

July 26, 2018



# COPT Reports Second Quarter 2018 Results

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust ("COPT" or the "Company") (NYSE: OFC) announced financial and operating results for the second quarter and six months ended June 30, 2018.

## **Management Comments**

"We had a strong second quarter during which we completed the lease with the U.S. Government for a 159,000 square foot ATFP-compliant facility known as 'NoVA Office B', executed three new contracts for build-to-suit projects within our Defense/IT segment, and outperformed our quarterly guidance," stated Stephen E. Budorick, COPT's President & Chief Executive Officer. "Increased funding for Defense has enabled defense contractors and U.S. Government agencies to begin planning for new, strategically located facilities to accommodate mission growth, achieve operating efficiencies, and comply with security mandates. Based on our success to date and active opportunities, we are increasing our development leasing guidance for this year by 200,000 square feet, to 1.1 million square feet."

## **Financial Highlights**

### **2<sup>nd</sup> Quarter Financial Results:**

- Diluted earnings per share ("EPS") was \$0.19 for the quarter ended June 30, 2018 as compared to \$0.08 for the second quarter of 2017.
- Diluted funds from operations per share ("FFOPS"), as calculated in accordance with NAREIT's definition, was \$0.51 for the second quarter of 2018 as compared to \$0.42 for the second quarter of 2017.
- FFOPS, as adjusted for comparability, was \$0.51 for the quarter ended June 30, 2018 as compared to \$0.49 for the second quarter of 2017.

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

## **Operating Performance Highlights**

### **Operating Portfolio Summary:**

- At June 30, 2018, the Company's core portfolio of 157 operating office properties was 91.5% occupied and 93.4% leased.
- During the quarter, the Company placed 151,000 square feet of development into

service that was 100% leased. During the six months ended June 30, 2018, the Company placed 236,000 square feet into service in properties that were 76% leased.

### **Same-Property Performance:**

- At June 30, 2018, COPT's same-property portfolio of 147 buildings was 91.2% occupied and 93.3% leased.
- For the quarter and six months ended June 30, 2018, the Company's same-property cash NOI from Defense/IT locations increased 3.4% and 2.3%, respectively, over the prior year's comparable periods. For the same time periods, the Company's total same-property cash NOI increased 1.0% and decreased 0.3%, respectively, over the prior year's comparable periods.

### **Leasing:**

- Square Feet Leased—For the quarter ended June 30, 2018, the Company leased 1.2 million total square feet, including 504,000 square feet of renewing leases, 116,000 square feet of new leases on vacant space, and 604,000 square feet in development projects. Included in development leasing is the full-building, 159,000 square foot lease at NoVA Office B with the U.S. Government.

For the six months ended June 30, 2018, the Company leased 2.1 million total square feet, including 1.2 million square feet of renewing leases, 187,000 square feet of new leases on vacant space, and 675,000 square feet in development projects.

- Renewal Rates—During the second quarter, the Company renewed 84% of total expiring leases, which increased the renewal rate for the six months ended June 30, 2018, to 77%.
- Rent Spreads & Average Escalations on Renewing Leases—For the quarter ended June 30, 2018, rents on renewed space increased 6.5% on a GAAP basis and 1.1% on a cash basis; average annual escalations on renewing leases in the second quarter were 2.3%. For the six months ended June 30, 2018, rents on renewed space increased 9.3% on a GAAP basis and 1.1% on a cash basis; average annual escalations on renewing leases for the six months were 2.6%.
- Lease Terms—In the second quarter, lease terms averaged 1.6 years on renewing leases, 7.5 years on new leasing of vacant space, and 11.4 years on development leasing. For the six months, lease terms averaged 3.2 years on renewing leases, 6.7 years on new leasing of vacant space, and 11.2 years on development leasing.

### **Investment Activity Highlights**

#### **Development & Redevelopment Projects:**

- **Starts.** During the second quarter, the Company executed two build-to-suit leases totaling 432,000 square feet in its data center shell subsegment, as well as a long-term contract with a Fortune 500 company for a Defense/IT Location project.
- **Construction Pipeline.** At July 25, 2018, the Company's construction pipeline consisted of eight properties totaling 880,000 square feet that were 94% leased. These

projects have a total estimated cost of \$186.5 million, of which \$91.2 million has been incurred.

- **Redevelopment.** At the end of the quarter, two projects were under redevelopment totaling 128,000 square feet that were 17% leased. The Company has invested \$15.5 million of the \$30.8 million anticipated total cost.
- **Pre-Construction.** At June 30, 2018, the Company had one property under pre-construction. Based on an expected size of 190,000 square feet, the project is 43% pre-leased. The Company commenced construction on the \$170 million project in July 2018.

### **Balance Sheet and Capital Transaction Highlights**

- During the second quarter, the Company issued 1.1 million common shares under its forward equity sale agreement for net proceeds of \$32 million.
- As of June 30, 2018, the Company's net debt plus preferred equity to adjusted book ratio was 41.3% and its net debt plus preferred equity to in-place adjusted EBITDA ratio was 6.3x. For the same period, the Company's adjusted EBITDA fixed charge coverage ratio was 3.6x.
- As of June 30, 2018 and including the effect of interest rate swaps, the Company's weighted average effective interest rate was 4.1%; additionally, 91% of the Company's debt was subject to fixed interest rates and the debt portfolio had a weighted average maturity of 4.5 years.

### **2018 Guidance**

Management is increasing the mid-point of its previously issued guidance range for full year EPS and FFOPS, as adjusted for comparability, to revised ranges of \$0.63—\$0.69 and \$1.98—\$2.04, respectively. Management also is establishing EPS and FFOPS, as adjusted for comparability, guidance for the third quarter ending September 30, 2018 at ranges of \$0.15—\$0.17 and \$0.49—\$0.51, respectively, and also for the fourth quarter ending December 31, 2018, at ranges of \$0.13—\$0.17 and \$0.48—\$0.52, respectively. Reconciliations of projected diluted EPS to projected FFOPS are as follows:

	Quarter Ending September 30, 2018		Quarter Ending December 31, 2018		Year Ending December 31, 2018	
	Low	High	Low	High	Low	High
EPS	\$ 0.15	\$ 0.17	\$ 0.13	\$ 0.17	\$ 0.63	\$ 0.69
Real estate depreciation and amortization	0.34	0.34	0.35	0.35	1.34	1.34
FFOPS, NAREIT definition	0.49	0.51	0.48	0.52	1.97	2.03
Other	-	-	-	-	0.01	0.01
FFOPS, as adjusted for comparability	<u>\$ 0.49</u>	<u>\$ 0.51</u>	<u>\$ 0.48</u>	<u>\$ 0.52</u>	<u>\$ 1.98</u>	<u>\$ 2.04</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 2018 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](http://www.copt.com)).

### **Conference Call Information**

Management will discuss second quarter 2018 results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

Conference Call Date:	Friday, July 27, 2018
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:	4378216

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

### **Replay Information**

A replay of the conference call will be immediately available via webcast in the 'Investors' section of the Company's website. Additionally, a telephonic replay of this call will be available beginning at 3:00 p.m. Eastern Time on Friday, July 27, through 3:00 p.m. Eastern Time on Friday, August 10. To access the replay within the United States, please call 855-859-2056; to access it from outside the United States, please call 404-537-3406. In either case, use passcode 4378216.

### **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](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 a REIT that owns, manages, leases, 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 what it believes are growing, durable, priority missions ("Defense/IT Locations"). The Company also owns a portfolio of office properties located in select urban/urban-like submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics ("Regional Office Properties"). As of June 30, 2018, the Company derived 88% of its core portfolio annualized revenue from Defense/IT Locations and 12% from its Regional Office Properties. As of the same date and including six buildings owned through an unconsolidated joint venture, COPT's core portfolio of 157 office and data center shell properties encompassed 17.5 million square feet and was 93.4% leased; the Company 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. Although the Company believes that the expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, the Company can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements.*

*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;*
- possible adverse changes in tax laws;*
- 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, 2017.*

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,	
	2018	2017	2018	2017
Revenues				
Real estate revenues	\$ 129,162	\$ 128,297	\$ 257,440	\$ 255,064
Construction contract and other service revenues	17,581	23,138	44,779	36,172
Total revenues	146,743	151,435	302,219	291,236
Expenses				
Property operating expenses	49,446	48,628	100,397	97,147
Depreciation and amortization associated with real estate operations	33,190	32,793	66,702	65,852
Construction contract and other service expenses	16,941	22,315	43,157	34,801
Impairment losses	—	1,625	—	1,625
General and administrative expenses	6,067	6,017	11,928	12,764
Leasing expenses	1,561	1,842	2,992	3,706
Business development expenses and land carry costs	1,234	1,597	2,848	3,290
Total operating expenses	108,439	114,817	228,024	219,185
Operating income	38,304	36,618	74,195	72,051
Interest expense	(18,945)	(19,163)	(37,729)	(38,157)
Interest and other income	1,439	1,583	2,798	3,309
Loss on early extinguishment of debt	—	(513)	—	(513)
Income before equity in income of unconsolidated entities and income taxes	20,798	18,525	39,264	36,690
Equity in income of unconsolidated entities	373	370	746	747
Income tax expense	(63)	(48)	(118)	(88)
Gain on sales of real estate	(23)	12	(27)	4,250
Net income	21,085	18,859	39,865	41,599
Net income attributable to noncontrolling interests				
Common units in the Operating Partnership ("OP")	(608)	(261)	(1,152)	(883)
Preferred units in the OP	(165)	(165)	(330)	(330)
Other consolidated entities	(878)	(907)	(1,799)	(1,841)
Net income attributable to COPT	19,434	17,526	36,584	38,545
Preferred share dividends	—	(3,039)	—	(6,219)
Issuance costs associated with redeemed preferred shares	—	(6,847)	—	(6,847)
Net income attributable to COPT common shareholders	\$ 19,434	\$ 7,640	\$ 36,584	\$ 25,479
Earnings per share ("EPS") computation:				
Numerator for diluted EPS:				
Net income attributable to COPT common shareholders	\$ 19,434	\$ 7,640	\$ 36,584	\$ 25,479
Amount allocable to share-based compensation awards	(117)	(117)	(234)	(242)
Numerator for diluted EPS	\$ 19,317	\$ 7,523	\$ 36,350	\$ 25,237
Denominator:				
Weighted average common shares - basic	101,789	99,036	101,397	98,725
Dilutive effect of share-based compensation awards	119	160	131	158
Weighted average common shares - diluted	101,908	99,196	101,528	98,883
Diluted EPS	\$ 0.19	\$ 0.08	\$ 0.36	\$ 0.26

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,	
	2018	2017	2018	2017
Net income	\$21,085	\$18,859	\$39,865	\$41,599
Real estate-related depreciation and amortization	33,190	32,793	66,702	65,852
Impairment losses on previously depreciated operating properties	—	1,610	—	1,610
Gain on sales of previously depreciated operating properties	23	(12)	27	(31)
Depreciation and amortization on unconsolidated real estate JV	564	563	1,127	1,126
Funds from operations ("FFO")	54,862	53,813	107,721	110,156
Preferred share dividends	—	(3,039)	—	(6,219)
Issuance costs associated with redeemed preferred shares	—	(6,847)	—	(6,847)
Noncontrolling interests - preferred units in the OP	(165)	(165)	(330)	(330)
FFO allocable to other noncontrolling interests	(753)	(906)	(1,697)	(1,884)
Basic and diluted FFO allocable to share-based compensation awards	(224)	(185)	(437)	(401)
Basic and Diluted FFO available to common share and common unit holders ("Diluted FFO")	53,720	42,671	105,257	94,475
Gain on sales of non-operating properties	—	—	—	(4,219)
Impairment losses on non-operating properties	—	15	—	15
Loss (gain) on interest rate derivatives	—	444	—	(9)
Loss on early extinguishment of debt	—	513	—	513
Issuance costs associated with redeemed preferred shares	—	6,847	—	6,847
Demolition costs on redevelopment and nonrecurring improvements	9	72	48	294
Executive transition costs	213	31	376	730
Diluted FFO comparability adjustments allocable to share-based compensation awards	(1)	(31)	(2)	(17)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	53,941	50,562	105,679	98,629
Straight line rent adjustments and lease incentive amortization	(1,195)	1,517	(2,023)	1,950
Amortization of intangibles included in net operating income	231	325	587	684
Share-based compensation, net of amounts capitalized	1,550	1,309	3,035	2,558
Amortization of deferred financing costs	468	922	936	1,931
Amortization of net debt discounts, net of amounts capitalized	358	343	712	682
Accum. other comprehensive loss on derivatives amortized to expense	34	36	68	36
Replacement capital expenditures	(15,613)	(11,269)	(31,133)	(24,318)
Other diluted AFFO adjustments associated with real estate JVs	(32)	(58)	99	(118)
Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO")	\$39,742	\$43,687	\$77,960	\$82,034
Diluted FFO per share	\$ 0.51	\$ 0.42	\$ 1.00	\$ 0.92
Diluted FFO per share, as adjusted for comparability	\$ 0.51	\$ 0.49	\$ 1.01	\$ 0.96
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, 2018	December 31, 2017
<b>Balance Sheet Data</b>		
Properties, net of accumulated depreciation	\$3,183,537	\$ 3,141,105
Total assets	3,612,362	3,595,205
Debt, per balance sheet		
	1,871,445	1,828,333
Total liabilities	2,079,333	2,103,773
Redeemable noncontrolling interest	24,544	23,125
Equity	1,508,485	1,468,307
Net debt to adjusted book	41.1%	40.8%
<b>Core Portfolio Data (as of period end) (1)</b>		
Number of operating properties	157	156
Total net rentable square feet owned (in thousands)	17,498	17,059
Occupancy %	91.5%	94.5%
Leased %	93.4%	95.1%

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
<b>Payout ratios</b>				
Diluted FFO	54.3%	66.0%	55.1%	59.6%
Diluted FFO, as adjusted for comparability	54.1%	55.7%	54.9%	57.1%
Diluted AFFO	73.4%	64.5%	74.4%	68.7%
Adjusted EBITDA fixed charge coverage ratio	3.6x	3.2x	3.6x	3.1x
Net debt to in-place adjusted EBITDA ratio (2)	6.3x	6.4x	N/A	N/A
Net debt plus preferred equity to in-place adjusted EBITDA ratio (3)	6.3x	6.4x	N/A	N/A

**Reconciliation of denominators for per share measures**

Denominator for diluted EPS	101,908	99,196	101,528	98,883
Weighted average common units	3,197	3,405	3,208	3,425
Denominator for diluted FFO per share and as adjusted for comparability	105,105	102,601	104,736	102,308

(1) Represents Defense/IT Locations and Regional Office properties.

(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,	
	2018	2017	2018	2017
<b>Reconciliation of common share dividends to dividends and distributions for payout ratios</b>				
Common share dividends - unrestricted shares	\$28,284	\$27,241	\$ 56,258	\$ 54,460
Common unit distributions	879	936	1,758	1,872
Dividends and distributions for payout ratios	<u>\$29,163</u>	<u>\$28,177</u>	<u>\$ 58,016</u>	<u>\$ 56,332</u>
<b>Reconciliation of GAAP net income to earnings before interest, income taxes, depreciation and amortization for real estate ("EBITDAre"), adjusted EBITDA and in-place adjusted EBITDA</b>				
Net income	\$21,085	\$18,859	\$ 39,865	\$ 41,599
Interest expense	18,945	19,163	37,729	38,157
Income tax expense	63	48	118	88
Depreciation of furniture, fixtures and equipment	459	585	982	1,096
Real estate-related depreciation and amortization	33,190	32,793	66,702	65,852
Impairment losses on previously depreciated operating properties	—	1,610	—	1,610
Gain on sales of previously depreciated operating properties	23	(12)	27	(31)
Adjustments from unconsolidated real estate JV	828	827	1,652	1,651
EBITDAre	<u>74,593</u>	<u>73,873</u>	<u>147,075</u>	<u>150,022</u>
Impairment losses on non-operating properties	—	15	—	15
Loss on early extinguishment of debt	—	513	—	513
Gain on sales of non-operating properties	—	—	—	(4,219)
Business development expenses	757	995	1,780	1,933
Demolition costs on redevelopment and nonrecurring improvements	9	72	48	294
Executive transition costs	213	31	376	730
Adjusted EBITDA	<u>75,572</u>	<u>75,499</u>	<u>\$149,279</u>	<u>\$149,288</u>
Proforma net operating income adjustment for property changes within period	418	421		
In-place adjusted EBITDA	<u>\$75,990</u>	<u>\$75,920</u>		
<b>Reconciliation of interest expense to the denominators for fixed charge coverage-Adjusted EBITDA</b>				
Interest expense	\$18,945	\$19,163	\$ 37,729	\$ 38,157
Less: Amortization of deferred financing costs	(468)	(922)	(936)	(1,931)
Less: Amortization of net debt discounts, net of amounts capitalized	(358)	(343)	(712)	(682)
Less: Accum. other comprehensive loss on derivatives amortized to expense	(34)	(36)	(68)	(36)
(Loss) gain on interest rate derivatives	—	(444)	—	9
COPT's share of interest expense of unconsolidated real estate JV, excluding deferred financing costs	258	258	513	513
Scheduled principal amortization	1,049	1,005	2,101	2,013
Capitalized interest	1,397	1,611	2,771	3,142
Preferred share dividends	—	3,039	—	6,219
Preferred unit distributions	165	165	330	330
Denominator for fixed charge coverage-Adjusted EBITDA	<u>\$20,954</u>	<u>\$23,496</u>	<u>\$ 41,728</u>	<u>\$ 47,734</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,	
	2018	2017	2018	2017
<b>Reconciliations of tenant improvements and incentives, capital improvements and leasing costs for operating properties to replacement capital expenditures</b>				
Tenant improvements and incentives	\$ 8,117	\$ 6,148	\$ 16,732	\$ 10,888
Building improvements	5,775	5,972	7,696	9,202
Leasing costs	1,822	1,666	3,102	2,817
Net additions to tenant improvements and incentives	1,315	626	4,604	7,422
Excluded building improvements	(1,370)	(3,143)	(955)	(6,011)
Excluded leasing costs	(46)	—	(46)	—
Replacement capital expenditures	<u>\$15,613</u>	<u>\$11,269</u>	<u>\$ 31,133</u>	<u>\$ 24,318</u>
<b>Same Properties cash NOI</b>	\$71,809	\$71,102	\$ 140,714	\$ 141,143
Straight line rent adjustments and lease incentive amortization	(1,005)	(662)	(2,561)	(460)
Amortization of acquired above- and below-market rents	(176)	(270)	(476)	(573)
Amortization of below-market cost arrangements	(148)	(147)	(295)	(295)
Lease termination fees, gross	558	517	1,566	1,223
Tenant funded landlord assets and lease incentives	831	1,470	2,694	2,579
Cash NOI adjustments in unconsolidated real estate JV	68	89	135	181
Same Properties NOI	<u>\$71,937</u>	<u>\$72,099</u>	<u>\$ 141,777</u>	<u>\$ 143,798</u>
			<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Reconciliation of total assets to adjusted book</b>				
Total assets			\$3,612,362	\$3,595,205
Accumulated depreciation			839,478	786,193
Accumulated amortization of real estate intangibles and deferred leasing costs			201,645	193,151
COPT's share of liabilities of unconsolidated real estate JV			30,015	29,908
COPT's share of accumulated depreciation and amortization of unconsolidated real estate JV			4,317	3,189
Less: Disposed property included in assets held for sale			(42,226)	(42,226)
Less: Cash and cash equivalents			(8,472)	(12,261)
Less: COPT's share of cash of unconsolidated real estate JV			(410)	(371)
Adjusted book			<u>\$4,636,709</u>	<u>\$4,552,788</u>
<b>Reconciliation of debt outstanding to net debt and net debt plus preferred equity</b>				
Debt outstanding (excluding net debt discounts and deferred financing costs)			\$1,914,066	\$1,872,167
Less: Cash and cash equivalents			(8,472)	(12,261)
Less: COPT's share of cash of unconsolidated real estate JV			(410)	(371)
Net debt			<u>\$1,905,184</u>	<u>\$1,859,535</u>
Preferred equity			8,800	8,800
Net debt plus preferred equity			<u>\$1,913,984</u>	<u>\$1,868,335</u>

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Corporate Office Properties Trust

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Source: Corporate Office Properties Trust