

February 10, 2022



COPT 4Q and Full Year 2021 Results Exceed Guidance

Reported EPS of \$0.12 in 4Q21 and \$0.68 for Full Year

4Q & FY FFO per Share, as Adjusted for Comparability, of \$0.58 & \$2.29, Respectively, Exceeded Previously Elevated Guidance

1.2% Increase in Same-Property Cash NOI During 2021 also Exceeded Guidance

Core Portfolio 92.6% Occupied & 94.4% Leased at Year End

Active Development Pipeline Stands at 1.7 Million SF, 96% Leased

Strong Leasing Achievement

Total Leasing of 1.2 Million SF in the Quarter and 3.9 Million SF for the Year Included 196,000 SF and 616,000 SF of Vacancy Leasing, Respectively

Strong Tenant Retention of 73% in the Quarter and 74% for the Year

1.2 Million SF of Development Leasing During 2021 Exceeded Management Goal by 18%

Post Year-End Sale of DC-6 Raised \$222.5 Million to Fund Value-Accretive Development

COLUMBIA, Md.--(BUSINESS WIRE)-- Corporate Office Properties Trust ("COPT" or the "Company") (NYSE: OFC) announced results for the fourth quarter and full year ended December 31, 2021.

Management Comments

Stephen E. Budorick, COPT's President & Chief Executive Officer, commented, "Our unique investment strategy of allocating capital to Defense/IT Locations that support priority missions at U.S. defense installations continues to produce strong results that are not correlated to traditional office fundamentals and distinguishes us from other office REITs. The 8% growth in FFO per share, as adjusted for comparability we generated in 2021 exceeded our previously elevated guidance and was driven by solid same-property cash NOI growth of 1.2% and strong lease achievement that included 616,000 square feet of vacancy leasing. Demand for our Defense/IT Locations drove 1.2 million square feet of development leasing, exceeding our goal by 18%. Our 1.7 million square foot pipeline of active development projects that are 96% leased will drive earnings growth this year and beyond." He continued, "Our balance sheet is strong and inflation-protected. Since the third quarter 2020, we refinanced and issued \$1.8 billion of new debt, equating to 150% of our then-existing senior notes, locking-in low rates for long durations. Additionally, the equity we harvested from the sale of DC-6 on January 25, 2022, strengthened our balance sheet and

provided us with capital to fund our highly leased development pipeline and the next wave of value accretive development projects with the U.S. Government and defense contractors who support the priority missions our Defense/IT Locations serve.”

Financial Highlights

4th Quarter Financial Results:

- Diluted earnings per share (“EPS”) was \$0.12 for the quarter ended December 31, 2021 compared to \$0.73 for the fourth quarter of 2020.
- Diluted funds from operations per share (“FFOPS”), as calculated in accordance with Nareit’s definition, was \$0.21 for the fourth quarter of 2021 compared to \$0.53 for fourth quarter 2020.
- FFOPS, as adjusted for comparability, was \$0.58 for the fourth quarter of 2021 compared to \$0.56 for the fourth quarter of 2020.

Full Year 2021 Financial Results:

- EPS for the year ended December 31, 2021 was \$0.68 as compared to 2020 EPS of \$0.87.
- Per Nareit’s definition, FFOPS for 2021 was \$1.40 as compared to \$1.50 for 2020.
- FFOPS, as adjusted for comparability, for 2021 was \$2.29 as compared to \$2.12 for 2020.

Operating Performance Highlights

Operating Portfolio Summary:

- At December 31, 2021, the Company’s core portfolio of 184 operating office and data center shell properties was 92.6% occupied and 94.4% leased.
- During the quarter and the year, the Company placed into service 57,000 and 766,000 square feet of developments that were 18% and 84% leased, respectively.

Same-Property Performance:

- At December 31, 2021, COPT’s same-property portfolio of 159 buildings was 91.3% occupied and 93.4% leased. Same-property occupancy at year end was in-line with Company guidance.
- For the quarter and year ended December 31, 2021, the Company’s same-property cash NOI increased 0.5% and 1.2%, respectively, over the prior year’s comparable periods. For the full year, same-property cash NOI exceeded the high end of the Company’s guidance by 20 basis points.

Leasing:

- **Total Square Feet Leased:** For the quarter ended December 31, 2021, the Company leased 1.2 million square feet, including 701,000 square feet of renewals, 196,000 square feet of new leases on vacant space, and 263,000 square feet in development projects.

For the year ended December 31, 2021, the Company executed 3.9 million square feet of leasing, including 2.1 million square feet of renewals, 616,000 square feet of vacancy leasing, and 1.2 million square feet in development projects. Development leasing achievement for the year exceeded the Company's 1 million square foot goal.

- **Tenant Retention Rates:** During the quarter and year ended December 31, 2021, the Company renewed 73.4% and 74.2%, respectively, of expiring square feet, which was in-line with previously elevated guidance for the year.
- **Rent Spreads & Average Escalations on Renewing Leases:** For the quarter and year ended December 31, 2021, straight-line rents on renewals increased 2.9% and 5.2%, respectively, and cash rents on renewed space decreased 5.8% and 2.2%, respectively. For the same time periods, annual escalations on renewing leases averaged 2.3%.
- **Lease Terms:** In the fourth quarter of 2021, lease terms averaged 8.5 years on renewing leases, 7.5 years on new leasing of vacant space, and 11.0 years on development leasing. For the year, lease terms averaged 5.4 years on renewing leases, 8.2 years on vacancy leasing, and 13.4 years on development leasing.

Investment Activity Highlights

- **Development Pipeline:** The Company's development pipeline consists of 11 properties totaling 1.7 million square feet that were 96% leased at December 31, 2021. These projects represent a total estimated investment of \$542.4 million, of which \$209.9 million has been spent.

Balance Sheet and Capital Transaction Highlights

- In November, the Company issued \$400 million of 2.9% senior unsecured notes due 2033. The Company used net proceeds from this issuance to redeem its 5.0% senior unsecured notes due 2025 and retire a \$49.4 million mortgage loan.
- In December, the Company sold 2500 Riva Road in Annapolis, MD, a property that was removed from service in 2019, for \$30 million. The Company used proceeds from the sale to pay down borrowings under its line of credit and recognized a gain on sale of \$26 million.
- On January 25, 2022, the Company sold 100% of COPT DC-6 ("DC-6"), the only asset in the Company's Wholesale Data Center reporting segment for \$222.5 million. There was no debt on the asset.
- At December 31, 2021, the Company's net debt to in-place adjusted EBITDA ratio was 6.7x, and was 6.3x as adjusted to reflect the effects of the DC-6 sale. Also at December 31, 2021, the Company's net debt adjusted for fully-leased development to

in-place adjusted EBITDA ratio was 6.2x, and was 5.8x as adjusted to reflect the effects of the DC-6 sale.

- At December 31, 2021, and including the effect of interest rate swaps, the Company's weighted average effective interest rate on its consolidated debt portfolio was 2.69% with a weighted average maturity of 6.8 years; additionally, 94.5% of the Company's debt was subject to fixed interest rates.
- For the quarter and year ended December 31, 2021, the Company's adjusted EBITDA fixed charge coverage ratio was 4.9x and 4.7x, respectively.

Associated Supplemental Presentation

Prior to the call, the Company will post a slide presentation to accompany management's prepared remarks for its fourth quarter and full year 2021 conference call; the presentation can be viewed and downloaded from the 'Latest Updates' section of COPT's Investors website: <https://investors.copt.com/>

2022 Guidance

The Company details its initial full year and first quarter guidance, with supporting assumptions, in a separate press release issued concurrently with this press release; that release can be found in the 'News, Presentations & Event Calendar' section of COPT's Investors website: <https://investors.copt.com/News/news-releases/default.aspx>

Conference Call Information

Management will discuss fourth quarter and full year 2021 results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

| | |
|--------------------------------------|---------------------------|
| Conference Call Date: | Friday, February 11, 2022 |
| 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: | 5193227 |

The conference call will also be available via live webcast in the 'Latest Updates' section of COPT's Investors website: <https://investors.copt.com/>

Replay Information

A replay of the conference call will be immediately available via webcast on the Investors website. Additionally, a telephonic replay of this call will be available beginning at 3:00 p.m. Eastern Time on Friday, February 11, through 3:00 p.m. Eastern Time on Friday, February 25. 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 5193227.

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.

About COPT

COPT is a REIT that owns, manages, leases, develops and selectively acquires office and data center properties. The majority of its 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 the Company believes are growing, durable, priority missions (such properties, "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 December 31, 2021, the Company derived 88% of its core portfolio annualized rental revenue from Defense/IT Locations and 12% from its Regional Office Properties. As of the same date and including 19 properties owned through unconsolidated joint ventures, COPT's core portfolio of 184 office and data center shell properties encompassed 21.6 million square feet and was 94.4% leased; the Company also owned one wholesale data center that it sold on January 25, 2022.

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 and the Company undertakes no obligation to update or supplement any forward-looking statements.

The areas of risk that may affect these expectations, estimates and projections include, but are not limited to, those risks described in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Category: Quarterly Results

Source: Corporate Office Properties Trust

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

| | For the Three Months Ended December 31, | | For the Years Ended December 31, | |
|---|--|------------|-------------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Revenues from real estate operations | \$ 142,648 | \$ 132,207 | \$ 556,570 | \$ 511,714 |
| Construction contract and other service revenues | 43,284 | 24,400 | 107,876 | 70,640 |
| Total revenues | 185,932 | 156,607 | 664,446 | 582,354 |
| Operating expenses | | | | |
| Property operating expenses | 56,459 | 48,870 | 213,377 | 190,796 |
| Depreciation and amortization associated with real estate operations | 34,504 | 33,814 | 137,543 | 126,503 |
| Construction contract and other service expenses | 42,089 | 23,563 | 104,053 | 67,615 |
| Impairment losses | — | — | — | 1,530 |
| General and administrative expenses | 6,589 | 7,897 | 27,213 | 25,269 |
| Leasing expenses | 2,568 | 1,993 | 8,914 | 7,732 |
| Business development expenses and land carry costs | 1,088 | 999 | 4,647 | 4,473 |
| Total operating expenses | 143,297 | 117,136 | 495,747 | 423,918 |
| Interest expense | (16,217) | (17,148) | (65,398) | (67,937) |
| Interest and other income | 1,968 | 3,341 | 7,879 | 8,574 |
| Credit loss recoveries | 88 | 772 | 1,128 | 933 |
| Gain on sales of real estate | 25,879 | 30,204 | 65,590 | 30,209 |
| Gain on sale of investment in unconsolidated real estate joint venture | — | 29,416 | — | 29,416 |
| Loss on early extinguishment of debt | (41,073) | (4,069) | (100,626) | (7,306) |
| Loss on interest rate derivatives | — | — | — | (53,196) |
| Income from continuing operations before equity in income of unconsolidated entities and income taxes | 13,280 | 81,987 | 77,272 | 99,129 |
| Equity in income of unconsolidated entities | 314 | 453 | 1,093 | 1,825 |
| Income tax expense | (42) | (258) | (145) | (353) |
| Income from continuing operations | 13,552 | 82,182 | 78,220 | 100,601 |
| Discontinued operations | 1,413 | 1,367 | 3,358 | 2,277 |
| Net Income | 14,965 | 83,549 | 81,578 | 102,878 |
| Net income attributable to noncontrolling interests: | | | | |
| Common units in the Operating Partnership ("OP") | (181) | (995) | (1,012) | (1,180) |
| Preferred units in the OP | — | (69) | — | (300) |
| Other consolidated entities | (1,076) | (817) | (4,025) | (4,024) |
| Net income attributable to COPT common shareholders | \$ 13,708 | \$ 81,668 | \$ 76,541 | \$ 97,374 |
| Earnings per share ("EPS") computation: | | | | |
| Numerator for diluted EPS: | | | | |
| Net income attributable to COPT common shareholders | \$ 13,708 | \$ 81,668 | \$ 76,541 | \$ 97,374 |
| Amount allocable to share-based compensation awards | (116) | (280) | (417) | (404) |
| Redeemable noncontrolling interests | (46) | 44 | (128) | — |
| Distributions on dilutive convertible preferred units | — | 69 | — | — |
| Numerator for diluted EPS | \$ 13,546 | \$ 81,501 | \$ 75,996 | \$ 96,970 |
| Denominator: | | | | |
| Weighted average common shares - basic | 111,990 | 111,817 | 111,960 | 111,788 |
| Dilutive effect of share-based compensation awards | 386 | 320 | 330 | 288 |
| Dilutive effect of redeemable noncontrolling interests | 124 | 117 | 128 | — |
| Dilutive convertible preferred units | — | 155 | — | — |
| Weighted average common shares - diluted | 112,500 | 112,409 | 112,418 | 112,076 |
| Diluted EPS | \$ 0.12 | \$ 0.73 | \$ 0.68 | \$ 0.87 |

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

| | For the Three Months Ended December 31, | | For the Years Ended December 31, | |
|---|--|-----------|-------------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net income | \$ 14,965 | \$ 83,549 | \$ 81,578 | \$ 102,878 |
| Real estate-related depreciation and amortization | 36,346 | 36,653 | 147,833 | 138,193 |
| Impairment losses on real estate | — | — | — | 1,530 |
| Gain on sales of real estate from continuing and discontinued operations | (25,879) | (30,204) | (65,590) | (30,209) |
| Gain on sale of investment in unconsolidated real estate joint venture | — | (29,416) | — | (29,416) |
| Depreciation and amortization on unconsolidated real estate JVs | 526 | 874 | 1,981 | 3,329 |
| Funds from operations ("FFO") | 25,958 | 61,456 | 165,802 | 186,305 |
| FFO allocable to other noncontrolling interests | (1,458) | (1,091) | (5,483) | (15,705) |
| Basic FFO allocable to share-based compensation awards | (149) | (272) | (777) | (719) |
| Noncontrolling interests - preferred units in the OP | — | (69) | — | (300) |
| Basic FFO available to common share and common unit holders ("Basic FFO") | 24,351 | 60,024 | 159,542 | 169,581 |
| Dilutive preferred units in the OP | — | 69 | — | — |
| Redeemable noncontrolling interests | (13) | 44 | (11) | 147 |
| Diluted FFO adjustments allocable to share-based compensation awards | 6 | — | 32 | — |
| Diluted FFO available to common share and common unit holders ("Diluted FFO") | 24,344 | 60,137 | 159,563 | 169,728 |
| Loss on early extinguishment of debt | 41,073 | 4,069 | 100,626 | 7,306 |
| Loss on interest rate derivatives | — | — | — | 53,196 |
| Loss on interest rate derivatives included in interest expense | 221 | — | 221 | — |
| Demolition costs on redevelopment and nonrecurring improvements | (8) | — | 423 | 63 |
| Dilutive preferred units in the OP | — | — | — | 300 |
| FFO allocation to other noncontrolling interests resulting from capital event | — | — | — | 11,090 |
| Diluted FFO comparability adjustments allocable to share-based compensation awards | (172) | (18) | (507) | (327) |
| Diluted FFO available to common share and common unit holders, as adjusted for comparability | 65,458 | 64,188 | 260,326 | 241,356 |
| Straight line rent adjustments and lease incentive amortization | (3,835) | 3,438 | (10,286) | 4,100 |
| Amortization of intangibles and other assets included in net operating income | 40 | 24 | 162 | (162) |
| Share-based compensation, net of amounts capitalized | 2,018 | 1,751 | 7,979 | 6,505 |
| Amortization of deferred financing costs | 640 | 664 | 2,980 | 2,539 |
| Amortization of net debt discounts, net of amounts capitalized | 615 | 504 | 2,244 | 1,733 |
| Replacement capital expenditures | (32,317) | (13,973) | (70,973) | (60,944) |
| Other diluted AFFO adjustments associated with real estate JVs | 204 | 196 | 824 | 190 |
| Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO") | \$ 32,823 | \$ 56,792 | \$ 193,256 | \$ 195,317 |
| Diluted FFO per share | \$ 0.21 | \$ 0.53 | \$ 1.40 | \$ 1.50 |
| Diluted FFO per share, as adjusted for comparability | \$ 0.58 | \$ 0.56 | \$ 2.29 | \$ 2.12 |
| Dividends/distributions per common share/unit | \$ 0.275 | \$ 0.275 | \$ 1.10 | \$ 1.10 |

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

| | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| Balance Sheet Data | | |
| Properties, net of accumulated depreciation | \$ 3,532,944 | \$ 3,362,285 |
| Total assets | 4,262,452 | 4,077,023 |
| Debt, per balance sheet | 2,272,304 | 2,086,918 |
| Total liabilities | 2,578,479 | 2,357,881 |
| Redeemable noncontrolling interests | 26,898 | 25,430 |
| Equity | 1,657,075 | 1,693,712 |
| Net debt to adjusted book | 40.5% | 39.1% |

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

| | | |
|--|--------|--------|
| Number of operating properties | 184 | 179 |
| Total operational square feet (in thousands) | 21,553 | 20,802 |
| % Occupied | 92.6% | 94.3% |
| % Leased | 94.4% | 95.0% |

| | For the Three Months Ended December 31, | | For the Years Ended December 31, | |
|---|--|-------|-------------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Payout ratios | | | | |
| Diluted FFO | 128.0% | 51.8% | 78.1% | 73.3% |
| Diluted FFO, as adjusted for comparability | 47.6% | 48.6% | 47.9% | 51.7% |
| Diluted AFFO | 95.0% | 54.9% | 64.5% | 63.8% |
| Adjusted EBITDA fixed charge coverage ratio | 4.9x | 4.1x | 4.7x | 3.9x |
| Net debt to in-place adjusted EBITDA ratio (2) | 6.7x | 6.2x | | |
| | | | N/A | N/A |
| Pro forma net debt to in-place adjusted EBITDA ratio (2)(3) | 6.3x | | | |
| | | N/A | N/A | N/A |
| Net debt adj. for fully-leased development to in-place adj. EBITDA ratio (4) | 6.2x | 5.9x | | |
| | | | N/A | N/A |
| Pro forma net debt adj. for fully-leased development to in-place adj. EBITDA ratio (3)(4) | 5.8x | | | |
| | | N/A | N/A | N/A |

Reconciliation of denominators for per share measures

| | | | | |
|--|---------|---------|---------|---------|
| Denominator for diluted EPS | 112,500 | 112,409 | 112,418 | 112,076 |
| Weighted average common units | 1,259 | 1,239 | 1,257 | 1,236 |
| Redeemable noncontrolling interests | — | — | — | 123 |
| Denominator for diluted FFO per share | 113,759 | 113,648 | 113,675 | 113,435 |
| Dilutive convertible preferred units | — | — | — | 171 |
| Denominator for diluted FFO per share, as adjusted for comparability | 113,759 | 113,648 | 113,675 | 113,606 |

(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) Includes adjustments associated with the sale on 1/25/22 of the Company's wholesale data center and use of resulting proceeds to repay debt.

(4) Represents net debt less costs incurred on properties under development that were 100% leased 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)
(in thousands)

| | For the Three Months Ended December 31, | | For the Years Ended December 31, | |
|---|--|-----------|-------------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Reconciliation of common share dividends to dividends and distributions for payout ratios | | | | |
| Common share dividends - unrestricted shares and deferred shares | \$ 30,814 | \$ 30,764 | \$ 123,243 | \$ 123,042 |
| Common unit distributions - unrestricted units | 346 | 341 | 1,387 | 1,362 |
| Common unit distributions - dilutive restricted units | 7 | — | 25 | — |
| Distributions on dilutive preferred units | — | 69 | — | — |
| Dividends and distributions for diluted FFO payout ratio | 31,167 | 31,174 | 124,655 | 124,404 |
| Distributions on dilutive preferred units | — | — | — | 300 |
| Dividends and distributions for other payout ratios | \$ 31,167 | \$ 31,174 | \$ 124,655 | \$ 124,704 |
| Reconciliation of GAAP net income (loss) to earnings before interest, income taxes, depreciation and amortization for real estate ("EBITDAre"), adjusted EBITDA, in-place adjusted EBITDA and pro forma in-place adjusted EBITDA | | | | |
| Net income | \$ 14,965 | \$ 83,549 | \$ 81,578 | \$ 102,878 |
| Interest expense | 16,217 | 17,148 | 65,398 | 67,937 |
| Income tax expense | 42 | 258 | 145 | 353 |
| Real estate-related depreciation and amortization | 36,346 | 36,653 | 147,833 | 138,193 |
| Other depreciation and amortization | 622 | 513 | 2,811 | 1,837 |
| Impairment losses on real estate | — | — | — | 1,530 |
| Gain on sales of real estate | (25,879) | (30,204) | (65,590) | (30,209) |
| Gain on sale of investment in unconsolidated real estate joint venture | — | (29,416) | — | (29,416) |
| Adjustments from unconsolidated real estate JVs | 763 | 1,306 | 2,930 | 5,120 |
| EBITDAre | 43,076 | 79,807 | 235,105 | 258,223 |
| Loss on early extinguishment of debt | 41,073 | 4,069 | 100,626 | 7,306 |
| Loss on interest rate derivatives | — | — | — | 53,196 |
| Net gain on other investments | — | (1,218) | (63) | (966) |
| Credit loss recoveries | (88) | (772) | (1,128) | (933) |
| Business development expenses | 628 | 412 | 2,233 | 2,042 |
| Demolition costs on redevelopment and nonrecurring improvements | (8) | — | 423 | 63 |
| Adjusted EBITDA | 84,681 | 82,298 | \$ 337,196 | \$ 318,931 |
| Pro forma net operating income adjustment for property changes within period | — | 1,459 | | |
| Change in collectability of deferred rental revenue | — | 678 | | |
| Other | 1,578 | — | | |
| In-place adjusted EBITDA | 86,259 | 84,435 | | |
| Pro forma NOI adjustment for sale of Wholesale Data Center | (3,074) | N/A | | |
| Pro forma in-place adjusted EBITDA | \$ 83,185 | \$ 84,435 | | |
| Reconciliation of interest expense to the denominators for fixed charge coverage-Adjusted EBITDA | | | | |
| Interest expense | \$ 16,217 | \$ 17,148 | \$ 65,398 | \$ 67,937 |
| Less: Amortization of deferred financing costs | (640) | (664) | (2,980) | (2,539) |
| Less: Amortization of net debt discounts, net of amounts capitalized | (615) | (504) | (2,244) | (1,733) |
| Less: Loss on interest rate derivatives included in interest expense | (221) | — | (221) | — |
| COPT's share of interest expense of unconsolidated real estate JVs, excluding deferred financing costs | 237 | 422 | 943 | 1,749 |
| Scheduled principal amortization | 950 | 1,048 | 3,860 | 4,125 |
| Capitalized interest | 1,192 | 2,620 | 6,467 | 12,060 |
| Preferred unit distributions | — | 69 | — | 300 |
| Denominator for fixed charge coverage-Adjusted EBITDA | \$ 17,120 | \$ 20,139 | \$ 71,223 | \$ 81,899 |

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

| | For the Three Months Ended December 31, | | For the Years Ended December 31, | |
|--|--|------------------|-------------------------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Reconciliations of tenant improvements and incentives, building improvements and leasing costs for operating properties to replacement capital expenditures | | | | |
| Tenant improvements and incentives | \$ 19,724 | \$ 9,165 | \$ 43,820 | \$ 36,342 |
| Building improvements | 17,778 | 7,523 | 35,970 | 34,060 |
| Leasing costs | 5,863 | 1,514 | 12,736 | 8,432 |
| Net (exclusions from) additions to tenant improvements and incentives | (5,093) | (370) | (4,704) | 1,042 |
| Excluded building improvements and leasing costs | (5,955) | (3,859) | (16,849) | (18,932) |
| Replacement capital expenditures | <u>\$ 32,317</u> | <u>\$ 13,973</u> | <u>\$ 70,973</u> | <u>\$ 60,944</u> |
| Same Properties cash NOI | | | | |
| Straight line rent adjustments and lease incentive amortization | (2,604) | (1,416) | (6,534) | (2,998) |
| Amortization of acquired above- and below-market rents | 100 | 99 | 396 | 390 |
| Amortization of intangibles and other assets to property operating expenses | — | — | — | (69) |
| Lease termination fees, net | (893) | 141 | 2,416 | 834 |
| Tenant funded landlord assets and lease incentives | 187 | 249 | 997 | 939 |
| Cash NOI adjustments in unconsolidated real estate JV | 35 | 45 | 154 | 195 |
| Same Properties NOI | <u>\$ 73,691</u> | <u>\$ 75,633</u> | <u>\$ 301,607</u> | <u>\$ 299,830</u> |
| | | | December 31, | December 31, |
| | | | 2021 | 2020 |
| Reconciliation of total assets to adjusted book | | | | |
| Total assets | \$ | 4,262,452 | \$ | 4,077,023 |
| Accumulated depreciation | | 1,152,523 | | 1,052,007 |
| Accumulated depreciation included in assets held for sale | | 82,385 | | 72,246 |
| Accumulated amortization of intangibles on property acquisitions and deferred leasing costs | | 215,925 | | 212,700 |
| Accumulated amortization of intangibles on property acquisitions and deferred leasing costs included in assets held for sale | | 4,547 | | 4,424 |
| COPT's share of liabilities of unconsolidated real estate JVs | | 27,312 | | 26,710 |
| COPT's share of accumulated depreciation and amortization of unconsolidated real estate JVs | | 3,744 | | 1,489 |
| Less: Property - operating lease liabilities | | (29,342) | | (30,746) |
| Less: Property - finance lease liabilities | | — | | (28) |
| Less: Cash and cash equivalents | | (13,262) | | (18,369) |
| Less: COPT's share of cash of unconsolidated real estate JVs | | (434) | | (152) |
| Adjusted book | <u>\$</u> | <u>5,705,850</u> | <u>\$</u> | <u>5,397,304</u> |

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

| | December 31, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Reconciliation of debt to net debt, net debt adjusted for fully-leased development and pro forma net debt adjusted for fully-leased development | | |
| Debt, per balance sheet | \$ 2,272,304 | \$ 2,086,918 |
| Net discounts and deferred financing costs | 25,982 | 14,547 |
| COPT's share of unconsolidated JV gross debt | 26,250 | 26,250 |
| Gross debt | \$ 2,324,536 | \$ 2,127,715 |
| Less: Cash and cash equivalents | (13,262) | (18,369) |
| Less: COPT's share of cash of unconsolidated real estate JVs | (434) | (152) |
| Net debt | \$ 2,310,840 | \$ 2,109,194 |
| Costs incurred on fully-leased development properties | (162,884) | (114,532) |
| Net debt adjusted for fully-leased development | \$ 2,147,956 | \$ 1,994,662 |
| Net debt | \$ 2,310,840 | \$ 2,109,194 |
| Debt pay down from Wholesale Data Center sale proceeds | (216,000) | N/A |
| Pro forma net debt | \$ 2,094,840 | \$ 2,109,194 |
| Costs incurred on fully-leased development properties | (162,884) | (114,532) |
| Pro forma net debt adjusted for fully-leased development | \$ 1,931,956 | \$ 1,994,662 |

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IR Contacts:

Stephanie Krewson-Kelly

443-285-5453

stephanie.kelly@copt.com

Michelle Layne

443-285-5452

michelle.layne@copt.com

Source: Corporate Office Properties Trust