on the Company's second quarter leasing results are as follows:

- Square Feet Leased - For the three months ended June 30, 2017, the Company leased a total of 696,000 square feet composed of 293,000 square feet of renewing leases, 78,000 square feet of new leases on previously vacant space, and 325,000 square feet in development projects. The bulk of the development leasing in the quarter consisted of two build-to-suit projects totaling 297,000 square feet.
- Renewal Rates & Rent Spreads on Renewing Leases - During the second quarter, the Company renewed 85% of expiring leases; rents on renewed space increased 9.3% on a GAAP basis and decreased 1.0% on a cash basis.
- Lease Terms - In the second quarter, lease terms averaged 3.7 years on renewing space, 6.7 years on vacant space, and 11.6 years on development leasing, for a weighted average lease term of 7.7 years on all leasing.
- Wholesale Data Center Leasing - During the quarter ended June 30, 2017, the Company leased 2.0 megawatts ("MW") in its COPT DC-6 data center, which is now 87.6% leased.

Investment Activity Highlights

Development & Redevelopment Projects:

- As of June 30, 2017, the Company has six properties under construction totaling 970,000 square feet that were 85% leased.
- The Company also has two completed development properties held-for-lease to the U.S. Government. These buildings total 352,000 square feet and currently are 6% leased. Including these two projects,

the Company's construction pipeline totals 1.3 million square feet, is 64% leased, and represents a total estimated cost of \$302.7 million.

- COPT also has two projects under redevelopment that total 36,000 square feet and represent a total expected cost of \$11.0 million. These projects were 39% leased as of June 30, 2017.

Dispositions:

- During the quarter, the Company sold one 37,000 square foot suburban office property for \$2.3 million.

Balance Sheet and Capital Transaction Highlights

- As of June 30, 2017, the Company's net debt plus preferred equity to adjusted book ratio was 42.6% and its net debt plus preferred equity to in-place adjusted EBITDA ratio was 6.4x. For the same period, the Company's adjusted EBITDA fixed charge coverage ratio was 3.2x.
- As of June 30, 2017 and including the effect of interest rate swaps, the Company's weighted average effective interest rate was 4.1%; additionally, 90% of the Company's debt was subject to fixed interest rates and the debt portfolio had a weighted average maturity of 5.5 years.
- Effective June 27, 2017, the Company redeemed all of the outstanding shares of its 7.375% Series L Cumulative Preferred Shares (the "Series L Preferred Shares") at a price of \$25.00 per share, or \$172.5 million in the aggregate, plus accrued and unpaid dividends thereon up to but not including the date of redemption.
- The Company repaid \$200 million of the \$300 million balance on a term loan scheduled to mature in 2020.
- Also during the quarter, COPT issued 44,260 common shares at a weighted average price of \$33.19 per share under its existing at-the-market ("ATM") stock offering program, generating net proceeds totaling \$1.4 million. For the six months ended June 30, 2017, the Company realized \$19.7 million of net proceeds from the ATM issuance.

2017 Guidance

Management is narrowing its previously issued guidance range for full year EPS and FFOPS, as adjusted for comparability, to revised ranges of \$0.62-\$0.66 and \$2.02-\$2.06, respectively. Management also is establishing EPS and FFOPS, as adjusted for comparability, guidance for the third quarter ending September 30, 2017 at ranges of \$0.17-\$0.19 and \$0.51-\$0.53, respectively, and also for the fourth quarter ending December 31, 2017, at ranges of \$0.19-\$0.21 and \$0.54-\$0.56, respectively. Reconciliations of projected diluted EPS to projected FFOPS are as follows:

| | Quarter Ending September 30, 2017 | | Quarter Ending December 31, 2017 | | Year Ending December 31, 2017 | |
|--|--------------------------------------|----------------|-------------------------------------|----------------|----------------------------------|----------------|
| | Low | High | Low | High | Low | High |
| EPS | \$ 0.17 | \$ 0.19 | \$ 0.19 | \$ 0.21 | \$ 0.62 | \$ 0.66 |
| Real estate depreciation and amortization | 0.34 | 0.34 | 0.35 | 0.35 | 1.34 | 1.34 |
| Impairment losses on previously depreciated operating properties | — | — | — | — | 0.02 | 0.02 |
| FFOPS, NAREIT definition | 0.51 | 0.53 | 0.54 | 0.56 | 1.98 | 2.02 |
| Original issuance costs of redeemed preferred shares | — | — | — | — | 0.07 | 0.07 |
| Gains on sales of non-operating properties and other | — | — | — | — | (0.03) | (0.03) |
| FFOPS, as adjusted for comparability | <u>\$ 0.51</u> | <u>\$ 0.53</u> | <u>\$ 0.54</u> | <u>\$ 0.56</u> | <u>\$ 2.02</u> | <u>\$ 2.06</u> |

Associated Supplemental Presentation

Prior to the call, the Company will post a slide presentation to accompany management's prepared remarks for its second quarter 2017 conference call, the details of which are provided below. The accompanying slide presentation can be viewed on and downloaded from the 'Investors' section of the Company's website (www.copt.com).

Conference Call Information

Management will discuss second quarter 2017 earnings results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

Conference Call Date: Friday, July 28, 2017

Time: 12:00 p.m. Eastern Time

Telephone Number: (within the U.S.) 855-463-9057

Telephone Number: (outside the U.S.) 661-378-9894

Passcode: 47698579

Replay Information

A replay of this call will be available beginning at 4:00 p.m. Eastern Time on Friday, July 28, through 4:00 p.m. Eastern Time on Friday, August 11. To access the replay within the United States, please call 855-859-2056 and use passcode 47698579. To access the replay outside the United States, please call 404-537-3406 and use passcode 47698579.

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

Definitions

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

Company Information

COPT is an office REIT that owns, manages, develops and selectively acquires office and data center properties in locations that support the United States Government and its contractors, most of whom are engaged in national security, defense and information technology ("IT") related activities servicing priority missions ("Defense/IT Locations"). The Company also owns a portfolio of office properties located in select urban/urban-like submarkets within its regional footprint with durable Class-A office fundamentals and characteristics ("Regional Office Properties"). As of June 30, 2017, the Company derived 87% of core portfolio annualized revenue from Defense/IT Locations and 13% from its Regional Office Properties. As of June 30, 2017, and including six buildings that are owned through an unconsolidated joint venture, its core portfolio of 153 office properties, encompassed 16.6 million square feet and was 94.8% leased. As of the same date, it also owned one wholesale data center with a critical load of 19.25 megawatts.

Forward-Looking Information

This press release may contain “forward-looking” statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on the Company’s current expectations, estimates and projections about future events and financial trends affecting the Company. Forward-looking statements can be identified by the use of words such as “may,” “will,” “should,” “could,” “believe,” “anticipate,” “expect,” “estimate,” “plan” or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. Accordingly, the Company can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements.

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

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

The Company undertakes no obligation to update or supplement any forward-looking statements. For further information, please refer to the Company’s filings with the Securities and Exchange Commission, particularly the section entitled “Risk Factors” in Item 1A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|-------------|--------------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | |
| Real estate revenues | \$ 128,297 | \$ 133,924 | \$ 255,064 | \$ 267,011 |
| Construction contract and other service revenues | 23,138 | 12,003 | 36,172 | 23,223 |
| Total revenues | 151,435 | 145,927 | 291,236 | 290,234 |
| Expenses | | | | |
| Property operating expenses | 48,628 | 48,141 | 97,147 | 100,016 |
| Depreciation and amortization associated with real estate operations | 32,793 | 33,248 | 65,852 | 67,775 |
| Construction contract and other service expenses | 22,315 | 11,478 | 34,801 | 22,172 |
| Impairment losses | 1,625 | 69,692 | 1,625 | 72,138 |
| General and administrative expenses | 6,017 | 6,512 | 12,764 | 16,642 |
| Leasing expenses | 1,842 | 1,514 | 3,706 | 3,267 |
| Business development expenses and land carry costs | 1,597 | 2,363 | 3,290 | 4,781 |
| Total operating expenses | 114,817 | 172,948 | 219,185 | 286,791 |
| Operating income | 36,618 | (27,021) | 72,051 | 3,443 |
| Interest expense | (19,163) | (22,639) | (38,157) | (46,198) |
| Interest and other income | 1,583 | 1,330 | 3,309 | 2,486 |
| (Loss) gain on early extinguishment of debt | (513) | 5 | (513) | 22 |
| Income (loss) before equity in income of unconsolidated entities and income taxes | 18,525 | (48,325) | 36,690 | (40,247) |
| Equity in income of unconsolidated entities | 718 | 10 | 1,443 | 20 |
| Income tax (expense) benefit | (48) | (1) | (88) | 7 |
| Gain on sales of real estate | 12 | — | 4,250 | — |
| Net income (loss) | 19,207 | (48,316) | 42,295 | (40,220) |
| Net (income) loss attributable to noncontrolling interests | | | | |
| Common units in the Operating Partnership ("OP") | (273) | 1,976 | (907) | 1,849 |
| Preferred units in the OP | (165) | (165) | (330) | (330) |
| Other consolidated entities | (907) | (914) | (1,841) | (1,892) |
| Net income (loss) attributable to COPT | 17,862 | (47,419) | 39,217 | (40,593) |
| Preferred share dividends | (3,039) | (3,553) | (6,219) | (7,105) |
| Issuance costs associated with redeemed preferred shares | (6,847) | — | (6,847) | — |
| Net income (loss) attributable to COPT common shareholders | \$ 7,976 | \$ (50,972) | \$ 26,151 | \$ (47,698) |
| Earnings per share ("EPS") computation: | | | | |
| Numerator for diluted EPS: | | | | |
| Net income attributable to common shareholders | \$ 7,976 | \$ (50,972) | \$ 26,151 | \$ (47,698) |
| Amount allocable to share-based compensation awards | (117) | (96) | (242) | (214) |
| Numerator for diluted EPS | \$ 7,859 | \$ (51,068) | \$ 25,909 | \$ (47,912) |
| Denominator: | | | | |
| Weighted average common shares - basic | 99,036 | 94,300 | 98,725 | 94,251 |
| Dilutive effect of share-based compensation awards | 160 | — | 158 | — |
| Weighted average common shares - diluted | 99,196 | 94,300 | 98,883 | 94,251 |
| Diluted EPS | \$ 0.08 | \$ (0.54) | \$ 0.26 | \$ (0.51) |

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|-------------|--------------------------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income | \$ 19,207 | \$ (48,316) | \$ 42,295 | \$ (40,220) |
| Real estate-related depreciation and amortization | 32,793 | 33,248 | 65,852 | 67,775 |
| Impairment losses on previously depreciated operating properties | 1,610 | 55,124 | 1,610 | 55,971 |
| Gain on sales of previously depreciated operating properties | (12) | — | (31) | — |
| Depreciation and amortization on unconsolidated real estate JV | 311 | — | 622 | — |
| Funds from operations (“FFO”) | 53,909 | 40,056 | 110,348 | 83,526 |
| Preferred share dividends | (3,039) | (3,553) | (6,219) | (7,105) |
| Noncontrolling interests - preferred units in the OP | (165) | (165) | (330) | (330) |
| FFO allocable to other noncontrolling interests | (906) | (1,014) | (1,884) | (2,041) |
| Issuance costs associated with redeemed preferred shares | (6,847) | — | (6,847) | — |
| Basic and diluted FFO allocable to share-based compensation awards | (185) | (130) | (401) | (296) |
| Basic and Diluted FFO available to common share and common unit holders (“Diluted FFO”) | 42,767 | 35,194 | 94,667 | 73,754 |
| Gain on sales of non-operating properties | — | — | (4,219) | — |
| Impairment losses on non-operating properties | 15 | 14,568 | 15 | 16,167 |
| Loss (gain) on interest rate derivatives | 444 | 319 | (9) | 1,870 |
| Loss (gain) on early extinguishment of debt | 513 | (5) | 513 | (22) |
| Issuance costs associated with redeemed preferred shares | 6,847 | — | 6,847 | — |
| Demolition costs on redevelopment properties | 72 | 370 | 294 | 578 |
| Executive transition costs | 31 | 247 | 730 | 4,384 |
| Diluted FFO comparability adjustments allocable to share-based compensation awards | (31) | (63) | (17) | (94) |
| Diluted FFO available to common share and common unit holders, as adjusted for comparability | 50,658 | 50,630 | 98,821 | 96,637 |
| Straight line rent adjustments and lease incentive amortization | 1,517 | 480 | 1,950 | (485) |
| Amortization of intangibles included in net operating income | 325 | 338 | 684 | 676 |
| Share-based compensation, net of amounts capitalized | 1,309 | 1,485 | 2,558 | 3,117 |
| Amortization of deferred financing costs | 922 | 1,178 | 1,931 | 2,354 |
| Amortization of net debt discounts, net of amounts capitalized | 343 | 325 | 682 | 644 |
| Accum. other comprehensive loss on derivatives amortized to expense | 36 | — | 36 | — |
| Replacement capital expenditures | (11,269) | (11,546) | (24,318) | (23,266) |
| Diluted AFFO adjustments allocable to other noncontrolling interests | 25 | 47 | 51 | 95 |
| Diluted AFFO adjustments on unconsolidated real estate JV | (179) | — | (361) | — |
| Diluted adjusted funds from operations available to common share and common unit holders (“Diluted AFFO”) | \$ 43,687 | \$ 42,937 | \$ 82,034 | \$ 79,772 |
| Diluted FFO per share | \$ 0.42 | \$ 0.36 | \$ 0.93 | \$ 0.75 |
| Diluted FFO per share, as adjusted for comparability | \$ 0.49 | \$ 0.52 | \$ 0.97 | \$ 0.99 |
| Dividends/distributions per common share/unit | \$ 0.275 | \$ 0.275 | \$ 0.550 | \$ 0.550 |

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

| | June 30, 2017 | December 31, 2016 | | |
|---|--|--|-------------|-------------|
| Balance Sheet Data | | | | |
| Properties, net of accumulated depreciation | \$ 3,134,559 | \$ 3,073,362 | | |
| Total assets | 3,574,887 | 3,780,885 | | |
| Debt, per balance sheet | 1,897,734 | 1,904,001 | | |
| Total liabilities | 2,132,332 | 2,163,242 | | |
| Redeemable noncontrolling interest | 23,731 | 22,979 | | |
| Equity | 1,418,824 | 1,594,664 | | |
| Net debt to adjusted book | 42.4% | 38.3% | | |
| Core Portfolio Data (as of period end) (1) | | | | |
| Number of operating properties | 153 | 152 | | |
| Total net rentable square feet owned (in thousands) | 16,568 | 16,301 | | |
| Occupancy % | 93.8% | 92.9% | | |
| Leased % | 94.8% | 94.4% | | |
| | | | | |
| | For the Three Months Ended June 30, | For the Six Months Ended June 30, | | |
| | 2017 | 2016 | 2017 | 2016 |
| Payout ratios | | | | |
| Diluted FFO | 65.9% | 76.6% | 59.5% | 73.0% |
| Diluted FFO, as adjusted for comparability | 55.6% | 53.2% | 57.0% | 55.7% |
| Diluted AFFO | 64.5% | 62.7% | 68.7% | 67.5% |
| Adjusted EBITDA fixed charge coverage ratio | 3.2x | 2.9x | 3.1x | 2.8x |
| Net debt to in-place adjusted EBITDA ratio (2) | 6.4x | 6.6x | N/A | N/A |
| Net debt plus preferred equity to in-place adjusted EBITDA ratio (3) | 6.4x | 7.2x | N/A | N/A |
| Reconciliation of denominators for per share measures | | | | |
| Denominator for diluted EPS | 99,196 | 94,300 | 98,883 | 94,251 |
| Weighted average common units | 3,405 | 3,676 | 3,425 | 3,676 |
| Anti-dilutive EPS effect of share-based compensation awards | — | 117 | — | 107 |
| Denominator for diluted FFO per share and as adjusted for comparability | 102,601 | 98,093 | 102,308 | 98,034 |

(1) Represents Defense/IT Locations and Regional Office properties excluding properties held for sale, and includes six properties owned through an unconsolidated joint venture totaling 962,000 square feet that were 100% occupied and leased.

(2) Represents net debt as of period end divided by in-place adjusted EBITDA for the period, as annualized (i.e. three month periods are multiplied by four).

(3) Represents net debt plus the total liquidation preference of preferred equity as of period end divided by in-place adjusted EBITDA for the period, as annualized (i.e. three month periods are multiplied by four).

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|------------------|--------------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Reconciliation of common share dividends to dividends and distributions for payout ratios | | | | |
| Common share dividends - unrestricted shares | \$ 27,241 | \$ 25,938 | \$ 54,460 | \$ 51,857 |
| Common unit distributions | 936 | 1,004 | 1,872 | 2,015 |
| Dividends and distributions for payout ratios | <u>\$ 28,177</u> | <u>\$ 26,942</u> | <u>\$ 56,332</u> | <u>\$ 53,872</u> |
| Reconciliation of GAAP net income to adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") and in-place adjusted EBITDA | | | | |
| Net income (loss) | \$ 19,207 | \$ (48,316) | \$ 42,295 | \$ (40,220) |
| Interest expense | 19,163 | 22,639 | 38,157 | 46,198 |
| Income tax expense (benefit) | 48 | 1 | 88 | (7) |
| Real estate-related depreciation and amortization | 32,793 | 33,248 | 65,852 | 67,775 |
| Depreciation of furniture, fixtures and equipment | 585 | 524 | 1,096 | 1,126 |
| Impairment losses | 1,625 | 69,692 | 1,625 | 72,138 |
| Loss (gain) on early extinguishment of debt | 513 | (5) | 513 | (22) |
| Gain on sales of operating properties | (12) | — | (31) | — |
| Gain on sales of non-operational properties | — | — | (4,219) | — |
| Net gain on investments in unconsolidated entities included in interest and other income | — | (36) | — | (59) |
| Business development expenses | 995 | 1,261 | 1,933 | 2,640 |
| Demolition costs on redevelopment properties | 72 | 370 | 294 | 578 |
| Adjustments from unconsolidated real estate JV | 575 | — | 1,147 | — |
| Executive transition costs | 31 | 247 | 730 | 4,384 |
| Adjusted EBITDA | <u>\$ 75,595</u> | <u>\$ 79,625</u> | <u>\$ 149,480</u> | <u>\$ 154,531</u> |
| Proforma net operating income adjustment for property changes within period | 421 | 109 | | |
| In-place adjusted EBITDA | <u>\$ 76,016</u> | <u>\$ 79,734</u> | | |
| Reconciliation of interest expense to the denominators for fixed charge coverage-Adjusted EBITDA | | | | |
| Interest expense | \$ 19,163 | \$ 22,639 | \$ 38,157 | \$ 46,198 |
| Less: Amortization of deferred financing costs | (922) | (1,178) | (1,931) | (2,354) |
| Less: Amortization of net debt discounts, net of amounts capitalized | (343) | (325) | (682) | (644) |
| Less: Accum. other comprehensive loss on derivatives amortized to expense | (36) | — | (36) | — |
| Less: (Loss) gain on interest rate derivatives | (444) | (319) | 9 | (1,870) |
| COPT's share of interest expense of unconsolidated real estate JV, excluding deferred financing costs | 258 | — | 513 | — |
| Scheduled principal amortization | 955 | 1,732 | 1,913 | 3,532 |
| Capitalized interest | 1,611 | 1,309 | 3,142 | 3,062 |
| Preferred share dividends | 3,039 | 3,553 | 6,219 | 7,105 |
| Preferred unit distributions | 165 | 165 | 330 | 330 |
| Denominator for fixed charge coverage-Adjusted EBITDA | <u>\$ 23,446</u> | <u>\$ 27,576</u> | <u>\$ 47,634</u> | <u>\$ 55,359</u> |

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

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|--|-------------------------|--------------------------------------|------------------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Reconciliations of tenant improvements and incentives, capital improvements and leasing costs for operating properties to replacement capital expenditures | | | | |
| Tenant improvements and incentives | \$ 6,148 | \$ 6,784 | \$ 10,888 | \$ 15,550 |
| Building improvements | 5,972 | 5,302 | 9,202 | 9,255 |
| Leasing costs | 1,666 | 1,613 | 2,817 | 2,796 |
| Net additions to (exclusions from) tenant improvements and incentives | 626 | (885) | 7,422 | (2,238) |
| Excluded building improvements | (3,143) | (1,121) | (6,011) | (1,678) |
| Excluded leasing costs | — | (147) | — | (419) |
| Replacement capital expenditures | <u>\$ 11,269</u> | <u>\$ 11,546</u> | <u>\$ 24,318</u> | <u>\$ 23,266</u> |
| Same office property cash NOI | \$ 71,313 | \$ 69,485 | \$ 141,746 | \$ 136,601 |
| Straight line rent adjustments and lease incentive amortization | (1,106) | (2,724) | (1,368) | (3,618) |
| Amortization of acquired above- and below-market rents | (270) | (190) | (573) | (380) |
| Amortization of below-market cost arrangements | (146) | (239) | (292) | (478) |
| Lease termination fee, gross | 517 | 336 | 1,223 | 1,289 |
| Tenant funded landlord assets | 628 | 2,848 | 895 | 3,411 |
| Same office property NOI | <u>\$ 70,936</u> | <u>\$ 69,516</u> | <u>\$ 141,631</u> | <u>\$ 136,825</u> |
| | | | June 30, 2017 | December 31, 2016 |
| Reconciliation of total assets to adjusted book | | | | |
| Total assets | | | \$ 3,574,887 | \$ 3,780,885 |
| Accumulated depreciation | | | 755,208 | 706,385 |
| Accumulated depreciation included in assets held for sale | | | 8,148 | 9,566 |
| Accumulated amortization of real estate intangibles and deferred leasing costs | | | 183,199 | 210,692 |
| Accumulated amortization of real estate intangibles and deferred leasing costs included in assets held for sale | | | 9,951 | 11,575 |
| COPT's share of liabilities of unconsolidated real estate JV | | | 29,888 | 29,873 |
| COPT's share of accumulated depreciation and amortization of unconsolidated real estate JV | | | 2,064 | 938 |
| Less: Cash and cash equivalents | | | (10,606) | (209,863) |
| COPT's share of cash of unconsolidated real estate JV | | | (377) | (283) |
| Adjusted book | | | <u>\$ 4,552,362</u> | <u>\$ 4,539,768</u> |
| Reconciliation of debt outstanding to net debt and net debt plus preferred equity | | | | |
| Debt outstanding (excluding net debt discounts and deferred financing costs) | | | \$ 1,942,216 | \$ 1,950,229 |
| Less: Cash and cash equivalents | | | (10,606) | (209,863) |
| COPT's share of cash of unconsolidated real estate JV | | | (377) | (283) |
| Net debt | | | <u>\$ 1,931,233</u> | <u>\$ 1,740,083</u> |
| Preferred equity | | | 8,800 | 207,883 |
| Net debt plus preferred equity | | | <u>\$ 1,940,033</u> | <u>\$ 1,947,966</u> |