October 27, 2016

COPT DEFENSE PROPERTIES

COPT Reports Third Quarter 2016 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, 2016.

Management Comments

"As the third quarter demonstrated, we are executing well on all aspects of our 2016 plan, and key performance metrics were in-line with our guidance and expectations," stated Stephen E. Budorick, COPT's President & Chief Executive Officer. "Same office cash NOI grew 1.1% in the quarter and 4.1% for the first nine months of the year, and we have completed over $300 million of asset sales to date." He added, "Demand throughout our portfolio is steady and provides solid momentum for 2017."

Financial Highlights

3rd Quarter Financial Results:

- Diluted earnings per share ("EPS") was $0.25 for the quarter ended September 30, 2016 as compared to $0.91 for the third quarter of 2015.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with NAREIT's definition, was $0.49 for the third quarter of 2016 as compared to $1.32 for the third quarter of 2015.
- FFOPS, as adjusted for comparability, was $0.51 for the quarter ended September 30, 2016 and $0.52 for the third quarter of 2015.

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

Operating Performance Highlights

Portfolio Summary:

- At September 30, 2016, the Company's core portfolio of 146 operating office properties were 93.0% occupied and 94.4% leased.
- During the quarter, the Company placed 192,000 square feet of development in service that, at September 30, 2016, were 83% leased.
- At September 30, 2016, the Company had approximately $161 million of assets held for sale composed of 19 operating properties that contain a total of 1.3 million square feet and 153 acres of non-strategic land.

Same Office Performance:

- At September 30, 2016, COPT's same office portfolio of 129 buildings was 91.4% occupied and 93.2% leased.
- For the quarter ended September 30, 2016, the Company's same office property cash NOI increased 1.1% as compared to the quarter ended September 30, 2015. For the nine months ended September 30, 2016, same office cash NOI grew 4.1% versus the comparable period in 2015.

Leasing:

- Square Feet Leased – For the quarter ended September 30, 2016, the Company leased a total of 741,000 square feet, including 26,000 square feet in development projects. During the first nine months of the year, we executed on 2.3 million square feet of leasing, including 571,000 square feet in development projects.
- Renewal Rates – During the three and nine months ended September 30, 2016, the Company renewed 83% and 79%, respectively, of expiring leases.
- Rent Spreads on Renewing Leases – In the quarter, the Company successfully executed early renewals on three large, non-defense tenant leases, representing 275,000 square feet, to assure long-term, steady cash flows from all three assets. The impact of these renewals was a decline in cash renewal rates in the third quarter. For the quarter ended September 30, 2016 and as compared to expiring rents, rents on renewed space decreased 2.2% on a GAAP basis and decreased 11.9% on a cash basis. For the nine months of 2016, GAAP rents on renewing leases increased 4.5% and cash rents decreased 5.7%. Excluding these three early renewals, cash renewal rents declined only 1.9% for the nine months ended September 30, 2016.
- Lease Terms – In the third quarter, lease terms averaged 7.6 years on the 597,000 square feet of renewing leases, and 7.0 years on the 144,000 square feet of development and other new leasing, for an average lease term of 7.5 years on all leasing completed in the quarter.

  For the nine months ended September 30, 2016, lease terms averaged 6.0 years on the 1.4 million square feet of renewing leases, and 8.5 years on the 938,000 square feet of development and other new leasing, for an average lease term of 7.0 years on all leasing completed in the nine months of the year.

Investment Activity Highlights

Development & Redevelopment Projects:

- The Company has five properties totaling 769,000 square feet under construction that, at September 30, 2016, were 89% pre-leased. The five projects have a total estimated cost of $149.7 million, of which $64.3 million has been incurred.
- The Company also has two recently completed properties that total 352,000 square feet which are being held for the U.S. Government. In the third quarter ended September 30, 2016, the Company leased 15,000 square feet in The National Business Park to a U.S. Government tenant and expects further leasing progress in

the coming quarters. The Company anticipates leasing the balance of the building during 2017.

- Including these two U.S. Government projects, the Company's construction pipeline totals 1.1 million square feet and is 63% leased.
- COPT has 104,000 square feet in three properties under redevelopment, representing a total expected cost of $27.7 million, of which $20.3 million has been invested. The three projects were 19% leased at quarter end.

Dispositions: During the quarter, the Company closed on $285 million of sales detailed as follows:

- $74 million from six data center properties contributed to a newly-formed, 50% unconsolidated joint venture with an institutional partner.
- $143 million from four properties and land at the Arborcrest Campus in the Plymouth Meeting submarket of Philadelphia.
- $17 million from six properties in the White Marsh submarket of Baltimore.
- $51 million from five properties in the Airport Square / BWI South submarkets in the B/W Corridor.

Subsequent to the quarter, the Company sold another 151,000 square foot operating property in Northern Virginia and a parcel of non-strategic land for an aggregate of $14.1 million, bringing total assets to-date to $304 million, or 69% of the full year goal.

<u>Balance Sheet and Capital Transaction Highlights</u>

- As of September 30, 2016, the Company's net debt to adjusted book ratio was 41.2% and its net debt to in-place adjusted EBITDA ratio was 6.3x. For the quarter ended September 30, 2016, its adjusted EBITDA fixed charge coverage ratio was 3.1x.
- The Company's weighted average effective interest rate was 3.8% as of September 30, 2016; including the effect of interest rate swaps, 96% of the Company's debt was subject to fixed interest rates and the debt portfolio had a weighted average maturity of 6.1 years.
- Subsequent to the quarter, the Company used cash on hand and capacity on its line of credit to repay a $120 million term loan. As a result, the Company has no debt maturities until 2020.

<u>2016 FFO Guidance Update</u>

Management is narrowing its guidance range for full year FFOPS, as adjusted for comparability, of $2.00—$2.02. The Company also is maintaining its previously established guidance for the fourth quarter ending December 31, 2016, for FFOPS, as adjusted for comparability, of $0.50—$0.52. Reconciliations of projected diluted EPS to projected FFOPS are as follows:

	Three Months Ending December 31, 2016		Year Ending December 31, 2016	
	Low	High	Low	High
EPS	$ 0.24	$ 0.26	$ (0.02)	$ -
Real estate depreciation and amortization	0.34	0.34	1.37	1.37
Impairment losses on operating properties	-	-	0.83	0.83
Gains on sales of operating properties	(0.01)	(0.01)	(0.36)	(0.36)
FFOPS, NAREIT definition	0.57	0.59	1.82	1.84
Executive transition costs	-	-	0.06	0.06
Impairment losses on non-operating properties	-	-	0.18	0.18
Gains on sales of non-operating properties	(0.08)	(0.08)	(0.08)	(0.08)
Loss on interest rate derivatives and other	0.01	0.01	0.02	0.02
FFOPS, as adjusted for comparability	$ 0.50	$ 0.52	$ 2.00	$ 2.02

Associated Supplemental Presentation

Prior to the call, the Company will post a slide presentation to accompany management's prepared remarks for its third quarter 2016 conference call, the details of which are provided below. You may access the slide presentation on the 'Investors' section of the website (www.copt.com). Please have the slides available to review during management's comments.

Conference Call Information

Management will discuss third quarter 2016 earnings results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

Earnings Release Date:	Thursday, October 27, 2016 after market closes
Conference Call Date:	Friday, October 28, 2016
Time:	12:00 p.m. Eastern Time
Telephone Number: (within the U.S.)	888-713-4218
Telephone Number: (outside the U.S.)	617-213-4870
Passcode:	86051712#

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. To pre-register, please click on the below link: https://www.theconferencingservice.com/prereg/key.process?key=PAX84XXNT.

You may also pre-register in the Investors section of the Company's website at 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.

Replay Information

A replay of this call will be available beginning at 3:00 p.m. Eastern Time on Friday, October 28, through midnight Eastern Time on Friday, November 11. To access the replay within the United States, please call 888-286-8010 and use passcode 93348081. To access the replay outside the United States, please call 617-801-6888 and use passcode 93348081.

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 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). 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 United States Government agencies and their contractors, most of whom are engaged in national security, defense and information technology ("IT") related activities servicing priority missions ("Defense/IT Locations"). We also own a complementary portfolio of traditional Class-A office properties located in select urban/urban-like submarkets within our regional footprint ("Regional Office Properties"). As of September 30, 2016, we derived 86% of core portfolio annualized revenue from Defense/IT Locations and 14% from our Regional Office Properties. As of September 30, 2016, our core portfolio of 146 office properties encompassed 15.9 million square feet and was 94.4% leased.

Forward-Looking Information

This press release may contain "forward-looking" statements, as defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, that are based on the Company's current expectations, estimates and projections about future events and financial trends affecting the Company. Forward-looking statements can be identified by the use of words such as "may," "will," "should," "could," "believe," "anticipate," "expect," "estimate," "plan" or other comparable terminology. Forward-looking statements are inherently subject to risks and uncertainties, many of which the Company cannot predict with accuracy and some of which the Company might not even anticipate. 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, 2015.

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,	
	2016	**2015**	**2016**	**2015**
Revenues				
Real estate revenues	$130,954	$133,686	$397,965	$384,587
Construction contract and other service revenues	11,149	17,058	34,372	97,554
Total revenues	142,103	150,744	432,337	482,141
Expenses				
Property operating expenses	49,952	48,897	149,968	145,996
Depreciation and amortization associated with real estate operations	32,015	38,403	99,790	103,788
Construction contract and other service expenses	10,341	16,132	32,513	94,923
Impairment losses	27,699	2,307	99,837	3,545
General and administrative expenses	7,242	5,783	23,884	17,917
Leasing expenses	1,613	1,656	4,880	4,947
Business development expenses and land carry costs	1,716	5,573	6,497	10,986
Total operating expenses	130,578	118,751	417,369	382,102
Operating income	11,525	31,993	14,968	100,039
Interest expense	(18,301)	(24,121)	(64,499)	(66,727)
Interest and other income	1,391	692	3,877	3,217
(Loss) gain on early extinguishment of debt	(59)	85,745	(37)	85,677
(Loss) income from continuing operations before equity in income of unconsolidated entities and income taxes	(5,444)	94,309	(45,691)	122,206
Equity in income of unconsolidated entities	594	18	614	52
Income tax benefit (expense)	21	(48)	28	(153)
(Loss) income from continuing operations	(4,829)	94,279	(45,049)	122,105
Discontinued operations	—	—	—	156
(Loss) income before gain on sales of real estate	(4,829)	94,279	(45,049)	122,261
Gain on sales of real estate	34,101	15	34,101	4,000
Net income (loss)	29,272	94,294	(10,948)	126,261
Net (income) loss attributable to noncontrolling interests				
Common units in the Operating Partnership (“OP”)	(901)	(3,357)	948	(4,231)
Preferred units in the OP	(165)	(165)	(495)	(495)
Other consolidated entities	(907)	(972)	(2,799)	(2,599)
Net income (loss) attributable to COPT	27,299	89,800	(13,294)	118,936
Preferred share dividends	(3,552)	(3,552)	(10,657)	(10,657)
Net income (loss) attributable to COPT common shareholders	$ 23,747	$ 86,248	$ (23,951)	$108,279
Earnings per share (“EPS”) computation:				
Numerator for diluted EPS:				
Net income (loss) attributable to common shareholders	$ 23,747	$ 86,248	$ (23,951)	$108,279
Dividends on dilutive convertible preferred shares	—	372	—	—
Common units in the OP	—	—	—	4,231
Amount allocable to share-based compensation awards	(105)	(369)	(319)	(475)
Numerator for diluted EPS	$ 23,642	$ 86,251	$ (24,270)	$112,035
Denominator:				
Weighted average common shares - basic	94,433	94,153	94,312	93,830
Dilutive convertible preferred shares	—	434	—	—
Common units in the OP	—	—	—	3,697
Dilutive effect of share-based compensation awards	81	21	—	82
Weighted average common shares - diluted	94,514	94,608	94,312	97,609
Diluted EPS	$ 0.25	$ 0.91	$ (0.26)	$ 1.15

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,	
	2016	2015	2016	2015
Net income (loss)	$29,272	$94,294	$ (10,948)	$126,261
Real estate-related depreciation and amortization	32,015	38,403	99,790	103,788
Impairment losses on previously depreciated operating properties	25,857	2,307	81,828	3,779
Gain on sales of previously depreciated operating properties	(34,101)	(15)	(34,101)	(15)
Depreciation and amortization on unconsolidated real estate entities	207	—	207	—
Funds from operations (“FFO”)	53,250	134,989	136,776	233,813
Noncontrolling interests - preferred units in the OP	(165)	(165)	(495)	(495)
FFO allocable to other noncontrolling interests	(894)	(1,027)	(2,935)	(2,769)
Preferred share dividends	(3,552)	(3,552)	(10,657)	(10,657)
Basic and diluted FFO allocable to share-based compensation awards	(190)	(541)	(486)	(926)
Basic FFO available to common share and common unit holders (“Basic FFO”)	48,449	129,704	122,203	218,966
Dividends on dilutive convertible preferred shares	—	372	—	—
Distributions on dilutive preferred units in the OP	—	165	—	—
Diluted FFO available to common share and common unit holders (“Diluted FFO”)	48,449	130,241	122,203	218,966
Operating property acquisition costs	—	2,695	—	4,102
Gain on sales of non-operating properties	—	—	—	(3,985)
Impairment losses on other properties	1,842	—	18,009	—
(Gain) loss on interest rate derivatives	(1,523)	—	347	—
Loss (gain) on early extinguishment of debt	59	(85,745)	37	(86,057)
Add: Negative FFO of properties conveyed to extinguish debt in default (1)	—	2,766	—	10,456
Demolition costs on redevelopment properties	—	930	578	1,171
Executive transition costs	1,639	—	6,023	—
Diluted FFO comparability adjustments allocable to share-based compensation awards	(5)	334	(99)	313
Dividends and distributions on antidilutive preferred securities (2)	—	(537)	—	—
Diluted FFO available to common share and common unit holders, as adjusted for comparability	50,461	50,684	147,098	144,966
Straight line rent adjustments	691	(5,625)	206	(10,820)
Straight line rent adjustments - properties in default conveyed	—	(19)	—	(115)
Amortization of intangibles included in net operating income	349	474	1,025	1,063
Share-based compensation, net of amounts capitalized	1,258	1,739	4,375	4,949
Amortization of deferred financing costs	1,126	1,203	3,480	3,339
Amortization of net debt discounts, net of amounts capitalized	332	321	976	849
Replacement capital expenditures	(16,120)	(12,126)	(39,386)	(29,180)
Diluted AFFO adjustments allocable to other noncontrolling interests	42	(81)	137	55
Diluted AFFO adjustments on unconsolidated real estate JV	(141)	—	(141)	—
Diluted adjusted funds from operations available to common share and common unit holders (“Diluted AFFO”)	$37,998	$36,570	$117,770	$115,106
Diluted FFO per share	$ 0.49	$ 1.32	$ 1.25	$ 2.24
Diluted FFO per share, as adjusted for comparability	$ 0.51	$ 0.52	$ 1.50	$ 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, 2016	December 31, 2015
Balance Sheet Data		
Properties, net of accumulated depreciation	$ 3,028,338	$ 3,349,748
Total assets	3,634,194	3,909,312
Debt, per balance sheet	1,873,836	2,077,752
Total liabilities	2,110,559	2,273,530
Redeemable noncontrolling interest	22,848	19,218
Equity	1,500,787	1,616,564
Net debt to adjusted book	41.2%	42.6%
Core Portfolio Data (as of period end) (1)		
Number of operating properties	146	157
Total net rentable square feet owned (in thousands)	15,938	17,038
Occupancy %	93.0%	92.7%
Leased %	94.4%	93.9%

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Payout ratios				
Diluted FFO	55.8%	21.2%	66.4%	37.0%
Diluted FFO, as adjusted for comparability	53.6%	53.3%	55.2%	55.9%
Diluted AFFO	71.2%	73.9%	68.9%	70.4%
Adjusted EBITDA fixed charge coverage ratio	3.1x	2.9x	2.9x	3.0x
Net debt to in-place adjusted EBITDA ratio (2)	6.3x	6.6x	N/A	N/A
Reconciliation of denominators for per share measures				
Denominator for diluted EPS	94,514	94,608	94,312	97,609
Weighted average common units	3,591	3,679	3,648	—
Dilutive noncontrolling interests - preferred units in the OP	—	176	—	—
Anti-dilutive EPS effect of share-based compensation awards	—	—	98	—
Denominator for diluted FFO per share	98,105	98,463	98,058	97,609
Antidilutive preferred securities for dilutive FFO, as adj. for comparability	—	(610)	—	—
Denominator for diluted FFO per share, as adj. for comparability	98,105	97,853	98,058	97,609

(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).

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,	
	2016	2015	2016	2015
Reconciliation of common share dividends to dividends and distributions for payout ratios				
Common share dividends	$ 26,068	$ 26,000	$ 78,139	$ 78,000
Common unit distributions	988	1,011	3,003	3,035
Dividends and distributions on dilutive preferred securities	—	537	—	—
Dividends and distributions for diluted FFO payout ratio	27,056	27,548	81,142	81,035
Dividends and distributions on antidilutive preferred securities (1)	—	(537)	—	—
Dividends and distributions for other payout ratios	$ 27,056	$ 27,011	$ 81,142	$ 81,035
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)	$ 29,272	$ 94,294	$ (10,948)	$ 126,261
Interest expense on continuing operations	18,301	24,121	64,499	66,727
Income tax (benefit) expense	(21)	48	(28)	153
Real estate-related depreciation and amortization	32,015	38,403	99,790	103,788
Depreciation of furniture, fixtures and equipment	513	590	1,639	1,609
Impairment losses	27,699	2,307	99,837	3,779
Loss (gain) on early extinguishment of debt on continuing and discontinued operations	59	(85,745)	37	(86,057)
Gain on sales of operating properties	(34,101)	(15)	(34,101)	(15)
Gain on sales of non-operational properties	—	—	—	(3,985)
Net loss (gain) on investments in unconsolidated entities included in interest and other income	27	98	(32)	121
Business development expenses	1,016	1,221	3,656	3,263
Operating property acquisition costs	—	2,695	—	4,102
EBITDA from properties conveyed to extinguish debt in default	—	(15)	—	(768)
Demolition costs on redevelopment properties	—	930	578	1,171
Adjustments from unconsolidated real estate JV	415	—	415	—
Executive transition costs	1,639	—	6,023	—
Adjusted EBITDA	$ 76,834	$ 78,932	$231,365	$ 220,149
Proforma net operating income adjustment for property changes within period	(2,469)	1,309		
In-place adjusted EBITDA	$ 74,365	$ 80,241		
Reconciliation of interest expense to the denominators for fixed charge coverage-Adjusted EBITDA				
Interest expense	$ 18,301	$ 24,121	$ 64,499	$ 66,727
Less: Amortization of deferred financing costs	(1,126)	(1,203)	(3,480)	(3,339)
Less: Amortization of net debt discount, net of amounts capitalized	(332)	(321)	(976)	(849)
Less: Gain (loss) on interest rate derivatives	1,523	—	(347)	—
Less: Interest expense on debt in default extinguished via conveyance of properties	—	(2,781)	—	(11,224)
COPT's share of interest expense of unconsolidated real estate JV, excluding deferred financing costs	204	—	204	—
Scheduled principal amortization	922	1,692	4,454	5,011
Capitalized interest	1,242	1,559	4,304	5,641
Preferred share dividends	3,552	3,552	10,657	10,657
Preferred unit distributions	165	165	495	495
Denominator for fixed charge coverage-Adjusted EBITDA	$ 24,451	$ 26,784	$ 79,810	$ 73,119

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

	For the Three Months Ended September 30, 2016	For the Three Months Ended September 30, 2015	For the Nine Months Ended September 30, 2016	For the Nine Months Ended September 30, 2015
Reconciliations of tenant improvements and incentives, capital improvements and leasing costs for operating properties to replacement capital expenditures				
Tenant improvements and incentives	$ 21,470	$ 6,374	$ 37,020	$ 17,408
Building improvements	5,707	4,223	14,962	11,969
Leasing costs	5,182	2,547	7,978	4,986
Less: Excluded tenant improvements and incentives	(12,706)	205	(14,944)	(1,045)
Less: Excluded building improvements	(3,533)	(1,155)	(5,211)	(3,328)
Less: Excluded leasing costs	—	(68)	(419)	(810)
Replacement capital expenditures	$ 16,120	$ 12,126	$ 39,386	$ 29,180
Same office property cash NOI	**$ 60,952**	**$ 60,297**	**$182,098**	**$ 174,942**
Straight line rent adjustments	(2,230)	965	(7,163)	3,175
Add: Amortization of deferred market rental revenue	22	16	90	71
Less: Amortization of below-market cost arrangements	(218)	(264)	(655)	(775)
Add: Lease termination fee, gross	390	185	1,679	1,950
Add: Cash NOI on tenant-funded landlord assets	2,379	390	5,790	390
Same office property NOI	**$ 61,295**	**$ 61,589**	**$181,839**	**$ 179,753**

	September 30, 2016	December 31, 2015
Reconciliation of total assets to adjusted book		
Total assets	$ 3,634,194	$ 3,909,312
Accumulated depreciation	681,476	700,363
Accumulated depreciation included in assets held for sale	22,938	18,317
Accumulated amortization of real estate intangibles and deferred leasing costs	201,414	195,506
Accumulated amortization of real estate intangibles and deferred leasing costs included in assets held for sale	21,469	17,456
COPT’s share of liabilities of unconsolidated real estate JV	30,013	—
COPT’s share of accumulated depreciation and amortization of unconsolidated real estate JV	375	—
Less: Cash and cash equivalents	(47,574)	(60,310)
COPT’s share of cash of unconsolidated real estate JV	(444)	—
Adjusted book	$ 4,543,861	$ 4,780,644
Reconciliation of debt outstanding to net debt		
Debt outstanding (excluding net debt discounts and deferred financing costs)	$ 1,921,219	$ 2,097,230
Less: Cash and cash equivalents	(47,574)	(60,310)
COPT’s share of cash of unconsolidated real estate JV	(444)	—
Net debt	$ 1,873,201	$ 2,036,920

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