

October 24, 2014



# COPT Reports Third Quarter 2014 Results

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust ("COPT" or the "Company") (NYSE: OFC) announced financial and operating results for the third quarter ended September 30, 2014.

"The Company had a strong third quarter and generated results that were at the high end of our guidance range," stated Roger A. Waesche, Jr., COPT's President & Chief Executive Officer. "Our overall portfolio is now 91.5% occupied, supply in each of our markets remains in-check, and demand for new, strategically located office space in our markets continues to build along multiple channels, including the rapidly growing Cybersecurity industry," he added.

## **Results:**

Diluted earnings per share ("EPS") was \$0.22 for the quarter ended September 30, 2014 as compared to \$(0.09) in the third quarter of 2013. Per NAREIT's definition, diluted funds from operations per share ("FFOPS") for the third quarter of 2014 was \$0.49 versus \$0.48 reported in the third quarter of 2013. FFOPS, as adjusted for comparability, was \$0.48 for the quarter ended September 30, 2014 as compared to \$0.49 reported for the third quarter of 2013. Adjustments for comparability could encompass items such as acquisition costs, impairment losses and gains on non-operating properties (net of related tax adjustments), losses (gains) on early extinguishment of debt and write-offs of original issuance costs for redeemed preferred stock. Please refer to the reconciliation tables that appear later in this press release.

## **Operating Performance:**

**Total Portfolio** – At September 30, 2014, the Company's total portfolio of 174 operating office properties totaled 16.9 million square feet that were 91.5% occupied and 93.0% leased.

**Same Office Portfolio** – The Company's same office portfolio for the quarter ended September 30, 2014 represents 89% of the Company's total square feet and consists of 161 properties. The Company's same office portfolio was 92.1% occupied at September 30, 2014, up 150 basis points from the third quarter of 2013. For the third quarter ended September 30, 2014, the Company's same office property cash NOI, excluding gross lease termination fees, increased 0.9% as compared to the third quarter of 2013.

**Leasing** – During the quarter ended September 30, 2014, COPT leased a total of 857,000 square feet of office space and achieved an 82% renewal rate. For the same period, rents on renewed space increased 6.8% on a GAAP basis and decreased 0.8% on a cash basis. For the nine months ended September 30, 2014, the Company leased 2.0 million square feet and achieved a 74% renewal rate. Rents on renewed space for the nine months ended September 30, 2014, increased 5.6% on a GAAP basis and decreased 3.6% on a cash basis.

## **Investment Activity:**

**Developments** – At September 30, 2014, the Company had six properties totaling 861,000 square feet under construction that were 55% leased. The properties' total projected cost is \$219.6 million, of which \$123.3 million had been incurred.

**Redevelopments** – At September 30, 2014, COPT had four properties under redevelopment totaling approximately 276,000 square feet that were 40% leased.

**Dispositions** – The Company recycled \$57 million of capital from non-strategic assets in the quarter. The dispositions included eight operating properties totaling 303,000 square feet for \$29 million, and 235 acres of land for \$28 million.

## **Balance Sheet and Capital Transactions:**

As of September 30, 2014, the Company's debt to adjusted book ratio was 42.8% and its adjusted EBITDA fixed charge coverage ratio was 2.7x. Also, the Company's weighted average interest rate was 4.3% for the quarter ended September 30, 2014 and 94% of the Company's debt was subject to fixed interest rates, including the effect of interest rate swaps.

## **2014 FFO Guidance:**

Management is narrowing its previously issued guidance for 2014 FFOPS, as adjusted for comparability, from the prior range of \$1.86–\$1.90, to a new range of \$1.87–\$1.89. Management is affirming guidance for fourth quarter 2014 FFOPS, as adjusted for comparability, of \$0.48–\$0.50. A reconciliation of projected diluted EPS to projected FFOPS for the quarter and year ending December 31, 2014 is provided, as follows:

	Three months ending December 31, 2014		Year ending December 31, 2014	
	Low	High	Low	High
EPS	\$ 0.76	\$ 0.78	\$ 1.00	\$ 1.02
Real estate depreciation and amortization	0.35	0.35	1.49	1.49
Gains on sales of previously depreciated properties	-	-	(0.06)	(0.06)
Impairment losses on previously depreciated properties	-	-	0.02	0.02
FFOPS, NAREIT definition	1.11	1.13	2.45	2.47
NOI from properties to be conveyed (a)	(0.01)	(0.01)	(0.02)	(0.02)
Interest expense on loan secured by properties to be conveyed(a)	0.05	0.05	0.15	0.15
Gains on sales of undepreciated properties	-	-	(0.05)	(0.05)
Executive transition costs	0.01	0.01	0.01	0.01
Net gains on extinguishment of debt (b)	(0.68)	(0.68)	(0.69)	(0.69)
Issuance cost of redeemed Preferred shares	-	-	0.02	0.02
FFOPS, as adjusted for comparability	<u>\$ 0.48</u>	<u>\$ 0.50</u>	<u>\$ 1.87</u>	<u>\$ 1.89</u>

a. The Company expects to transfer two operating properties in satisfaction of non-recourse secured indebtedness. These amounts represent the Company's forecast of net operating income generated by these assets and interest expense (accrued at the default rate) from April 1st through year-end, and assuming a transfer date of December 31, 2014.

b. Represents debt and accrued interest in excess of the book value of the assets to be conveyed.

### **3Q 2014 Conference Call Information:**

Management will discuss third quarter 2014 earnings results, as well as its 2014 guidance, on its conference call on October 24, 2014 at 12:00 p.m. Eastern Time, details of which are listed below:

#### **Third Quarter 2014:**

Earnings Release Date:	Friday, October 24, 2014 at 6:00 a.m. Eastern Time
Conference Call Date:	Friday, October 24, 2014
Time:	12:00 p.m. Eastern Time
Telephone Number: (within the U.S.)	888-679-8034
Telephone Number: (outside the U.S.)	617-213-4847
Passcode:	28439116

Please use the following link to pre-register and view important information about this conference call. Pre-registering is not mandatory but is recommended as it will provide you immediate entry into the call and will facilitate the timely start of the conference. Pre-registration only takes a few moments and you may pre-register at anytime, including up to and after the call start time. To pre-register, please click on the below link:

<https://www.theconferencingservice.com/prereg/key.process?key=PC4N4YGVH>

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

A replay of this call will be available beginning Friday, October 24 at 4:00 p.m. Eastern Time through Friday, November 7 at midnight Eastern Time. To access the replay within the United States, please call 888-286-8010 and use passcode 86010521. To access the replay outside the United States, please call 617-801-6888 and use passcode 86010521.

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

#### **Definitions:**

For definitions of certain terms used in this press release, please refer to the information furnished in our Supplemental Information Package filed as a Form 8-K which can be found on our website ([www.copt.com](http://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 focuses primarily on serving the specialized requirements of U.S. Government agencies and defense contractors, most of which are engaged in defense information technology and national security-related activities. As of September 30, 2014, COPT derived 77% of its annualized revenue from its strategic tenant niche properties and 23% from its regional office properties. The Company generally acquires, develops, manages and leases office and data center properties concentrated in large office parks

primarily located near knowledge-based government demand drivers and/or in targeted markets or submarkets in the Greater Washington, DC/Baltimore region. As of September 30, 2014, the Company's consolidated portfolio consisted of 174 office properties totaling 16.9 million rentable square feet. COPT is an S&P MidCap 400 company.

### **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, 2013.*

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues				
Real estate revenues	\$118,276	\$114,821	\$359,112	\$342,510
Construction contract and other service revenues	34,739	16,991	80,390	52,048
Total revenues	153,015	131,812	439,502	394,558
Expenses				
Property operating expenses	43,056	41,361	136,600	123,082
Depreciation and amortization associated with real estate operations	30,237	28,205	104,728	82,888
Construction contract and other service expenses	33,593	16,306	75,353	49,165
Impairment losses	66	5,857	1,368	5,857
General and administrative expenses	5,662	6,237	17,635	17,213
Leasing expenses	1,549	1,790	5,247	5,217
Business development expenses and land carry costs	1,430	1,383	4,107	4,069
Total operating expenses	115,593	101,139	345,038	287,491
Operating income	37,422	30,673	94,464	107,067
Interest expense	(24,802)	(19,342)	(69,107)	(60,734)
Interest and other income (loss)	1,191	(3)	3,775	2,949
Loss on early extinguishment of debt	(176)	(374)	(446)	(27,028)
Income from continuing operations before equity in income of unconsolidated entities and income taxes	13,635	10,954	28,686	22,254
Equity in income of unconsolidated entities	193	44	206	211
Income tax expense	(101)	(24)	(257)	(61)
Income from continuing operations	13,727	10,974	28,635	22,404
Discontinued operations	191	(12,974)	4	(16,215)
Income (loss) before gain on sales of real estate	13,918	(2,000)	28,639	6,189
Gain on sales of real estate, net of income taxes	10,630	—	10,630	2,683
Net income (loss)	24,548	(2,000)	39,269	8,872
Net (income) loss attributable to noncontrolling interests				
Common units in the Operating Partnership	(768)	232	(942)	474
Preferred units in the Operating Partnership	(165)	(165)	(495)	(495)
Other consolidated entities	(895)	(1,031)	(2,481)	(2,160)
Net income (loss) attributable to COPT	22,720	(2,964)	35,351	6,691
Preferred share dividends	(3,553)	(4,490)	(12,387)	(15,481)
Issuance costs associated with redeemed preferred shares	—	—	(1,769)	(2,904)
Net income (loss) attributable to COPT common shareholders	\$ 19,167	\$ (7,454)	\$ 21,195	\$ (11,694)
Earnings per share ("EPS") computation:				
Numerator for diluted EPS:				
Net income attributable to common shareholders	\$ 19,167	\$ (7,454)	\$ 21,195	\$ (11,694)
Amount allocable to restricted shares	(103)	(97)	(332)	(317)
Numerator for diluted EPS	\$ 19,064	\$ (7,551)	\$ 20,863	\$ (12,011)
Denominator:				
Weighted average common shares - basic	87,290	86,760	87,196	84,547
Dilutive effect of share-based compensation awards	195	—	169	—
Weighted average common shares - diluted	87,485	86,760	87,365	84,547
Diluted EPS	\$ 0.22	\$ (0.09)	\$ 0.24	\$ (0.14)

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	\$24,548	\$ (2,000)	\$39,269	\$ 8,872
Real estate-related depreciation and amortization	30,237	29,210	104,728	86,397
Impairment (recoveries) losses on previously depreciated operating properties	(7)	22,074	1,322	31,126
Gain on sales of previously depreciated operating properties	(5,123)	—	(5,119)	—
Funds from operations ("FFO")	49,655	49,284	140,200	126,395
Noncontrolling interests - preferred units in the Operating Partnership	(165)	(165)	(495)	(495)
FFO allocable to other noncontrolling interests	(830)	(833)	(2,349)	(2,830)
Preferred share dividends	(3,553)	(4,490)	(12,387)	(15,481)
Issuance costs associated with redeemed preferred shares	—	—	(1,769)	(2,904)
Basic and diluted FFO allocable to restricted shares	(191)	(178)	(542)	(450)
Basic and diluted FFO available to common share and common unit holders ("Basic and diluted FFO")	44,916	43,618	122,658	104,235
Gain on sales of non-operating properties	(5,535)	—	(5,535)	(2,683)
Impairment losses on other properties	49	—	49	—
Loss on early extinguishment of debt	176	374	562	27,028
Issuance costs associated with redeemed preferred shares	—	—	1,769	2,904
FFO on properties in default to be conveyed (1)	3,806	—	7,435	—
Diluted FFO comparability adjustments allocable to restricted shares	7	—	(19)	—
Diluted FFO available to common share and common unit holders, as adjusted for comparability	43,419	43,992	126,919	131,484
Straight line rent adjustments	(456)	(980)	(1,441)	(6,824)
Straight line rent adjustments - properties in default to be conveyed	(96)	—	(95)	—
Amortization of intangibles included in net operating income	206	230	647	579
Share-based compensation, net of amounts capitalized	1,507	1,573	4,563	4,869
Amortization of deferred financing costs	1,357	1,321	3,646	4,292
Amortization of deferred financing costs - properties in default to be conveyed	(306)	—	(333)	—
Amortization of net debt discounts, net of amounts capitalized	259	(121)	659	1,063
Amortization of settled debt hedges	16	16	46	46
Recurring capital expenditures	(16,929)	(10,528)	(41,566)	(21,698)
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	\$28,977	\$35,503	\$93,045	\$113,811
Diluted FFO per share	\$ 0.49	\$ 0.48	\$ 1.34	\$ 1.18
Diluted FFO per share, as adjusted for comparability	\$ 0.48	\$ 0.49	\$ 1.39	\$ 1.49
Dividends/distributions per common share/unit	\$ 0.275	\$ 0.275	\$ 0.825	\$ 0.825

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

Corporate Office Properties Trust  
Summary Financial Data  
(unaudited)

(Dollars and shares in thousands, except per share data)

	September 30, 2014	December 31, 2013
<b>Balance Sheet Data</b>		
Properties, net of accumulated depreciation	\$ 3,271,156	\$ 3,214,301
Total assets	3,680,188	3,629,952
Debt, net	2,049,992	1,927,703
Total liabilities	2,264,248	2,114,945
Redeemable noncontrolling interest	18,436	17,758
Equity	1,397,504	1,497,249
Debt to adjusted book	42.8%	43.6%
Debt to total market capitalization	44.4%	44.3%

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

Number of operating properties	174	177
Total net rentable square feet owned (in thousands)	16,863	16,045
Occupancy %	91.5%	88.7%
Leased %	93.0%	90.0%

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
<b>Payout ratios</b>				
Diluted FFO	56.0%	57.6%	61.6%	71.4%
Diluted FFO, as adjusted for comparability	58.0%	57.1%	59.5%	56.6%
Diluted AFFO	86.9%	70.7%	81.2%	65.4%
Adjusted EBITDA interest coverage ratio	3.6x	3.6x	3.6x	3.6x
Adjusted EBITDA fixed charge coverage ratio	2.7x	2.5x	2.6x	2.4x
Adjusted debt to in-place adjusted EBITDA ratio (2)	6.7x	7.3x	N/A	N/A

### Reconciliation of denominators for diluted EPS and diluted FFO per share

Denominator for diluted EPS	87,485	86,760	87,365	84,547
Weighted average common units	3,876	3,804	3,915	3,832
Anti-dilutive EPS effect of share-based compensation awards	—	45	—	63
Denominator for diluted FFO per share	91,361	90,609	91,280	88,442

## Reconciliation of FFO to FFO, as adjusted for comparability

FFO, per NAREIT	\$ 49,655	\$ 49,284	\$140,200	\$126,395
Gain on sales of non-operating properties	(5,535)	—	(5,535)	(2,683)
Impairment losses on non-operating properties, net of associated tax	49	—	49	—
Loss on early extinguishment of debt, continuing and discontinued operations	176	374	562	27,028
Issuance costs associated with redeemed preferred shares	—	—	1,769	2,904
FFO from properties to be conveyed to extinguish debt in default	3,806	—	7,435	—
FFO, as adjusted for comparability	<u>\$ 48,151</u>	<u>\$ 49,658</u>	<u>\$144,480</u>	<u>\$153,644</u>

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

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



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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
<b>Reconciliation of common share dividends to dividends and distributions for payout ratios</b>				
Common share dividends	\$ 24,112	\$ 24,022	\$ 72,306	\$ 71,220
Common unit distributions	1,062	1,094	3,215	3,186
Dividends and distributions for payout ratios	<u>\$ 25,174</u>	<u>\$ 25,116</u>	<u>\$ 75,521</u>	<u>\$ 74,406</u>
<b>Reconciliation of GAAP net income to adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") and in-place adjusted EBITDA</b>				
Net income (loss)	\$ 24,548	\$ (2,000)	\$ 39,269	\$ 8,872
Interest expense on continuing operations	24,802	19,342	69,107	60,734
Interest expense on discontinued operations	—	1,968	—	6,316
Income tax expense	101	24	257	61
Real estate-related depreciation and amortization	30,237	29,210	104,728	86,397
Depreciation of furniture, fixtures and equipment	543	502	1,891	1,559
Impairment losses	42	22,074	1,371	31,126
Loss on early extinguishment of debt on continuing and discontinued operations	176	374	562	27,028
Gain on sales of operating properties	(5,123)	—	(5,119)	—
Gain on sales of non-operational properties	(5,535)	—	(5,535)	(2,683)
Net loss (gain) on investments in unconsolidated entities included in interest and other income	63	1,006	365	(15)
EBITDA on properties in default to be conveyed	(732)	—	(1,263)	—
Adjusted EBITDA	<u>\$ 69,122</u>	<u>\$ 72,500</u>	<u>\$ 205,633</u>	<u>\$ 219,395</u>
Less: Net operating income from properties in quarter of disposition	(106)	—	—	—
Adjusted and in-place adjusted EBITDA	<u>\$ 69,016</u>	<u>\$ 72,500</u>	—	—
<b>Reconciliation of interest expense from continuing operations to the denominators for interest coverage-Adjusted EBITDA and fixed charge coverage-Adjusted EBITDA</b>				
Interest expense from continuing operations	\$ 24,802	\$ 19,342	\$ 69,107	\$ 60,734
Interest expense from discontinued operations	—	1,968	—	6,316
Less: Amortization of deferred financing costs	(1,357)	(1,321)	(3,646)	(4,292)
Less: Amortization of net debt discount, net of amounts capitalized	(259)	121	(659)	(1,063)
Less: Interest exp. on debt in default to be extin. via conveyance of properties	(4,231)	—	(8,364)	—
Denominator for interest coverage-Adjusted EBITDA	<u>18,955</u>	<u>20,110</u>	<u>56,438</u>	<u>61,695</u>
Scheduled principal amortization	1,477	2,226	4,914	7,229
Capitalized interest	1,314	2,215	4,325	6,743
Preferred share dividends	3,553	4,490	12,387	15,481
Preferred unit distributions	165	165	495	495
Denominator for fixed charge coverage-Adjusted EBITDA	<u>\$ 25,464</u>	<u>\$ 29,206</u>	<u>\$ 78,559</u>	<u>\$ 91,643</u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
<b>Reconciliations of tenant improvements and incentives, capital improvements and leasing costs for operating properties to recurring capital expenditures</b>				
Tenant improvements and incentives on operating properties	\$ 11,581	\$ 4,894	\$ 22,412	\$ 10,983
Building improvements on operating properties	8,119	4,857	18,458	8,995
Leasing costs for operating properties	2,877	2,260	7,195	5,114
Less: Nonrecurring tenant improvements and incentives on operating properties	(1,454)	(230)	(987)	(238)
Less: Nonrecurring building improvements on operating properties	(4,182)	(1,266)	(5,269)	(3,113)
Less: Nonrecurring leasing costs for operating properties	(12)	14	(243)	(36)
Add: Recurring capital expenditures on operating properties held through joint ventures	—	(1)	—	(7)
Recurring capital expenditures	<u>\$ 16,929</u>	<u>\$ 10,528</u>	<u>\$ 41,566</u>	<u>\$ 21,698</u>
<b>Reconciliation of same office property net operating income to same office property cash net operating income and same office property cash net operating income, excluding gross lease termination fees</b>				
Same office property net operating income	\$ 67,891	\$ 68,020	\$ 200,608	\$ 202,289
Less: Straight-line rent adjustments	(461)	(1,241)	(1,941)	(3,697)
Less: Amortization of deferred market rental revenue	(4)	24	19	(39)
Add: Amortization of below-market cost arrangements	273	320	817	958
Same office property cash net operating income	<u>67,699</u>	<u>67,123</u>	<u>199,503</u>	<u>199,511</u>
Less: Lease termination fees, gross	<u>(272)</u>	<u>(306)</u>	<u>(877)</u>	<u>(1,280)</u>
Same office property cash net operating income, excluding gross lease termination fees	<u>\$ 67,427</u>	<u>\$ 66,817</u>	<u>\$ 198,626</u>	<u>\$ 198,231</u>
	<b>September 30, 2014</b>		<b>December 31, 2013</b>	
<b>Reconciliation of total assets to adjusted book</b>				
Total assets	\$ 3,680,188	\$ 3,629,952		
Accumulated depreciation	679,598	597,649		
Accumulated amortization of real estate intangibles and deferred leasing costs	207,864	193,142		
Less: Adjusted book assoc. with properties to be conveyed to extinguish debt in default	(130,346)	—		
Adjusted book	<u>\$ 4,437,304</u>	<u>\$ 4,420,743</u>		
<b>Reconciliation of debt to adjusted debt</b>				
Debt, net	\$ 2,049,992	\$ 1,927,703		
Less: Debt in default to be extinguished via conveyance of properties	(150,000)	—		
Numerator for debt to adjusted book ratio	<u>1,899,992</u>	<u>1,927,703</u>		
Less: Cash and cash equivalents	(40,018)	(54,373)		
Adjusted debt	<u>\$ 1,859,974</u>	<u>\$ 1,873,330</u>		

Corporate Office Properties Trust  
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Source: Corporate Office Properties Trust