

## NEWS RELEASE

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### COPT Defense Reports Strong Third Quarter 2024 Results

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**EPS of \$0.32**

**FFO per Share, as Adjusted for Comparability, of \$0.65**

*1-cent above the Midpoint of Guidance*

**Increased Midpoint of 2024 FFO per Share Guidance by 1-cent to \$2.57**

*Implies 6.2% FFO per Share Growth for the Year*

*Defense/IT Portfolio 95.0% Occupied and 96.5% Leased*

**Same Property Cash NOI Increased 9.4% in 3Q24 and 8.8% Year-to-Date**

*Raised Midpoint of Same Property Cash NOI Guidance for the Year by 50 Basis Points to 8.5%*

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### **Strong Leasing Volume and Retention YTD**

*Total Leasing of 829,000 SF in 3Q24 and 2.5 million SF Year-to-Date*

*123,000 SF in 3Q24 and 387,000 SF Year-to-Date of Vacancy Leasing*

*Exceeded Annual Target of 400,000 SF, with 4Q24 Progress To-Date*

*Tenant Retention of 88% in 3Q24 and 84% Year-to-Date*

*Raised Midpoint of Guidance for the Year by 250 Basis Points to 85%*

*80,000 SF in 3Q24 and 90,000 SF Year-to-Date of Investment Leasing*

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### **Active on External Growth**

*Acquired 365-acres in Des Moines, Iowa and 80,000 SF building in San Antonio, Texas*

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**COLUMBIA, MD (BUSINESS WIRE)** October 28, 2024 - COPT Defense Properties ("COPT Defense" or the "Company") (NYSE: CDP) announced results for the third quarter ended September 30, 2024.

**FOR IMMEDIATE RELEASE**

## **Management Comments**

Stephen E. Budorick, COPT Defense's President & Chief Executive Officer, commented, "Our Defense/IT investment strategy, which concentrates our portfolio near priority U.S. defense installations, continued to generate strong results during the third quarter. FFO per share exceeded the midpoint of our guidance range and based on this outperformance, and our forecast for the remainder of the year, we increased the midpoint of 2024 FFO per share guidance by \$0.01 to \$2.57, which implies over 6% year-over-year growth. This marks our third increase for the year and a total of \$0.06 of outperformance compared to the midpoint of our initial guidance. Looking forward, we continue to anticipate compound annual FFO per share growth of at least 4% between 2023 and 2026.

We are exceeding our plan in several areas and raised 2024 guidance on a group of key metrics. We increased the midpoint of 2024 guidance for same property cash NOI growth by 50 basis points to 8.5%, and increased tenant retention by 250 basis points to 85%. Based on our updated guidance, same property cash NOI growth would be the highest level in over a decade, and tenant retention would be the highest level in over two decades.

We are especially excited to announce the acquisition of a 365-acre land parcel near Des Moines, Iowa, which is a significant opportunity for us to expand our data center shell program to a new market. Des Moines, the 5<sup>th</sup> largest hyperscale market in the country, is home to several of the largest hyperscalers, which are drawn to the market given attractive land values, power availability with abundant access to renewable energy and long-haul fiber lines, and tax incentives enacted by supportive state and local governments. We expect this investment to fuel our development pipeline in the medium to long-term, and result in long-term accretion to FFO, AFFO, and NAV per share. As we build out the parcel in phases, we plan to self-fund development of the site on a leverage-neutral basis.

Additionally, we acquired a vacant office property in San Antonio, then subsequently leased the full building to the U.S. Government. With this transaction, our U.S. Government portfolio, which now includes 35 fully leased buildings and on a pro forma basis as of September 30, 2024, accounts for 36.5% of our annualized rental revenue. This acquisition provides additional operational scale given our nearby campus in San Antonio, will be accretive when rent commences in 2Q25, and reinforces our reputation as a trusted partner in supporting mission critical U.S. Government and defense contractor tenant requirements."

## **Financial Highlights**

### **3rd Quarter Financial Results:**

- > Diluted earnings per share ("EPS") was \$0.32 for the quarter ended September 30, 2024, compared to \$(1.94) for the quarter ended September 30, 2023.
- > Diluted funds from operations per share ("FFOPS"), as calculated in accordance with Nareit's definition and as adjusted for comparability, was \$0.65 for the quarter ended September 30, 2024, compared to \$0.60 for the quarter ended September 30, 2023.

## **Operating Performance Highlights**

### **Operating Portfolio Summary:**

- > At September 30, 2024, the Company's 24.3 million square foot Total Portfolio was 93.1% occupied and 94.8% leased, which includes the 22.2 million square foot Defense/IT Portfolio that was 95.0% occupied and 96.5% leased.

### **Same Property Performance:**

- > At September 30, 2024, the Company's 22.2 million square foot same property portfolio was 93.6% occupied and 95.1% leased.
- > The Company's same property cash NOI increased 9.4% for the three months ended September 30, 2024 compared to the same period in 2023.

### **Leasing:**

- > Total Square Feet Leased: For the quarter ended September 30, 2024, the Company leased 829,000 square feet, including 626,000 square feet of renewals, 123,000 square feet of vacancy leasing, and 80,000 square feet of investment leasing. For the nine months ended September 30, 2024, the Company executed 2.5 million square feet of total leasing, including 2.1 million square feet of renewals, 387,000 square feet of vacancy leasing, and 90,000 square feet of investment leasing.
- > Tenant Retention Rates: During the quarter ended September 30, 2024, the Company renewed 87.6% of expiring square feet in its Total Portfolio and 89.6% in its Defense/IT Portfolio. During the nine months ended September 30, 2024, the Company renewed 84.3% of expiring square feet in its Total Portfolio and 86.9% in its Defense/IT Portfolio.
- > Rent Spreads & Average Escalations on Renewing Leases: For the quarter and nine months ended September 30, 2024, straight-line rents on renewals increased 17.2% and 9.3%, respectively, and cash rents on renewed space increased 4.1% and 0.8%, respectively, while annual escalations on renewing leases averaged 2.6% and 2.4%, respectively.
- > Lease Terms: In the quarter ended September 30, 2024, lease terms averaged 4.1 years on renewing leases, 7.1 years on vacancy leasing, and 9.5 years on investment leasing. For the nine months ended September 30, 2024, lease terms averaged 4.0 years on renewing leases, 7.8 years on vacancy leasing, and 9.0 years on investment leasing.

### **Investment Activity Highlights**

- > Development Pipeline: The Company's development pipeline consists of five properties totaling 831,000 square feet that were 79% leased as of September 30, 2024. These projects represent a total estimated investment of \$335.4 million, of which \$108.1 million has been spent.

> Acquisitions:

During the quarter, the Company acquired:

- > A 365-acre land parcel near Des Moines, Iowa for \$32 million that we plan to develop into approximately 3.3 million square feet of data center shell space.
- > An 80,000 square foot Class A office building at 3900 Rogers Road in San Antonio, Texas for \$17 million. The building was vacant upon acquisition, and the Company subsequently executed two leases with the U.S. Government to occupy the entire building.
- > Please see the Company's acquisition press release dated October 28, 2024 and pages 8-22 of the Company's 3Q24 Results Presentation (refer to the 'Associated Supplemental Presentation' section below).

**Balance Sheet and Capital Transaction Highlights**

- > For the quarter ended September 30, 2024, the Company's adjusted EBITDA fixed charge coverage ratio was 4.8x.
- > At September 30, 2024, the Company's net debt to in-place adjusted EBITDA ratio was 6.1x and its net debt adjusted for fully-leased investment properties to in-place adjusted EBITDA ratio was 5.9x.
- > At September 30, 2024, and including the effect of interest rate swaps, the Company's weighted average effective interest rate on its consolidated debt portfolio was 3.3% with a weighted average maturity of 5 years, and 100% of the Company's debt was subject to fixed interest rates.

**Associated Supplemental Presentation**

Prior to the call, the Company will post a slide presentation to accompany management's prepared remarks for its third quarter 2024 conference call; the presentation can be viewed and downloaded from the 'Financial Info – Financial Results' section of COPT Defense's Investors website: <https://investors.copt.com/financial-information/financial-results>

**2024 Guidance**

Management is revising its full-year guidance for diluted EPS and diluted FFOPS, per Nareit and as adjusted for comparability, from the prior range of \$1.22-\$1.26, and \$2.54-\$2.58, respectively, to new ranges of \$1.24-\$1.26, and \$2.56-\$2.58, respectively. Management is establishing fourth quarter guidance for diluted EPS and diluted FFOPS per Nareit and as adjusted for comparability at \$0.31-\$0.33 and \$0.64-\$0.66, respectively. Reconciliations of projected diluted EPS to projected diluted FFOPS, in accordance with Nareit and as adjusted for comparability are as follows:

| Reconciliation of Diluted EPS to FFOPS, per Nareit,<br>and As Adjusted for Comparability | Quarter Ending<br>December 31, 2024 |                | Year Ending<br>December 31, 2024 |                |
|--|-------------------------------------|----------------|----------------------------------|----------------|
|  | Low                                 | High           | Low                              | High           |
| Diluted EPS  | \$ 0.31                             | \$ 0.33        | \$ 1.24                          | \$ 1.26        |
| Real estate-related depreciation and amortization  | 0.33                                | 0.33           | 1.32                             | 1.32           |
| Diluted FFOPS, Nareit definition and as adjusted for comparability                       | <u>\$ 0.64</u>                      | <u>\$ 0.66</u> | <u>\$ 2.56</u>                   | <u>\$ 2.58</u> |

**Conference Call Information**

Management will discuss third quarter 2024 results on its conference call tomorrow at 12:00 p.m. Eastern Time, details of which are listed below:

|                       |                           |
|-----------------------|---------------------------|
| Conference Call Date: | Tuesday, October 29, 2024 |
| Time:                 | 12:00 p.m. Eastern Time   |

Participants must register for the conference call at the link below to receive the dial-in number and personal pin. Registering only takes a few moments and provides direct access to the conference call without waiting for an operator. You may register at any time, including up to and after the call start time:

<https://register.vevent.com/register/BI9796486f46f6424aa012b44d48ca9ae6>

The conference call will also be available via live webcast in the 'News & Events – IR Calendar' section of COPT Defense's Investors website: <https://investors.copt.com/news-events/ir-calendar>

**Replay Information**

A replay of the conference call will be immediately available via webcast only on COPT Defense's Investors website and will be maintained on the website for approximately 90 days after the conference call.

**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.

**About COPT Defense**

COPT Defense, an S&P MidCap 400 Company, is a self-managed REIT focused on owning, operating and developing properties in locations proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and missions (referred to as its Defense/IT Portfolio). The Company's tenants include the USG and their defense contractors, who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. As of September 30, 2024, the Company's Defense/IT Portfolio of 194 properties, including 24 owned through unconsolidated joint ventures, encompassed 22.2 million square feet and was 96.5% 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. 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, 2023.*

Source: COPT Defense Properties

COPT Defense Properties  
Summary Financial Data  
(unaudited)  
(dollars and shares in thousands, except per share data)

|  | For the Three Months Ended<br>September 30, |              | For the Nine Months Ended<br>September 30, |              |
|--|---|--------------|--|--------------|
|  | 2024  | 2023         | 2024                                       | 2023         |
| Revenues   |   |              |  |              |
| Lease revenue  | \$ 170,549                                  | \$ 155,268   | \$ 501,601                                 | \$ 459,510   |
| Other property revenue   | 2,014                                       | 1,339        | 4,710                                      | 3,731        |
| Construction contract and other service revenues   | 16,662                                      | 11,949       | 63,523                                     | 42,012       |
| Total revenues   | 189,225                                     | 168,556      | 569,834                                    | 505,253      |
| Operating expenses   |   |              |  |              |
| Property operating expenses  | 68,881                                      | 61,788       | 199,037                                    | 182,808      |
| Depreciation and amortization associated with real estate operations                     | 38,307                                      | 37,620       | 114,819                                    | 112,215      |
| Construction contract and other service expenses   | 16,127                                      | 11,493       | 61,746                                     | 40,249       |
| Impairment losses  | —   | 252,797      | —  | 252,797      |
| General and administrative expenses  | 8,157                                       | 7,582        | 25,126                                     | 22,865       |
| Leasing expenses   | 2,341                                       | 2,280        | 6,990                                      | 6,624        |
| Business development expenses and land carry costs                                       | 918   | 714          | 3,079                                      | 1,935        |
| Total operating expenses   | 134,731                                     | 374,274      | 410,797                                    | 619,493      |
| Interest expense   | (20,376)                                    | (17,798)     | (61,760)                                   | (50,759)     |
| Interest and other income, net   | 3,324                                       | 2,529        | 10,330                                     | 6,928        |
| Gain on sales of real estate   | —   | —            | —  | 49,392       |
| Income (loss) before equity in income (loss) of unconsolidated entities and income taxes | 37,442                                      | (220,987)    | 107,607                                    | (108,679)    |
| Equity in income (loss) of unconsolidated entities                                       | 85  | (68)         | 180  | (21)         |
| Income tax expense   | (130)                                       | (152)        | (312)                                      | (467)        |
| Net income (loss)  | 37,397                                      | (221,207)    | 107,475                                    | (109,167)    |
| Net (income) loss attributable to noncontrolling interests:                              |   |              |  |              |
| Common units in the Operating Partnership ("OP")   | (711)                                       | 3,691        | (2,013)                                    | 1,882        |
| Other consolidated entities  | (601)                                       | 1,329        | (1,654)                                    | 164          |
| Net income (loss) attributable to common shareholders                                    | \$ 36,085                                   | \$ (216,187) | \$ 103,808                                 | \$ (107,121) |
| Earnings per share ("EPS") computation:  |   |              |  |              |
| Numerator for diluted EPS:   |   |              |  |              |
| Net income (loss) attributable to common shareholders                                    | \$ 36,085                                   | \$ (216,187) | \$ 103,808                                 | \$ (107,121) |
| Amount allocable to share-based compensation awards                                      | (104)                                       | (992)        | (319)                                      | (1,093)      |
| Numerator for diluted EPS  | \$ 35,981                                   | \$ (217,179) | \$ 103,489                                 | \$ (108,214) |
| Denominator:   |   |              |  |              |
| Weighted average common shares - basic   | 112,314                                     | 112,196      | 112,279                                    | 112,170      |
| Dilutive effect of share-based compensation awards                                       | 696   | —            | 566  | —            |
| Weighted average common shares - diluted   | 113,010                                     | 112,196      | 112,845                                    | 112,170      |
| Diluted EPS  | \$ 0.32                                     | \$ (1.94)    | \$ 0.92                                    | \$ (0.96)    |



COPT Defense Properties  
Summary Financial Data  
(unaudited)  
(in thousands, except per share data)

|   | For the Three Months Ended<br>September 30, |              | For the Nine Months Ended<br>September 30, |              |
|---|---|--------------|--|--------------|
|   | 2024  | 2023         | 2024                                       | 2023         |
| Net income (loss)   | \$ 37,397                                   | \$ (221,207) | \$ 107,475                                 | \$ (109,167) |
| Real estate-related depreciation and amortization   | 38,307                                      | 37,620       | 114,819                                    | 112,215      |
| Impairment losses on real estate  | —   | 252,797      | —  | 252,797      |
| Gain on sales of real estate  | —   | —            | —  | (49,392)     |
| Depreciation and amortization on unconsolidated real estate JVs   | 756   | 806          | 2,311                                      | 2,412        |
| Funds from operations ("FFO")   | 76,460                                      | 70,016       | 224,605                                    | 208,865      |
| FFO allocable to other noncontrolling interests   | (985)                                       | (1,059)      | (2,805)                                    | (3,006)      |
| Basic FFO allocable to share-based compensation awards  | (617)                                       | (481)        | (1,803)                                    | (1,427)      |
| Basic FFO available to common share and common unit holders ("Basic FFO")                                 | 74,858                                      | 68,476       | 219,997                                    | 204,432      |
| Redeemable noncontrolling interests   | —   | —            | 1,446                                      | (58)         |
| Diluted FFO adjustments allocable to share-based compensation awards                                      | 47  | 36           | 141  | 112          |
| Diluted FFO available to common share and common unit holders ("Diluted FFO")                             | 74,905                                      | 68,512       | 221,584                                    | 204,486      |
| Executive transition costs  | 69  | 82           | 227  | 330          |
| Diluted FFO comparability adjustments allocable to share-based compensation awards                        | —   | (1)          | (1)  | (3)          |
| Diluted FFO available to common share and common unit holders, as adjusted for comparability              | 74,974                                      | 68,593       | 221,810                                    | 204,813      |
| Straight line rent adjustments and lease incentive amortization   | 613   | 12,882       | 7,874                                      | 6,205        |
| Amortization of intangibles and other assets included in net operating income ("NOI")                     | 211   | 26           | 544  | 24           |
| Share-based compensation, net of amounts capitalized  | 2,617                                       | 2,280        | 7,826                                      | 6,226        |
| Amortization of deferred financing costs  | 671   | 639          | 2,037                                      | 1,899        |
| Amortization of net debt discounts, net of amounts capitalized  | 1,032                                       | 750          | 3,069                                      | 1,990        |
| Replacement capital expenditures  | (27,824)                                    | (21,122)     | (69,850)                                   | (71,996)     |
| Other   | 298   | 74           | 493  | (420)        |
| Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO") | \$ 52,592                                   | \$ 64,122    | \$ 173,803                                 | \$ 148,741   |
| Diluted FFO per share   | \$ 0.65                                     | \$ 0.60      | \$ 1.92                                    | \$ 1.79      |
| Diluted FFO per share, as adjusted for comparability  | \$ 0.65                                     | \$ 0.60      | \$ 1.92                                    | \$ 1.79      |
| Dividends/distributions per common share/unit   | \$ 0.295                                    | \$ 0.285     | \$ 0.885                                   | \$ 0.855     |



COPT Defense Properties  
Summary Financial Data  
(unaudited)  
(Dollars and shares in thousands, except per share data)

|   | September 30,<br>2024 | December 31,<br>2023 |
|---|-----------------------|----------------------|
| <b>Balance Sheet Data</b>                   |                       |                      |
| Properties, net of accumulated depreciation | \$ 3,604,688          | \$ 3,503,678         |
| Total assets                                | \$ 4,234,302          | \$ 4,246,966         |
| Debt per balance sheet                      | \$ 2,390,839          | \$ 2,416,287         |
| Total liabilities                           | \$ 2,679,271          | \$ 2,699,631         |
| Redeemable noncontrolling interests         | \$ 22,436             | \$ 23,580            |
| Total equity                                | \$ 1,532,595          | \$ 1,523,755         |
| Debt to assets                              | 56.5%                 | 56.9%                |
| Net debt to adjusted book                   | 40.8%                 | 40.6%                |

**Defense/IT Portfolio Data (as of period end)**

|  |        |        |
|--|--------|--------|
| Number of operating properties               | 194    | 190    |
| Total operational square feet (in thousands) | 22,174 | 21,719 |
| % Occupied                                   | 95.0%  | 96.2%  |
| % Leased                                     | 96.5%  | 97.2%  |

|  | For the Three Months Ended<br>September 30, |      | For the Nine Months Ended<br>September 30, |      |
|--|---|------|--|------|
|  | 2024  | 2023 | 2024                                       | 2023 |

**GAAP**

|                                      |       |     |       |     |
|--------------------------------------|-------|-----|-------|-----|
| Payout ratio:                        |       |     |       |     |
| Net income                           | 90.7% | N/A | 94.6% | N/A |
| Debt ratios:                         |       |     |       |     |
| Net income to interest expense ratio | 1.8x  | N/A | 1.7x  | N/A |
| Debt to net income ratio             | 16.0x | N/A | N/A   | N/A |

**Non-GAAP**

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Payout ratios:   |       |       |       |       |
| Diluted FFO  | 44.9% | 47.3% | 45.6% | 47.6% |
| Diluted FFO, as adjusted for comparability   | 44.9% | 47.3% | 45.5% | 47.5% |
| Diluted AFFO   | 64.0% | 50.6% | 58.1% | 65.4% |
| Debt ratios:   |       |       |       |       |
| Adjusted EBITDA fixed charge coverage ratio  | 4.8x  | 4.6x  | 4.7x  | 4.9x  |
| Net debt to in-place adjusted EBITDA ratio   | 6.1x  | 6.2x  | N/A   | N/A   |
| Net debt adj. for fully-leased investment properties to in-place adj. EBITDA ratio | 5.9x  | 5.9x  | N/A   | N/A   |

**Reconciliation of denominators for per share measures**

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Denominator for diluted EPS   | 113,010        | 112,196        | 112,845        | 112,170        |
| Weighted average common units   | 1,696          | 1,520          | 1,675          | 1,508          |
| Dilutive effect of additional share-based compensation awards           | —              | 429            | —              | 422            |
| Redeemable noncontrolling interests                                     | —              | —              | 873            | 51             |
| Denominator for diluted FFO per share and as adjusted for comparability | <u>114,706</u> | <u>114,145</u> | <u>115,393</u> | <u>114,151</u> |

COPT Defense Properties  
Summary Financial Data  
(unaudited)  
(in thousands)

|  | For the Three Months Ended<br>September 30, |                  | For the Nine Months Ended<br>September 30, |                   |
|--|---|------------------|--|-------------------|
|  | 2024  | 2023             | 2024                                       | 2023              |
| <b>Numerators for Payout Ratios</b>  |   |                  |  |                   |
| Dividends on unrestricted common and deferred shares   | \$ 33,165                                   | \$ 31,996        | \$ 99,461                                  | \$ 95,980         |
| Distributions on unrestricted common units   | 491   | 432              | 1,496                                      | 1,295             |
| Dividends and distributions on restricted shares and units   | 247   | 200              | 752  | 619               |
| Total dividends and distributions for GAAP payout ratio  | 33,903                                      | 32,628           | 101,709                                    | 97,894            |
| Dividends and distributions on antidilutive shares and units   | (249)                                       | (202)            | (756)                                      | (623)             |
| Dividends and distributions for non-GAAP payout ratios   | <u>\$ 33,654</u>                            | <u>\$ 32,426</u> | <u>\$ 100,953</u>                          | <u>\$ 97,271</u>  |
| <b>Reconciliation of net income (loss) to earnings before interest, income taxes, depreciation and amortization for real estate ("EBITDAre"), adjusted EBITDA and in-place adjusted EBITDA</b> |   |                  |  |                   |
| Net income (loss)  | \$ 37,397                                   | \$ (221,207)     | \$ 107,475                                 | \$ (109,167)      |
| Interest expense   | 20,376                                      | 17,798           | 61,760                                     | 50,759            |
| Income tax expense   | 130   | 152              | 312  | 467               |
| Real estate-related depreciation and amortization  | 38,307                                      | 37,620           | 114,819                                    | 112,215           |
| Other depreciation and amortization  | 614   | 615              | 1,786                                      | 1,826             |
| Impairment losses on real estate   | —   | 252,797          | —  | 252,797           |
| Gain on sales of real estate   | —   | —                | —  | (49,392)          |
| Adjustments from unconsolidated real estate JVs  | 1,759                                       | 1,743            | 5,139                                      | 5,006             |
| EBITDAre   | 98,583                                      | 89,518           | 291,291                                    | 264,511           |
| Credit loss expense  | 38  | 372              | 496  | 677               |
| Business development expenses  | 557   | 313              | 1,790                                      | 948               |
| Executive transition costs   | 69  | 82               | 580  | 636               |
| Net gain on other investments  | (11)  | (25)             | (488)                                      | (25)              |
| Adjusted EBITDA  | 99,236                                      | 90,260           | <u>\$ 293,669</u>                          | <u>\$ 266,747</u> |
| Pro forma NOI adjustment for property changes within period  | —   | 1,647            |  |                   |
| In-place adjusted EBITDA   | <u>\$ 99,236</u>                            | <u>\$ 91,907</u> |  |                   |
| <b>Reconciliations of tenant improvements and incentives, building improvements and leasing costs for operating properties to replacement capital expenditures</b>                             |   |                  |  |                   |
| Tenant improvements and incentives   | \$ 18,772                                   | \$ 14,457        | \$ 46,593                                  | \$ 67,062         |
| Building improvements  | 6,694                                       | 6,307            | 17,352                                     | 11,214            |
| Leasing costs  | 3,013                                       | 1,902            | 9,713                                      | 7,194             |
| Net additions to (exclusions from) tenant improvements and incentives  | 728   | (813)            | 4  | (11,981)          |
| Excluded building improvements and leasing costs   | (1,383)                                     | (731)            | (3,812)                                    | (1,493)           |
| Replacement capital expenditures   | <u>\$ 27,824</u>                            | <u>\$ 21,122</u> | <u>\$ 69,850</u>                           | <u>\$ 71,996</u>  |

COPT Defense Properties  
Summary Financial Data  
(unaudited)  
(in thousands)

|   | For the Three Months Ended<br>September 30, |                  | For the Nine Months Ended<br>September 30, |                   |
|---|---|------------------|--|-------------------|
|   | 2024  | 2023             | 2024                                       | 2023              |
| <b>Reconciliation of interest expense to the denominator for fixed charge coverage-Adjusted EBITDA</b>  |   |                  |  |                   |
| Interest expense  | \$ 20,376                                   | \$ 17,798        | \$ 61,760                                  | \$ 50,759         |
| Less: Amortization of deferred financing costs  | (671)                                       | (639)            | (2,037)                                    | (1,899)           |
| Less: Amortization of net debt discounts, net of amounts capitalized  | (1,032)                                     | (750)            | (3,069)                                    | (1,990)           |
| COPT Defense's share of interest expense of unconsolidated real estate JVs, excluding amortization of deferred financing costs and net debt premium and gain or loss on interest rate derivatives | 821   | 805              | 2,433                                      | 2,369             |
| Scheduled principal amortization  | 448   | 753              | 1,879                                      | 2,289             |
| Capitalized interest  | 712   | 1,487            | 1,944                                      | 3,451             |
| Denominator for fixed charge coverage-Adjusted EBITDA   | <u>\$ 20,654</u>                            | <u>\$ 19,454</u> | <u>\$ 62,910</u>                           | <u>\$ 54,979</u>  |
| <b>Reconciliation of net income (loss) to NOI from real estate operations, same property NOI from real estate operations and same property cash NOI from real estate operations</b>               |   |                  |  |                   |
| Net income (loss)   | \$ 37,397                                   | \$ (221,207)     | \$ 107,475                                 | \$ (109,167)      |
| Construction contract and other service revenues  | (16,662)                                    | (11,949)         | (63,523)                                   | (42,012)          |
| Depreciation and other amortization associated with real estate operations  | 38,307                                      | 37,620           | 114,819                                    | 112,215           |
| Construction contract and other service expenses  | 16,127                                      | 11,493           | 61,746                                     | 40,249            |
| Impairment losses   | —   | 252,797          | —  | 252,797           |
| General and administrative expenses   | 8,157                                       | 7,582            | 25,126                                     | 22,865            |
| Leasing expenses  | 2,341                                       | 2,280            | 6,990                                      | 6,624             |
| Business development expenses and land carry costs  | 918   | 714              | 3,079                                      | 1,935             |
| Interest expense  | 20,376                                      | 17,798           | 61,760                                     | 50,759            |
| Interest and other income, net  | (3,324)                                     | (2,529)          | (10,330)                                   | (6,928)           |
| Gain on sales of real estate  | —   | —                | —  | (49,392)          |
| Equity in (income) loss of unconsolidated entities  | (85)  | 68               | (180)                                      | 21                |
| Unconsolidated real estate JVs NOI allocable to COPT Defense included in equity in income (loss) of unconsolidated entities   | 1,844                                       | 1,675            | 5,319                                      | 4,988             |
| Income tax expense  | 130   | 152              | 312  | 467               |
| NOI from real estate operations   | <u>105,526</u>                              | <u>96,494</u>    | <u>312,593</u>                             | <u>285,421</u>    |
| Non-Same Property NOI from real estate operations   | <u>(6,875)</u>                              | <u>(1,455)</u>   | <u>(19,867)</u>                            | <u>(3,436)</u>    |
| Same Property NOI from real estate operations   | <u>98,651</u>                               | <u>95,039</u>    | <u>292,726</u>                             | <u>281,985</u>    |
| Straight line rent adjustments and lease incentive amortization   | 1,531                                       | 10,154           | 9,399                                      | 3,888             |
| Amortization of acquired above- and below-market rents  | (69)  | (120)            | (207)                                      | (415)             |
| Lease termination fees, net   | (931)                                       | (748)            | (2,587)                                    | (3,028)           |
| Tenant funded landlord assets and lease incentives  | (1,942)                                     | (15,402)         | (12,630)                                   | (18,837)          |
| Cash NOI adjustments in unconsolidated real estate JVs  | <u>(136)</u>                                | <u>(130)</u>     | <u>(364)</u>                               | <u>(420)</u>      |
| Same Property Cash NOI from real estate operations  | <u>\$ 97,104</u>                            | <u>\$ 88,793</u> | <u>\$ 286,337</u>                          | <u>\$ 263,173</u> |

COPT Defense Properties  
Summary Financial Data  
(unaudited)  
(in thousands)

|   | September 30,<br>2024 | December 31,<br>2023 |
|---|-----------------------|----------------------|
| <b>Reconciliation of total assets to adjusted book</b>  |                       |                      |
| Total assets  | \$ 4,234,302          | \$ 4,246,966         |
| Accumulated depreciation  | 1,502,730             | 1,400,162            |
| Accumulated amortization of intangibles on property acquisitions and deferred leasing costs         | 227,281               | 228,484              |
| COPT Defense's share of liabilities of unconsolidated real estate JVs                               | 61,118                | 60,583               |
| COPT Defense's share of accumulated depreciation and amortization of unconsolidated real estate JVs | 12,014                | 9,528                |
| Less: Property - operating lease liabilities  | (33,615)              | (33,931)             |
| Less: Property - finance lease liabilities  | (397)                 | (415)                |
| Less: Cash and cash equivalents   | (34,478)              | (167,820)            |
| Less: COPT Defense's share of cash of unconsolidated real estate JVs                                | (1,575)               | (852)                |
| Adjusted book   | <u>\$ 5,967,380</u>   | <u>\$ 5,742,705</u>  |

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| <b>Reconciliation of debt to net debt and net debt adjusted for fully-leased investment properties</b> |                       |                      |                       |
| Debt per balance sheet   | \$ 2,390,839          | \$ 2,416,287         | \$ 2,415,783          |
| Net discounts and deferred financing costs   | 24,633                | 28,713               | 29,980                |
| COPT Defense's share of unconsolidated JV gross debt   | <u>53,148</u>         | <u>52,613</u>        | <u>52,511</u>         |
| Gross debt   | 2,468,620             | 2,497,613            | 2,498,274             |
| Less: Cash and cash equivalents  | (34,478)              | (167,820)            | (204,238)             |
| Less: COPT Defense's share of cash of unconsolidated real estate JVs                                   | <u>(1,575)</u>        | <u>(852)</u>         | <u>(1,031)</u>        |
| Net debt   | 2,432,567             | 2,328,941            | 2,293,005             |
| Costs incurred on fully-leased development properties  | (70,954)              | (53,914)             | (124,038)             |
| Costs incurred on fully-leased operating property acquisitions   | <u>(17,034)</u>       | <u>—</u>             | <u>—</u>              |
| Net debt adjusted for fully-leased investment properties   | <u>\$ 2,344,579</u>   | <u>\$ 2,275,027</u>  | <u>\$ 2,168,967</u>   |