CORPORATE OFFICE PROPERTIES TRUST

Results for 3Q 2019

October 28, 2019

The Preferred Provider of Mission Critical Real Estate Solutions

COPT

CORPORATE OFFICE PROPERTIES TRUST

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Safe Harbor

Unless otherwise noted, information in this presentation represents the Company's consolidated portfolio as of or for the quarter ended ***September 30, 2019.***

Defined terms for Non-GAAP measures used throughout may be found in the Disclosure. In addition, Reconciliations of Non-GAAP measures to the most comparable GAAP measures are included in the Disclosure.

This presentation 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 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 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, 2018 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2019.

I. Results for 3Q 2019

Rendering of 2100 L Street

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Results for 3Q 2019

	Guidance	Actual	
FFOPS*	$0.49 – $0.51	$0.51	✓
Same-Property Occupancy	Flat vs. 2Q19	91.9%	✓
Same-Property Cash NOI Growth	0% – 0.5%	0.5%	✓
Full Year Tenant Retention	75% – 80%	75%†	✓
Development Leasing Achieved:			
▪ 1Q	--	539,000 SF	
▪ 2Q	--	652,000 SF	✚
▪ 3Q	--	875,000 SF	
Total to-date		**2,066,000 SF**	

Development Leasing Annual Target: → 900,000 SF initial target → 1.4 mm SF on 1Q19 call → 2.0 mm SF on 2Q19 call → 2.2 mm SF now / 3Q19 call

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* FFOPS = diluted funds from operations per share, as adjusted for comparability.
† For the nine months ended September 30, 2019.

II. Factors Supporting Growth

Interior of 6950 Columbia Gateway Drive Redevelopment

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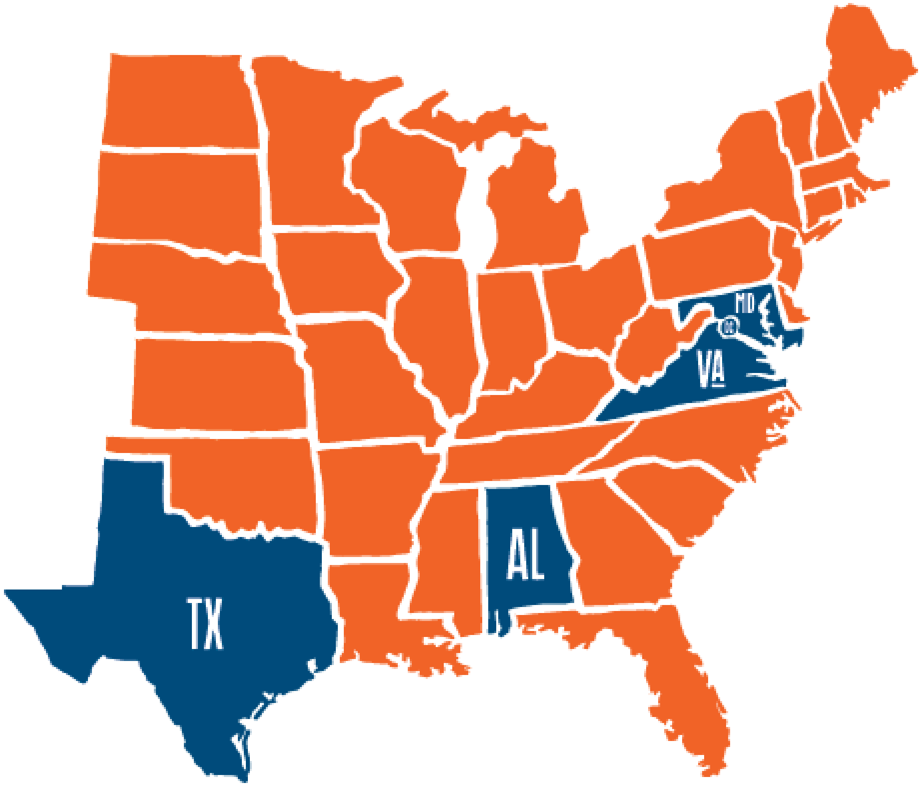
Mission Critical Locations

COPT owns 160 buildings[1] in Defense/IT Locations adjacent or in close proximity to proven, growing U.S. Government Defense Installations

State	# Bldgs	SF[2]	Demand Driver
▪ MD	101	8,906	Fort Meade, NAVAIR
▪ VA	22	3,685	Cloud Computing, NAP for MAE-East[3]
	19	2,194	Intelligence Community, NGA, NRO, FBI Cyber & Other
▪ TX	7	953	Lackland AFB, Air Force & Other Cyber
▪ AL	9	722	Redstone Arsenal
▪ DC	2	358	Washington Navy Yard, NAVSEA
	160	16,818	



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1. Excludes seven Regional Office buildings the Company also owns.
2. In thousands.
3. Includes 13 data center shells owned in unconsolidated joint ventures.

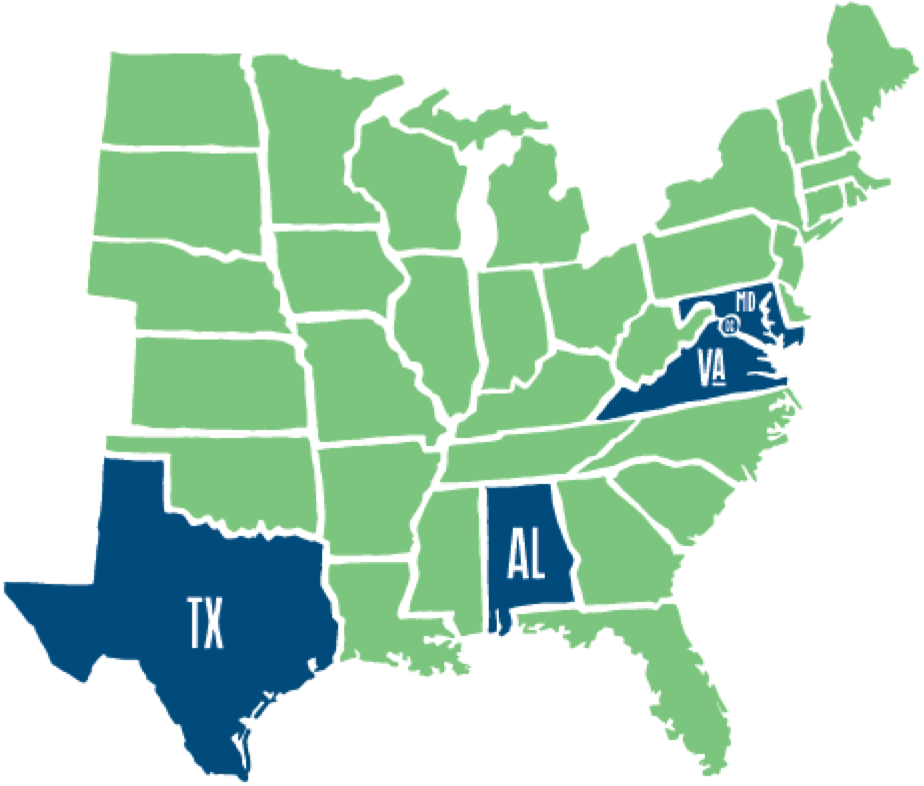
Mission Critical Land Positions

We own or control approximately 900 acres at our Defense/IT Locations

- 10.3 million developable SF
- Strong barriers to entry against new supply

COPT's Strategic Land Inventory

	Developable SF
▪ MD	3.8
▪ VA*	2.3
▪ AL	3.4
▪ TX	0.8
	10.3 million DSF



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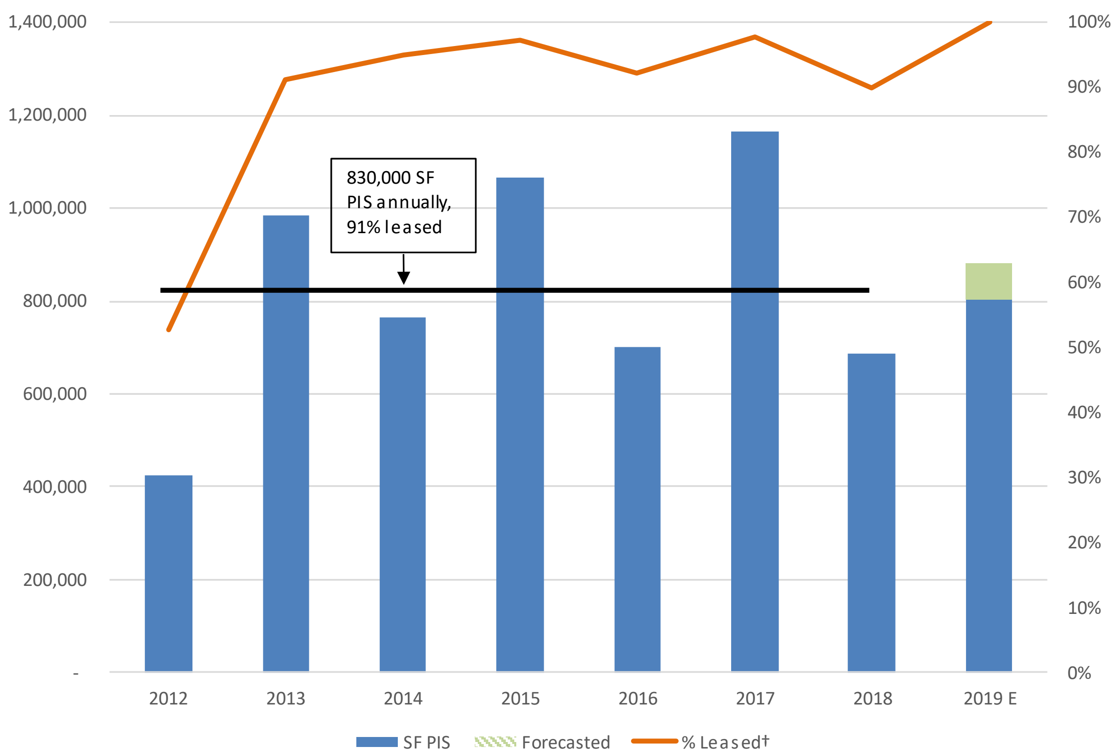
* Includes data center shell land.

Highly Leased Developments Drive NOI Growth

- Between 2012−2018, we placed into service 5.8 million SF that were 92% leased
- During first nine months of 2019, we placed 804,000 SF into service that were 100% leased with average annual rent escalations of 2.5%
- 2.6 million SF under construction are 82% pre-leased* and will increase core portfolio size 14%

Square Feet of Development Placed Into Service



* Includes a 106,000 SF redevelopment project that was 80% pre-leased at September 30, 2019.
† This represents the percent leased these projects were at the end of the reporting period during which they were placed into service.

Growth from Development Leasing

Robust Shadow Development Pipeline bodes well for future development leasing & NOI growth

- Increased 2019 objective in April, from 900,000 SF to 1.4 million SF, and in July, to 2.0 million SF
- Increasing development leasing goal again, to 2.2 million SF
- Our Shadow Development Pipeline of up to 1.7 million SF* supports our development leasing goal and future growth

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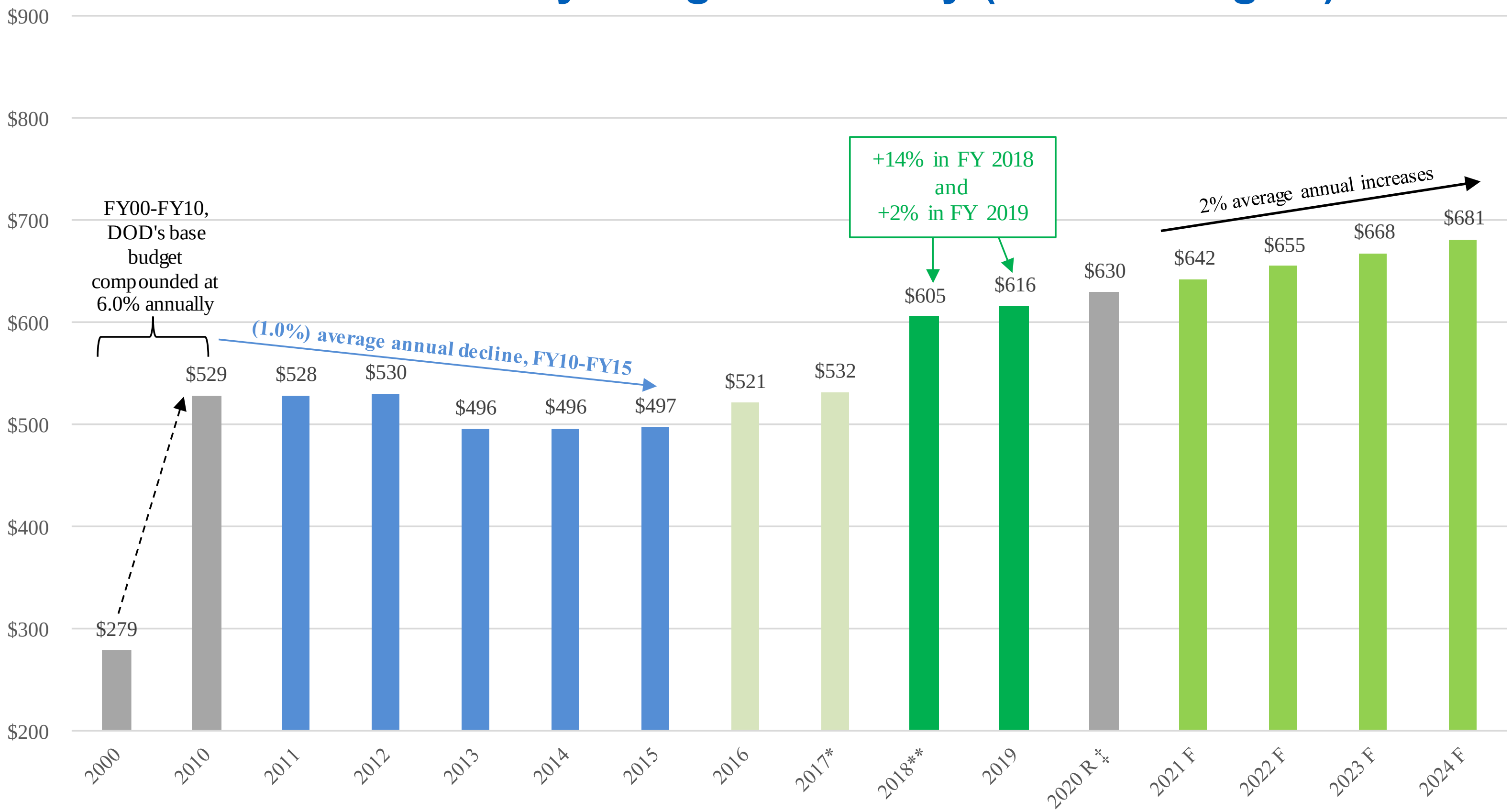
* As of October 25, 2019.

Healthy DoD Spending Levels

- Bi-partisan agreement reached in July for FY20 & FY21 budgets
  - Sequestration cuts no longer a threat; Budget Control Act of 2011 sunsets after FY21
- Expect FY 2020 budget to be funded via Continuing Resolution through December

DoD's Discretionary Budget Authority ("Base Budget")*



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Current dollars, in billions. Sources: Historical data through FY 2016 are pulled from Tables 1-9 and 2-1 of the National Defense Budget Estimates ("Green Books") for FY 2017 or earlier; data for FY 2017 through FY 2019 are pulled from Tables 1-2 and 2-1 of the FY 2020 Green Book; Capital Alpha Partners; COPT's IR Department.

† DoD base budget (051) numbers exclude funding for overseas contingency operations ("OCO"), Atomic Energy Defense Activities (053), Other Defense-Related Activities (054), and mandatory spending.

* FY 2017 includes $8.25 billion of "OCO for base budget purposes." Source: CRS report on the final authorizations.

** FY 2018 includes $5.8 billion of supplemental authorizations for Missile Defense.

‡ The President's FY 2020 Budget Request asks for Base + OCO budget authority of $718.3 billion; the distribution of O&M budget authority between the base and OCO is still uncertain. The $630 billion estimate assumes a normalized distribution between the two budgets. Forecasted years assume 2% annual increases from the FY 2020 estimate.

Demand Related to DoD Budgets

» Healthy defense spending environment spurring demand at our mission-critical, Defense/IT locations

Types of Demand	COPT Portfolio–2019 Activity through 3Q
1) Defense contract awards spur incremental space requirements in operating portfolio	▪ 3Q19 Vacancy Leasing of 251,000 SF = highest quarterly volume ever ▪ 622,000 SF of Vacancy Leasing achieved in first nine months
2) Deferred U.S. Government demand materializing	▪ 12 new leases with the U.S. Government in five locations totaling 198,000 SF[1]: » 34,000 SF in 1Q » 92,000 SF in 2Q » 72,000 SF in 3Q
3) Demand exceeds available inventory, leading to the creation of new supply	▪ Redstone Gateway: » Recent speculative developments totaling 155,000 SF are 100% leased » Next inventory building of 100,000 SF expected to start in 4Q19 ▪ Discovery District at College Park: » 4600 River Road, a 100,000 SF building, commenced construction in 3Q
4) Defense contractors commit to BTS and major new leases for long-term growth and/or efficiencies	▪ Redstone Gateway–435,000 SF signed through 9/30/19: » 300,000+ SF campus for Yulista signed in 2Q » 8800 Redstone Gateway is 100% pre-leased to two defense contractors ▪ Data Center Shells–1.2 million SF leased in first nine months ▪ 6950 Columbia Gateway Drive–80% leased » Negotiating lease which will increase to 98% leased, with demand to fill balance
5) U.S. Government plans for long-term space requirements	▪ **NoVA C** full-building lease executed in 3Q19 for approximately 350,000 SF, 100% leased; delivers in 2022 ▪ **100 Secured Gateway** – 1st U.S. Government building on Redstone Gateway's secure campus » 16% pre-leased at 10/25/19 » Process advancing with second, larger U.S. Government user

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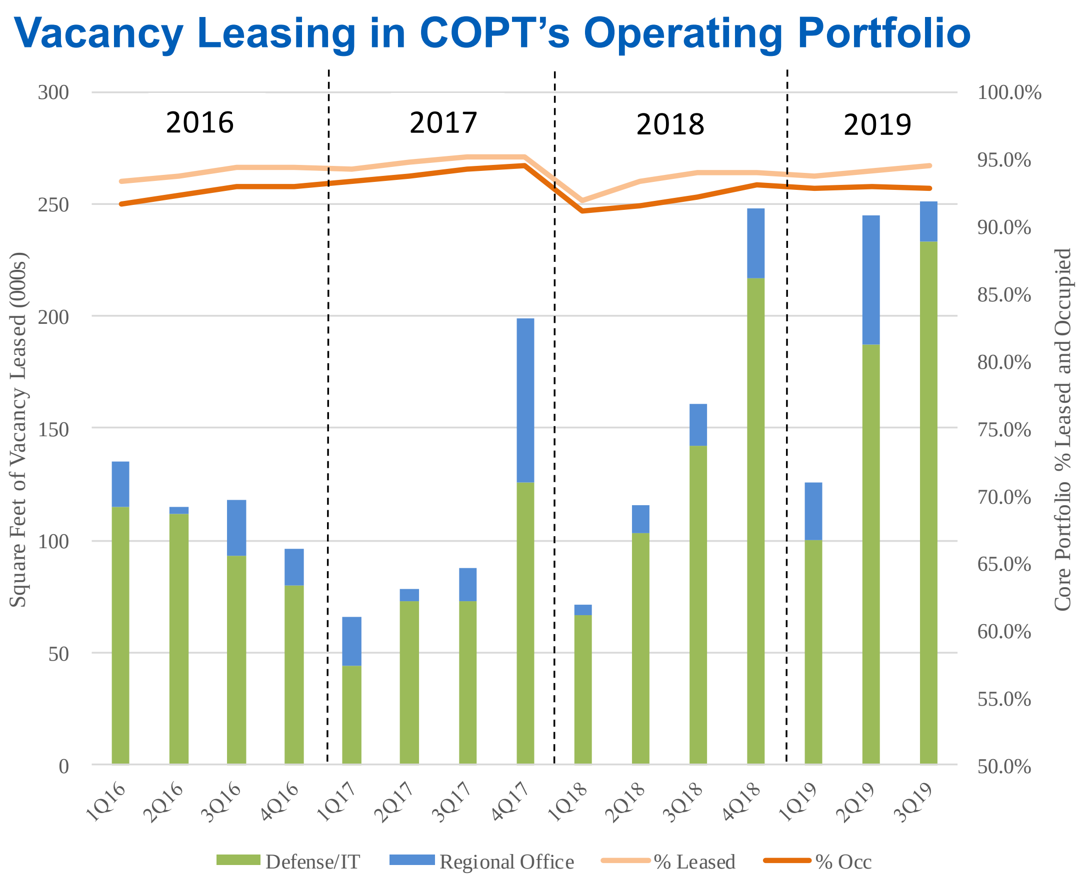
1. The 164,000 SF of U.S. Government leasing in 2Q and 3Q are also included in the 622,000 SF of Vacancy Leasing in #1. The 34,000 SF in 1Q was accounted for as Development Leasing for reporting purposes; we are treating it as deferred Government demand here.

Demand for Existing Space Continues to Build

- Vacancy Leasing volume in first nine months of 2019 up 79% versus 2018 results
- 622,000 SF Vacancy Leasing in 2019 is on-pace to set new annual record†



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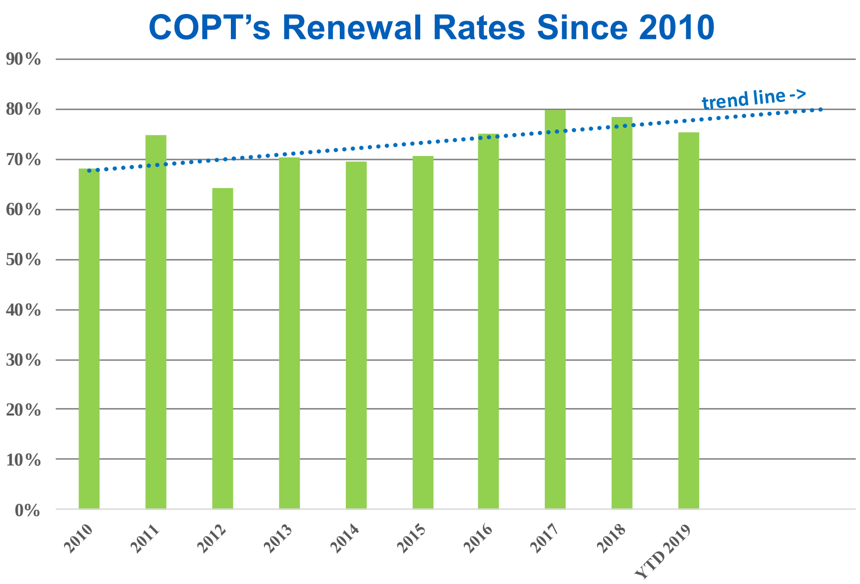
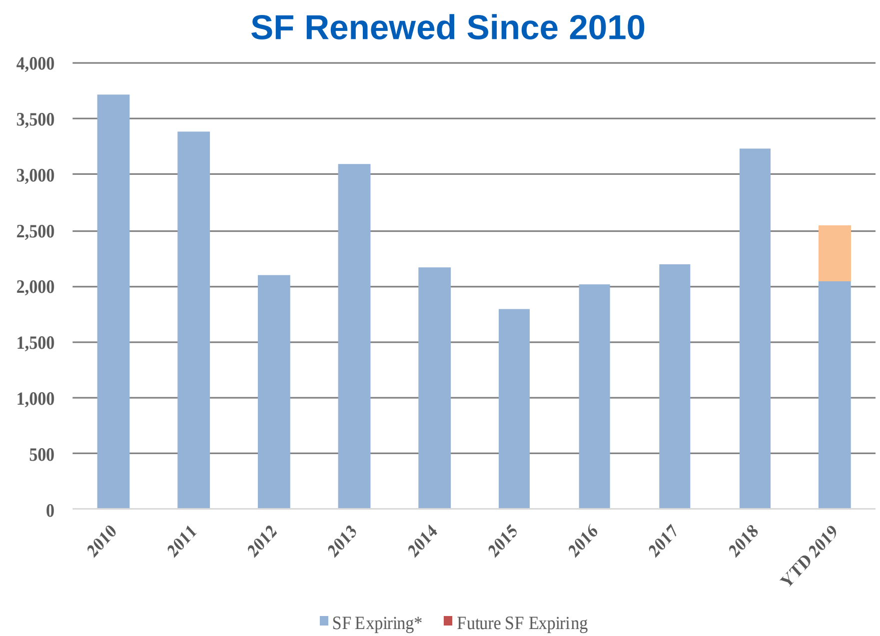
* Percent occupied & leased statistics are for COPT's core portfolio.
† Highest annual volume for vacancy leasing was 771,917 SF in 2011.

Strong Tenant Retention

Tenant co-investment creates "stickiness" and supports COPT's sector-leading tenant retention rates and low renewal CapX

- Proven track record of strong tenant retention rates, averaging:
  - 71% between 2000−2018
  - 77% between 2016−3Q19
- Increased FY19 tenant retention guidance range to 75%−80% in July; reiterated in October
- FFO & AFFO benefits of high renewal rates more than offset impact of cash rent rolldowns





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Source: Company Supplemental Reports

FFO/AFFO Benefits of Higher Renewals

Tenant Retention Rate > Rental Rate:

- Higher retention rates:
  - maximize revenue
  - avoid downtime
  - minimize leasing capital

- Despite rent rolldowns of 5.3%, by renewing 75% of expiring leases FFO and AFFO are higher, as compared to renewing 65% of expiring leases with 5% rent rollups
  - Note that the analysis excludes the reduction in NOI for downtime required to release the incremental non-renewing space

In thousands, except per SF amounts	**Actual COPT** Results–9 Months Ended 9/30/2019	**Scenario:** 5% Roll-Up + 65% Retention	**Incremental** (Actual COPT vs. Scenario)
Expiring SF	2,044	2,044	--
Renewing SF	1,542	1,329	213
Vacating SF	502	715	(213)
Retention Rate	75.4%	65.0%	--
Cash rents on renewals:			
Expiring	$33.51	$33.51	--
New	$31.74	$35.19	($3.45)
Change in cash rents	(5.3%)	5.0%	--
Revenue & AFFO impact of renewed SF			
Cash rents/SF on renewing SF	$31.74	$35.19	
x SF renewed	1,542	1,329	
Impact from cash rents on renewing SF ("A")	$48,943	$46,747	$2,196
Impact of Renewal and Retenanting Capital			
▪ Renewal Capital			
Leasing CapX/SF/Yr	$2.52	$2.52	
x term (in years)	3.4	3.4	
x SF	1,542	1,329	
Renewal Capital	$13,212	$11,383	($1,828)
▪ Vacancy Leasing Capital			
Leasing CapX/SF/Yr	$6.60	$6.60	
x term (in years)	6.0	6.0	
x SF	502	715	
Vacancy Leasing Capital	$19,879	$28,330	$8,451
Total Capital Adjustment in AFFO ("B")	$33,091	$39,713	$6,622
Net Impact on AFFO (A - B)	**$15,852**	**$7,034**	**$8,818**

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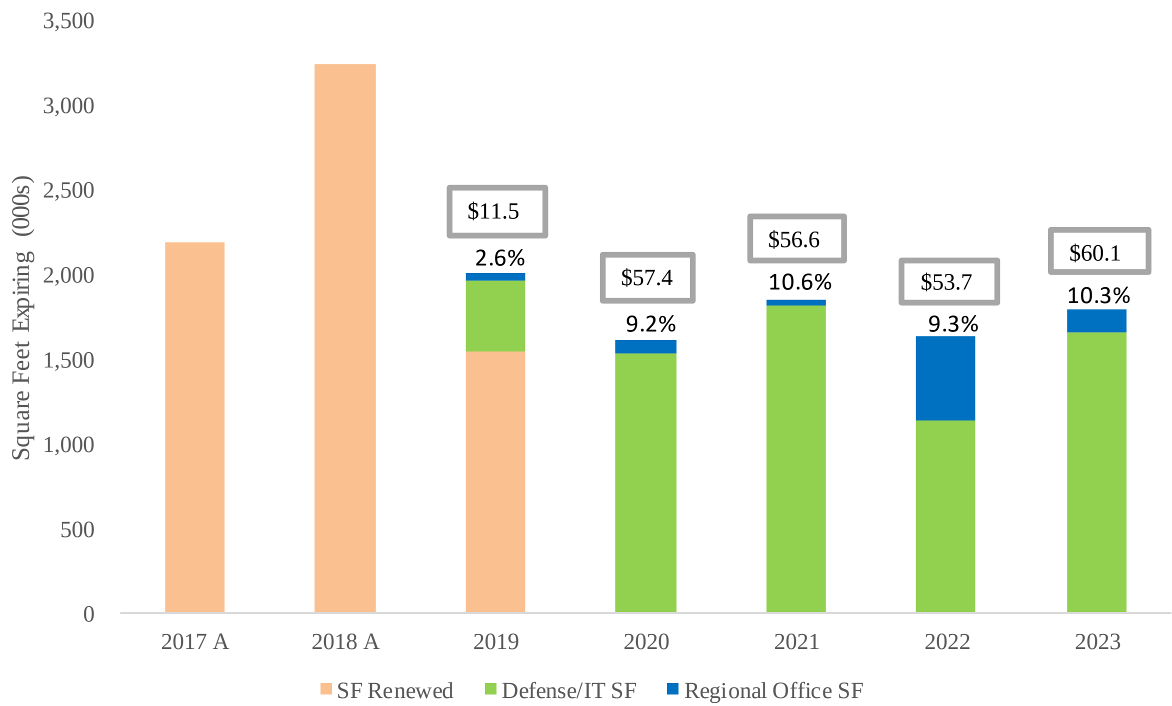
Manageable Future Lease Expirations*

- » Concentration of expirations at mission critical Defense/IT Locations mitigates rollover risk (Barriers to Exit)
- » 75%−80% overall renewal rate expected in 2019
- » On 1.4 million SF of Large Leases** expiring by the end of 2020, we expect to renew 85%−90%
  - » 92% are Defense/IT locations; 30% are leased to the U.S. Government



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2017 and 2018 SF represent the total expiring SF for those years, as reported in the fourth quarter supplemental packages.

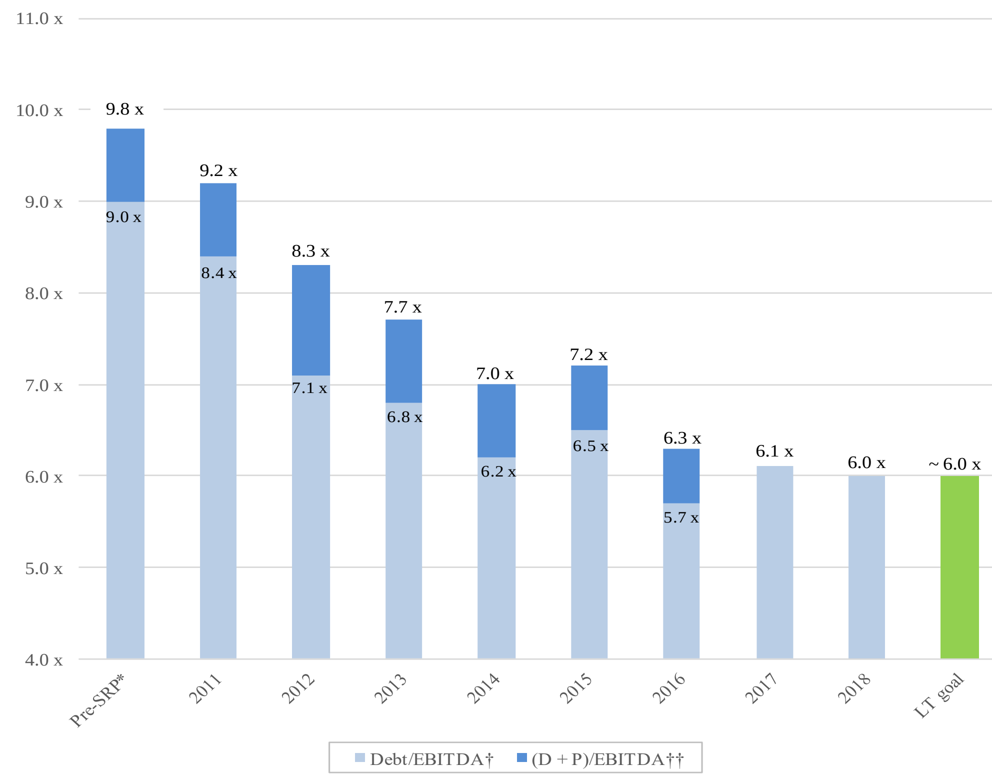
* Dollar values are in millions and are the Annualized Rental Revenues scheduled to expire. The percentages above the bars represent the percent of square feet scheduled to expire, as a percent of the core portfolio's 17.5 million SF.

** Large Leases are 100,000 SF or greater.

Strong Balance Sheet

- Dramatically improved our balance sheet in recent years
- Committed to operating at conservative leverage levels:
  - Debt/EBITDA ~6.0x
  - Debt/Adjusted Book ≤40%

Maintaining Our Strong Balance Sheet



Current Status	Fitch	Moody's	S&P
▪ Rating	BBB-	Baa3	BBB-
▪ Outlook	Stable	Stable	Positive

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* The Company launched its Strategic Reallocation Plan ("SRP") in April 2011 and completed its programmatic selling in October 2017.
† Net debt to in-place adjusted EBITDA ratio.
†† Net debt plus preferred equity to in-place adjusted EBITDA ratio.

2019 Recap

Robust DoD Spending Translating into Record Year

Record Development Leasing

- 2.1 million SF executed to-date is 67% above prior record (1.2 million SF in 2012)

622,000 SF of Vacancy Leasing in first nine months exceeds 2018 total

Record Total U.S. Government Leasing[2] of 586,000 SF

Core Portfolio 92.8% occupied, 94.5% leased

2.6 million SF under construction[1]

- 82% pre-leased
- Represents a 14% increase to our Core portfolio

$300 million of proceeds raised to fund development into 2020

- Sold 90% interest in nine data center shells[3]

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1. Includes a 106,000 SF redevelopment project that was 80% pre-leased at September 30, 2019.
2. Includes a 40,000 SF development lease executed in October at 100 Secured Gateway.
3. Includes seven data center shells joint ventured in June plus another two slated to close in December.

III. 2019 Guidance

6708 Alexander Bell Drive

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2019 Guidance Assumptions

Modifications to prior FY 2019 guidance are:

- Reiterate the $2.03 mid-point of full year FFO per share range
- Increasing full-year same-property cash NOI to between 3.25%−3.5% to reflect better than anticipated leasing, higher tenant retention, lower rent abatements, and lower property operating expenses
- To reflect the impact of a few executed leases now expected to commence in 1Q20, we are lowering same-property office occupancy for year-end to a new range of 91.5%−92%

2019 Guidance–Summary of Assumptions

	Prior	Revised	Change
Diluted EPS	**$1.52 – $1.56**	**$1.53 – $1.55**	**--**
FFOPS[1]	**$2.01 – $2.05**	**$2.02 – $2.04**	**--**
Portfolio Metrics			
▪ Same-Property: » Cash NOI » Occupancy (End of Period)	 2.75% – 3.25% 92% – 93%	 3.25% – 3.5% 91.5% – 92%	 +37.5 bps (75 bps)
▪ Diluted AFFO payout ratio	70% – 75%	70% – 75%	--
Leasing			
▪ Expirations[2]	2.1 mm SF (12.8%)[3]	498,000 SF (2.5%)[4]	N/A
▪ Tenant Retention	75% – 80%	75% – 80%	--
▪ Change in Cash Rents	(5%) – (4%)	~(5.5%)	~(1%)[5]
Investment Activity ($mm)			
▪ Development	$400 – $450	$400 – $425	($37.5)
▪ Acquisitions	N/A	N/A	--
▪ Dispositions	$300	$300	--

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1. As adjusted for comparability.
2. SF expiring, plus the percent of total annualized revenues in parenthesis.
3. This represents the original SF and annualized revenues scheduled to expire in 2019, as of 12/31/18.
4. This represents the SF and annualized revenues scheduled to expire during 4Q19.
5. Please refer to slides 13-14.

Reminders

2019 Dispositions are more than 2x original guidance

- DC-3 repurposing will decrease FFO/share in 2020 by 2 ½-cents

U.S. Government moves deliberately & slowly

DoD Budget:

- Prompt Payment Act ensures U.S. Government pays rent, even during federal shutdowns
- Continuing Resolutions in any budget year may delay lease executions on contract contingent deals

Risks

Ultimate timing of lease commencements

DC-6 tenant turnover

- Occupancy & NOI expected to dip
- Retenanting could enhance LT value
- Long leasing cycle time

Opportunities

Healthy defense spending environment & 9-18 month demand tail support new leasing opportunities

- Occupancy gains
- New development

Lease-up 310 NBP (135,500 SF in 4 floors)

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Conclusion

New era of sustained growth

Industry	» Demand in <u>all</u> of our core markets is strong ▪ 5 Types of Defense/IT Demand (see slide 11) » Continued bipartisan support in Congress to fund military readiness and capability
Portfolio	» Core portfolio 92.8% occupied & 94.5% leased; activity among existing operating properties remain robust » Pipeline of future development opportunities is solid
Reliable Long-Term Growth	» Low-risk developments + 2–3% same-property growth will fuel reliable FFOPS growth » Defense/IT demand not correlated to broad economic trends: ▪ U.S. Government ▪ Contractors serving at the mission ▪ Contractors providing cloud computing

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IV. Appendices

A. Definitions & Glossary

B. Reconciliations

A. Definitions & Glossary

- **Acquisition costs** – transaction costs expensed in connection with executed or anticipated acquisitions of operating properties.

- **Adjusted Book** – total assets presented on our consolidated balance sheet, net of lease liabilities associated with property right-of-use assets, and excluding the effect of cash and cash equivalents, accumulated depreciation on real estate properties, accumulated amortization of intangible assets on real estate acquisitions, accumulated amortization of deferred leasing costs, disposed properties included in assets held for sale, unconsolidated real estate joint venture cash and cash equivalents, liabilities, and accumulated depreciation and amortization (of real estate intangibles and deferred leasing costs) allocable to our ownership interest in the joint venture and the effect of properties serving as collateral for debt in default that we extinguished (or intend to extinguish) via conveyance of such properties.

- **Adjusted EBITDA** – net income (loss) adjusted for the effects of interest expense, depreciation and amortization, gain on sales and impairment losses of real estate, gain or loss on early extinguishment of debt, net gain (loss) on other investments, operating property acquisition costs, gain (loss) on interest rate derivatives, income taxes, business development expenses, demolition costs on redevelopment and nonrecurring improvements, executive transition costs, certain other expenses that we believe are not closely correlated with our operating performance, and excluding the effect of properties that served as collateral for debt in default that we extinguished via conveyance of such properties. Adjusted EBITDA also includes adjustments to net income for the effects of the items noted above pertaining to an unconsolidated real estate JV that was allocable to our ownership interest in the JV.

- **Annualized Rental Revenue** – the monthly contractual base rent as of the reporting date multiplied by 12, plus the estimated annualized expense reimbursements under existing leases for occupied space. With regard to properties owned through an unconsolidated real estate joint venture, we include the portion of Annualized Rental Revenue allocable to COPT's ownership interest.

- **ATFP** – Anti-terrorism force protection.

- **Baltimore/Washington Region (or B/W Region)** – includes counties that comprise the Fort Meade/Baltimore Washington Corridor. As of September 30, 2019, 88 of COPT's properties were located within this defined region. Please refer to page 11 of COPT's Supplemental Information package dated September 30, 2019 for additional detail.

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A. Definitions & Glossary

- **Basic FFO available to common share and common unit holders ("Basic FFO")** – FFO adjusted to subtract (1) preferred share dividends, (2) income attributable to non-controlling interests through ownership of preferred units in Corporate Office Properties, L.P. (the "Operating Partnership") or interests in other consolidated entities not owned by us, (3) depreciation and amortization allocable to non-controlling interests in other consolidated entities, (4) Basic FFO allocable to share-based compensation awards, and (5) issuance costs associated with redeemed preferred shares. With these adjustments, Basic FFO represents FFO available to common shareholders and holders of common units in the Operating Partnership ("common units").
- **BRAC** – Base Realignment and Closure Commission of the United States Congress, the most recent of which Congress established in 2005 to ensure the integrity of the base closure and realignment process. The Commission provided an objective, non-partisan, and independent review and analysis of the list of military installation recommendations issued by the Department of Defense ("DoD") on May 13, 2005. The Commission's mission was to assess whether the DoD recommendations substantially deviated from the Congressional criteria used to evaluate each military base. While giving priority to the criteria of military value, the Commission took into account the human impact of the base closures and considered the possible economic, environmental, and other effects on the surrounding communities.
- **C4ISR** – Command, Control, Communications, Computers, Intelligence, Surveillance &Reconnaissance
- **Cash net operating income ("Cash NOI") –** NOI from real estate operations adjusted to eliminate the effects of: straight-line rental adjustments, amortization of tenant incentives, amortization of acquisition intangibles included in FFO and NOI (including above- and below-market leases and above- or below-market cost arrangements), lease termination fees from tenants to terminate their lease obligations prior to the end of the agreed upon lease terms, and rental revenue recognized under GAAP resulting from landlord assets and lease incentives funded by tenants. Cash NOI also includes adjustments to NOI from real estate operations for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.
- **Core Portfolio** – Defense/IT Locations and Regional Office properties.
- **Debt/Total Market Capitalization** – gross debt, divided by our total market capitalization.
- **Defense/IT Locations** – 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 we believe are growing, durable priority missions.

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A. Definitions & Glossary

- **Development profit or yield** – calculated as cash NOI divided by the estimated total investment, before the impact of cumulative real estate impairment losses.

- **Diluted adjusted funds from operations available to common share and common unit holders ("Diluted AFFO") –** Diluted FFO, as adjusted for comparability, adjusted for the following: (1) the elimination of the effect of (a) noncash rental revenues and property operating expenses (comprised of straight-line rental adjustments, which includes the amortization of recurring tenant incentives, and amortization of acquisition intangibles included in FFO and NOI, both of which are described under "Cash NOI" above), (b) share-based compensation, net of amounts capitalized, (c) amortization of deferred financing costs, (d) amortization of debt discounts and premiums and (e) amortization of settlements of debt hedges; and (2) replacement capital expenditures (defined below). Diluted AFFO also includes adjustments to Diluted FFO, as adjusted for comparability for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.

- **Diluted FFO available to common share and common unit holders ("Diluted FFO")** – Basic FFO adjusted to add back any changes in Basic FFO that would result from the assumed conversion of securities that are convertible or exchangeable into common shares. The computation of Diluted FFO assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period.

- **Diluted FFO available to common share and common unit holders, as adjusted for comparability ("Diluted FFO, as adjusted for comparability") –** Diluted FFO or FFO adjusted to exclude: operating property acquisition costs; gain or loss on early extinguishment of debt; FFO associated with properties that secured non-recourse debt on which we defaulted and, subsequently, extinguished via conveyance of such properties (including property NOI, interest expense and gains on debt extinguishment); loss on interest rate derivatives; demolition costs on redevelopment and nonrecurring improvements; executive transition costs; accounting charges for original issuance costs associated with redeemed preferred shares; and certain other expenses that we believe are not closely correlated with our operating performance. Diluted FFO, as adjusted for comparability also includes adjustments to Diluted FFO for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.

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A. Definitions & Glossary

- **Diluted FFO per share** – Defined as (1) Diluted FFO divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. The computation of Diluted FFO per share assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase Diluted FFO per share in a given period.
- **Diluted FFO per share, as adjusted for comparability** – Defined as (1) Diluted FFO available to common share and common unit holders, as adjusted for comparability divided by (2) the sum of the (a) weighted average common shares outstanding during a period, (b) weighted average common units outstanding during a period and (c) weighted average number of potential additional common shares that would have been outstanding during a period if other securities that are convertible or exchangeable into common shares were converted or exchanged. The computation of this measure assumes the conversion of common units in the Operating Partnership but does not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase the per share measure in a given period.
- **DISA** – Defense Information Systems Agency
- **EBITDA** – see Adjusted EBITDA
- **EUL** – Enhanced Use Lease whereby the DoD grants a lease interest to a private developer in exchange for rent that the DoD can use to improve the related defense installation.
- **Funds from operations (“FFO” or “FFO per Nareit”)** – Defined as net income computed using GAAP, excluding gains on sales and impairment losses of real estate and real estate-related depreciation and amortization. FFO also includes adjustments to net income for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.
- **Gross Debt** – Defined as total consolidated outstanding debt, which is debt reported per our balance sheet adjusted to exclude net discounts and premiums and deferred financing costs, as further adjusted to include outstanding debt of an unconsolidated real estate JV that were allocable to our ownership interest in the JV.

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A. Definitions & Glossary

- **GSA** – United States General Services Administration. In July 1949, President Harry Truman established the GSA to streamline the administrative work of the federal government. The GSA's acquisition solutions supplies federal purchasers with cost-effective high-quality products and services from commercial vendors. GSA provides workplaces for federal employees, and oversees the preservation of historic federal properties. Its policies covering travel, property and management practices promote efficient government operations.
- **In-place adjusted EBITDA –** Defined as Adjusted EBITDA, as further adjusted for: (1) the removal of NOI pertaining to properties in the quarterly periods in which such properties were disposed or removed from service; and (2) the addition of pro forma adjustments to NOI for (a) properties acquired or placed in service subsequent to the commencement of a quarter made in order to reflect a full quarter of ownership/operations and (b) significant mid-quarter occupancy changes associated with properties recently placed in service with no occupancy. The measure also includes adjustments to Adjusted EBITDA for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.
- **Interest Duration** – The length of time for which an interest rate on debt is fixed.
- **Market capitalization** – sum of (1) consolidated outstanding debt, excluding discounts, premiums and deferred financing costs, (2) liquidation value of preferred shares and preferred units in our operating partnership and (3) the product of the closing price of our common shares on the NYSE and the sum of (a) common shares outstanding and (b) common units outstanding.
- **NGA** – National Geospatial Intelligence Agency
- **Net debt –** gross debt (total outstanding debt reported per our balance sheet as adjusted to exclude net discounts and premiums and deferred financing costs), as adjusted to subtract cash and cash equivalents as of the end of the period and debt in default that was extinguished via conveyance of properties. The measure also includes adjustments to Gross debt for the effects of the items noted above pertaining to an unconsolidated real estate JV that were allocable to our ownership interest in the JV.
- **Net debt to adjusted book and Net debt plus preferred equity to Adjusted book** – these measures divide either Net debt or Net debt plus preferred equity by Adjusted book.
- **Net debt to in-place adjusted EBITDA ratio and Net debt plus preferred equity to in-place adjusted EBITDA ratio** – Net debt (as defined above) or Net debt plus preferred equity divided by in-place adjusted EBITDA (defined above) for the three month period that is annualized by multiplying by four.

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A. Definitions & Glossary

- **Net operating income from real estate operations (NOI)** – Includes: consolidated real estate revenues; consolidated property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through an unconsolidated real estate JV that is allocable to COPT's ownership interest in the JV.
- **Payout ratios based on: Diluted FFO; Diluted FFO, as adjusted for comparability; and Diluted AFFO** – These payout ratios are defined as (1) the sum of dividends on unrestricted common shares and distributions to holders of interests in the Operating Partnership (excluding unvested share-based compensation awards) and dividends on convertible preferred shares when such distributions and dividends are included in Diluted FFO divided by (2) the respective non-GAAP measures on which the payout ratios are based.
- **Portfolio:**

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18
Operating Office and Data Center Shell Properties					
# of Properties					
Total Portfolio	169	169	165	163	161
Consolidated Portfolio	156	156	159	157	155
Core Portfolio	167	167	163	161	159
Same Properties	150	150	150	150	150
% Occupied					
Total Portfolio	92.7%	92.7%	92.6%	93.0%	92.1%
Consolidated Portfolio	91.7%	91.8%	92.2%	92.6%	91.7%
Core Portfolio	92.8%	92.9%	92.8%	93.1%	92.2%
Same Properties	91.9%	92.0%	92.2%	92.8%	92.0%
% Leased					
Total Portfolio	94.3%	93.9%	93.5%	93.9%	93.9%
Consolidated Portfolio	93.6%	93.1%	93.1%	93.5%	93.5%
Core Portfolio	94.5%	94.1%	93.7%	94.0%	94.0%
Same Properties	93.8%	93.3%	93.1%	93.7%	93.7%
Square Feet (in thousands)					
Total Portfolio	18,956	18,945	18,338	18,094	17,867
Consolidated Portfolio	16,818	16,807	17,374	17,132	16,905
Core Portfolio	18,799	18,788	18,181	17,937	17,710
Same Properties	16,343	16,343	16,343	16,343	16,343
Wholesale Data Center					
Megawatts Operational	19.25	19.25	19.25	19.25	19.25
% Leased	82.1%	82.1%	87.6%	87.6%	87.6%

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A. Definitions & Glossary

- **Redevelopment** – properties previously in operations on which activities to substantially renovate such properties are underway or approved.
- **Regional Office Properties** – office properties located in select urban/urban-like submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics.
- **Replacement capital expenditures** – Tenant improvements and incentives, building improvements and leasing costs incurred during the period for operating properties that are not (1) items contemplated prior to the acquisition of a property, (2) improvements associated with the expansion of a building or its improvements, (3) renovations to a building which change the underlying classification of the building (for example, from industrial to office or Class C office to Class B office), (4) capital improvements that represent the addition of something new to the property rather than the replacement of something (for example, the addition of a new heating and air conditioning unit that is not replacing one that was previously there), or (5) replacements of significant components of a building after the building has reached the end of its original useful life. Replacement capital expenditures excludes expenditures of operating properties included in disposition plans during the period that were already sold or are held for future disposition. For cash tenant incentives not due to the tenant for a period exceeding three months past the date on which such incentives were incurred, we recognize such incentives as replacement capital expenditures in the periods such incentives are due to the tenant.
- **Same-Properties** – Operating office and data center shell properties stably owned and 100% operational since at least the beginning of the prior year.
- **Same-Properties NOI and Same-Properties cash NOI** – NOI, or Cash NOI, from real estate operations of Same-Properties.
- **SCIF** – a Sensitive (or Secure) Compartmented Information Facility, or “SCIF,” in U.S. military, security and intelligence parlance is an enclosed area within a building that is used to process classified information within formal access controlled systems (as established by the Director of National Intelligence).
- **Stabilization** – generally defined as properties that are at least 90% occupied.
- **Under construction** – This term includes properties under, or contractually committed for, construction.

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B. Reconciliations

Reconciliations of: EPS to FFOPS

Guidance	Year Ending 12/31/19	
EPS to FFOPS, as adjusted (in dollars per share)	Low	High
EPS	$ 1.53	$ 1.55
Real estate depreciation and amortization	1.40	1.40
Gain on sales of real estate	(0.91)	(0.91)
FFOPS, Nareit definition and as adjusted for comparability	$ 2.02	$ 2.04

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B. Reconciliations

FFO Reconciliation

(Dollars and shares in thousands, except per share data)	Three Months Ended 9/30/2019
Net income	**$ 23,246**
Real estate-related depreciation and amortization	34,692
Impairment losses on real estate	327
Depreciation and amortization on unconsolidated real estate JVs	790
FFO - per Nareit	**59,055**
Noncontrolling interests - preferred units in the Operating Partnership	(157)
FFO allocable to other noncontrolling interests	(1,429)
Basis and diluted FFO allocable to share-based compensation awards	(248)
Basic FFO available to common share and common unit holders	**57,221**
Redeemable noncontrolling interests	34
Diluted FFO available to common share and common unit holders	**57,255**
Non-comparable professional and legal expenses	175
Diluted FFO, as adjusted for comparability	**$ 57,430**
Denominator for diluted EPS	111,943
Weighted average common units	1,312
Redeemable noncontrolling interests	109
Denominator for diluted FFO per share and as adjusted for comparability	113,364
Diluted FFO per share	**$ 0.51**
Diluted FFO per share, as adjusted for comparability	**$ 0.51**

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B. Reconciliations

EBITDA Reconciliation

(Dollars in thousands)	Three Months Ended								
	3/31/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Reconciliations of GAAP net (loss) income to adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"):									
Net (loss) income	$ (18,566)	$ (91,102)	$ 19,010	$ 92,672	$ 5,937	$ 62,617	$ 26,255	$ 11,008	$ 18,456
Interest expense	26,928	24,914	22,782	23,181	23,286	22,347	18,664	19,211	18,475
Income tax (benefit) expense	(544)	(38)	54	1,917	53	46	272	953	(190)
Depreciation and amortization	33,645	33,631	29,170	31,817	31,871	36,834	33,441	34,538	36,623
Impairment losses on real estate	27,742	78,674	2,140	921	48	19,744	1,554	13,659	2,367
Gain on sales of real estate	(2,701)	(3,362)	8	(9,004)	(41)	(64,047)	(6,885)	(4,452)	(2,367)
Loss (gain) on early extinguishment of debt	-	3	6	(67,808)	9,106	402	1,073	-	258
Net (gain) loss on other investments	(538)	(771)	(2,992)	221	(74)	6	(117)	-	(449)
Business development expenses	465	1,064	654	644	669	1,512	1,167	1,116	661
EBITDA from properties to be conveyed to extinguish debt in default	-	-	-	-	(828)	-	-	-	-
Demolition costs on redevelopment and nonrecurring improvements	-	-	-	-	-	225	-	-	163
Adjustments from unconsolidated real estate joint ventures	-	-	-	-	-	-	830	829	832
Executive transition costs	-	-	-	-	1,056	-	431	-	371
Operating property acquisition costs	23	4	-	-	-	32	-	-	-
Non-comparable professional and legal expenses	-	-	-	-	-	-	-	-	-
Loss on interest rate derivatives	-	29,805	-	-	-	-	-	-	-
Adjusted EBITDA	$ 66,454	$ 72,822	$ 70,832	$ 74,561	$ 71,083	$ 79,718	$ 76,685	$ 76,862	$ 75,200
Proforma net operating income adjustment for property changes within period	562	(546)	-	(5,107)	-	(1,738)	39	(578)	2,052
In-place adjusted EBITDA	$ 67,016	$ 72,276	$ 70,832	$ 69,454	$ 71,083	$ 77,980	$ 76,724	$ 76,284	$ 77,252
Annualized in-place adjusted EBITDA	$ 268,064	$ 289,104	$ 283,328	$ 277,816	$ 284,332	$ 311,920	$ 306,896	$ 305,136	$ 309,008

	As of								
	3/31/11	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Gross debt	2,412,821	2,438,471	2,027,792	1,935,718	1,929,810	$ 2,097,230	$ 1,950,229	$ 1,872,167	$ 1,868,504
Less: Cash and cash equivalents	(12,606)	(5,559)	(10,594)	(54,373)	(6,077)	(60,310)	(209,863)	(12,261)	(8,066)
Less: Debt in default to be extinguished via conveyance of properties	-	-	-	-	(150,000)	-	-	-	-
Less: COPT's share of cash of unconsolidated real estate JVs	-	-	-	-	-	-	(283)	(371)	(293)
Net debt	$ 2,400,215	$ 2,432,912	$ 2,017,198	$ 1,881,345	$ 1,773,733	$ 2,036,920	$ 1,740,083	$ 1,859,535	$ 1,860,145
Preferred equity	225,133	225,133	342,633	257,883	207,883	207,883	207,883	8,800	8,800
Net debt plus preferred equity	$ 2,625,348	$ 2,658,045	$ 2,359,831	$ 2,139,228	$ 1,981,616	$ 2,244,803	$ 1,947,966	$ 1,868,335	$ 1,868,945
Net debt to in-place adjusted EBITDA ratio	9.0x	8.4x	7.1x	6.8x	6.2x	6.5x	5.7x	6.1x	6.0x
Net debt plus preferred equity to in-place adjusted EBITDA ratio	9.8x	9.2x	8.3x	7.7x	7.0x	7.2x	6.3x	6.1x	6.0x

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