

REFINITIV

# DELTA REPORT

## 10-K

CDP - CORPORATE OFFICE PROPERTI  
10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3522
CHANGES	362
DELETIONS	1270
ADDITIONS	1890

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, ~~2022~~ 2023


or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from

to

Commission file number 1-14023

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**CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST**

(Exact name of registrant as specified in its charter)

Maryland

23-2947217

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer  
Identification No.)

6711 Columbia Gateway Drive, Suite 300, Columbia, MD

21046

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (443) 285-5400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of beneficial interest, \$0.01 par value	OFC CDP	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

The aggregate market value of the voting and non-voting shares of common stock held by non-affiliates of Corporate Office COPT Defense Properties Trust was approximately \$2.5 billion \$2.3 billion, as calculated using the closing price of such shares on the New York Stock Exchange as of and the number of outstanding shares as of June 30, 2022 June 30, 2023. For purposes of calculating this amount only, affiliates are defined as Trustees, executive owners and beneficial owners of more than 10% of Corporate Office Properties Trust's COPT Defense Properties' outstanding common shares, \$0.01 par value. At February 7, 2023 February 7, 2024, 112,421,993 112,548,467 of Corporate Office Properties Trust's COPT Defense Properties' common shares were outstanding.

Portions of the proxy statement of Corporate Office COPT Defense Properties Trust for its 2023 2024 Annual Meeting of Shareholders to be filed within 120 days after the end of the fiscal year covered by this Form 10-K are incorporated by reference into Part III of this Form 10-K.

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## Forward-Looking Statements

This Form 10-K contains "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition and operations of our business. Additionally, documents we subsequently file with the SEC and incorporated by reference will contain forward-looking statements.

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 we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, we 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. We caution readers that forward-looking statements reflect our opinion only as of the date on which they were made. You should not place undue reliance on forward-looking statements. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- general economic and business conditions, which will, among other things, affect office property and data center demand and rents, tenant creditworthiness, interest rates, financing availability, property operating and construction costs, and property values;
- adverse changes in the real estate markets, including, among other things, increased competition with other companies;
- governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses, such as a reduction in rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by our strategic customers;
- our ability to borrow on favorable terms;

- risks of property acquisition and development activities, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated;
- risks of investing through joint venture structures, including risks that our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives;
- changes in our plans for properties or views of market economic conditions or failure to obtain development rights, either of which could result in recognition of significant impairment losses;
- risks and uncertainties regarding the potential impact of the coronavirus, a prolonged government shutdowns or COVID-19, pandemic, and similar pandemics, along with restrictive measures instituted to prevent spread, on our business, the real estate industry and national, regional and local economic conditions; budgetary reductions or impasses, such as a reduction of rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by existing or new tenants;
- potential additional costs, such as capital improvements, fees and penalties, associated with environmental laws or regulations;
- adverse changes resulting from other government actions and initiatives, such as changes in taxation, zoning laws or other regulations;
- our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;
- possible adverse changes in tax laws;
- the dilutive effects of issuing additional common shares; and
- our ability to achieve projected results;
- security breaches relating to cyber attacks, cyber intrusions or other factors, and other significant disruptions of our information technology networks and related systems; and
- environmental requirements, systems.

We undertake no obligation to publicly update or supplement forward-looking statements, whether as a result of new information, future events or otherwise. For further information on these and other factors that could affect us and the statements contained herein, you should refer to the section below entitled "Item 1A. Risk Factors."

## PART I

### Item 1. Business

#### OUR COMPANY General

**General.** Corporate Office COPT Defense Properties Trust ("COPT" COPT Defense) and subsidiaries (collectively, the "Company", "we" or "us") is a fully-integrated and self-managed real estate investment trust ("REIT"). We own, manage, lease, develop focused on owning, operating and selectively acquire office and data center properties. The majority of our portfolio is developing properties in locations that support the United States proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and its missions (which we refer to herein as our Defense/IT Portfolio). Our tenants include the USG and their defense contractors, most of whom who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. In September 2023, we changed our name from Corporate Office Properties Trust to COPT Defense Properties to better describe our investment strategy's focus on locations serving our country's priority defense and information technology ("IT") related activities servicing what we believe are growing, durable, priority missions ("Defense/IT Locations"). We also own a portfolio of office properties located in select urban submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics ("Regional Office"). activities. As of December 31, 2022 December 31, 2023, our properties included the following: Defense/IT Portfolio included:

- 194 190 operating properties totaling 23.0 million 21.7 million square feet comprised of 17.7 million 16.0 million square feet in 166 160 office properties and 5.3 million 5.7 million square feet in 28 30 single-tenant data center shells. We owned 21 24 of these data center shells through unconsolidated real estate joint ventures;
- seven five properties under development (five (two office properties and two three data center shells), including two partially-operational properties, that we estimate will total approximately 1.0 million 817,000 square feet upon completion; and
- approximately 710 660 acres of land controlled for future development that we believe could be developed into approximately 9.5 million 7.9 million square feet.

We also owned eight other operating properties totaling 2.1 million square feet and 43 approximately 50 acres of other land, developable land in the Greater Washington, DC/Baltimore region as of December 31, 2023.

We conduct almost all of our operations and own almost all of our assets through our operating partnership, Corporate Office COPT Defense Properties, L.P. ("COPLP" CDPLP) and subsidiaries (collectively, the "Operating Partnership"), of which COPT Defense is the sole general partner. COPLP CDPLP owns real estate directly and through subsidiary partnerships and limited liability companies ("LLCs"). In addition to owning real estate, COPLP CDPLP also owns subsidiaries that provide real estate services such as property management, development and construction services primarily for our properties but also for third parties. Some of these services are performed by a taxable REIT subsidiary ("TRS"). In September 2023, we changed CDPLP's name from Corporate Office Properties, L.P. to COPT Defense Properties, L.P.

Equity interests in COPLP CDPLP are in the form of common and preferred units. As of December 31, 2022 December 31, 2023, COPT Defense owned 98.0% 97.8% of the outstanding COPLP CDPLP common units ("common units") and there were no preferred units outstanding. Common units not owned by COPT Defense carry certain redemption rights. The number of common units owned by COPT Defense is equivalent to the number of outstanding common shares of beneficial interest ("common shares") of COPT Defense, and the entitlement of common units to quarterly distributions and payments in liquidation is substantially the same as that of COPT Defense common shareholders.

COPT's In September 2023, the ticker symbol under which our common shares are publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol changed from "OFC" to "CDP".

We believe that COPT Defense is organized and has operated in a manner that satisfies the requirements for taxation as a REIT under the Internal Revenue Code of 1986, as amended, and we intend to continue to operate COPT Defense in such a manner. If COPT Defense continues to qualify for taxation as a REIT, it generally will not be subject to federal income tax on its taxable income (other than that of its TRS entities) that is distributed to its shareholders. A REIT is subject to a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its annual taxable income to its shareholders.

Our executive offices are located at 6711 Columbia Gateway Drive, Suite 300, Columbia, Maryland 21046 and our telephone number is (443) 285-5400.

Our Internet address is www.copt.com. We make available on our Internet website free of charge our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably possible after we file such material with the Securities and Exchange Commission (the "SEC"). In addition, we have made available on our Internet website under the heading "Corporate Governance" the charters for our Board of Trustees' Audit, Nominating and Corporate Governance, Compensation and Investment Committees, as well as our Corporate Governance Guidelines, Code of Business Conduct and

Ethics and Code of Ethics for Financial Officers. We intend to make available on our website any future amendments or waivers to our Code of Business Conduct and Ethics and Code of Ethics for Financial Officers within four business days after any such amendments or waivers. The information on our Internet site is not part of this report.

The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. This Internet website can be accessed at [www.sec.gov](http://www.sec.gov).

## Business and Growth Strategies

Our primary goal is to deliver attractive total returns to our shareholders. This section sets forth key components of our business and growth strategies that we have in place to support this goal.

**Defense/IT Locations Strategy:** We specialize focus on owning, operating and developing Defense/IT Portfolio properties, which as of December 31, 2023 accounted for 190 of our 198 properties, representing 89.8% of our annualized rental revenue, and we control developable land to accommodate future growth in serving the unique requirements of tenants this portfolio. The properties in our Defense/IT Locations properties. These properties this portfolio are primarily occupied by the USG and contractor tenants engaged in what we believe are high priority security, defense and IT missions. These tenants' missions adjacent to, or contain, their demand drivers, whose activities pertain more to knowledge- knowledge and technology-based activities technology (i.e., cyber security, research and development and other highly-technical defense and security areas) than to force structure (i.e., troops) and weapon system mass production. Our properties are significantly concentrated Demand drivers for our Defense/IT Portfolio include:

- > mission-critical facilities and missions of USG organizations and agencies supporting defense and national security activities, such as intelligence, surveillance, reconnaissance, missile defense, cybersecurity, space exploration, research and development and advanced weapons systems testing and engineering, in Defense/IT Locations, which as Maryland, Northern Virginia, Washington, D.C., Huntsville, Alabama and San Antonio Texas; and
- > data center shells in Northern Virginia, one of December 31, 2022 accounted for 186 of our 194 properties, representing 89.7% of our annualized rental revenue, and we control developable land to accommodate future growth the largest data center markets in these locations. These properties generally have higher tenant renewal rates than is typical in commercial office space the world due in large part to: their to its central location along the United States' Eastern Seaboard, robust fiber connectivity infrastructure and access to reliable and affordable utilities required to support operations.

Due to this business strategy, our Defense/IT Portfolio has certain distinguishing characteristics relative to typical commercial office properties, including:

- > proximity to defense installations or other key demand drivers; the ability of many of these properties drivers, which is generally preferred, and often required, for tenants to meet Anti-Terrorism Force Protection ("ATFP") requirements; and significant investments often made by tenants for unique needs such as Sensitive Compartmented Information Facility ("SCIF"), critical power supply and operational redundancy. We believe execute their missions;
- > demand that demand at these properties is driven by, and correlated with, national security spending for activities occurring in the properties' respective demand drivers, which we believe has made them less susceptible to the effects of conditions in the overall economy than typical office properties. These properties;
- > higher likelihood of significant tenant investments in properties have also been for unique needs such as Sensitive Compartmented Information Facility ("SCIF"), critical power supply and operational redundancy, which we believe may make tenants unable, or less susceptible likely, to remote work trends than typical office relocate;
- > ability of many of the properties since leased to the USG to meet Anti-Terrorism Force Protection ("ATFP") requirements; and
- > higher preponderance of tenants often who require their employees to work in the properties for security purposes, purposes, which we believe makes them less susceptible to remote work trends.

Our Defense/IT Locations include Portfolio includes data center shells, which are properties leased to tenants to be operated as data centers in which we provide tenants with only the core building and basic power, while the tenants fund the costs for the critical power, fiber connectivity and data center infrastructure. We enter into long-term leases for these properties prior to commencing development, with triple-net structures, rent escalators and multiple extension options. Additionally, our tenants' significant funding of the costs to fully power and equip these properties greatly enhances the value of these properties and creates high barriers to exit for such tenants.

We believe that our properties and team cross-discipline teams collectively complement our Defense/IT Locations strategy due to our: to:

- properties' proximity to defense installations and other knowledge- and technology-based government demand drivers. Such proximity is generally preferred and often required for our tenants to execute their missions. Specifically, our:
  - office properties are proximate to mission-critical facilities such as Fort George G. Meade (which houses over 100 Department of Defense organizations and agencies, including those engaged in signals intelligence, such as U.S. Cyber Command and Defense Information Systems Agency) and Redstone Arsenal (one of the largest defense installations in the United States, housing priority missions such as Army procurement, missile defense, space exploration and research and development, testing and engineering of advanced weapons systems); and
  - data center shells are located in Northern Virginia, one of the largest data center markets in the world due in large part to its central location along the United States' eastern seaboard, robust fiber connectivity infrastructure and access to reliable and affordable utilities required to support operations;
- > well-established relationships with the USG and its contractors; contractors, many of whom lease space in more than one of our properties, and in multiple geographic locations in some cases;
- > extensive experience in developing:
  - > high quality office properties;
  - > secured, specialized space, with the ability to satisfy the USG's unique needs (including SCIF, ATFP and ATFP access control requirements); and
  - > data center shells to customer specifications within very condensed timeframes to accommodate time-sensitive tenant demand; and
- > depth of knowledge, specialized skills and credentialed personnel in operating highly-specialized properties with complex space and security-oriented needs.

**Regional Other Office Strategy Properties:** While In addition to our Defense/IT Locations are our primary focus, Portfolio, we also own owned eight other office properties as of December 31, 2023, representing 10.2% of our annualized rental revenue. Included among these properties is a portfolio of office properties located in select urban submarkets in the Greater Washington, DC/Baltimore region, due which we historically referred to as Regional Office; in 2023, we concluded that these properties were no longer strategic holdings since they do not align with our strong market knowledge in that region. Defense/IT strategy. We intend to sell our other office properties when we believe that these submarkets possess the following favorable characteristics: (1) mixed-use, lifestyle-oriented locations with a robust residential market conditions and retail base; (2) proximity opportunities position us to public transportation and major transportation routes; (3) an educated workforce; and (4) a

diverse employment base. As of December 31, 2022, we owned six Regional Office properties, representing 9.4% of **be able to optimize** our annualized rental revenue. These properties were comprised of: three high-rise Baltimore City properties proximate to the city's waterfront; two Northern Virginia properties proximate to Washington Metropolitan Area Metrorail stations and major interstates; and a property in Washington, D.C.'s central business district. We believe that demand for space in these properties is more correlated to changes in conditions in the overall economy than **our Defense/IT Locations. return on investment.**

*Asset Management Strategy:* We aggressively manage our portfolio to maximize the value and operating performance of each property through: (1) proactive property management and leasing; (2) maximizing tenant retention in order to minimize space downtime and **additional capital requirements** associated with space rollover; (3) increasing rental rates where market conditions permit; (4) leasing vacant space; (5) achievement of operating efficiencies by increasing economies of scale and, where possible,

aggregating vendor contracts to achieve volume pricing discounts; and (6) redevelopment when we believe property conditions and market demand warrant. We also continuously evaluate our portfolio and consider dispositions when properties no longer meet our strategic objectives, or when capital markets and circumstances pertaining to such holdings otherwise warrant, in order to maximize our return on invested capital or support our capital strategy.

We aim to sustainably develop and operate our portfolio to create healthier work environments and reduce consumption of resources by: (1) developing new buildings designed to use resources with a high level of efficiency and low impact on human health and the environment during their life cycles through our participation in the U.S. Green Building Council's Leadership in Energy and Environmental Design ("LEED") program, (**targeting targeting** new office properties to meet LEED certification standards or, when not possible, striving to otherwise incorporate LEED criteria into property **designs; designs;** (2) adopting select LEED for Building Operations and Maintenance ("LEED O+M: Existing Buildings") guidelines for much of our portfolio, including cleaning, recycling, energy reduction and landscaping practices; (3) investing in building automation systems and high-efficiency heating and air conditioning equipment and implementing resource conservation practices to reduce energy consumption; (4) investing in **water saving water-saving** features; and (5) participating in the annual Global Real Estate Sustainability Benchmark ("GRESB") survey, which is widely recognized for measuring the environmental, social and governance ("ESG") performance of real estate companies and funds. We earned an overall score of "Green Star" on the GRESB survey in each of the last **eight nine** years, representing the highest quadrant of achievement on the survey.

*Property Development and Acquisition Strategy:* We expand our **portfolio of operating portfolio properties** primarily through property **developments development** in support of our Defense/IT **Locations** strategy, and we have significant land holdings that we believe can further support that growth while serving as a barrier against competitive supply. We pursue development activities as market conditions and leasing opportunities support favorable risk-adjusted returns on **investment, and therefore investment.** While we typically prefer properties to be significantly leased prior to commencing **development. development,** we develop properties ahead of completed leasing in certain locations where we believe that **consistent demand and high occupancy rates warrant building of inventory to accommodate future anticipated USG and contractor demand.** To a lesser extent, we may also pursue growth through acquisitions, seeking to execute such transactions at attractive yields and below replacement cost.

*Capital Strategy:* Our capital strategy is aimed at maintaining continuous access to capital irrespective of market conditions in the most cost-effective manner by:

- maintaining an investment grade rating to enable us to use debt comprised **primarily** of unsecured, **primarily** fixed-rate debt (including the effect of interest rate swaps) from public markets and banks;
- using secured nonrecourse debt from institutional lenders and banks;
- managing our debt by monitoring, among other things: (1) the relationship of certain measures of earnings to our debt level and to certain capital costs; (2) the timing of debt maturities to ensure that maturities in any one year do not exceed levels that we believe we can refinance; (3) our exposure to changes in interest rates; and (4) our total and secured debt levels relative to our overall capital structure;
- monitoring capacity available under revolving credit facilities and equity offering programs to provide liquidity to fund investment activities and other capital needs;
- raising equity through issuances of common shares and, to a lesser extent, issuances of common equity in **COPLP CDPLP** and preferred equity;
- recycling proceeds from sales of interests in properties, including through joint venture structures for certain investments, to fund property development and other investment activities and/or reduce overall debt;
- paying dividends at a level that is at least sufficient for us to maintain our REIT status; and
- continuously evaluating the ability of our capital resources to accommodate our plans for growth.

## Industry Segments

As of **December 31, 2022 December 31, 2023,** our operations included the following reportable segments: Defense/IT **Locations; Regional Office; Portfolio** and Other. Our Defense/IT **Locations Portfolio** segment included the following sub-segments:

- Fort George G. Meade and the Baltimore/Washington Corridor ("Fort Meade/BW Corridor");
- Northern Virginia Defense/IT Locations ("NoVA Defense/IT");
- Lackland Air Force Base in San Antonio, Texas;
- locations serving the U.S. Navy ("Navy Support"). Properties in this sub-segment as of **December 31, 2022 December 31, 2023** were proximate to the Washington Navy Yard in Washington, D.C., the Naval Air Station Patuxent River in Maryland and the Naval Surface Warfare Center Dahlgren Division in Virginia;
- Redstone Arsenal in Huntsville, Alabama; and
- data center shells in Northern **Virginia (including 21 owned through unconsolidated real estate joint ventures). Virginia.**

As of **December 31, 2022, December 31, 2023:** our Defense/IT **Locations** comprised 186 **Portfolio** segment included 190 of our operating properties, representing **90.7% 91.0%** of our square feet in operations, and all of our properties under development **while Regional Office** comprised six of **were for this segment; and** our **Other** segment included our remaining eight operating properties, **or 8.6% representing 9.0%** of our square feet in operations.

For information relating to our reportable segments, refer to Note **15 13** to our consolidated financial statements, which are included in a separate section at the end of this Annual Report on Form 10-K beginning on page F-1.

## Human Capital

Our Workforce: As of **December 31, 2022** **December 31, 2023**, our workforce was comprised of **395** **410** employees based in Maryland, where we are headquartered, Virginia, Washington, D.C., Alabama and Texas. Our workforce has varying expertise, and includes:

- > Building Technicians **163** **172** employees), of which approximately **33%** **32%** were of minority race. Building technicians are skilled trades professionals who perform mechanical and operating systems maintenance and otherwise service our properties; and
- > Office Staff, outlined below, of which approximately **55%** **53%** were female and approximately 32% of minority race:
  - > Operations Management **69** **73** employees): Property managers and support staff who service our tenant customer needs.
  - > Asset Management and Leasing **11** **10** employees): Customer-facing leaders who drive the financial performance of our assets.
  - > Development and Construction **27** **30** employees): Project managers and support staff who drive our development pipeline and interior design.
  - > Finance and Accounting **69** **68** employees): Professionals who manage our financial activities.
  - > Company Support Functions **43** **44** employees): Includes Human Resources, Investor Relations, Investments, Legal, Marketing, Information Technology, Facility Security and Corporate Administrative Support.
- > Senior Leadership (13 employees): Our business line and Company leaders, including our Named Executive Officers, who interface with our Board of Trustees and shareholders and manage our business strategy, functional activities, risk and overall success.

In support of our Defense/IT **Locations** **Portfolio** strategy, over one-third of our employees carry government credentials.

We operate in markets in which we compete for human capital. We rely on our employees to drive our success and we support them with a variety of programs to enhance their workplace engagement and job fulfillment.

*Culture and Workforce Engagement:* We develop and reinforce our culture by emphasizing our core values, illustrated by the active acronym that stands for: Accountability, Commitment, Teamwork, Integrity, Innovation, Value Creation and Excellence. These values are intended to serve as a compass to our workforce to inform behavior and fuel our success.

We believe in equal opportunity, engagement and ethics. All employees must adhere to our Code of Business Conduct. We typically survey our workforce annually to measure employee engagement and identify opportunities for further improvement, which we believe has helped us to achieve annual "best workplace" honors for over a decade.

*Compensation Program:* Our compensation philosophy is driven by accountability, which results in a pay-for-performance structure. Our compensation program includes: base salary; an annual cash bonus program based on the achievement of individual, business unit and company objectives; health and welfare benefits; a retirement savings plan with a company match; financially-supported learning programs; and employee recognition programs. We also grant common equity to all new full-time employees and provide our senior management team and high performers with the ability to earn additional grants to align their interests with those of our shareholders and to incent retention.

*Wellbeing and Safety:* We view wellbeing as including five **pillars**; **dimensions**: Physical, Emotional, Career, Financial and Community. We design programs to support each of these **pillars**; **dimensions**. We directly incent wellbeing behaviors through a points-driven program each year. Employees who achieve the points threshold receive reductions in medical premiums or contributions to their health savings accounts. We believe this program enhances employee wellbeing and reduces medical costs.

Safety is a key part of our employee wellbeing, largely weighted in the Physical **pillar**; **dimension**. Recognizing this, we conduct job-tailored safety training on an ongoing basis. We also monitor our workers' compensation claims to measure the effectiveness of our safety program.

*Talent Development:* We aim to attract, retain and develop our top talent throughout the employment cycle in order to enhance our talent pool. During **2022** **2023**, our workforce size did not change significantly, with **64** **72** new hires and **74** **57** departures (an attrition rate of approximately **18.7%** **13.9%**).

We offer robust learning programs to all employees, including educational assistance for college-level and vocational degree programs, and cover all expenses for licenses and certifications, management and leadership courses, key skills training and industry and professional conferences. Further, we offer internship and **mentorship** programs to facilitate teaching and learning from others.

*Community Engagement:* We encourage employee engagement with our communities to facilitate personal growth and connection and to enhance our citizenship within our communities. We provide a platform for employees to engage with

communities by contributing time, effort, money and expertise, which includes providing employees eight hours of paid time per year to engage in volunteer activities to serve our community directly in a company-organized team or individual format. Our employees select community non-profits for Corporate giving grants and for volunteer time contributions. We empower our employees to become involved and fuel our success in community partnerships.

## Competition

The commercial real estate market is highly competitive. Numerous commercial landlords compete with us for tenants. Some of the properties competing with ours may be newer or in more desirable locations, or the competing properties' owners may be willing to accept lower rents. We also compete with our own tenants, many of whom have the right to sublease their space. The competitive environment for leasing is affected considerably by a number of factors including, among other things, changes in economic conditions and supply of and demand for space. These factors may make it difficult for us to lease existing vacant space and space associated with future lease expirations at rental rates that are sufficient to produce acceptable operating cash flows.

We occasionally compete **for the acquisition of land and commercial properties** with **many other** entities, including other publicly-traded commercial **REITs**; **REITs, for acquisitions of land and/or commercial properties**. Competitors for such acquisitions may have substantially greater financial resources than ours. In addition, our competitors may be willing to accept lower returns on their investments or may be willing to incur higher leverage.

We also compete with **many other** entities, including other publicly-traded commercial office REITs, for capital. This competition could adversely affect our ability to raise capital that we may need to fulfill our capital strategy.



In addition, we compete with many other entities for talent. If there is an increase in the costs for us to retain employees, or if we otherwise fail to attract and retain such employees, our business and operating results could be adversely affected.

#### Item 1A. Risk Factors

Set forth below are risks and uncertainties relating to our business and the ownership of our securities. These risks and uncertainties may lead to outcomes that could adversely affect our financial position, results of operations, cash flows or ability to make expected distributions to our shareholders. You should carefully consider each of these risks and uncertainties, along with all of the information in this Annual Report on Form 10-K and its Exhibits, including our consolidated financial statements and notes thereto for the year ended December 31, 2022 December 31, 2023 included in a separate section at the end of this report beginning on page F-1.

#### Risks Associated with the Real Estate Industry and Our Properties

Our performance and asset value are subject to risks associated with our properties and with the real estate industry. Real estate investments are subject to various risks and fluctuations in value and demand, many of which are beyond our control. Our performance and the value of our real estate assets may decline due to conditions in the general economy and the real estate industry, which could adversely affect our financial position, results of operations, cash flows or ability to make expected distributions to our shareholders. These conditions include, but are not limited to:

- downturns in national, regional and local economic environments, including increases in the unemployment rate and inflation or deflation;
- competition from other properties;
- trends in office real estate that may adversely affect future demand, including remote work and flexible work arrangements, open workspaces and coworking spaces;
- deteriorating local real estate market conditions, such as oversupply, reduction in demand and decreasing rental rates;
- declining real estate valuations;
- adverse developments concerning our tenants, which could affect our ability to collect rents and execute lease renewals;
- government actions increasing operating costs, including real estate taxes, utilities, insurance and initiatives, including risks associated with other expenses, some of which we may not be able to pass through to tenants;
- increasing vacancies and the need to periodically repair, renovate and re-lease space;
- increasing interest rates and unavailability of financing on acceptable terms or at all;
- unavailability of financing for potential purchasers of our properties;
- potential impact of prolonged government shutdowns and/or budgetary reductions or impasses, such as a reduction of rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by existing or new strategic customers;
- increasing operating costs, including insurance, utilities, real estate taxes and other expenses, some of which we may not be able to pass through to tenants;
- increasing vacancies potential additional costs, such as capital improvements, fees and the need to periodically repair, renovate penalties, associated with environmental laws and re-lease space; regulations;
- increasing interest rates and unavailability of financing on acceptable terms or at all;
- unavailability of financing for potential purchasers of our properties;
- adverse changes resulting from the COVID-19 pandemic, other government actions and similar pandemics, along with restrictive measures instituted to prevent spread, on our business, the real estate industry and national, regional and local economic conditions;
- adverse initiatives, such as changes in taxation, zoning laws or zoning laws; other regulations;
- potential inability to secure adequate insurance;
- adverse consequences resulting from civil disturbances, natural disasters, terrorist acts or acts of war; and
- adverse consequences resulting from climate-related risks; and
- potential liability under environmental or other laws or regulations. risks.

Our business may be affected by adverse economic conditions. Our business may be affected by adverse economic conditions in the United States, economy, real estate industry as a whole or local markets in which our properties are located, including the impact of high unemployment, inflation or deflation, constrained credit and shortages of goods or services. Such conditions could potentially be triggered by geopolitical or other world events. Adverse economic conditions could increase the likelihood of tenants encountering financial difficulties, including bankruptcy, insolvency or general downturn of business, and as a result could increase the likelihood of tenants defaulting on their lease obligations to us. Such conditions could also decrease our likelihood of successfully renewing tenants at favorable terms or at all or leasing vacant space in existing properties or newly-developed properties. In addition, such conditions could disrupt the operations or profitability of our business or increase the level of risk that we may not be able to obtain new financing for development activities, refinancing of existing debt, acquisitions or other capital requirements at reasonable terms, if at all.

We may suffer adverse consequences as a result of our reliance on rental revenues for our income. We earn revenue from leasing our properties. Certain of our operating costs do not necessarily fluctuate in relation to changes in our occupancy and rental revenue. As a result, these costs will not necessarily decline and may increase even if our revenues decline.

For new tenants or upon expiration of existing leases, we generally must make improvements and pay other leasing costs for which we may not receive increased rents. We also make building-related capital improvements for which tenants may not reimburse us.

If our properties do not generate revenue sufficient to meet our operating expenses and capital costs, we may need to borrow additional amounts to cover these costs. In such circumstances, we would likely have lower profits or possibly incur losses. We may also find in such circumstances that we are unable to borrow to cover fund such costs, in which case our operations could be adversely affected.

In addition, the competitive environment for leasing is affected considerably by a number of factors including, among other things, changes due to economic factors such as supply and demand. These factors may make it difficult for us to lease **existing** vacant space **in existing properties or newly-developed properties** and space associated with future lease expirations at rental rates that are sufficient to meet our short-term capital needs.

**We rely on the ability of our tenants to pay rent and would be harmed by their inability to do so.** Our performance depends on the ability of our tenants to fulfill their lease obligations by paying their rental payments in a timely manner. As a result, we would be harmed if one or more of our major tenants, or a number of our smaller tenants, were to experience financial difficulties, including bankruptcy, insolvency or general downturn of business.

**We may be adversely affected by developments concerning our major tenants, including the USG and its **contractors, contractors, or the defense installations or missions from which demand for our Defense/IT Portfolio's properties is driven.**** As of **December 31, 2022** **December 31, 2023**, our 10 largest tenants accounted for **63.4%** **63.5%** of our total annualized rental revenue, the three largest of these tenants accounted for **48.9%** **49.6%**, and the USG, our largest tenant, accounted for **35.5%** **35.9%**. For additional information regarding our tenant concentrations, refer to the section entitled "Concentration of Operations" within the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." We calculate annualized rental revenue by multiplying by 12 the sum of monthly contractual base rents (ignoring free rent then in effect and rent associated with tenant funded landlord assets) and estimated monthly expense reimbursements under active leases in our portfolio as of **December 31, 2022; the date defined;** with regard to properties owned through unconsolidated real estate joint ventures, we include the portion of annualized rental revenue allocable to our ownership interests. For additional information regarding our tenant concentrations, refer to the section entitled "Concentration of Operations" within the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Most of our leases with the USG provide for **one-year terms, with a series of one-year terms, renewal options.** The USG may terminate its leases if, among other reasons, the United States Congress fails to provide funding. We would be harmed if any of our largest tenants fail to make rental payments to us over an extended period of time, including as a result of a prolonged government shutdown, or if the USG elects to terminate some or all of its leases and the space cannot be re-leased on satisfactory terms.

As of **December 31, 2022** **December 31, 2023**, **89.7%** **89.8%** of our annualized rental revenue was from our Defense/IT **Locations**, and we expect to maintain a similarly high revenue concentration from properties in these locations. **Portfolio.** A reduction in government spending targeting the activities of the **government and USG** or its contractors (such as knowledge- and technology-based defense and security activities) in **these locations this portfolio's demand drivers** could adversely affect our tenants' ability to fulfill lease obligations, renew leases or enter into new leases and limit our future growth from properties **in these locations. Moreover, whose demand rely on such activities.** In addition, uncertainty regarding the potential for future **reduction in government spending targeting for** such activities could also decrease or delay leasing activity from existing or new tenants engaged in these activities. **Moreover, we may face additional economic harm in the event of long-term displacement, or elimination, of government spending for defense installations or missions from which demand for our Defense/IT Portfolio's properties is driven.**

**Our future ability to **fuel growth through develop** data center **shell development may shells will be adversely affected should we suffer a loss of future development opportunities with our data center shell customer, limited without additional land to do so.**** Data center shells have been a growth driver for our Defense/IT Locations strategy. Since 2013, we have **placed into service 28 developed 30** data center shells in Northern Virginia totaling **5.3 million**

**5.7 million square feet for a Fortune 100 Company tenant,** and we had an additional **two three** under development totaling **420,000 643,000** square feet **for that tenant as of December 31, 2022 December 31, 2023.** These properties have **also** garnered the interest of outside investors, enabling us to raise capital by selling ownership interests through joint venture structures **in recent years** at favorable profit margins, and to apply the proceeds towards other development opportunities. **Our As of December 31, 2023, we did not have additional land under control in Northern Virginia for the future development of data center shells. If we are unable to locate additional data center shell activity is concentrated with one customer. If that customer development opportunities, we may no longer chooses to allocate development opportunities to us, we may have limited opportunities to continue be able to develop data center shells to fuel growth and use as a possible source of capital. shells.**

**We may suffer economic harm in the event of a decline in the real estate market or general economic conditions in the Mid-Atlantic region, particularly in the Greater Washington, DC/Baltimore region, or in particular business parks.** Most of our properties are located in the Mid-Atlantic region of the United States, particularly in the Greater Washington, DC/Baltimore region. Many of our properties are also concentrated in business parks in which we own most of the properties. Consequently, our portfolio of properties is not broadly distributed geographically. As a result, we **would could** be harmed by a decline in the real estate market or general economic conditions in the Mid-Atlantic region, the Greater Washington, DC/Baltimore region or **the markets, submarkets or** business parks in which our properties are located.

**We would suffer economic harm if we were unable to renew our leases on favorable terms.** When leases expire, our tenants may not renew or may renew on terms less favorable to us than the terms of their original leases. If a tenant vacates a property, we can expect to experience a vacancy for some period of time, as well as incur higher leasing costs than we would likely incur if a tenant renews. As a result, we may be harmed if we experience a high volume of tenant departures at the end of their lease terms.

**We may be adversely affected by trends in the office real estate industry.** Certain businesses have implemented remote work and flexible work arrangements and/or utilized open workspaces and coworking spaces. These practices could enable businesses to reduce their office space requirements. A continuation or acceleration of these trends could erode demand for commercial office space and, in turn, place downward pressure on occupancy, rental rates and property valuations.

**We may encounter a significant decline in the value of our real estate.** The value of our real estate could be adversely affected by general economic and market conditions connected to a specific property or property type, a market or submarket, a broader economic region or the office real estate industry. Examples of such conditions include a broader economic recession, declining demand for space and decreases in market rental rates and/or market values of real estate assets. If our real estate assets significantly decline in value, it could result in our recognition of impairment losses. Moreover, a decline in the value of our real estate could adversely affect the amount of borrowings available to us and our ability, or willingness, to execute plans to sell properties.

**We may not be able to compete successfully with other entities that operate in our industry.** The commercial real estate market is highly competitive. Numerous commercial properties compete with our properties for tenants; some of the properties competing with ours may be newer or in more desirable locations, or the competing properties' owners may be willing to accept lower rates than are acceptable to us. In addition, we compete for the acquisition of land and commercial properties with many entities, including other publicly-traded REITs and large private equity backed entities and funds; competitors for such acquisitions may have substantially greater financial resources than ours, or may be willing to accept lower returns on their investments or incur higher leverage.

**Real estate investments are illiquid, and we may not be able to dispose of properties on a timely basis when we determine it is appropriate to do so.** Real estate investments can be difficult to sell and convert to cash quickly, especially if market conditions, including real estate lending conditions, are not favorable. Such illiquidity could limit our ability to fund capital needs or quickly

change our portfolio of properties in response to changes in economic or other conditions. Moreover, under certain circumstances, the Internal Revenue Code imposes penalties on a REIT that sells property held for less than two years and limits the number of properties it can sell in a given year.

**We may be unable to successfully execute our plans to develop additional properties.** Although the majority of our investments are in operating properties, we also develop and redevelop properties, including some that are not fully pre-leased. When we develop or redevelop properties, we assume a number of risks, including, but not limited to, the risk of: actual costs

exceeding our budgets; conditions or events occurring that delay or preclude our ability to complete the project as originally planned or at all; projected leasing not occurring as expected or at all, or occurring at lower than expected rental rates; and not being able to obtain financing to fund property development activities.

**We may suffer adverse effects from acquisitions of commercial real estate properties.** We may pursue acquisitions of existing commercial real estate properties as part of our property development and acquisition strategy. Acquisitions of commercial properties entail risks, such as the risk that we may not be in a position, or have the opportunity in the future, to make suitable property acquisitions on advantageous terms and/or that such acquisitions fail to perform as expected.

We may pursue selective acquisitions of properties in regions where we have not previously owned properties. These acquisitions may entail risks in addition to those we face with acquisitions in more familiar regions, such as our not sufficiently anticipating conditions or trends in such regions and therefore not being able to operate the acquired properties profitably.

In addition, we may acquire properties that are subject to liabilities in situations where we have no recourse, or only limited recourse, against the prior owners or other third parties with respect to unknown liabilities. As a result, if a liability were asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle or contest it. **Examples of unknown liabilities with respect to acquired properties include, but are not limited to:**

- **liabilities for remediation of disclosed or undisclosed environmental contamination;**
- **claims by tenants, vendors or other persons dealing with the former owners of the properties;**
- **liabilities incurred in the ordinary course of business; and**
- **claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.**

**We may be subject to possible environmental liabilities.** We are subject to various federal, state and local environmental laws, including air and water quality, hazardous or toxic substances and health and safety. These laws can impose liability on current and prior property owners or operators for the costs of removal or remediation of hazardous substances released on a property, even if the property owner was not responsible for, or even aware of, the release of the hazardous substances. Costs resulting from environmental liability could be substantial. The presence of hazardous substances on our properties may also adversely affect occupancy and our ability to sell or borrow against those properties. In addition to the costs of government claims under environmental laws, private plaintiffs may bring claims for personal injury or other reasons. Additionally, various laws impose liability for the costs of removal or remediation of hazardous substances at the disposal or treatment facility; anyone who arranges for the disposal or treatment of hazardous substances at such a facility is potentially liable under such laws.

Although most of our properties have been subject to varying degrees of environmental assessment, many of these assessments are limited in scope and may not include or identify all potential environmental liabilities or risks associated with the property. Identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, discovery of additional sites, human exposure to the contamination or changes in cleanup or compliance requirements could result in significant costs to us.

**We would incur losses if third parties to whom we make loans fail to service or repay such loans.** We enter into loan arrangements with tenants of our properties and other third parties. We would incur losses if these parties failed to fulfill their obligations to service and repay such loans.

**We may be adversely affected by the impact of climate-related risks.** We may be adversely affected by extreme weather events, such as hurricanes, floods and tornadoes, which could result in significant property damage and make it more difficult for us to obtain affordable insurance coverage in the future. Longer term, we could also face the potential for more frequent or destructive severe weather events and shifts in temperature and precipitation amounts. Such events could adversely affect our properties in a number of ways, including, but not limited to: declining demand for space; our ability to operate them effectively and profitably; their valuations; and our ability to sell them or use them as collateral for future debt. **In addition to the potential for climate-related physical risks, we expect that we could**

**We may be adversely affected by legislation and regulatory changes made in response relating to combating climate change.** We may be adversely affected by legislation and regulatory changes aimed at combating climate change. For example, the **Climate Solutions Now Act of 2022, which was passed by the State of Maryland enacted legislation that will subject our properties in the state (approximately half of our portfolio at year end) to future energy performance standards, with the goal of achieving targeted reductions in greenhouse gas emissions, is expected potential monetary penalties for failing to result in meet such standards, building code changes and new energy other requirements. In order to meet these performance standards in the State and other requirements, we expect that may require us we will need to make additional investments in building systems for new and existing properties. Other jurisdictions in which our properties are located have also either enacted similar legislation or are considering doing so in order to comply, the future. We believe that our future additional capital investments and may also subject us to additional fees. While the details of implementing this law are still being finalized by potential fees and penalties resulting from the State the additional costs that may result from this law of Maryland legislation, and any other similar federal, state or local laws or regulations in the future, could potentially be substantial.**

**We may be subject to other possible liabilities that would adversely affect our financial position and cash flows.** Our properties may be subject to other risks related to current or future laws, including laws relating to zoning, development, fire and life safety requirements and other matters. These laws may require significant property modifications in the future and could result in the levy of fines against us.

**Attacks by terrorists or foreign nations or incidents related to social unrest may adversely affect the value of our properties, our financial position and cash flows.** We have significant investments in properties located in large metropolitan areas or near military installations. Attacks by terrorists or foreign nations, or incidents related to social unrest, could directly or

indirectly damage our properties or cause losses that materially exceed our insurance coverage. After such an attack or incident, tenants in these areas may choose to relocate their businesses to areas of the United States that may be perceived to be less likely targets of future attacks or unrest, and fewer customers may choose to patronize businesses in these areas. This in turn would trigger a decrease in demand for space in these areas that could increase vacancies in our properties and adversely affect property rental rates and valuations.

**We may be subject to other possible liabilities that would adversely affect our financial position and cash flows.** Our properties may be subject to other risks related to current or future laws, including laws relating to zoning, development, fire and life safety requirements and other matters. These laws may require significant property modifications in the future and could result in the levy of fines against us.

**We may be subject to increased costs of insurance and limitations on coverage.** Our portfolio of properties is insured for losses under our property, casualty and umbrella insurance policies. These policies include coverage for acts of terrorism. Future changes in the insurance industry's risk assessment approach and pricing structure may increase the cost of insuring our properties and decrease the scope of insurance coverage. Most of our loan agreements contain customary covenants requiring us to maintain insurance. Although we believe that we have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs, or at all, in the future. In addition, if lenders insist on greater coverage than we are able to obtain, it could adversely affect our ability to finance and/or refinance our properties and execute our growth strategies. Moreover, there are some loss events for which we cannot obtain insurance at reasonable costs, or at all, such as acts of war. With respect to such losses and losses from acts of terrorism, earthquakes, fires, pandemics or other catastrophic events, if we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties, as well as the anticipated future revenue from those properties. Depending on the specific circumstances of each affected property, it is also possible that we could be liable for mortgage indebtedness or other obligations related to the property.

**We may suffer economic harm as a result of the actions of our partners in real estate joint ventures and other investments.** We may invest in certain entities in which we are not the exclusive investor or principal decision maker. Investments in such entities may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that the other parties to these investments might become bankrupt or fail to fund their share of required capital contributions. Our partners in these entities may have economic, tax or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. These investments may also lead to impasses on major decisions, such as whether or not to sell a property, because neither we nor the other parties to these investments may have full control over the entity; such a dispute could also result in a sale of either our ownership interest in a joint venture or the joint venture's underlying properties at a suboptimal price or time. In addition, we may in certain circumstances be liable for the actions of the other parties to these investments.

**Our business could be adversely affected by a negative audit by the USG.** Agencies of the USG, including the Defense Contract Audit Agency and various agency Inspectors General, routinely audit and investigate parties that provide goods and services to the USG. These agencies review such parties' performance under contracts, cost structure, internal controls systems and policies and compliance with applicable laws, regulations and standards. Any costs found to be misclassified may be subject to repayment. If an audit or investigation of us were to uncover improper or illegal activities associated with our activities for the USG, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the USG. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

#### Risks Associated with Financing and Other Capital-Related Matters

**We are dependent on external sources of capital for growth.** Because COPT Defense is a REIT, it must distribute at least 90% of its annual taxable income to its shareholders. This requirement limits may limit the extent to which we are able to fund our investment activities using retained cash flow from operations. Therefore, our ability to fund much of these activities is dependent on our ability to externally generate capital through issuances of new debt, common shares, preferred shares, common or preferred units in COPLP CDPLP or sales of interests in properties. These capital sources may not be available on favorable terms or at all. Moreover, additional debt financing may substantially increase our leverage and subject us to covenants that restrict management's flexibility in directing our operations. Our inability to obtain capital when needed could have a material adverse effect on our ability to expand our business and fund other cash requirements.

We often use our Revolving Credit Facility to initially finance much of our investing activities and certain financing activities. Our lenders under this and other facilities could, for financial hardship or other reasons, fail to honor their commitments to fund our requests for borrowings under these facilities. If lenders default under these facilities by not being able or willing to fund a borrowing request, it would adversely affect our ability to access borrowing capacity under these facilities.

**We may suffer adverse effects as a result of the indebtedness that we carry and the terms and covenants that relate to this debt.** As of December 31, 2022 December 31, 2023, we had \$2.3 billion \$2.4 billion in debt, the future maturities of which are set forth in Note 10 8 to our consolidated financial statements. Payments of principal and interest on our debt may leave us with insufficient cash to operate

our properties or pay distributions to COPT's COPT Defense's shareholders required to maintain COPT's COPT Defense's qualification as a REIT. We are also subject to the risks that:

- we may not be able to refinance our existing indebtedness, or may only be able to do so on terms that are less favorable to us than the terms of our existing indebtedness;
- in the event of our default under the terms of our Revolving Credit Facility, COPLP CDPLP could be restricted from making cash distributions to COPT Defense unless such distributions are required to maintain COPT's COPT Defense's qualification as a REIT, which could result in reduced distributions to our equityholders or the need for us to incur additional debt to fund such distributions; and
- if we are unable to pay our debt service on time or are unable to comply with restrictive financial covenants for certain of our debt, our lenders could foreclose on our properties securing such debt.

Virtually all of our unsecured debt is cross-defaulted, which means that failure to pay interest or principal on the debt above a threshold value will create a default on certain of our other debt.

If interest rates were to rise, our debt service payments on debt with variable interest rates would increase.

Our operations likely will not generate enough cash flow to repay all of our debt without additional borrowings, equity issuances and/or sales of interests in properties. If we cannot refinance, extend the repayment date of, or otherwise raise funds required to repay, debt by its maturity date, we would default on such debt.

Our organizational documents do not limit the amount of indebtedness that we may incur. Therefore, we may incur additional indebtedness and become more highly leveraged, which could harm our financial position.

**A downgrade in our credit ratings would materially adversely affect our business and financial condition.** Our Senior Notes are currently rated investment grade, **with stable outlooks**, by the three major rating agencies. These credit ratings are subject to ongoing evaluation by the credit rating agencies and can change. Any downgrades of our ratings or a negative outlook by the credit rating agencies would have a materially adverse impact on our cost and availability of capital and also could have a materially adverse effect on the market price of our common shares. In addition, since the variable interest rate spread and facility fees on certain of our debt, including our Revolving Credit Facility and a term loan facility, is determined based on our credit ratings, a downgrade in our credit ratings would increase the payments required on such debt.

**We have certain distribution requirements that reduce cash available for other business purposes.** Since COPT **Defense** is a REIT, it must distribute to its shareholders at least 90% of its annual taxable income, which limits the amount of cash that can be retained for other business purposes, including amounts to fund development activities and acquisitions. Also, due to the difference in time between when we receive revenue and pay expenses and when we report such items for distribution purposes, it is possible that we may need to borrow funds for COPT **Defense** to meet the 90% distribution requirement.

**We may issue additional common or preferred equity that dilutes our shareholders' interests.** We may issue additional common shares or new issuances of preferred shares without shareholder approval. Similarly, we may issue additional common or preferred units in **COPLP CDPLP** for contributions of cash or property without approval by our shareholders. Our existing shareholders' interests could be diluted if such additional issuances were to occur.

**A number of factors could cause our security prices to decline.** As is the case with any publicly-traded securities, certain factors outside of our control could influence the value of our equity security issuances. These conditions include, but are not limited to:

- > market perception of REITs in general and office REITs in particular;
- > market perception regarding our major tenants and property concentrations;
- > the level of institutional investor interest in us;
- > general economic and business conditions;
- > prevailing interest rates;
- > our financial performance;
- > our underlying asset value;
- > our actual, or market perception of our, financial condition, performance, dividends and growth potential; **and**
- > adverse changes in tax **laws, laws; and**
- > **market perception regarding our commitment to environmental, social and governance matters.**

**We may be unable to continue to make distributions to our shareholders at expected levels.** We expect to make regular quarterly cash distributions to our shareholders. However, our ability to make such distributions depends on a number of factors, some of which are beyond our control. Some of our loan agreements contain provisions that could, in the event of default, restrict future distributions unless we meet certain financial tests or such payments or distributions are required to

maintain **COPT's COPT Defense's** qualification as a REIT. Our ability to make distributions at expected levels is also dependent, in part, on other matters, including, but not limited to:

- > continued property occupancy and timely receipt of rent from our tenants;
- > the amount of future capital expenditures and expenses for our properties;
- > our leasing activity and future rental rates;
- > the strength of the commercial real estate market;
- > our ability to compete;
- > governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses;
- > our costs of compliance with environmental and other laws;
- > our corporate overhead levels; **and**
- > our amount of uninsured **losses; and**
- **our decision to reinvest available cash into operations rather than distribute it, losses.**

In addition, we can make distributions to holders of our common shares only after we make preferential distributions to holders of any outstanding preferred equity.

**Our ability to pay distributions may be limited, and we cannot provide assurance that we will be able to pay distributions regularly.** Our ability to pay distributions will depend on a number of things discussed elsewhere herein, including our ability to operate profitably and generate cash flow from our operations. We cannot guarantee that we will be able to pay distributions on a regular quarterly basis in the future. Additionally, the terms of some of our debt may limit our ability to make some types of payments and distributions in the event of certain default situations. This may limit our ability to make some types of payments, including payment of distributions on common or preferred shares, unless we meet certain financial tests or such payments or distributions are required to maintain **COPT's COPT Defense's** qualification as a REIT. As a result, if we are unable to meet the applicable financial tests, we may not be able to pay distributions in one or more periods. Furthermore, any new common or preferred equity that we may issue in the future for raising capital, financing acquisitions, share-based compensation arrangements or otherwise will increase the cash required to continue to pay cash distributions at current levels.

**We may experience significant losses and harm to our financial condition if financial institutions holding our cash and cash equivalents file for bankruptcy protection.** We believe that we maintain our cash and cash equivalents with high quality financial institutions. However, we may incur significant losses and harm to our financial condition in the future if we were holding large sums of cash in any of these financial institutions at a time when they filed for bankruptcy protection.

#### Other Risks

**We may suffer adverse effects from the COVID-19 pandemic and similar pandemics.** COVID-19 and its variants, and any similar pandemics should they occur, along with measures instituted to prevent spread, may adversely affect us in many ways, including, but not limited to:

- disruption of our tenants' operations, which could adversely affect their ability, or willingness, to sustain their businesses and/or fulfill their lease obligations;
- our ability to maintain occupancy in our properties and obtain new leases for unoccupied and new development space at favorable terms or at all;
- shortages in supply of products or services from our and our tenants' vendors that are needed for us and our tenants to operate effectively, and which could lead to increased costs for such products and services;
- access to debt and equity capital on attractive terms or at all. Severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our or our tenants' ability to access capital necessary to fund operations, refinance debt or fund planned investments on a timely basis, and may adversely affect the valuation of financial assets and liabilities;
- our and our tenants' ability to continue or complete planned development, including the potential for delays in the supply of materials or labor necessary for development; and
- an increase in the pace of businesses implementing remote work arrangements over the long-term, which would adversely affect demand for office space.

The extent of the effect on our operations, financial condition and cash flows will be dependent on future developments, including the duration and extent of the pandemic, the prevalence, strength and duration of restrictive measures and the resulting effects on our tenants, potential future tenants, the commercial real estate industry and the broader economy, all of which are uncertain and difficult to predict. Moreover, some of the risks described in other risk factors set forth in this Annual Report on Form 10-K may be more likely to impact us as a result of COVID-19 and its variants, and any similar pandemics should they occur, and the responses to curb spread, including, but not limited to: downturns in national, regional and local economic environments; deteriorating local real estate market conditions; and declining real estate valuations.

**Our business could be adversely affected by security breaches through cyber attacks, cyber intrusions or other factors, and other significant disruptions of our IT networks and related systems.** We face risks associated with security breaches and other significant disruptions of our IT networks and related systems, which are essential to our business operations. Such breaches and disruptions may occur through cyber-attacks or -intrusions over the Internet, malware, computer viruses, attachments to e-mails or by actions of persons inside our organization, including those with access to our systems. Because of our concentration on serving the USG and its contractors with a general focus on national security and information technology, we may be more likely to be have a heightened likelihood of being targeted by for cyber-attacks or -intrusions, including by governments, organizations or persons hostile to the USG. Additionally, a successful attack on our vendors or service providers could result in a compromise of our own network or a disruption in our supply chain or services upon which we rely.

We have preventative, detective, and responsive measures in place to maintain the security and integrity of our networks and related systems that have to date enabled us to avoid breaches and disruptions that were individually, or in the aggregate,

material. The Audit Committee of our Board of Trustees oversees our risk management processes related to cybersecurity and meets with management to discuss recent trends and our strategy to defend our infrastructure against cyber-attacks and intrusions on a quarterly basis. However, despite our activities to maintain the security and integrity of our networks and related systems, there can be no absolute assurance that these activities will be effective in mitigating these risks. We also have insurance coverage in place in the event of significant future losses from breaches and disruptions; however, continuing changes in the insurance industry's risk assessment approach and pricing structure could in the future increase the cost for us to obtain insurance coverage or decrease the scope of such coverage available to us.

Like other businesses, we and our vendors and service providers have been, and expect to continue to be, subject to cyber-attacks or -intrusions, computer viruses or malware, attempts at unauthorized access and other events of varying degrees. A security breach or other significant disruption involving our IT networks and related systems, or those of certain of our vendors or service providers, could:

- disrupt the proper functioning of our networks and systems and therefore our operations and/or those of certain of our tenants;
- increase the likelihood of missed reporting or permitting deadlines;
- affect our ability to properly monitor our compliance with rules and regulations regarding our qualification as a REIT;
- result in unauthorized access to, and/or destruction, loss, theft, misappropriation or release of, proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or which could expose us to damage claims by third-parties;
- disrupt or disable the building systems relied upon by us and our tenants for the effective and efficient use of our properties;
- require significant management attention and resources to remedy any resulting damages;
- subject us to termination of leases or other agreements or claims for breach of contract, damages or other penalties; and
- damage our reputation among our tenants and investors generally.

Additionally, Please refer to Item 1C for disclosure regarding our cybersecurity risk management, strategy and governance.

**We may be adversely affected by environmental, social and governance matters.** Certain investors and other stakeholders are increasingly focused on environmental, social and governance matters. If our perceived commitment to environmental, social and governance matters fails to meet the expectations of investors and other stakeholders, it could adversely affect their willingness to invest in, or otherwise do business with, us.

**We may suffer adverse effects from epidemics or pandemics.** The occurrence of epidemics or pandemics may adversely affect us in many ways, including, but not limited to:

- > disruption of our tenants' operations, which could adversely affect their ability, or willingness, to sustain their businesses and/or fulfill their lease obligations;
- > our ability to maintain occupancy in our properties and obtain new leases for unoccupied and new development space at favorable terms or at all;
- > shortages in supply of products or services from vendors that are needed for us and our tenants to operate effectively, and which could lead to increased costs for such products and services;
- > access to debt and equity capital on attractive terms or at all. Severe disruption and instability in the global financial markets or deteriorations in credit and financing conditions may affect our or our tenants' ability to access capital necessary to fund operations, refinance debt or fund planned investments on a successful attack timely basis, and may adversely affect the valuation of financial



assets and liabilities; and

> our and our tenants' ability to continue or complete planned development, including the potential for delays in the supply of materials or labor necessary for development.

The extent of any effect on our vendors operations, financial condition and cash flows will be dependent on various factors, such as the duration and extent of the epidemic or service providers could pandemic, the prevalence, strength and duration of restrictive measures implemented in response and the resulting effects on our tenants, potential future tenants, the commercial real estate industry and the broader economy. Moreover, some of the risks described in other risk factors set forth in this Annual Report on Form 10-K may be more likely to impact us as a result of epidemics or pandemics, including, but not limited to: downturns in a compromise of our own network or a disruption in our supply chain or services upon which we rely, national, regional and local economic environments; deteriorating local real estate market conditions; and declining real estate valuations.

Our business could be adversely impacted if we are unable to attract and retain highly-qualified personnel. Our ability to operate effectively and succeed in the future is dependent in large part on our employees. Our Defense/IT Locations strategy in particular relies on the knowledge, specialized skills and credentialed personnel on our teams that serve those properties' unique needs. We face very intense competition for highly-qualified personnel in the labor market. We also occasionally face even greater competition for personnel with certain skill sets or qualifications. As a result, we may not be successful in retaining our existing talent or attracting, training and retaining new personnel with the requisite skills. We may also find that we need to further increase compensation costs in response to this competition. Our business could be harmed by the loss of key employees, a significant number of employees or a significant number of employees in a specialized area of the Company.

We have certain provisions or statutes that may serve to delay or prevent a transaction or a change in control that would be advantageous to our shareholders from occurring.

COPT's COPT Defense's Declaration of Trust limits ownership of its common shares by any single shareholder to 9.8% of the number of the outstanding common shares or 9.8% of the value of the outstanding common shares, whichever is more restrictive. COPT's COPT Defense's Declaration of Trust also limits ownership by any single shareholder of our common and preferred shares in the aggregate to 9.8% of the aggregate value of our outstanding common and preferred shares. We call refer to these restrictions as the "Ownership Limit." COPT's COPT Defense's Declaration of Trust allows our Board of Trustees to exempt shareholders from the Ownership Limit. The Ownership Limit and the restrictions on ownership of our common shares may delay or prevent a transaction or a change of control that might involve a premium price for our common shares or otherwise be in the best interest of our shareholders.

Subject to the requirements of the New York Stock Exchange, our Board of Trustees has the authority, without shareholder approval, to issue additional securities on terms that could delay or prevent a change in control. In addition, our Board of Trustees has the authority to reclassify any of our unissued common shares into preferred shares. Our Board of Trustees may issue preferred shares with such preferences, rights, powers and restrictions as our Board of Trustees may determine, if it chooses to do so, which could also delay or prevent a change in control.

In addition, various Maryland laws may have the effect of discouraging offers to acquire us, even if the acquisition would be advantageous to shareholders. Resolutions adopted by our Board of Trustees and/or provisions of our bylaws exempt us from such laws, but our Board of Trustees can alter its resolutions or change our bylaws at any time to make these laws applicable to us.

COPT's COPT Defense's failure to qualify as a REIT would have adverse tax consequences, which would substantially reduce funds available to make distributions to our shareholders. We believe that COPT Defense has qualified for taxation as a REIT for federal income tax purposes since 1992. We plan for COPT Defense to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. The determination that COPT Defense is a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least

95% of COPT's COPT Defense's gross income must come from certain sources that are specified in the REIT tax laws. COPT Defense is also required to distribute to shareholders at least 90% of its annual taxable income. The fact that COPT Defense holds most of its assets through COPLP CDPLP and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize COPT's COPT Defense's REIT status. Furthermore, Congress and the Internal Revenue Service might make changes to the tax laws and regulations and the courts might issue new rulings that make it more difficult or impossible for COPT Defense to remain qualified as a REIT.

If COPT Defense fails to qualify as a REIT, it would be subject to federal income tax at regular corporate rates. Also, unless the Internal Revenue Service granted us relief under certain statutory provisions, COPT Defense would remain disqualified from being a REIT for four years following the year it first fails to qualify. If COPT Defense fails to qualify as a REIT, it would have to pay significant income taxes and would therefore have less money available for investments or for distributions to our shareholders. In addition, if COPT Defense fails to qualify as a REIT, it would no longer be required to pay distributions to shareholders. As a result of all these factors, COPT's COPT Defense's failure to qualify as a REIT could impair our ability to expand our business and raise capital and would likely have a significant adverse effect on the value of our shares.

We may be adversely impacted by changes in tax laws. At any time, U.S. federal tax laws or the administrative interpretations of those laws may be changed. We cannot predict whether, when or to what extent new U.S. federal tax laws, regulations, interpretations or rulings will be issued. In addition, while REITs generally receive certain tax advantages compared to entities taxed as C corporations, it is possible that future legislation could result in REITs having fewer tax advantages, and therefore becoming a less attractive investment alternative. As a result, changes in U.S. federal tax laws could negatively impact our operating results, financial condition and business operations, and adversely impact our shareholders.

Occasionally, changes in state and local tax laws or regulations are enacted that may result in an increase in our tax liability. Shortfalls in tax revenues for states and municipalities may lead to an increase in the frequency and size of such changes. If such changes occur, we may be required to pay additional taxes on our assets, revenue or income.

Our tenants and contractual counterparties could be designated "Prohibited Persons" by the Office of Foreign Assets Control. The Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") maintains a list of persons designated as terrorists or who are otherwise blocked or banned ("Prohibited Persons"). OFAC regulations and other laws prohibit us from conducting business or engaging in transactions with Prohibited Persons. If a tenant or other party with whom we conduct business is placed on the OFAC list or is otherwise a party with whom we are prohibited from doing business, we would be required to terminate our lease or other agreement with them.

#### Item 1B. Unresolved Staff Comments

None.

#### Item 1C. Cybersecurity

(a) As discussed in Item 1A, Risk Factors, we face risks associated with security breaches and other significant disruptions of our IT networks and related information systems, which are essential to our business operations. Due to our Defense/IT strategy and the nature of the customers and activities it serves, we may have a heightened likelihood of being targeted for cyber-attacks or -intrusions.

including by governments, organizations or persons hostile to the USG.

Our cybersecurity risk management efforts are informed by a cyber risk assessment, a continuous evaluation of our risks and vulnerabilities and risk tolerances. Our processes for assessing, identifying and managing cybersecurity risks are led by our Vice President – Information Technology and Chief Information Officer (our “CIO”), a management-level position reporting directly to our Executive Vice President and Chief Financial Officer (our “CFO”). Our CIO, a Certified Information Systems Security Professional (“CISSP”) with over 20 years of information systems and information security leadership experience, leads our information technology team members, many of whom have USG security clearances and include one additional CISSP certified team member, in supporting our cybersecurity risk management efforts. This team’s efforts are further informed through their participation in external cybersecurity-related panels, industry presentations and advisory boards, tabletop exercises and information-sharing collaborations and partnerships.

Our information technology team executes a series of preventive, detective and responsive measures aimed towards managing our cybersecurity risks, including the following:

- > administering a series of processes and automated tools to monitor and alert for potentially malicious activities and vulnerabilities on our network, systems, applications and devices, with the ability to terminate processes and isolate potential vulnerabilities;
- > employing tools and controls to support our efforts in identity and access management and device and user management and authentication;
- > ongoing cybersecurity maintenance activities, including scheduled maintenance time windows for comprehensive system updates to occur, with additional ad hoc updates occurring as needed, monitoring of all Company devices for timeliness of security updates and pushing time-sensitive updates to our system infrastructure and devices, as appropriate;
- > recurring, redundant backups of our applications, servers and data, with replication to remote storage locations;
- > assessing audit reports issued on controls of certain outsourced, or externally-hosted, systems or applications; and
- > periodically evaluating our readiness by performing testing of our process and system for responding to cyber events, including our ability to recover following such events.

We engage consultants:

- > on an ongoing basis for certain aspects of our information technology team’s recurring monitoring and alert processes and round-the-clock support, as needed; and
- > periodically to perform penetration testing and vulnerability scanning of our systems, websites and properties, run or support tabletop exercises and complete cyber risk-based assessments of us.

Organizationally, we aim to further support the forementioned measures through:

- > purchase and contracting controls aimed at preventing our entry into purchases or service arrangements: with entities blocked or banned by OFAC or the Federal Trade Commission; or outside of manufacturer authorized distribution channels; and
- > education of our employees, including cybersecurity-related training and periodic reminders and promotions regarding potential risks.

Our CIO routinely apprises our CFO regarding cyber risk management activities and provides updates and data, as needed, to our executive team to facilitate decisions regarding our cyber risk posture and related considerations regarding our enterprise risk management assessment. Our CIO and CFO provide to the Audit Committee of our Board of Trustees: quarterly updates on our cybersecurity risk management strategy and related activities; annual reviews of our cyber risk assessment; and other information as needed to facilitate the committee’s oversight of our cybersecurity risk. Two members of this committee possess cybersecurity and information systems experience, which we believe brings valuable insight and perspective to our risk management strategy. Our CIO and CFO also provide an annual review of our cyber risk assessment to our full Board of Trustees.

While to date, we have not experienced cybersecurity events that were individually, or in the aggregate, material, we have developed a cyber-incident response playbook that sets forth our process for responding in the event of certain defined cyber incidents. Under our response protocols, following identification of such an incident, our CIO or other members of the information technology team would notify our executive team, which then would notify the Chairman of our Board of Trustees and assemble an Incident Management Team, comprised of certain defined management team members and external consultants, who collectively would assess and monitor the situation and manage internal and external communications.

We also are subject to legal and regulatory requirements that affect our response to cybersecurity-risk management, including the Sarbanes-Oxley Act, state data breach notification requirements and certain requirements under our leases with tenants.

Item 2. Properties

The following table provides certain information about our operating property segments as of December 31, 2022 December 31, 2023 (dollars and square feet in thousands, except per square foot amounts):

	Annualized Rental Revenue per Occupied Square Foot (2)											Annualized Rental Revenue per Occupied Square Foot (2)
Segment	Segment	Number of Properties	Rentable Square Feet	Occupancy (1)	Revenue (2)	Foot (2)	Segment	Number of Properties	Operational Square Feet	Occupancy (1)	Annualized Rental Revenue (2)	Annualized Rental Revenue per Occupied Square Foot (2)
Defense/IT Locations:												
Defense/IT Portfolio:												
Fort Meade/BW Corridor:	Fort Meade/BW Corridor:											
Fort Meade/BW Corridor:												
Fort Meade/BW Corridor:												



National Business Park (Annapolis Junction, MD)						
National Business Park (Annapolis Junction, MD)						
National Business Park (Annapolis Junction, MD)	National Business Park (Annapolis Junction, MD)	33	4,108	93.9 %	\$ 160,030	\$ 41.49
Howard County, MD	Howard County, MD	35	2,862	92.1 %	75,549	\$ 28.64
Other	Other	23	1,725	90.7 %	49,797	\$ 31.68
Fort Meade/BW Corridor Subtotal / Average	Fort Meade/BW Corridor Subtotal / Average	91	8,695	92.7 %	285,376	\$ 35.38
NoVA Defense/IT	NoVA Defense/IT	16	2,499	90.0 %	81,238	\$ 36.11
Lackland Air Force Base	Lackland Air Force Base	8	1,060	100.0 %	60,471	\$ 52.62
Navy Support	Navy Support	22	1,262	89.8 %	33,101	\$ 29.21
Redstone Arsenal	Redstone Arsenal	21	2,070	89.9 %	46,234	\$ 24.68
Data Center Shells:	Data Center Shells:					
Consolidated Properties	Consolidated Properties	7	1,736	100.0 %	35,388	\$ 20.39
Unconsolidated Joint Venture Properties (3)		21	3,547	100.0 %	5,167	\$ 14.57
Defense/IT Locations Subtotal / Average		186	20,869	94.1 %	546,975	\$ 32.92
Regional Office		6	1,980	79.0 %	57,273	\$ 36.44
Consolidated Properties						
Consolidated Properties						
Unconsolidated Joint Venture Properties						
Defense/IT Portfolio Subtotal / Average						
Other	Other	2	157	75.5 %	5,452	\$ 23.08
<b>Total Operating Properties/Average</b>		<b>194</b>	<b>23,006</b>	<b>92.7 %</b>	<b>\$ 609,700</b>	<b>\$ 33.16</b>
<b>Total Operating Properties / Average</b>						
<b>Total Consolidated Operating Properties</b>	<b>Total Consolidated Operating Properties</b>				<b>\$ 604,533</b>	

(1) This percentage is based upon all rentable square feet under lease terms that were in effect as of **December 31, 2022** **December 31, 2023**.

(2) Annualized rental revenue is the monthly contractual base rent as of **December 31, 2022** **December 31, 2023** (ignoring free rent then in effect and rent associated with tenant funded landlord assets) multiplied by 12, plus the estimated annualized expense reimbursements under existing **leases**. **leases for occupied space**. With regard to properties owned through unconsolidated real estate joint ventures, we include the portion of annualized rental revenue allocable to our ownership interest. We consider annualized rental revenue to be a useful measure for analyzing revenue sources because, since it is point-in-time based, it does not contain increases and decreases in revenue associated with periods in which lease terms were not in effect; historical revenue under generally accepted accounting principles does contain such fluctuations. We find the measure particularly

useful for leasing, tenant, **segment** and **segment industry** analysis. Our calculation of annualized rental revenue per occupied square foot excludes revenue of our reportable segments from leases not associated with our buildings.

(3) Represents properties owned through unconsolidated real estate joint ventures.

The following table provides certain information about properties that were under, or **otherwise approved contractually committed** for, development as of **December 31, 2022** **December 31, 2023** (dollars and square feet in thousands):

Property and Location	Estimated Rentable	Percentage Leased	Calendar Quarter	Costs Incurred to Date (1)	Estimated Costs to
	Square Feet Upon		Anticipated to be		Complete (1)
	Completion		Operational		
Fort Meade/BW Corridor:					
550 National Business Parkway Annapolis Junction, Maryland	186	100%	4Q 23	\$ 40,335	\$ 34,500
Navy Support:					
Expedition VII (2) St. Mary's County, Maryland	29	62%	1Q 23	9,037	614
Redstone Arsenal:					
7000 Redstone Gateway (2) Huntsville, Alabama	46	69%	3Q 23	7,890	4,513
300 Secured Gateway Huntsville, Alabama	206	100%	4Q 23	25,384	42,371
8100 Rideout Road Huntsville, Alabama	131	0%	3Q 24	14,605	24,720
Subtotal / Average	383	62%		47,879	71,604
Data Center Shells:					
PS A Northern Virginia	227	100%	3Q 23	12,886	51,114
PS B Northern Virginia	193	100%	4Q 23	7,875	45,125
Subtotal / Average	420	100%		20,761	96,239
Total Under Development	1,018	85%		\$ 118,012	\$ 202,957

Property and Location	Estimated Rentable	Percentage Leased	Calendar Quarter	Costs Incurred to Date (1)	Estimated Costs to
	Square Feet Upon		Anticipated to be		Complete (1)
	Completion		Operational		
Redstone Arsenal:					
5300 Redstone Gateway Huntsville, Alabama	46	100%	1Q 24	\$ 17,973	\$ 2,578
8100 Rideout Road Huntsville, Alabama	128	42%	3Q 24	30,485	13,478
Subtotal / Average	174	57%		48,458	16,056
Data Center Shells:					
Southpoint Phase 2 Bldg A Northern Virginia	225	100%	3Q 24	20,760	61,740
Southpoint Phase 2 Bldg B Northern Virginia	193	100%	3Q 25	5,150	59,850
MP 3 Northern Virginia	225	100%	4Q 25	10,031	101,769
Subtotal / Average	643	100%		35,941	223,359
Total Under Development	817	91%		\$ 84,399	\$ 239,415

(1) Includes land, development, leasing costs and allocated portion of structured parking and other shared infrastructure, if applicable.

(2) This property had occupied square feet in service as of December 31, 2022. Therefore, the property and its occupied square feet are included in our operating property statistics, including the information set forth on the previous page.

The following table provides certain information about land that we owned or controlled as of **December 31, 2022** **December 31, 2023**, including properties under ground lease to us (square feet in thousands):

Segment	Segment	Acres	Estimated Developable Square Feet	Segment	Acres	Estimated Developable Square Feet
---------	---------	-------	---	---------	-------	-----------------------------------

Defense/IT Locations:			
Defense/IT			
Portfolio land			
owned/controlled			
for future			
development:			
Defense/IT Portfolio land owned/controlled for future development:			
Fort Meade/BW	Fort Meade/BW		
Corridor:	Corridor:		
National Business Park			
(Annapolis Junction, MD)			
National Business Park			
(Annapolis Junction, MD)			
National Business Park (Annapolis Junction, MD)	National Business Park (Annapolis Junction, MD)	144	1,630
Howard County, MD	Howard County, MD	19	290
Other	Other	126	1,338
Total Fort Meade/BW Corridor	Total Fort Meade/BW Corridor	289	3,258
NoVA Defense/IT Locations		29	1,171
NoVA			
Defense/IT			
Navy Support	Navy Support	38	64
Navy Support			
Navy Support			
Redstone Arsenal (1)	Redstone Arsenal (1)	309	3,446
Data Center Shells		33	647
Total Defense/IT Locations		698	8,586
Regional Office		10	900
Total land owned/controlled for future development		708	9,486
Total Defense/IT Portfolio land owned/controlled for future development			
Total Defense/IT Portfolio land owned/controlled for future development			
Total Defense/IT Portfolio land owned/controlled for future development			
Other land owned/controlled			
Other land owned/controlled			
Other land owned/controlled	Other land owned/controlled	43	638
Total Land Owned/Controlled	Total Land Owned/Controlled	751	10,124
Total Land Owned/Controlled			
Total Land Owned/Controlled			

(1) This land is owned by the USG and is controlled under a long-term master lease agreement to a consolidated joint venture. As this land is developed in the future, the joint venture will execute site-specific leases under the master lease agreement. Lease payments will commence under the site-specific leases as cash rents under tenant leases commence at the respective properties.

## Lease Expirations

The following table provides a summary schedule of lease expirations for leases in place at our operating properties as of **December 31, 2022** **December 31, 2023** based on the non-cancelable term of tenant leases determined in accordance with generally accepted accounting principles (dollars and square feet in thousands, except per square foot amounts):

Year of Lease Expiration	Year of Lease Expiration	Square Footage of Expiring Leases	Annualized Rental Revenue of Expiring Leases (1)	Percentage of Total Annualized Rental Revenue of Expiring Leases (1)	Total Annualized Rental Revenue of Expiring Leases Per Occupied Square Foot
Year of Lease Expiration	Year of Lease Expiration	Square Footage of Expiring Leases	Annualized Rental Revenue of Expiring Leases (1)	Percentage of Total Annualized Rental Revenue of Expiring Leases (1)	Total Annualized Rental Revenue of Expiring Leases Per Occupied Square Foot (1)
2023	2023	1,699	\$ 60,040	9.8 %	\$ 35.29
2024	2024				
2024	2024				
2024	2024	3,010	83,360	13.7 %	\$ 33.07
2025	2025	3,585	137,971	22.6 %	\$ 38.88
2026	2026	1,880	57,230	9.4 %	\$ 38.70
2027	2027	1,493	38,495	6.3 %	\$ 32.99
2028	2028	1,764	42,367	6.9 %	\$ 32.66
2029	2029	1,737	37,804	6.2 %	\$ 28.19
2030	2030	1,088	22,632	3.7 %	\$ 28.02
2031	2031	809	12,474	2.0 %	\$ 29.72
2032	2032	164	4,559	0.7 %	\$ 27.85
2033	2033	557	20,025	3.3 %	\$ 35.92
2034	2034	994	20,330	3.3 %	\$ 30.59
2035	2035	859	23,581	3.9 %	\$ 27.44
2036	2036	954	19,609	3.2 %	\$ 20.56
2037	2037	102	8,541	1.4 %	\$ 82.70
2038	2038	569	14,095	2.3 %	\$ 24.78
2039	2039	63	1,579	0.3 %	\$ 25.00
2041 (2)	2041 (2)	—	4,749	0.8 %	N/A (2)
2063 (2)	2063 (2)	—	133	— %	N/A
2072 (2)	2072 (2)	—	125	— %	N/A (2)
<b>Total</b>	<b>Total</b>	<b>21,327</b>	<b>\$ 609,700</b>	<b>100.0 %</b>	<b>\$ 33.16</b>

(1) Refer to definition provided on first page of Item 2 of this Annual Report on Form 10-K.

(2) Includes only ground leases.

With regard to the leases reported above as expiring in **2023, 2024**, we believe that the weighted average annualized rental revenue per occupied square foot for such leases as of **December 31, 2022** **December 31, 2023**, on average, approximated estimated current market rents for the related space, with specific results varying by market.

## Item 3. Legal Proceedings

We are not currently involved in any material litigation nor, to our knowledge, is any material litigation currently threatened against us (other than routine litigation arising in the ordinary course of business, substantially all of which is expected to be covered by liability insurance).

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrants' Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our (a) In September 2023, the ticker symbol under which our common shares trade are publicly traded on the New York Stock Exchange ("NYSE") under the symbol "OFC." changed from "OFC" to "CDP". The number of holders of record of our common shares was 425 439 as of February 7, 2023 February 7, 2024. This number does not include shareholders whose shares were held of record by a brokerage house or clearing agency, but does include any such brokerage house or clearing agency as one record holder.

Common Shares Performance Graph

The graph and the table set forth below assume \$100 was invested on December 31, 2017 December 31, 2018 in our common shares. The graph and the table compare the cumulative return (assuming reinvestment of dividends) of this investment with a \$100 investment at that time in the S&P 500 Index, or the FTSE All Equity REITs Index of the National Association of Real Estate Investment Trusts ("Nareit") (the "All Equity REITs Index") and the Office Property Sector of the FTSE All Equity REITs Index of Nareit (the "Office Sector Index"):

Period Ended															
Period Ended								Period Ended							
Index	Index	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	Index	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	
Corporate Office															
Properties Trust															
COPT															
Defense															
Properties															
S&P															
S&P 500															
Index	Index	\$100.00	\$74.90	\$108.21	\$99.35	\$113.23	\$109.62								
Office															
Property															
Sector															
of FTSE															
Nareit															
All															
Equity															
REITs															
Index															
FTSE															
FTSE															
Nareit All															
Equity															
REITs															
Index	Index	\$100.00	\$95.96	\$123.46	\$117.14	\$165.51	\$124.22								

In our 2022 Annual Report on Form 10-K, we used the All Equity REITs Index for purposes of comparing the performance of our shares to an industry index of our peers. Effective for our 2023 Annual Report on Form 10-K, we changed the industry index of our peers to the Office Sector Index as we believe it to be a closer representation of our business model than the broader index we previously used. Since 2023 is the initial year for our change in the industry index of our peers, we are presenting both of these indexes in the graph and table included above.

Shares Authorized for Issuance Under Equity Compensation Plans

For the information required by Item 5 (a) related to shares authorized for issuance under equity compensation plan, you should refer to our definitive proxy statement relating to the 2024 Annual Meeting of our Shareholders to be filed with the

Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

(b) Not applicable

(c) None

Item 6. [Reserved]

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should refer to our consolidated financial statements and the notes thereto as you read this section.

This section contains "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995, that are based on our current expectations, estimates and projections about future events and financial trends affecting the financial condition and operations of our business. 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 we cannot predict with accuracy and some of which we might not even anticipate. Although we believe that the expectations, estimates and projections reflected in such forward-looking statements are based on reasonable assumptions at the time made, we can give no assurance that these expectations, estimates and projections will be achieved. Future events and actual results may differ materially from those discussed in the forward-looking statements. Important factors that may affect these expectations, estimates and projections include, but are not limited to:

- general economic and business conditions, which will, among other things, affect office property and data center demand and rents, tenant creditworthiness, interest rates, financing availability, property operating and construction costs, and property values;
- adverse changes in the real estate markets, including, among other things, increased competition with other companies;
- governmental actions and initiatives, including risks associated with the impact of a prolonged government shutdown or budgetary reductions or impasses, such as a reduction in rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by our strategic customers;
- our ability to borrow on favorable terms;
- risks of property acquisition and development activities, including, among other things, risks that development projects may not be completed on schedule, that tenants may not take occupancy or pay rent or that development or operating costs may be greater than anticipated;
- risks of investing through joint venture structures, including risks that our joint venture partners may not fulfill their financial obligations as investors or may take actions that are inconsistent with our objectives;
- changes in our plans for properties or views of market economic conditions or failure to obtain development rights, either of which could result in recognition of significant impairment losses;
- risks and uncertainties regarding the potential impact of the COVID-19 pandemic, and similar pandemics, along with restrictive measures instituted to prevent spread, on our business, the real estate industry and national, regional and local economic conditions; a prolonged government shutdowns or budgetary reductions or impasses, such as a reduction of rental revenues, non-renewal of leases and/or reduced or delayed demand for additional space by existing or new tenants;
- potential additional costs, such as capital improvements, fees and penalties, associated with environmental laws or regulations;
- adverse changes resulting from other government actions and initiatives, such as changes in taxation, zoning laws or other regulations;
- our ability to satisfy and operate effectively under federal income tax rules relating to real estate investment trusts and partnerships;
- possible adverse changes in tax laws;
- the dilutive effects of issuing additional common shares; and
- our ability to achieve projected results;
- security breaches relating to cyber attacks, cyber intrusions or other factors, and other significant disruptions of our information technology networks and related systems; and
- environmental requirements, systems.

We undertake no obligation to publicly update or supplement forward-looking statements.

Overview

In 2022 2023, we:

- achieved experienced continued strong demand across our Defense/IT Portfolio segments that drove:
  - strengthened occupancy of our operating properties, with year-end occupancy and leased rates at near-record levels; and
  - near-record tenant retention rates, at increased rent levels;
- continued growth through substantially pre-leased development, with space placed in service during the year that was virtually full and vacant space leasing driven by high leasing a pipeline of substantially pre-leased properties under development at year end;
- raised capital from a sale of interests in data center shell properties, using the proceeds to create borrowing capacity to fund future development activities;
- opportunistically issued debt through a private placement to pre-fund the expected borrowings needed to fund our forecasted development activities for most of the next three years; and
- ended the year with no significant debt maturing until 2026, most of our Revolving Credit Facility's borrowing capacity available and significant cash balances on hand.

Strong demand for space in from our large concentration of Defense/IT Locations, which Portfolio drove increased property occupancy that more than offset the effect continuing effects of lagging demand in our Regional Office properties;

- placed into service our second highest annual total of newly developed square feet on record, all Other segment. Our strengthened operating property occupancy in our Defense/IT Locations;
- ended the year with additional new Defense/IT Locations under development that were substantially pre-leased;
- raised capital from property dispositions, including from our wholesale data center, to create borrowing capacity available to fund development of new Defense/IT Locations; and
- refinanced our Revolving Credit Facility and an unsecured term loan, after which we had no significant remaining debt maturing until 2026. 2023 included increases in:

We> total portfolio year-end occupancy rate from 92.7% to 94.2%, with a year-end leased 3.0 million square feet in 2022 in our portfolio, which ended the year 92.7% occupied and 95.2% leased. This leasing was highlighted by a strong portfolio-wide retention rate of 72.1% and our highest annual vacancy leasing volume in 12 years. 95.3%;

- > Defense/IT Portfolio year-end occupancy rate from 94.1% to 96.2%, with a year-end leased rate of 97.2%;

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- > Same Property year-end occupancy rate from 92.0% to 93.4%, with a year-end leased rate of 94.7% for our Same Properties in total and 96.8% for the Defense/IT Portfolio component; and
- > average Same Property occupancy from 91.6% to 92.7%, and from 92.9% to 94.7% for the Defense/IT Portfolio component.

We also in 2023 achieved a tenant retention rate of 79.7% for the portfolio, and 85.7% for our Defense/IT Portfolio segment, which were near record levels. Our leasing performance in 2022 was driven by increased occupancy and leased rates were attributable primarily to our strong tenant retention coupled with the strength effects of our vacant space leasing efforts.

Defense/IT Locations, which represented 89.7% of Portfolio demand also continued to feed growth in our annualized rental revenues and 90.7% of portfolio through property development. In 2023, our Defense/IT Portfolio:

- > placed into service 848,000 square feet as of December 31, 2022. This segment in six properties that were 98% leased, mostly in our Data Center Shells, Redstone Arsenal and Fort Meade/BW Corridor sub-segments; and
- > ended the year 94.1% occupied and 96.7% leased, representative of high utilization rates and slightly increased relative to year end 2021, due in large part to:

- vacant space leasing of 719,000 square feet;
- placing into service 1.3 million square feet in nine newly developed properties that were 99% leased; and
- renewing 78.8% of the square feet scheduled to expire during the year.

As of December 31, 2022, this segment had an additional 1.0 million with 817,000 square feet under development in an additional five properties that were 85% 91% leased, three of which were scheduled to be placed in service in 2024. Our properties under development included 476,000 three data center shells and two properties in development leasing completed in 2022. Redstone Arsenal.

We believe that this segment our Defense/IT Portfolio has strongly benefited from continued:

- > defense budget appropriation increases, with bipartisan support, for increased funding of our national defense. We believe that successive increases in defense spending since 2016, including, most recently, in the Fiscal 2023 National Defense Authorization Act, coupled with the absence of and without extended delays in appropriations in recent years. As global threats to our national security and that of our allies continue to evolve and, in some cases, escalate, we believe that defense spending for the critical missions that our portfolio supports, such as intelligence, surveillance and cyber, will continue to be considered vital for the foreseeable future. However, future leasing demand could be delayed or diminish if this bipartisan support does not continue or if appropriations legislation in recent years, have enhanced to fund approved defense budgets faces extended delays (including the USG and USG's 2024 fiscal year defense contractor tenants' ability to invest in facility planning. This environment has helped fuel leasing demand, budget, which was authorized but was awaiting appropriations as has continued prioritization of spending allocations towards technology and innovation programs benefiting our Defense/IT Locations, including cyber, space, unmanned systems and artificial intelligence; the date of this filing); and
- > demand for data center shells. Our leasing included two new data center shells for an existing customer in Northern Virginia, one of the largest data center market markets in the world. As of year end, we held land We believe that we believe would accommodate our properties in operations and undergoing development of three additional data center shells totaling 647,000 square feet.

Since demand for in this segment is driven by, and correlated with, national security spending, we believe it has been less susceptible to the effects of conditions in the overall economy in recent years than typical office properties, and we fully expect that strong demand sub-segment will continue to benefit this segment well into 2024.

The from strong leasing performance demand through high tenant retention, with renewals at increased rental rates. However, as of December 31, 2023, we did not have additional land under control in Northern Virginia for the future development of data center shells. As a result, our Defense/IT Locations in 2022 more than offset ability to continue to develop data center shells, as we have for the effect of lagging demand in our Regional Office segment, which has experienced a challenging leasing environment since 2020 that has not improved. Our Regional Office segment ended the year 79.0% occupied and 80.8% leased, both decreases of approximately 10% relative to year end 2021. These decreases are attributable to a 23.8% renewal rate and minimal vacancy leasing in 2022. We believe that demand for space in Regional Office Properties is more correlated to changes in conditions in the overall economy than our Defense/IT Locations. past decade, may be limited.

As of December 31, 2022 December 31, 2023, we had scheduled lease expirations for 1.7 million 2.6 million square feet in 2023 2024, representing 8.0% 11.5% of our total occupied square feet and 9.8% 12.8% of our total annualized rental revenue, including:

- > 1.5 2.4 million square feet in our Defense/IT Locations Portfolio segment, a high proportion of which we expect to renew; and
- > 170,000 161,000 square feet in our Regional Office Other segment, most of which we do not expect to renew.

Please refer to the section below entitled "Occupancy and Leasing" for additional related disclosure.

We raised \$282.8 million in capital from sales of property interests, including:

- \$222.5 million from our sale of 9651 Hornbaker Road in Manassas, Virginia, our largest real estate investment (in terms of book value) and only property in our Wholesale Data Center reportable segment, on January 25, 2022, resulting in a gain on sale of \$28.6 million; and
- \$60.3 million from our sale of a 90% interest in two data center shells in Northern Virginia on December 14, 2022, resulting in a gain on sale of \$19.2 million. We retained a 10% interest in the properties through a newly-formed joint venture.

We used substantially all of the proceeds from these sales to pay down debt, including our Revolving Credit Facility and an unsecured term loan, in order to free up borrowing capacity available to fund development activities.

We refinanced our only significant 2022 and 2023 debt maturities on October 26, 2022, when we entered into a credit agreement with a group of lenders that provided for an aggregate of \$725.0 million of available borrowings, including:

- an unsecured revolving credit facility with a lender commitment of \$600.0 million that replaced our existing Revolving Credit Facility; and
- a \$125.0 million unsecured term loan, the proceeds of which we used to pay off the remaining \$100.0 million outstanding under an existing unsecured term loan and pay down a portion of our Revolving Credit Facility.

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Due to the collective effect of our 2022 activity, we:

- funded \$283 million in development costs; and
- ended the year with:
  - \$389.0 million in borrowing capacity available under our Revolving Credit Facility to fund investing activities;
  - slightly less debt in total and as a percentage of total assets relative to year end 2021; and
  - no significant debt balloon payments due until 2026.

On January 10, 2023, we raised an additional \$190.2 million in capital from our sale of a 90% interest in three data center shells shell properties in Northern Virginia, resulting in a gain on sale of approximately \$49 million; \$49.4 million. We retained a 10% interest in the properties through a newly-formed joint venture. We used virtually substantially all of the proceeds from this sale to free up pay down our Revolving Credit Facility to create additional borrowing capacity available under our Revolving Credit Facility to fund future development.

In 2022 and On September 12, 2023, we issued \$345.0 million aggregate principal amount of 5.25% Exchangeable Senior Notes due 2028 (the "5.25% Notes") in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). While we were previously anticipating issuing debt through the date capital markets in late-2024, due to what we considered to be a potentially challenging capital environment, we opportunistically completed this issuance to remove future execution and debt-pricing risk, while pre-funding and creating capacity under our Revolving Credit Facility for the expected borrowings needed to fund our forecasted development activities for most of the next three years. The proceeds from this filing, issuance, after deducting the initial purchasers' commissions, but before other offering expenses, were \$336.4 million. The net proceeds from the notes were primarily used for general corporate purposes, including repayment of borrowings under our Revolving Credit Facility and pre-funding of future development investments, which resulted in a portion of the net proceeds being invested in short-term interest-bearing money market accounts pending such use.

As of December 31, 2023, we ended the year, with:

- > no significant debt maturing until 2026;
- > \$525.0 million in available borrowing capacity under our Revolving Credit Facility;
- > no variable-rate debt exposure expected until late-2024, including the effect of interest rate swaps;
- > only 4.1% of our outstanding debt encumbered by properties; and

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- > \$167.8 million in cash on hand.

In 2023, the United States economy experienced inflationary conditions, increased interest rates, higher volatility in the debt and equity capital markets and certain supply-chain related shortages that, coupled with increased prevalence of remote- and declines flexible-work arrangements in gross domestic product in recent years, adversely affected the first two quarters. United States office real estate industry. For us:



- the above economic conditions have not significantly affected our ability to achieve expected leasing in our Defense/IT Locations, while Portfolio, although the properties in our Regional Office properties Other segment continue to experience a challenging leasing environment that has not improved;
- inflationary conditions have contributed to increased costs for certain property operating expenses and building equipment and materials, which affects our development of new properties and improvements for existing properties, although long-term contracts previously in place for much of our property operating costs have buffered our exposure to these increases to a certain extent. In addition, for: properties. For:
  - property operating expenses, most of our leases obligate tenants to pay either their full share of a building's operating expenses or their share to the extent such expenses exceed amounts established in their leases. These lease arrangements reduce our exposure to increases in property operating expenses;
  - new property development and tenant improvements associated with new leasing in our Defense/IT Locations, Portfolio, increased costs have not significantly affected our ability to achieve targeted yields on new development and new leasing of existing properties due to continued strong demand for space, which has generally enabled us to increase rents to maintain such yields. However, continued cost increases could adversely affect our ability to continue to achieve targeted yields on future new property development and future new leasing of our existing properties to the extent increases in market rental rates do not keep pace, which pace; this could also reduce our willingness to commence development of develop, or our tenants' willingness to commit to leasing, new properties; and
  - other capital improvements, the increasing cost environment could increasingly affect our willingness, or timeline, for completing such improvements;
- we observed uncertainty in the debt markets in 2023 both in terms of availability and pricing, particularly for commercial real estate. Due to this uncertainty, we chose to issue our 5.25% Notes to remove future execution and debt-pricing risk by pre-funding and creating capacity under our Revolving Credit Facility for the expected borrowings needed to fund forecasted future development activities;
- the effects of increased interest rates have not yet significantly affected were limited to a certain extent since our borrowing costs due in large part to debt refinancings that we completed in 2020 and 2021. Our debt is predominantly fixed rate and in the form of long-term unsecured notes. In addition, notes that we issued prior to 2022. Notable effects include the following:
  - for variable rate variable-rate loans, we have used use interest rate swaps to hedge the effect of interest rate increases on variable changes. We had interest rate debt, including swaps for a \$200.0 million notional amount that that fixed the one-month LIBOR interest rate in 2022 at 1.9% through December 1, 2022; and, effective February 1, 2023, fixed the one-month SOFR interest rate at 3.7% for a three-year term;
  - we have observed constraints in the availability of unsecured bank debt. However, we were able to complete the credit agreement on October 26, 2022 that provided for the new Revolving Credit Facility and unsecured term loan, and now have no significant debt maturing until 2026; 5.25% Notes issuance, the interest rate was higher than our previous senior notes issuance in November 2021; and
  - for net proceeds resulting from the 5.25% Notes issuance that we invested in short-term money market accounts pending use for future development activities, elevated U.S. Treasury Rates in 2023 enabled us to realize interest income at rates slightly in excess of the debt issuance rate; and
- both our operating and development activities experienced supply-chain related shortages have in 2023 that, due in large part to our anticipatory efforts, did not had a significant effect on significantly affect our ability to execute our operating and development such activities.

In addition, we owned eight office properties in our Other segment as of December 31, 2023 that we do not consider strategic holdings since they do not align with our Defense/IT strategy. We intend to sell these properties when we believe that market conditions and opportunities position us to optimize our return on investment. However, we did not initiate plans for sales of these properties in 2023 due in part to the effect anticipated effects of increased interest rates and capital market volatility debt availability on potential buyers could adversely affect our ability to execute plans to sell interests in properties, buyers.

For our 2022 2023 results of operations:

- our diluted earnings per share increased 125.0% decreased from \$1.53 per share in 2022 to a loss per share of \$(0.67) in 2023, and our net income increased \$97.2 decreased from \$178.8 million or 119.2%, relative in 2022 to 2021 a loss of \$(74.3) million in 2023 due primarily to lower debt extinguishment \$252.8 million in impairment losses that were offset we recognized in part by lower gains from sales 2023. We recognized these impairment losses on: six operating properties in our Other segment after shortening their expected holding periods; and a parcel of properties; other land that we controlled;
- diluted funds from operations per share adjusted for comparability increased 3.1% and the numerator for that measure increased \$8.6 million, or 3.3%, relative to 2021, much of which was attributable to lower interest expense;
- net operating income ("NOI") from real estate operations, our segment performance measure, increased \$1.4 \$21.8 million, or 0.4% 6.0%, relative to 2021 2022. This change was comprised primarily of the following: of:
  - a \$20.8 \$26.4 million increase from newly developed newly-developed properties placed in service; and
  - a \$10.5 million increase from our Same Properties, which included the effect of increased occupancy in our Defense/IT Portfolio; offset in part by
  - a \$14.3 \$15.1 million decrease from sales of interests in properties (most notably, our wholesale data center sold in January 2022) and; property dispositions; and

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- a \$5.3 diluted funds from operations per share, as adjusted for comparability increased 2.5% and the numerator for that measure increased \$6.9 million, decrease from our Same Properties attributable or 2.6%, relative to 2022, due primarily to decreased occupancy increased NOI from real estate operations in our Regional Office segment. 2023, offset in part by higher interest expense.

Additional disclosure comparing our 2022 2023 and 2021 2022 results of operations is provided below.

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We discuss significant factors contributing to changes in our net income between 2022 2023 and 2021 2022 in the section below entitled "Results of Operations." In addition, the section below entitled "Liquidity and Capital Resources" includes discussions of, among other things:

- how we expect to generate and obtain cash for short and long-term capital needs; and
- material cash requirements for known contractual and other obligations.

We refer to the measures "annualized rental revenue" and "tenant retention rate" in various sections of the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Annual Report on Form 10-K. Annualized rental revenue is a measure that we use to evaluate the source of our rental revenue as of a point in time. It is computed by multiplying by 12 the sum of monthly contractual base rents and estimated monthly expense reimbursements under active leases as of a point in time (ignoring free rent then in effect and rent associated with tenant funded landlord assets). Our computation of annualized rental revenue excludes the effect of lease incentives. We consider annualized rental revenue to be a useful measure for analyzing revenue sources because, since it is point-in-time based, it does not contain increases and decreases in revenue associated with periods in which lease terms were not in effect; historical revenue under generally accepted accounting principles in the United States of America ("GAAP") does contain such fluctuations. We find the measure particularly useful for leasing, tenant, segment and segment industry analysis. Tenant retention rate is a measure we use that represents the percentage of square feet renewed in a period relative to the total square feet scheduled to expire in that period; we include the effect of early renewals in this measure.

We also refer to the measures "cash rents", "straight-line rents", and "committed costs" in the "Occupancy and Leasing" section of the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this Annual Report on Form 10-K. Cash rents include monthly contractual base rent (ignoring rent abatements and rent associated with tenant funded landlord assets) multiplied by 12, plus estimated annualized expense reimbursements (as (average for first 12 months of lease commencement term for new or renewed leases or as of lease expiration for expiring leases). Straight-line rents includes include annual minimum base rents, net of abatements and lease incentives and excluding rent associated with tenant funded landlord assets, on a straight-line basis over the term of the lease, and estimated annual expense reimbursements (as of lease commencement for new or renewed leases or as of lease expiration for expiring leases). We believe that cash rents and straight-line rents are useful measures for evaluating the rental rates of our leasing activity, including changes in such rates relative to rates that may have been previously in place, with cash rents serving as a measure to evaluate rents at the time rent payments commence, and straight-line rents serving as a measure to evaluate rents over the related lease terms. Committed costs includes tenant improvement allowances (excluding tenant funded landlord assets), leasing commissions and estimated turn key costs and excludes lease incentives; we believe this is a useful measure for evaluating our costs associated with obtaining new leases.

With regard to our operating portfolio square footage, occupancy and leasing statistics included below and elsewhere in this Annual Report on Form 10-K, amounts disclosed include total information pertaining to properties owned through unconsolidated real estate joint ventures except for amounts reported for annualized rental revenue, which represent the portion attributable to our ownership interest.

#### Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which require us to make certain estimates and assumptions. A summary of our significant accounting policies is provided in Note 2 to our consolidated financial statements. The following section is a summary of certain aspects of those accounting policies involving estimates or assumptions that (1) involve a significant level of estimation uncertainty and (2) have had or are reasonably likely to have a material impact on our financial condition or results of operations. It is possible that the use of different reasonable estimates or assumptions could result in materially different amounts being reported in our consolidated financial statements. While reviewing this section, refer to Note 2 to our consolidated financial statements, including terms defined therein.

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#### Assessment of Lease Term as Lessor

As discussed above, a significant portion of our portfolio is leased to the USG, and the majority of those leases consist of provide for one-year terms, with a series of one-year renewal options (with defined rent escalations upon renewal), and/or provide for early termination rights. Applicable accounting guidance requires us to recognize minimum rental payments on operating leases, net of rent abatements, on a straight-line basis over the term of each lease. We estimate a tenant's lease term at the lease commencement date and do not subsequently reassess such term unless the lease is modified. When estimating a tenant's lease term, we use judgment in contemplating the significance of: any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease; and economic incentives to the tenant based on any existing contract, asset, entity or market-based factors associated with the lease. Factors we consider in making this assessment include the uniqueness of the purpose or location of the property, the availability of a comparable replacement property, the relative importance or significance of the property to the continuation of the lessee's line of business and the existence of tenant leasehold improvements or other assets whose value would be impaired by the tenant vacating or discontinuing use of the leased property. For most of our leases with the USG, our estimates of lease term conclude

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that exercise of existing renewal options, or continuation of such leases without exercising early termination rights, is reasonably certain as it relates to the expected lease end date. As a result, our recognition of minimum rents on these leases includes the effect of annual rent escalations over our estimate of the lease term (including on one-year renewal options) and our depreciation and

amortization of costs incurred on these leases is recognized over the lease term. An over-estimate of the term of these leases by us could result in the write-off of any recorded assets associated with straight-line rental revenue and acceleration of depreciation and amortization expense associated with costs we incurred related to these leases. We had no significant USG leases with lease terms determined to have been over-estimated during the reporting periods included herein.

Impairment of Long-Lived Assets

We assess the asset groups associated with each of our properties for indicators of impairment quarterly or when circumstances indicate that an asset group may be impaired. If our analyses indicate that the carrying values of certain properties' asset groups may be impaired, we perform a recoverability analysis for such asset groups. If and when our plans change for a property, we revise our recoverability analyses to use the cash flows expected from the operations and eventual disposition of such property using holding periods that are consistent with our revised plans. In our accounting for impairment of long-lived assets, we estimate property fair values based on contract prices, indicative bids, discounted cash flow analyses or comparable sales analyses. We estimate cash flows used in performing impairment analyses based on our plans for the property and our views of market and economic conditions. Our estimates consider items such as current and future market rental and occupancy rates, estimated operating and capital expenditures, leasing commissions, absorption and hold periods and recent sales data for comparable properties; most of these items are influenced by market data obtained from real estate leasing and brokerage firms and our direct experience with the properties and their markets. Our determination of appropriate capitalization or discount rates for use in estimating property fair values also requires significant judgment and is typically based on many factors, including the prevailing rate for the market or submarket, as well as the quality, location and location other unique attributes of the property.

Since asset groups associated with properties held for sale are carried at the lower of their carrying values (i.e., cost less accumulated depreciation and any impairment loss recognized, where applicable) or estimated fair values less costs to sell, decisions by us to sell certain properties will result in impairment losses if the carrying values of the specific properties' asset groups classified as held for sale exceed such properties' estimated fair values less costs to sell. Our estimates of fair value consider matters such as recent sales data for comparable properties and, where applicable, contracts or the results of negotiations with prospective purchasers. These estimates are subject to revision as market conditions, and our assessment of such conditions, change.

Historically, future market rental and occupancy rates have tended to be the most variable assumption in our impairment analyses of properties to be held and used; while changes in these assumptions can significantly affect our estimates of property undiscounted future cash flows in our recoverability analyses, such changes historically have not usually resulted in impairment losses since the resulting recoverability analyses still have tended to exceed the carrying value of the property asset groups. Historically, our recognition of impairment losses has most often occurred due to changes in our estimates of future cash flows resulting from a change in our plans for a property, such as a decision by us to sell or shorten our expected holding period for a property or to not develop a property. Changes in the estimated future cash flows due to changes in our plans for a property or significant changes in our views regarding property market and economic conditions and/or our ability to obtain development rights could result in recognition of impairment losses that could be substantial.

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Concentration of Operations

Customer Concentration of Property Operations

The table below sets forth the 20 largest tenants in our portfolio of operating properties based on percentage of annualized rental revenue:

		Percentage of Annualized Rental Revenue of Operating Properties for 20 Largest Tenants as of December 31,		
		Percentage of Annualized Rental Revenue of Operating Properties for 20 Largest Tenants as of December 31,		
		Percentage of Annualized Rental Revenue of Operating Properties for 20 Largest Tenants as of December 31,		
		Percentage of Annualized Rental Revenue of Operating Properties for 20 Largest Tenants as of December 31,		
Tenant (1)	Tenant (1)	2022	2021	2020
USG	USG	35.5 %	35.6 %	34.1 %
USG				
USG				
Fortune 100 Company				
Fortune 100 Company				
Fortune 100 Company	Fortune 100 Company	8.4 %	9.2 %	9.1 %

General Dynamics Corporation	General Dynamics Corporation	5.1 %	5.6 %	5.6 %
General Dynamics Corporation				
General Dynamics Corporation				
CACI International Inc				
CACI International Inc				
CACI International Inc				
Northrop Grumman Corporation				
Northrop Grumman Corporation				
Northrop Grumman Corporation				
The Boeing Company	The Boeing Company	2.4 %	2.5 %	3.0 %
Northrop Grumman Corporation		2.4 %	1.4 %	2.3 %
CACI International Inc		2.4 %	2.4 %	2.4 %
The Boeing Company				
The Boeing Company				
Peraton Corp.	Peraton Corp.	2.1 %	2.1 %	N/A
Peraton Corp.				
Peraton Corp.				
Booz Allen Hamilton, Inc.				
Booz Allen Hamilton, Inc.				
Booz Allen Hamilton, Inc.				
Fortune 100 Company	Fortune 100 Company	1.9 %	N/A	N/A
Booz Allen Hamilton, Inc.		1.9 %	1.9 %	2.0 %
Fortune 100 Company				
Fortune 100 Company				
Morrison & Foerster, LLP				
Morrison & Foerster, LLP				
Morrison & Foerster, LLP				
CareFirst Inc.	CareFirst Inc.	1.5 %	1.7 %	2.0 %
Morrison & Foerster, LLP		1.4 %	1.0 %	1.0 %
CareFirst Inc.				
CareFirst Inc.				
KBR, Inc.	KBR, Inc.	1.2 %	N/A	N/A
Raytheon Technologies Corporation		1.1 %	1.1 %	1.0 %
KBR, Inc.				
KBR, Inc.				
Yulista Holding, LLC	Yulista Holding, LLC	1.1 %	1.1 %	1.0 %
Wells Fargo & Company		1.1 %	1.1 %	1.2 %
Yulista Holding, LLC				
Yulista Holding, LLC				
RTX Corporation				
RTX Corporation				
RTX Corporation				
Miles and Stockbridge, PC				
Miles and Stockbridge, PC				
Miles and Stockbridge, PC				
AT&T Corporation	AT&T Corporation	1.1 %	1.1 %	1.1 %
Miles and Stockbridge, PC		1.1 %	1.0 %	1.0 %
AT&T Corporation				
AT&T Corporation				
Mantech International Corp.				

Mantech International Corp.				
Mantech International Corp.	Mantech International Corp.	1.0 %	1.0 %	0.8 %
Jacobs Engineering Group Inc.	Jacobs Engineering Group Inc.	1.0 %	1.0 %	0.9 %
Jacobs Engineering Group Inc.				
Jacobs Engineering Group Inc.				
Wells Fargo & Company				
Wells Fargo & Company				
Wells Fargo & Company				
University System of Maryland				
University System of Maryland				
University System of Maryland				
The MITRE Corporation	The MITRE Corporation	0.8 %	0.8 %	0.8 %
University System of Maryland		N/A	0.8 %	0.9 %
The MITRE Corporation				
The MITRE Corporation				
Transamerica Life Insurance Company	Transamerica Life Insurance Company	N/A	0.9 %	0.9 %
Science Applications International Corporation		N/A	N/A	0.9 %
Transamerica Life Insurance Company				
Transamerica Life Insurance Company				
Subtotal of 20 largest tenants				
Subtotal of 20 largest tenants				
Subtotal of 20 largest tenants	Subtotal of 20 largest tenants	74.5 %	73.3 %	72.0 %
All remaining tenants	All remaining tenants	25.5 %	26.7 %	28.0 %
All remaining tenants				
All remaining tenants				
Total				
Total				
Total	Total	100.0 %	100.0 %	100.0 %
Total annualized rental revenue	Total annualized rental revenue	\$ 609,700	\$ 589,425	\$ 571,035
Total annualized rental revenue				
Total annualized rental revenue				

(1) Includes affiliated organizations where applicable.

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#### Concentration of Properties by Segment

The table below sets forth the segment allocation of our annualized rental revenue (excluding our Wholesale Data Center that we sold on January 25, 2022) as of the end of the last three calendar years:

	Percentage of Annualized Rental Revenue as of December 31,	Number of Properties as of December 31,
--	--	---

Percentage of Annualized Rental Revenue as of December 31,										Number of Properties as of December 31,		
Region	Region	2022	2021	2020	2022	2021	2020	Region	2023	2022	2021	
Defense/IT Locations:												
Defense/IT												
Portfolio:												
Fort Meade/BW Corridor												
Fort Meade/BW Corridor												
Fort Meade/BW Corridor	Fort Meade/BW Corridor	46.8 %	47.0 %	47.3 %	91	90	89					
NoVA Defense/IT	NoVA Defense/IT	13.3 %	13.9 %	12.1 %	16	16	15					
Lackland Air Force Base	Lackland Air Force Base	9.9 %	10.6 %	9.7 %	8	8	7					
Navy Support	Navy Support	5.4 %	5.9 %	6.3 %	22	21	21					
Redstone Arsenal	Redstone Arsenal	7.6 %	5.4 %	5.5 %	21	17	15					
Data Center Shells	Data Center Shells	6.7 %	5.3 %	6.6 %	28	26	26					
Total Defense/IT Locations		89.7 %	88.1 %	87.5 %	186	178	173					
Regional Office		9.4 %	11.0 %	11.6 %	6	6	6					
Total Defense/IT Portfolio												
Other	Other	0.9 %	0.9 %	0.9 %	2	2	2					
		100.0 %	100.0 %	100.0 %	194	186	181					
		100.0										

The changes in revenue concentration reflected above between year end 2021 year-end 2022 and 2022 2023 were attributable primarily to the effect the: increasing effects in 2023 of occupied properties placed in service in 2022, most (most notably for Fort Meade/BW Corridor, Redstone Arsenal and Data Center Shells) and occupancy from vacant space leasing for Fort Meade/BW Corridor and Redstone Arsenal; offset in part by the decreasing effect from our sale of interests in Data Center Shells and lower occupancy for our Regional Office properties, in 2023.

#### Occupancy and Leasing

The tables below set forth occupancy information (excluding our Wholesale Data Center that we sold on January 25, 2022):

		December 31,					
		2022	2021	2020			
		December 31,			December 31,		
		2023			2023	2022	2021
Occupancy rates at period end	Occupancy rates at period end						
Total	Total	92.7 %	92.4 %	94.1 %			
Defense/IT Locations:							
Total							
Total					94.2 %	92.7 %	92.4 %
Defense/IT Portfolio:							
Fort Meade/BW Corridor							
Fort Meade/BW Corridor							

Fort Meade/BW Corridor	Fort Meade/BW Corridor	92.7 %	90.0 %	91.0 %	96.4 %	92.7 %	90.0 %	
NoVA Defense/IT	NoVA Defense/IT	90.0 %	88.3 %	87.9 %				NoVA Defense/IT
Lackland Air Force Base	Lackland Air Force Base	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	
Navy Support	Navy Support	89.8 %	93.9 %	97.2 %				Navy Support
Redstone Arsenal	Redstone Arsenal	89.9 %	90.8 %	99.4 %	97.5 %	89.9 %	90.8 %	
Data Center Shells	Data Center Shells	100.0 %	100.0 %	100.0 %				Data Center Shells
Total Defense/IT Locations		94.1 %	93.0 %	94.4 %				
Regional Office		79.0 %	88.7 %	93.1 %				
Total Defense/IT Portfolio					Total Defense/IT Portfolio	96.2 %	94.1 %	93.0 %
Other	Other	75.5 %	66.2 %	68.4 %	Other	73.2 %	78.8 %	87.0 %
Annualized rental revenue per occupied square foot at year end	Annualized rental revenue per occupied square foot at year end	\$33.16	\$32.47	\$31.50				

Rentable Square Feet		Rentable Square Feet		Occupied Square Feet	
		Rentable Square Feet	Occupied Square Feet		
		(in thousands)			
December 31, 2021		21,710	20,070		
December 31, 2022					
Vacated upon lease expiration (1)	Vacated upon lease expiration (1)	—	(693)		
Occupancy for new leases	Occupancy for new leases	—	695		
Development placed in service	Development placed in service	1,280	1,255		
Other changes	Other changes	16	—		
December 31, 2022		23,006	21,327		
Other changes					
Other changes					
December 31, 2023					

(1) Includes lease terminations and space reductions occurring in connection with lease renewals.

With regard to changes in occupancy from **December 31, 2021** December 31, 2022 to **December 31, 2022** December 31, 2023:

- > Fort Meade/BW Corridor: Increase was due primarily to the commencement of occupancy from vacant space leasing in a number of properties in this sub-segment;
- > Navy Support: Decreased despite its 82.8% an 80.5% tenant retention rate in **2022** 2023 due to minimal leasing commencement of occupancy from vacant space, space leasing. As of **December 31, 2022** December 31, 2023 we had scheduled lease expirations in **2023** 2024 for 198,000 352,000 square feet, or 17.4% 32%, of this sub-segment's occupied square feet, most of which we expect to renew;
- > Redstone Arsenal: 2021 and 2022 year end Increase was due primarily to the commencement of occupancy included the effect from vacant space leasing in a number of a 121,000 square foot property vacated by its tenant in late 2021 that we leased in 2022 for occupancy in 2023. Occupancy properties in this sub-segment will increase in 2023 when the lease for this space commences sub-segment; and
- > Regional Office; Other: Decreased due to vacated space resulting from its 23.8% 25.3% tenant retention rate and minimal leasing of vacant space. This segment included properties in Baltimore City, Tysons Corner, Virginia and Washington, D.C. This sub-segment has experienced a challenging leasing environment since 2020 that has not improved. As of December 31, 2022 we had scheduled lease expirations in 2023 for 170,000 square feet, or 10.9%, of this segment's occupied square feet, most of which we do not expect to renew; and
- Other: Included two properties totaling 157,000 square feet in Aberdeen, Maryland, space leasing.

In **2022** 2023, we leased 3.0 million 2.9 million square feet, including 476,000 747,000 square feet of development space in our Defense/IT Locations, Portfolio, with weighted average lease terms of 13.3 14.4 years.

In **2022** 2023, we renewed leases on 1.7 million square feet, representing a tenant retention rate of 72.1% 79.7%. Most of these lease renewals were for our Defense/IT Locations, Portfolio, which had a retention rate of 78.8% 85.7%, while our Regional Office Other segment had a retention rate of 23.8% 25.3%. The cash rents for our renewals (totaling \$31.69 per square foot) decreased on average by approximately 2.0% and the straight-line rents (totaling \$31.45 \$34.69 per square foot) increased on average by approximately 3.1% 1.5% and the straight-line rents (totaling \$34.69 per square foot) increased on average by approximately 9.3% relative to the leases previously in place for the space. The renewed leases had a weighted average lease term of approximately 3.6 4.8 years, with average escalations per year of 2.6%, and the per annum average committed costs associated with completing the leasing was approximately \$3.16 per square foot.

In 2023, we also completed leasing on 452,000 square feet of vacant space, predominantly for our Defense/IT Portfolio. The cash rents of this leasing totaled \$34.87 per square foot and the straight-line rents totaled \$35.10 per square foot; these leases had a weighted average lease term of approximately 8.2 years, with average escalations per year of 2.5%, and the per annum average committed costs associated with completing the leasing was approximately \$2.96 per square foot. The decrease in cash rents on renewals was attributable primarily to per annum rent escalation terms of the previous leases that increased rents over the lease terms by amounts exceeding the increases in the applicable market rental rates.

In 2022, we also completed leasing on 801,000 square feet of vacant space, predominantly for Defense/IT Locations. The cash rents of this leasing totaled \$28.90 per square foot and the straight-line rents totaled \$29.59 per square foot; these leases had a weighted average lease term of approximately 7.3 years, with average escalations per year of 2.7%, and the per annum average committed costs associated with completing this leasing was approximately \$8.81 \$9.41 per square foot.

## Lease Expirations

The table below sets forth as of **December 31, 2022** December 31, 2023 our scheduled lease expirations based on the non-cancelable term of tenant leases determined in accordance with generally accepted accounting principles for our properties by segment/sub-segment in terms of percentage of annualized rental revenue:

		Expiration of Annualized Rental Revenue of Operating Properties														
		2023	2024	2025	2026	2027	Thereafter	Total								
Defense/IT Locations																
		Expiration of Annualized Rental Revenue of Operating Properties														
		2024	2024	2025	2026	2027	2028	Thereafter	Total	2024	2025	2026	2027	2028	Thereafter	Total
Defense/IT Portfolio:																
Fort Meade/BW Corridor																
Fort Meade/BW Corridor	Fort Meade/BW Corridor	7.5 %	7.9 %	11.3 %	4.9 %	2.7 %	12.6 %	46.8 %		8.4 %	11.1 %	5.1 %	4.0 %	7.1 %	11.9 %	47.7 %
NoVA	NoVA															
Defense/IT	Defense/IT	0.6 %	2.7 %	2.0 %	0.3 %	1.0 %	6.6 %	13.3 %		1.5 %	1.8 %	0.3 %	1.0 %	1.1 %	7.0 %	12.8 %
Lackland Air Force Base	Lackland Air Force Base	0.0 %	0.0 %	6.5 %	2.0 %	0.0 %	1.4 %	9.9 %		0.0 %	6.2 %	1.9 %	0.0 %	0.0 %	1.4 %	9.5 %
Navy Support	Navy Support	0.9 %	1.4 %	0.6 %	1.0 %	1.0 %	0.4 %	5.4 %		1.6 %	0.7 %	0.9 %	1.2 %	0.2 %	0.5 %	5.2 %



Redstone	Redstone								Redstone								
Arsenal	Arsenal	0.1 %	0.6 %	1.1 %	0.1 %	0.7 %	5.0 %	7.6 %	Arsenal	0.5 %		1.1 %	0.1 %	0.7 %	0.0 %	6.4 %	8.8 %
Data Center	Data Center								Data Center								
Shells	Shells	0.0 %	0.1 %	0.0 %	0.1 %	0.1 %	6.3 %	6.7 %	Shells	0.1 %	0.0 %	0.1 %	0.1 %	0.1 %		5.4 %	5.8 %
Regional Office		0.6 %	0.9 %	0.5 %	0.9 %	0.7 %	5.8 %	9.4 %									
Other	Other	0.0 %	0.1 %	0.7 %	0.0 %	0.0 %	0.0 %	0.9 %	Other	0.7 %	1.6 %	0.9 %	0.7 %	1.4 %		5.0 %	10.2 %
Total	Total	9.8 %	13.7 %	22.6 %	9.4 %	6.3 %	38.2 %	100.0 %	Total	12.8 %	22.5 %	9.5 %	7.6 %	10.0 %		37.6 %	100.0 %

The weighted average lease term as of **December 31, 2022** **December 31, 2023** was approximately five years. We believe that the weighted average annualized rental revenue per occupied square foot for leases expiring in **2023, 2024**, on average, approximated estimated current market rents for the related space, with specific results varying by **segment, segment/sub-segment**.

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## Results of Operations

For a discussion of our results of operations comparison for **2021 2022** and **2020, 2021**, refer to our Annual Report on Form 10-K for the fiscal year ended **December 31, 2021** **December 31, 2022** filed on **February 22, 2022** **February 24, 2023**.

We evaluate the operating performance of our properties using NOI from real estate operations, our segment performance measure, which includes: real estate revenues and property operating expenses from continuing and discontinued operations; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate

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joint ventures ("UJVs") that is allocable to our ownership interest ("UJV NOI allocable to **COPT** **COPT Defense**"). The table below reconciles NOI from real estate operations to net **(loss)** income, the most directly comparable GAAP measure:

	For the Years Ended December 31,		
	2022	2021	
	(in thousands)		For the Years Ended December 31,
Net income	\$ 178,822	\$ 81,578	
	(in thousands)		
	(in thousands)		
	(in thousands)		
Net (loss) income			
Construction contract and other service revenues			
Construction contract and other service revenues			
Construction contract and other service revenues	(154,632)	(107,876)	
Depreciation and other amortization associated with real estate operations	141,230	137,543	
Depreciation and other amortization associated with real estate operations			
Depreciation and other amortization associated with real estate operations			
Construction contract and other service expenses	149,963	104,053	
General, administrative and leasing expenses	35,798	36,127	

Business development expenses and land carry costs		3,193	4,647	
Construction contract and other service expenses				
Construction contract and other service expenses				
Impairment losses				
Impairment losses				
Impairment losses				
General, administrative, leasing and other expenses				
General, administrative, leasing and other expenses				
General, administrative, leasing and other expenses				
Interest expense	Interest expense	61,174	65,398	
Interest and other income		(9,341)	(7,879)	
Credit loss expense (recoveries)		271	(1,128)	
Interest expense				
Interest expense				
Interest and other income, net				
Interest and other income, net				
Interest and other income, net				
Gain on sales of real estate from continuing operations				
Gain on sales of real estate from continuing operations				
Gain on sales of real estate from continuing operations	Gain on sales of real estate from continuing operations	(19,250)	(65,590)	
Loss on early extinguishment of debt	Loss on early extinguishment of debt	609	100,626	
Equity in income of unconsolidated entities		(1,743)	(1,093)	
Unconsolidated real estate JVs NOI allocable to COPT included in equity in income of unconsolidated entities		4,327	4,029	
Loss on early extinguishment of debt				
Loss on early extinguishment of debt				
Equity in loss (income) of unconsolidated entities				
Equity in loss (income) of unconsolidated entities				
Equity in loss (income) of unconsolidated entities				
UJV NOI allocable to COPT Defense included in equity in (loss) income of unconsolidated entities				
UJV NOI allocable to COPT Defense included in equity in (loss) income of unconsolidated entities				
UJV NOI allocable to COPT Defense included in equity in (loss) income of unconsolidated entities				
Income tax expense				
Income tax expense				
Income tax expense	Income tax expense	447	145	
Discontinued operations	Discontinued operations	(29,573)	(3,358)	
Discontinued operations				
Discontinued operations				
Revenues from real estate operations from discontinued operations				
Revenues from real estate operations from discontinued operations				
Revenues from real estate operations from discontinued operations	Revenues from real estate operations from discontinued operations	1,980	30,490	
Property operating expenses from discontinued operations	Property operating expenses from discontinued operations	(971)	(16,842)	

Property operating expenses from discontinued operations			
Property operating expenses from discontinued operations			
NOI from real estate operations	NOI from real estate operations	\$ 362,304	\$ 360,870
NOI from real estate operations			
NOI from real estate operations			

We view our changes in NOI from real estate operations as comprising being comprised of the following primary categories:

- office and data center shell properties:
  - Same Property, which we define as properties stably owned and 100% operational throughout the two years being compared. We define these as changes from "Same Properties." For further discussion of the concept of "operational," refer to the Properties section of Note 2 of the consolidated financial statements;
- developed or redeveloped and properties placed into service that were not 100% operational throughout the two years being compared; and
- disposed; and
- our wholesale data center that we sold on January 25, 2022, disposed properties.

In addition to owning properties, we provide construction management and other services. The primary manner in which we evaluate the operating performance of our construction management and other service activities is through a measure we define as NOI from service operations, which is based on the net of the revenues and expenses from these activities. The revenues and expenses from these activities consist primarily of subcontracted costs that are reimbursed to us by customers along with a management fee. The operating margins from these activities are small relative to the revenue. We believe NOI from service operations is a useful measure in assessing both our level of activity and our profitability in conducting such operations.

Since both of the measures discussed above exclude certain items includable in net income or loss, reliance on these measures has limitations; management compensates for these limitations by using the measures simply as supplemental measures that are considered alongside other GAAP and non-GAAP measures. A reconciliation of NOI from real estate operations and NOI from service operations to (loss) income from continuing operations reported on the consolidated statements of operations is provided in Note 15 13 to our consolidated financial statements.

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#### Comparison of Statements of Operations for the Years Ended December 31, 2022 December 31, 2023 and 2021 2022

		For the Years Ended December 31,			For the Years Ended December 31,		
		2022	2021	Variance	2023	2022	Variance
		(in thousands)			(in thousands)		
Revenues	Revenues	Revenues			Revenues		
Revenues from real estate operations	Revenues from real estate operations	\$584,398	\$556,570	\$27,828			
Construction contract and other service revenues	Construction contract and other service revenues	154,632	107,876	46,756			
Total revenues	Total revenues	739,030	664,446	74,584			
Operating expenses	Operating expenses	Operating expenses			Operating expenses		
Property operating expenses	Property operating expenses	227,430	213,377	14,053			

Depreciation and amortization associated with real estate operations	Depreciation and amortization associated with real estate operations	141,230	137,543	3,687
Construction contract and other service expenses	Construction contract and other service expenses	149,963	104,053	45,910
General, administrative and leasing expenses		35,798	36,127	(329)
Business development expenses and land carry costs		3,193	4,647	(1,454)
Impairment losses				
General, administrative, leasing and other expenses				
Total operating expenses	Total operating expenses	557,614	495,747	61,867
Interest expense	Interest expense	(61,174)	(65,398)	4,224
Interest and other income		9,341	7,879	1,462
Credit loss (expense) recoveries		(271)	1,128	(1,399)
Interest and other income, net				
Gain on sales of real estate	Gain on sales of real estate	19,250	65,590	(46,340)
Loss on early extinguishment of debt	Loss on early extinguishment of debt	(609)	(100,626)	100,017
Loss on early extinguishment of debt				
Loss on early extinguishment of debt				
Equity in income of unconsolidated entities		1,743	1,093	650
Equity in (loss) income of unconsolidated entities				
Equity in (loss) income of unconsolidated entities				
Equity in (loss) income of unconsolidated entities				
Income tax expense	Income tax expense	(447)	(145)	(302)
Income from continuing operations		149,249	78,220	71,029
(Loss) income from continuing operations				
Discontinued operations	Discontinued operations	29,573	3,358	26,215

Net income	\$178,822	\$ 81,578	\$97,244
Net (loss) income			

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#### NOI from Real Estate Operations

	For the Years Ended December 31,		
	2022	2021	Variance
	(Dollars in thousands, except per square foot data)		
Revenues			
Same Properties revenues			
Lease revenue, excluding lease termination revenue and provision for collectability losses	\$ 527,611	\$ 523,621	\$ 3,990
Lease termination revenue, net	2,237	2,416	(179)
Provision for collectability losses included in lease revenue	(745)	(105)	(640)
Other property revenue	4,073	2,771	1,302
Same Properties total revenues	533,176	528,703	4,473
Developed and redeveloped properties placed in service	41,934	16,186	25,748
Wholesale data center	1,980	30,490	(28,510)
Dispositions	4,684	7,660	(2,976)
Other	4,604	4,021	583
	586,378	587,060	(682)
Property operating expenses			
Same Properties	(212,859)	(203,118)	(9,741)
Developed and redeveloped properties placed in service	(9,990)	(5,078)	(4,912)
Wholesale data center	(979)	(17,424)	16,445
Dispositions	(889)	(1,313)	424
Other	(3,684)	(3,286)	(398)
	(228,401)	(230,219)	1,818
UJV NOI allocable to COPT			
Same Properties	3,689	3,687	2
Retained interests in newly-formed UJVs	638	360	278
Dispositions	—	(18)	18
	4,327	4,029	298
NOI from real estate operations			
Same Properties	324,006	329,272	(5,266)
Developed and redeveloped properties placed in service	31,944	11,108	20,836
Wholesale data center	1,001	13,066	(12,065)
Dispositions, net of retained interests in newly-formed UJVs	4,433	6,689	(2,256)
Other	920	735	185
	\$ 362,304	\$ 360,870	\$ 1,434
Same Properties NOI from real estate operations by segment			
Defense/IT Locations	\$ 299,291	\$ 299,196	\$ 95
Regional Office	23,382	28,719	(5,337)
Other	1,333	1,357	(24)

	\$	324,006	\$	329,272	\$	(5,266)
Same Properties rent statistics						
Average occupancy rate		92.0 %		93.2 %		(1.2 %)
Average straight-line rent per occupied square foot (1)	\$	26.06	\$	26.03	\$	0.03

	For the Years Ended December 31,		
	2023	2022	Variance
(Dollars in thousands, except per square foot data)			
Revenues			
Same Property revenues			
Lease revenue, excluding lease termination revenue and collectability loss provisions	\$ 567,320	\$ 544,312	\$ 23,008
Lease termination revenue, net	3,745	2,237	1,508
Collectability loss provisions included in lease revenue	(1,313)	(745)	(568)
Other property revenue	4,832	4,077	755
Same Property total revenues	574,584	549,881	24,703
Developed and redeveloped properties placed in service	42,156	10,515	31,641
Dispositions, net of retained interest in newly-formed UJVs	400	21,404	(21,004)
Other	7,663	4,578	3,085
	624,803	586,378	38,425
Property operating expenses			
Same Property	(234,052)	(219,876)	(14,176)
Developed and redeveloped properties placed in service	(6,421)	(1,177)	(5,244)
Dispositions, net of retained interest in newly-formed UJVs	(56)	(3,665)	3,609
Other	(6,856)	(3,683)	(3,173)
	(247,385)	(228,401)	(18,984)
UJV NOI allocable to COPT Defense			
Same Property	4,301	4,308	(7)
Retained interests in newly-formed UJVs	2,358	19	2,339
	6,659	4,327	2,332
NOI from real estate operations			
Same Property	344,833	334,313	10,520
Developed and redeveloped properties placed in service	35,735	9,338	26,397
Dispositions, net of retained interest in newly-formed UJVs	2,702	17,758	(15,056)
Other	807	895	(88)
	\$ 384,077	\$ 362,304	\$ 21,773
Same Property NOI from real estate operations by segment			
Defense/IT Portfolio	\$ 316,701	\$ 305,377	\$ 11,324
Other	28,132	28,936	(804)
	\$ 344,833	\$ 334,313	\$ 10,520
Same Property rent statistics			
Average occupancy rate	92.7 %	91.6 %	1.1 %
Average straight-line rent per occupied square foot (1)	\$ 27.13	\$ 26.94	\$ 0.19

(1) Includes minimum base rents, net of abatements and lease incentives and excluding lease termination revenue, on a straight-line basis for the years set forth above.

Our Same ~~Properties~~ **Property** pool consisted of **174** ~~180~~ properties, comprising **86.9%** ~~86.4%~~ of our portfolio's square footage as of **December 31, 2022** ~~December 31, 2023~~. This pool of properties changed from the pool used for purposes of comparing **2021** ~~2022~~ and **2020** ~~2021~~ in our **2021** ~~2022~~ Annual Report on Form 10-K due to the: addition of **nine** ~~seven~~ properties placed in service and 100% operational on or before

January 1, 2021, January 1, 2022 and eight two properties owned through an unconsolidated real estate joint venture a UJV that was formed in 2020; 2021; and removal of two three properties in which we sold a 90% interest. interest in 2023.

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Regarding the changes in NOI from real estate operations reported above:

- > the decrease increase for our Same Properties Property pool was attributable to our Regional Office segment, in which the average occupancy rate decreased from 92.7% to 83.0% due mostly to the scheduled lease expiration of a 140,000 square foot space. The increase in operating expenses for our Same Properties was due in large part to increased rates for utilities additional revenue in 2023 resulting from higher occupancy and the commencement of tenant expense reimbursements on certain cleaning and maintenance contracts, much of which was recovered from tenants under existing lease structures; recently commenced leases;
- > developed and redeveloped properties placed in service reflects the effect of 16 13 properties placed in service in 2022 2023 and 2021;
- the decrease for wholesale data center resulted from our sale of the property on January 25, 2022; 2022; and
- > dispositions, net of retained interest in newly-formed UJVs reflects the effect of our sale of 90% of our interests in two three data center shells in 2022 2023 and two in 2021. 2022, as well as the sale of our wholesale data center on January 25, 2022.

#### NOI from Service Operations

		For the Years Ended December 31,		
		2022	2021	Variance
		(in thousands)		
		For the Years Ended December 31,		
		2023	2022	Variance
		(in thousands)		
Construction contract and other service revenues	Construction contract and other service revenues	\$ 154,632	\$ 107,876	\$ 46,756
Construction contract and other service expenses	Construction contract and other service expenses	(149,963)	(104,053)	(45,910)
NOI from service operations	NOI from service operations	\$ 4,669	\$ 3,823	\$ 846

Construction contract and other service revenues and expenses increased decreased in 2022 2023 due primarily to a higher lower volume of construction activity for one of our tenants. Construction contract activity is inherently subject to significant variability depending on the volume and nature of projects undertaken by us primarily on behalf of tenants. Service operations are an ancillary component of our overall operations that typically contribute an insignificant amount of income relative to our real estate operations.

#### Impairment Losses

As part of our closing process for the three months ended September 30, 2023, we conducted our quarterly review of our portfolio of long-lived assets to be held and used for indicators of impairment. As a result of this process, we shortened the expected holding periods for six operating properties in our Other segment and a parcel of land located in Baltimore, Maryland, Northern Virginia and Washington, D.C. We determined that the carrying amount of the properties would not likely be recovered from the undiscounted cash flows from the operations and sales of the properties over the shortened holding periods. Accordingly, we recognized impairment losses of \$252.8 million on these properties during 2023.

General, Administrative, **Leasing** and **Leasing Other** Expenses

Our general, administrative, **leasing** and **leasing expense other expenses** are net of amounts capitalized for compensation and indirect costs associated with properties, or portions thereof, undergoing development or redevelopment activities. Our capitalized compensation and indirect costs totaled **\$9.5 million in 2023 and \$10.7 million in 2022 and \$11.0 million in 2021, 2022.**

Interest Expense

The table below sets forth components of our interest expense:

		For the Years Ended December 31,		
		2022	2021	Variance
		(in thousands)		
		For the Years Ended December 31,		
		2023	2022	Variance
		(in thousands)		
Interest on unsecured senior notes	Interest on unsecured senior notes	\$ 47,496	\$ 48,333	\$ (837)
Interest on mortgage and other secured debt	Interest on mortgage and other secured debt	4,632	7,373	(2,741)
Interest on unsecured term debt	Interest on unsecured term debt	3,503	4,259	(756)
Interest on Revolving Credit Facility	Interest on Revolving Credit Facility	6,800	1,631	5,169
Interest expense recognized on interest rate swaps		946	5,028	(4,082)
Interest expense (offsets) additions from interest rate swaps				
Amortization of deferred financing costs	Amortization of deferred financing costs	2,297	2,980	(683)
Other interest	Other interest	2,209	2,261	(52)
Capitalized interest	Capitalized interest	(6,709)	(6,467)	(242)
Interest expense	Interest expense	\$ 61,174	\$ 65,398	\$ (4,224)

Regarding the changes in interest expense components reported above: the **decrease** increase for mortgage and other secured debt unsecured senior notes was attributable primarily to our payoff of two mortgages during 2021; the 5.25% Notes issued in September 2023; and the **increase** increases for our the unsecured term debt and Revolving Credit Facility **was** were attributable to higher weighted average balances and variable interest rates, the effect of which was partially mostly offset by interest rate swaps in place during the respective periods. While our debt is predominantly fixed rate and in the form of long-term unsecured notes, for variable-rate loans, we used interest rate swaps to hedge the effect of interest rate changes, including swaps for a \$200.0 million



notional amount that: fixed the one-month LIBOR interest rate in place 2022 at 1.9% through November 2022, December 1, 2022; and, effective February 1, 2023, fixed the one-month SOFR interest rate at 3.7% for a three-year term.

Our average outstanding debt was \$2.3 billion in 2022 2023 and \$2.2 billion in 2021, 2022, and our weighted average effective interest rate on debt was approximately 3.0% in 2023 and 2.8% in 2022 and 3.0% in 2021, 2022.

### 33 Interest and Other Income, Net

Interest and other income, net increased in 2023 due in large part to interest income earned from a portion of the net proceeds from the 5.25% Notes issuance being invested in short-term interest-bearing money market accounts.

#### Gain on Sales of Real Estate

The gain on sales of real estate recognized in 2023 was due to our sale of a 90% interest in three data center shell properties. Gain on sales of real estate in 2022 was due to our sale of a 90% interest in two data center shell properties. Gain on sales of real estate in 2021 included primarily \$40.2 million from our sale of a 90% interest in two data center shell properties and \$25.9 million from our sale of a property in our data center shells sub-segment that was previously removed from service. For the sales of 90% interests in properties in 2022 and 2021, we retained a 10% interest in the properties through unconsolidated real estate joint ventures.

#### Loss on Extinguishment of Debt

The decrease in loss on early extinguishment of debt was attributable primarily to unsecured senior notes refinancings that occurred in 2021.

#### Discontinued Operations

Discontinued operations includes our wholesale data center, including \$28.6 million in gain from its sale on January 25, 2022.

#### Funds from Operations

Funds from operations ("FFO") is defined as net income or loss computed using GAAP, excluding gains on sales and impairment losses of real estate and investments in UJVs (net of associated income tax) and real estate-related depreciation and amortization. FFO also includes adjustments to net income or loss for the effects of the items noted above pertaining to UJVs that were allocable to our ownership interest in the UJVs. We believe that we use the Nareit definition of FFO, although others may interpret the definition differently and, accordingly, our presentation of FFO may differ from those of other REITs. We believe that FFO is useful to management and investors as a supplemental measure of operating performance because, by excluding gains on sales and impairment losses of real estate (net of associated income tax), and real estate-related depreciation and amortization, FFO can help one compare our operating performance between periods. In addition, since most equity REITs provide FFO information to the investment community, we believe that FFO is useful to investors as a supplemental measure for comparing our results to those of other equity REITs. We believe that net income or loss is the most directly comparable GAAP measure to FFO.

Since FFO excludes certain items includable in net income or loss, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in balance with other GAAP and non-GAAP measures. FFO is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income or loss when evaluating our financial performance or to cash flow from operating, investing and financing activities when evaluating our liquidity or ability to make cash distributions or pay debt service.

Basic FFO available to common share and common unit holders ("Basic FFO") is FFO adjusted to subtract (1) preferred share dividends, (2) income attributable to noncontrolling interests through ownership of preferred units in the Operating Partnership or interests in other consolidated entities not owned by us, (3) depreciation and amortization allocable to noncontrolling interests in other consolidated entities and (4) Basic FFO allocable to share-based compensation awards. With these adjustments, Basic FFO represents FFO available to common shareholders and common unitholders. Common units in the Operating Partnership are substantially similar to our common shares and are exchangeable into common shares, subject to certain conditions. We believe that Basic FFO is useful to investors due to the close correlation of common units to common shares. We believe that net income or loss is the most directly comparable GAAP measure to Basic FFO. Basic FFO has essentially the same limitations as FFO; management compensates for these limitations in essentially the same manner as described above for FFO.

Diluted FFO available to common share and common unit holders ("Diluted FFO") is 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. We believe that Diluted FFO is useful to investors because it is the numerator used to compute Diluted FFO per share, discussed below. We believe that net income or loss is the most directly comparable GAAP measure to Diluted FFO. Since Diluted FFO excludes certain items includable in the numerator to diluted EPS, reliance on the measure has limitations; management compensates for these limitations by using the measure simply as a supplemental measure that is weighed in the balance with other GAAP and non-GAAP measures. Diluted FFO (which includes discontinued operations) is not necessarily an indication of our cash flow available to fund cash needs. Additionally, it should not be used as an alternative to net income or loss when evaluating our financial performance or to cash flow from operating, investing and financing activities when evaluating our liquidity or ability to make cash distributions or pay debt service.

Diluted FFO available to common share and common unit holders, as adjusted for comparability is defined as Diluted 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; executive transition costs associated with named executive officers; and, for periods prior to October 1, 2022, demolition costs on redevelopment and nonrecurring improvements and executive transition costs, costs associated with other senior management team members. This measure also includes adjustments for the effects of the items noted above pertaining to UJVs that were allocable to our ownership interest in the UJVs. We believe this to be a useful supplemental measure alongside Diluted FFO as it excludes gains and losses from certain investing and financing activities and certain other items that we believe are not closely correlated to (or associated with) our operating performance. We believe that net income or loss is the most directly comparable GAAP measure to this non-GAAP measure. This measure has essentially the same limitations as Diluted FFO, as well as the further limitation of not reflecting the effects of the excluded items; we compensate for these limitations in essentially the same manner as described above for Diluted FFO.

Diluted FFO per share is (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. We believe that Diluted FFO per share is useful to investors because it provides investors with a further context for evaluating our FFO results in the same manner that investors use earnings per share ("EPS") in evaluating net income or loss available to common shareholders. In addition, since most equity REITs provide Diluted FFO per share information to the investment community, we believe that Diluted FFO per share is a useful supplemental measure for comparing us to other equity REITs. We believe that diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share. Diluted FFO per share has most of the same limitations as Diluted FFO (described above); management compensates for these limitations in essentially the same manner as described above for Diluted FFO.

Diluted FFO per share, as adjusted for comparability is (1) Diluted FFO, 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. We believe that this measure is useful to investors because it provides investors with a further context for evaluating our FFO results. We believe this to be a useful supplemental measure alongside Diluted FFO per share as it excludes gains and losses from investing and financing activities and certain other items that we believe are not closely correlated to (or associated with) our operating performance. We believe that diluted EPS is the most directly comparable GAAP measure to this per share measure. This measure has most of the same limitations as Diluted FFO (described above) as well as the further limitation of not reflecting the effects of the excluded items; we compensate for these limitations in essentially the same manner as described above for Diluted FFO.

The computations for all of the above measures on a diluted basis assume the conversion of common units in COPLP CDPLP but do not assume the conversion of other securities that are convertible into common shares if the conversion of those securities would increase per share measures in a given period.

We use measures called payout ratios as supplemental measures of our ability to make distributions to investors based on each of the following: FFO; Diluted FFO; and Diluted FFO, adjusted for comparability. These measures are defined as (1) the sum of (a) dividends on unrestricted common and deferred shares and (b) distributions to holders of interests in COPLP (excluding unvested share-based compensation awards) CDPLP, to the extent they are dilutive for purposes of calculating the respective related non-GAAP per share measures, divided by either (2) FFO, Diluted FFO or Diluted FFO, adjusted for comparability, the respective non-GAAP measures.

The table below sets forth the computation of the above stated measures for 2022 2023 and 2021 2022 and provides reconciliations to the GAAP measures associated with such measures:

For the Years Ended December 31,		For the Years Ended December 31,	
		2023	2022
		(Dollars and shares in thousands, except per share data)	
For the Years Ended December 31,			
Net (loss) income			
Real estate-related depreciation and amortization			
Impairment losses on real estate			

Gain on sales of real estate			
Depreciation and amortization on UJVs allocable to COPT			
Defense			
		2022	2021
		(Dollars and shares in thousands, except per share data)	
Net income		\$ 178,822	\$ 81,578
Real estate-related depreciation and amortization		141,230	147,833
Depreciation and amortization on UJVs allocable to COPT		2,101	1,981
FFO			
Gain on sales of real estate		(47,814)	(65,590)
FFO			
FFO	FFO	274,339	165,802
FFO allocable to other noncontrolling interests	FFO allocable to other noncontrolling interests		
		(4,795)	(5,483)
Basic FFO allocable to share-based compensation awards	Basic FFO allocable to share-based compensation awards		
		(1,433)	(777)
Basic FFO allocable to share-based compensation awards			
Basic FFO allocable to share-based compensation awards			
Basic FFO available to common share and common unit holders			
Basic FFO available to common share and common unit holders			
Basic FFO available to common share and common unit holders	Basic FFO available to common share and common unit holders		
		268,111	159,542
Redeemable noncontrolling interests	Redeemable noncontrolling interests		
		(34)	(11)
Diluted FFO adjustments allocable to share-based compensation awards	Diluted FFO adjustments allocable to share-based compensation awards		
		109	32
Diluted FFO available to common share and common unit holders	Diluted FFO available to common share and common unit holders		
		268,186	159,563
Loss on early extinguishment of debt	Loss on early extinguishment of debt		
		609	100,626
Executive transition costs			
Executive transition costs			
Executive transition costs			
Gain on early extinguishment of debt on unconsolidated real estate JVs	Gain on early extinguishment of debt on unconsolidated real estate JVs		
		(168)	—
Loss on interest rate derivatives included in interest expense		—	221
Demolition costs on redevelopment and nonrecurring improvements		—	423
Executive transition costs		343	—
Diluted FFO comparability adjustments allocable to share-based compensation awards			
Diluted FFO comparability adjustments allocable to share-based compensation awards			

Diluted FFO comparability adjustments allocable to share-based compensation awards	Diluted FFO comparability adjustments allocable to share-based compensation awards		
		(5)	(507)
Diluted FFO available to common share and common unit holders, as adjusted for comparability	Diluted FFO available to common share and common unit holders, as adjusted for comparability		
		\$ 268,965	\$ 260,326
Diluted FFO available to common share and common unit holders, as adjusted for comparability			
Diluted FFO available to common share and common unit holders, as adjusted for comparability			
Weighted average common shares			
Weighted average common shares			
Weighted average common shares	Weighted average common shares	112,073	111,960
Conversion of weighted average common units	Conversion of weighted average common units	1,454	1,257
Weighted average common shares/units - Basic FFO per share	Weighted average common shares/units - Basic FFO per share	113,527	113,217
Dilutive effect of share-based compensation awards	Dilutive effect of share-based compensation awards	431	330
Redeemable noncontrolling interests	Redeemable noncontrolling interests	116	128
Redeemable noncontrolling interests			
Redeemable noncontrolling interests			
Weighted average common shares/units - Diluted FFO per share and as adjusted for comparability	Weighted average common shares/units - Diluted FFO per share and as adjusted for comparability	114,074	113,675
Weighted average common shares/units - Diluted FFO per share and as adjusted for comparability			
Weighted average common shares/units - Diluted FFO per share and as adjusted for comparability			
Diluted EPS			
Diluted EPS			
Diluted EPS			
Diluted FFO per share	Diluted FFO per share	\$ 2.35	\$ 1.40
Diluted FFO per share, as adjusted for comparability	Diluted FFO per share, as adjusted for comparability	\$ 2.36	\$ 2.29
Denominator for diluted EPS	Denominator for diluted EPS	112,620	112,418
Denominator for diluted EPS			
Denominator for diluted EPS			
Weighted average common units	Weighted average common units	1,454	1,257

Redeemable noncontrolling interests					
Dilutive effect of additional share-based compensation awards					
Denominator for diluted FFO per share and as adjusted for comparability					
		114,074	113,675		
Common share dividends - unrestricted shares and deferred shares		\$ 123,367	\$ 123,243		
Common share dividends - restricted shares and deferred shares		307	324		
Common unit distributions - unrestricted units		1,623	1,387		
Common unit distributions - restricted units		260	208		
Denominator for diluted FFO per share and as adjusted for comparability					
Denominator for diluted FFO per share and as adjusted for comparability					
Dividends on unrestricted common and deferred shares					
Dividends on unrestricted common and deferred shares					
Dividends on unrestricted common and deferred shares					
Dividends and distributions on restricted shares and units					
Distributions on unrestricted common units					
Dividends and distributions for net income payout ratio	Dividends and distributions for net income payout ratio	\$ 125,557	\$ 125,162		
Common share dividends - unrestricted shares and deferred shares		\$ 123,367	\$ 123,243		
Common unit distributions - unrestricted units		1,623	1,387		
Dividends on unrestricted common and deferred shares					
Dividends on unrestricted common and deferred shares					
Dividends on unrestricted common and deferred shares					
Distributions on unrestricted common units					
Dividends and distributions for FFO payout ratio	Dividends and distributions for FFO payout ratio	124,990	124,630		
Common unit distributions - dilutive restricted units		51	25		
Dividends and distributions for other non-GAAP payout ratios		\$ 125,041	\$ 124,655		
Dividends and distributions adjustments for dilution					
Dividends and distributions for diluted non-GAAP payout ratios					
Net income payout ratio					
Net income payout ratio					
Net income payout ratio	Net income payout ratio	70.2 %	153.4 %	N/A	70.2 %
FFO payout ratio	FFO payout ratio	45.6 %	75.2 %	FFO payout ratio	46.1 %
Diluted FFO payout ratio	Diluted FFO payout ratio	46.6 %	78.1 %	Diluted FFO payout ratio	47.1 %
					45.6 %
					46.6 %



net repayments of debt borrowings during the period of \$43.3 million, which included the net effect of: repayments of our Revolving Credit Facility and term loan facility primarily using property sale proceeds; proceeds from our Revolving Credit Facility used primarily to fund property development; and the refinancing of our existing Revolving Credit Facility and term loan facility using proceeds from new facilities.

Net cash flow used in financing activities in 2021 was \$50.9 million, and included primarily the following:

- dividends to common shareholders of \$123.5 million; offset in part by
- net proceeds from debt borrowings during the period of \$82.8 million, which included: the net effect of our senior note issuances and senior note purchases and redemptions (and related early extinguishment costs); the repayment of a portion of our term loan facility; the payoff of a construction loan and mortgage loan (and related early extinguishment costs); and the net pay down of our Revolving Credit Facility.

#### Supplemental Guarantor Information

As of December 31, 2022 December 31, 2023, COPLP CDPLP had several series of unsecured senior notes outstanding that were issued in transactions registered with the SEC under the Securities Act of 1933, as amended. Act. These notes are COPLP's CDPLP's direct, senior unsecured and unsubordinated obligations and rank equally in right of payment with all of COPLP's CDPLP's existing and future senior unsecured and unsubordinated indebtedness. However, these notes are effectively subordinated in right of payment to COPLP's CDPLP's existing and future secured indebtedness. The notes are also effectively subordinated in right of payment to all existing and future liabilities and other indebtedness, whether secured or unsecured, of COPLP's CDPLP's subsidiaries. COPT Defense fully and unconditionally guarantees COPLP's CDPLP's obligations under these notes. COPT's COPT Defense's guarantees of these notes are senior unsecured obligations that rank equally in right of payment with other senior unsecured obligations of, or guarantees by, COPT. COPT Defense. COPT Defense itself does not hold any indebtedness, and its only material asset is its investment in COPLP CDPLP.

As permitted under Rule 13-01(a)(4)(vi), we do not provide summarized financial information for the Operating Partnership since: the assets, liabilities, and results of operations of the Company and the Operating Partnership are not materially different than the corresponding amounts presented in the consolidated financial statements of the Company; and we believe that inclusion of such summarized financial information would be repetitive and not provide incremental value to investors.

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#### Liquidity and Capital Resources

As of December 31, 2022 December 31, 2023, we had \$12.3 million \$167.8 million in cash and cash equivalents.

We were carrying a significant amount of cash and cash equivalents as of the end of the period due to our use of a portion of the net proceeds from our issuance of the 5.25% Notes to pre-fund future development investments, which resulted in a portion of the net proceeds being invested in short-term interest-bearing money market accounts pending such use.

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We have a Revolving Credit Facility with a maximum borrowing capacity of \$600.0 million. We use this facility to initially fund much most of the cash requirements from our investing activities, including property development/redevelopment costs, as well as certain debt balloon payments due upon maturity. We then subsequently pay down the facility using cash available from operations and proceeds from financing and/or investing activities, such as long-term borrowings, equity issuances and sales of interests in properties. The facility matures in October 2026 and may be extended by two six-month periods at our option, provided that there is no default under the facility and we pay an extension fee of 0.0625% of the total availability under the facility for each extension period. Our available borrowing capacity under the facility totaled \$389.0 million \$525.0 million as of December 31, 2022, and on January 10, 2023, we further increased our borrowing capacity using proceeds from our sale of a 90% interest in three data center shells for \$190.2 million. December 31, 2023.

Our senior unsecured debt is rated investment grade, with stable outlooks, by the three major rating agencies. We aim to maintain an investment grade rating to enable us to use debt comprised of unsecured, primarily fixed-rate debt (including the effect of interest rate swaps) from public markets and banks. We also use secured nonrecourse debt from institutional lenders and banks primarily for joint venture financings. In addition, we periodically raise equity when we access the public equity markets by issuing common shares and, to a lesser extent, preferred shares.

We have a program in place under which we may offer and sell common shares in at-the-market stock offerings having an aggregate gross sales price of up to \$300 million. Under this program, we may also, at our discretion, sell common shares under forward equity sales agreements. The use of a forward equity sales agreement would enable us to lock in a price on a sale of common shares when the agreement is executed but defer issuing the shares and receiving the sale proceeds until a later date.

We believe that our liquidity and capital resources are adequate for our near-term and longer-term requirements without necessitating property sales. However, we may dispose of interests in properties opportunistically or when market conditions otherwise warrant.

Our material cash requirements, including contractual and other obligations, include:

- property operating expenses, including future lease obligations from us as a lessee;

- > construction contract expenses;
- > general, administrative, leasing and administrative other expenses;
- > debt service, including interest expense;
- > property development/redevelopment development costs;
- > tenant and capital improvements and leasing costs for operating properties (expected to total approximately \$85 million in 2023) 2024);
- > debt balloon payments due upon maturity; and
- > dividends to our shareholders.

We expect to use cash flow from operations in 2023 2024 and annually thereafter for the foreseeable future to fund all of these cash requirements except for debt balloon payments due upon maturity and a portion of property development/redevelopment costs, development costs, the fundings for which are discussed below.

In 2023, 2024, we expect to spend \$250 million \$240 million to \$275 million \$280 million on development costs, most of which was contractually obligated as of December 31, 2022; we December 31, 2023, and had \$27.6 million in debt balloon payments maturing in 2024. We expect to fund these cash requirements using, in part, remaining cash flow from operations and any remaining excess available cash and cash equivalents, with the balance funded primarily using borrowings under our Revolving Credit Facility, at least initially. As of December 31, 2022, we had \$15.9 million in debt balloon payments due in 2023, which were repaid on February 1, 2023.

Beyond 2023, 2024, we expect to continue to actively develop and redevelop properties and fund using, in part, remaining cash flow from operations, with the balance, at least initially, funded primarily using borrowings under our Revolving Credit Facility, at least initially, Facility.

We provide disclosure in our consolidated financial statements on our future lessee obligations (expected to be funded primarily by cash flow from operations) in Note 5 and future debt obligations (expected to be refinanced by new debt borrowings or funded by future equity issuances and/or sales of interests in properties) in Note 10. 8.

Certain of our debt instruments require that we comply with a number of restrictive financial covenants, including maximum leverage ratio, unencumbered leverage ratio, minimum net worth, minimum fixed charge coverage, minimum unencumbered interest coverage ratio, minimum debt service and maximum secured indebtedness ratio. As of December 31, 2022 December 31, 2023, we were compliant with these covenants.

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### Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements for information regarding recent accounting pronouncements.

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### Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks, one of the most predominant of which is a change in interest rates. Increases in interest rates can result in increased interest expense under our Revolving Credit Facility and other variable variable-rate debt to the extent we do not have interest rate debt. swaps in place to hedge the effect of such rate increases. Increases in interest rates can also result in increased interest expense when our fixed rate fixed-rate debt matures and needs to be refinanced.

The following table sets forth as of December 31, 2022 December 31, 2023 our debt obligations and weighted average interest rates on debt maturing each year (dollars in thousands):

		For the Years Ending December 31,							For the Years Ending December 31,								
		2023	2024	2025	2026	2027	Thereafter	Total			2024	2025	2026	2027	2028	Thereafter	Total
Debt:	Debt:								Debt:								
	Fixed rate debt (1)	\$ 18,414	\$ 29,443	\$ 1,302	\$ 436,140	\$ —	\$ 1,400,000	\$ 1,885,299									
	Fixed-rate debt (1)																
	Weighted average interest rate	3.94%	4.42%	3.23%	2.38%	%	2.58%	2.58%			4.42%	3.23%	2.38%	%	5.25%	2.58%	2.98%
	Variable rate debt (2)	\$ 540	\$ 540	\$ 22,415	\$ 346,160	\$ —	\$ —	\$ 369,655									



Variable-rate debt (2)									
Weighted average interest rate (3)	Weighted average interest rate (3)	5.57%	5.57%	5.62%	5.56%	—	—	5.57%	Weighted average interest rate (3)
									6.93%
									6.97%
									6.66%
									—
									%
									6.69%

- (1) Represents principal maturities only and therefore excludes net discounts and deferred financing costs of \$23.2 million \$28.7 million.
- (2) As of December 31, 2022 December 31, 2023, maturities in 2026 included \$211.0 million \$75.0 million that may be extended to 2027 and \$125.0 million that may be extended to 2028, both subject to certain conditions.
- (3) The amounts reflected above used interest rates as of December 31, 2022 December 31, 2023 for variable rate variable-rate debt.

The fair value of our debt was \$2.2 billion as of December 31, 2023 and \$1.9 billion as of December 31, 2022 and \$2.3 billion as of December 31, 2021. If interest rates had been 1% lower, the fair value of our fixed-rate debt would have increased by approximately \$82 million as of December 31, 2023 and \$88 million as of December 31, 2022 and \$138 million as of December 31, 2021.

See Note 11 9 to our consolidated financial statements for information pertaining to interest rate swap contracts in place as of December 31, 2022 December 31, 2023 and 2021 2022 and their respective fair values.

Based on our variable-rate debt balances, including the effect of interest rate swap contracts, our interest expense would have increased by \$764,000 in 2023 and \$1.5 million in 2022 and \$2.9 million in 2021 if the applicable variable index rate was 1% higher. Interest expense in 2022 2023 was less sensitive to a change in interest rates than 2021 2022 due primarily to our having a lower average variable-rate debt balance in 2022 2023, including the effect of interest rate derivatives in place. swaps.

Item 8. Financial Statements and Supplementary Data

This item is included in a separate section at the end of this report beginning on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

I. Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2022 December 31, 2023. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2022 December 31, 2023 were functioning effectively to provide reasonable assurance that the information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and

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communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(a) Management's Report on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting is included in a separate section at the end of this report on page F-2.

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(b) Report of Independent Registered Public Accounting Firm

The Report of Independent Registered Public Accounting Firm is included in a separate section at the end of this report on pages F-3 and F-4, through F-5.

(c) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None. (a) Not applicable

(b) Rule 10b5-1 Trading Plans

During the quarter ended December 31, 2023, none of our directors or executive officers entered into, modified, terminated or had in place contracts, instructions or written plans for the sale or purchase of our securities that were intended to satisfy the affirmative defense conditions of Rule 10b5-1.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

(a) Not applicable

(b) Not applicable

PART III

Items 10, 11, 12, 13 & 14. Directors, Executive Officers and Corporate Governance; Executive Compensation; Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters; Certain Relationships and Related Transactions, and Director Independence; and Principal Accountant Fees and Services

For the information required by Item 10, Item 11, Item 12, Item 13 and Item 14, you should refer to our definitive proxy statement relating to the 2023 2024 Annual Meeting of our Shareholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) The following documents are filed as exhibits to this Form 10-K:

- 1. Financial Statements. See "Index to consolidated financial statements" on page F-1 of this Annual Report on Form 10-K.
- 2. Financial Statement Schedules. See "Index to consolidated financial statements" on page F-1 of this Annual Report on Form 10-K.
- 3. See section below entitled "Exhibits."

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(b) Exhibits. Refer to the Exhibit Index that follows. Unless otherwise noted, the file number of all documents incorporated by reference is 1-14023.

EXHIBIT NO.	DESCRIPTION
3.1	Articles Supplementary of Corporate Office Properties Trust filed with the State Department of Assessments and Taxation of Maryland on September 22, 2014 (filed with the Company's Current Report on Form 8-K dated September 24, 2014 and incorporated herein by reference).
3.2	Amended and Restated Declaration of Trust of Corporate Office Properties Trust, as amended through May 15, 2018 (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 and incorporated herein by reference).
3.2.1	Articles of Amendment to Amended and Restated Declaration of Trust of Corporate Office Properties Trust, as amended through September 5, 2023 (filed with the Company's Current Report on Form 8-K dated September 5, 2023 and incorporated herein by reference).
3.3	Amended and Restated Bylaws of Corporate Office Properties Trust, as amended through May 2017 (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and incorporated herein by reference).
3.4	Form of certificate for the Registrant's Common Shares of Beneficial Interest, \$0.01 par value per share (filed with the Company's Registration Statement on Form S-4 (Commission File No. 333-45649) and incorporated herein by reference).

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EXHIBIT NO.	DESCRIPTION
4	Description of Common Shares (filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and incorporated herein by reference).
10.1	Third Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P. (filed with the Company's Current Report on Form 8-K dated December 6, 2018 and incorporated herein by reference).
10.1.1	First Amendment to Third Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P. dated July 31, 2019 (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 and incorporated herein by reference).
10.1.2	Second Amendment to Third Amended and Restated Limited Partnership Agreement of Corporate Office Properties, L.P. (filed with the Company's Current Report on Form 8-K dated September 5, 2023 and incorporated herein by reference).
10.2.1*	Corporate Office Properties Trust Supplemental Nonqualified Deferred Compensation Plan (filed with the Company's Current Report on Form 8-K dated December 10, 2008 and incorporated herein by reference).
10.2.2*	First Amendment to the Corporate Office Properties Trust Supplemental Nonqualified Deferred Compensation Plan dated December 4, 2008 (filed with the Company's Current Report on Form 8-K dated December 10, 2008 and incorporated herein by reference).
10.3.1*	Corporate Office Properties Trust 2017 Omnibus Equity and Incentive Plan (included in Annex B to the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 27, 2017 and incorporated herein by reference).
10.3.2*	First Amendment to the Corporate Office Properties Trust 2017 Omnibus Equity and Incentive Plan (filed with the Company's Current Report on Form 8-K dated December 6, 2018 and incorporated herein by reference).
10.4.1*	Form of Corporate Office Properties Trust Performance-Based Profit Interest Unit Award Certificate (2017 Omnibus Equity and Incentive Plan) (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and incorporated herein by reference) herewith).
10.4.2*	Form of Corporate Office Properties Trust Time-Based Profit Interest Unit Award Certificate (2017 Omnibus Equity and Incentive Plan) (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 and incorporated herein by reference).
10.5*	Corporate Office Properties Trust and Corporate Office Properties, L.P. Amended and Restated Executive Change in Control and Severance Plan dated May 6, 2021 (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 and incorporated herein by reference).
10.6*	Letter Agreement, dated June 22, 2021, between Corporate Office Properties Trust, Corporate Office Properties, L.P., and Stephen E. Budorick (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2021 and incorporated herein by reference).
10.7* 10.7*	Letter Agreement, dated November 1, 2021, between Corporate Office Properties Trust, Corporate Office Properties, L.P., and Todd Hartman (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 and incorporated herein by reference).
10.8*	Letter Agreement, dated November 1, 2021, between Corporate Office Properties Trust, Corporate Office Properties, L.P., and Anthony Mifsud (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 and incorporated herein by reference).
10.9 10.8*	Confidential Post-Resignation Consulting Agreement and Release between Corporate Office Properties, L.P. and Todd W. Hartman, dated March 1, 2023 (filed with the Company's Current Report on Form 8-K dated March 1, 2023 and incorporated herein by reference).
10.9*	Letter Agreement, dated December 1, 2023, between COPT Defense Properties, COPT Defense Properties L.P. and Britt A. Snider (filed herewith).
10.10	Amended and Restated Registration Rights Agreement, dated March 16, 1998, for the benefit of certain shareholders of the Company (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 and incorporated herein by reference).
10.10 10.11	Indenture, dated as of April 8, 2019, among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Registration Statement on Form S-3 (Commission File No. 333-230764) and incorporated herein by reference).

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EXHIBIT NO.	DESCRIPTION
10.11 10.12	First Supplemental Indenture, dated as of September 17, 2020, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K dated September 17, 2020 and incorporated herein by reference).
10.12 10.13	Second Supplemental Indenture, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K dated March 11, 2021 and incorporated herein by reference).
10.13 10.14	Third Supplemental Indenture, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K dated August 11, 2021 and incorporated herein by reference).
10.14 10.15	Fourth Supplemental Indenture, by and among Corporate Office Properties, L.P., as issuer, Corporate Office Properties Trust, as guarantor, and U.S. Bank National Association, as trustee (filed with the Company's Current Report on Form 8-K dated November 17, 2021 and incorporated herein by reference).

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EXHIBIT NO.	DESCRIPTION
<a href="#">10.15</a> <a href="#">10.16</a>	<a href="#">Credit Agreement, dated as of October 26, 2022, by and among Corporate Office Properties, L.P.; Corporate Office Properties Trust; KeyBank National Association; KeyBank Capital Markets, Inc.; PNC Capital Markets LLC; TD Bank National Association; M&amp;T Bank, a New York Banking Corporation; and PNC Bank National Association (filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 and incorporated herein by reference).</a>
<a href="#">10.16.1</a>	<a href="#">First Amendment to Credit Agreement, dated September 6, 2023, by and among Corporate Office Properties, L.P.; Corporate Office Properties Trust; KeyBank National Association; KeyBank Capital Markets, Inc.; PNC Capital Markets LLC; TD Bank National Association; M&amp;T Bank, a New York Banking Corporation; and PNC Bank National Association (filed with the Company's Current Report on Form 8-K dated September 6, 2023 and incorporated herein by reference).</a>
<a href="#">10.17</a>	<a href="#">Indenture, dated September 12, 2023, among the Issuer, the Guarantor and U.S. Bank Trust Company, National Association (filed with the Company's Current Report on Form 8-K dated September 12, 2023 and incorporated herein by reference).</a>
<a href="#">10.18</a>	<a href="#">Registration Rights Agreement, dated as of September 12, 2023, among Corporate Office Properties, L.P., Corporate Office Properties Trust and Wells Fargo Securities, LLC (filed with the Company's Current Report on Form 8-K dated September 12, 2023 and incorporated herein by reference).</a>
<a href="#">21.1</a>	<a href="#">Subsidiaries of Registrant (filed herewith).</a>
<a href="#">22.1</a>	<a href="#">List of Subsidiary Issuers of Guaranteed Securities (filed herewith).</a>
<a href="#">23.1</a>	<a href="#">Consent of Independent Registered Public Accounting Firm (filed herewith).</a>
<a href="#">31.1</a>	<a href="#">Certification of the Chief Executive Officer of Corporate Office Properties Trust required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (filed herewith).</a>
<a href="#">31.2</a>	<a href="#">Certification of the Chief Financial Officer of Corporate Office Properties Trust required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (filed herewith).</a>
<a href="#">32.1</a>	<a href="#">Certification of the Chief Executive Officer of Corporate Office Properties Trust required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended. (This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended). (Furnished herewith).</a>
<a href="#">32.2</a>	<a href="#">Certification of the Chief Financial Officer of Corporate Office Properties Trust required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended. (This exhibit shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Exchange Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended). (Furnished herewith).</a>
<a href="#">97.1*</a>	<a href="#">Incentive-based Compensation Recovery Policy (filed herewith).</a>
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document (filed herewith).
101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith).
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.LAB	XBRL Extension Labels Linkbase (filed herewith).
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* - Indicates a compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K.

(c) Not applicable.

#### Item 16. Form 10-K Summary

None.

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#### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 24, 2023 22, 2024

By: /s/ Stephen E. Budorick  
 Stephen E. Budorick  
 President and Chief Executive Officer

Date: February 24, 2023 22, 2024

By: /s/ Anthony Mifsud  
 Anthony Mifsud  
 Executive Vice President and Chief Financial Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Stephen E. Budorick (Stephen E. Budorick)	President and Chief Executive Officer and Trustee	February 24, 2023 22, 2024
/s/ Anthony Mifsud (Anthony Mifsud)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2023 22, 2024
/s/ Gregory J. Thor Matthew T. Myers (Gregory J. Thor) Matthew T. Myers	Senior Vice President, Controller and Chief Accounting Officer Accounting Officer and Controller (Principal Accounting Officer)	February 24, 2023 22, 2024
/s/ Thomas F. Brady /s/ Robert L. Denton, Sr. (Thomas F. Brady)	Chairman of the Board and Trustee	February 24, 2023
/s/ Robert L. Denton, Sr. (Robert L. Denton, Sr.)	Trustee	February 24, 2023 22, 2024
/s/ Thomas F. Brady (Thomas F. Brady)	Trustee	February 22, 2024
/s/ Philip L. Hawkins (Philip L. Hawkins)	Trustee	February 24, 2023 22, 2024
/s/ Steven D. Kesler (Steven D. Kesler)	Trustee	February 24, 2023 22, 2024
/s/ Letitia A. Long (Letitia A. Long)	Trustee	February 24, 2023 22, 2024
/s/ Essye B. Miller (Essye B. Miller)	Trustee	February 24, 2023 22, 2024
/s/ Raymond L. Owens (Raymond L. Owens)	Trustee	February 24, 2023 22, 2024
/s/ C. Taylor Pickett (C. Taylor Pickett)	Trustee	February 24, 2023 22, 2024
/s/ Lisa G. Trimberger (Lisa G. Trimberger)	Trustee	February 24, 2023 22, 2024

**CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST AND SUBSIDIARIES**  
**INDEX TO FINANCIAL STATEMENTS AND SCHEDULE**

<a href="#">Management's Report on Internal Control Over Financial Reporting</a>	<a href="#">F-2</a>
<a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID: 238)	<a href="#">F-3</a>
<a href="#">Consolidated Financial Statements</a>	
<a href="#">Consolidated Balance Sheets as of December 31, 2022, December 31, 2023 and 2021</a>	<a href="#">F-5</a>
<a href="#">Consolidated Statements of Operations for the Years Ended December 31, 2022, 2021 and 2020</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Comprehensive Income Operations for the Years Ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020</a>	<a href="#">F-7</a>
<a href="#">Consolidated Statements of Equity Comprehensive Income for the Years Ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020</a>	<a href="#">F-8</a>
<a href="#">Consolidated Statements of Equity for the Years Ended December 31, 2023, 2022 and 2021</a>	<a href="#">F-9</a>
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, December 31, 2023, 2021, 2022 and 2020</a>	<a href="#">F-9 10</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">F-11 12</a>
<a href="#">Financial Statements Schedule</a>	
<a href="#">Schedule III - Real Estate and Accumulated Depreciation as of December 31, 2022, December 31, 2023</a>	<a href="#">F-45 44</a>

**Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, and for performing an assessment of the effectiveness of internal control over financial reporting as of **December 31, 2022, December 31, 2023**. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and trustees; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management performed an assessment of the effectiveness of our internal control over financial reporting as of **December 31, 2022, December 31, 2023** based upon criteria in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, management determined that our internal control over financial reporting was effective as of **December 31, 2022, December 31, 2023** based on the criteria in Internal Control - Integrated Framework (2013) issued by the COSO.

The effectiveness of our internal control over financial reporting as of **December 31, 2022, December 31, 2023** has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

**Report of Independent Registered Public Accounting Firm**

To the Board of Trustees and Shareholders of **Corporate Office Properties Trust COPT Defense Properties:**

**Opinions on the Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated balance sheets of **Corporate Office COPT Defense Properties Trust** and its subsidiaries (the "Company") as of **December 31, 2022, December 31, 2023** and **2021, 2022**, and the related consolidated statements of operations, of comprehensive income, of equity and of cash flows for each of the three years in the period ended **December 31, 2022, December 31, 2023**, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also

have audited the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2022** **December 31, 2023** in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

#### **Basis for Opinions**

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

#### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and the board of trustees of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Critical Audit Matters**

The critical audit **matter matters** communicated below **is a matter** **are matters** arising from the current period audit of the consolidated financial statements that **was were** communicated or required to be communicated to the audit committee and that (i) **relates relate** to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit **matter matters** below, providing **a** separate **opinion opinions** on the critical audit **matter matters** or on the accounts or disclosures to which **it relates, they relate**.

#### **Determination of the Expected Lease End Date for United States Government Leases with One-year One-Year Renewal Options and/or Early Termination Rights**

As described in Notes 2 and 5 to the consolidated financial statements, **total** lease revenue from continuing operations for the year ended **December 31, 2022** **December 31, 2023** was **\$580.2** **\$619.8** million and a significant portion of the Company's leases are with the United States Government, which represented 27% of the fixed lease revenues for the year ended **December 31, 2022** **December 31, 2023**. The majority of United States Government leases contain one-year renewal options and/or provide for early termination rights. The Company recognizes minimum rental payments on a straight-line basis over the terms of each lease. The lease term of a lease includes the noncancellable periods of the lease along with periods covered by: (1) a tenant option to extend the lease if the tenant is reasonably certain to exercise that option; (2) a tenant option to terminate the lease if the tenant is reasonably certain not to exercise that option; and (3) an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the Company as the lessor. When assessing the expected lease end date, management uses judgment in contemplating the significance of any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease; and economic incentives for the tenant based on any existing contract, asset, entity or market-based factors in the lease.

The principal considerations for our determination that performing procedures relating to the determination of the expected lease end date for United States Government leases with one-year renewal options and/or early termination rights is a critical audit matter are (i) the significant **judgments judgment** by management when determining the expected lease end date for the United States Government leases with one-year renewal options and/or early termination rights **which in turn led to and** (ii) a high degree of auditor judgment, subjectivity, and **audit** effort in performing procedures and evaluating audit evidence relating to the determination of such expected lease end dates.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition for leases, including controls over the determination of the expected lease end **dates date** for United States Government leases with one-year renewal options and/or early termination rights. These procedures also included, among others, testing management's process for determining the expected lease end date for a sample of United States Government leases with one-year renewal options and/or early termination rights, including evaluating the reasonableness of significant assumptions **utilized used** by management related to the significance of any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the **lease; lease** and economic incentives for the tenant based on any existing contract, asset, entity or market-based factors in the lease. Evaluating **the management's** assumptions **included involved** evaluating whether the assumptions used were reasonable considering past experience with the tenant and the rental property and whether the assumptions were consistent with evidence obtained in other areas of the audit.

#### **Impairment Assessment of Properties – Fair Value Analysis of Impaired Properties in the Other Reportable Segment**

As described in Notes 2 and 4 to the consolidated financial statements, management assesses the asset groups associated with each of the Company's properties for indicators of impairment quarterly or when circumstances indicate that an asset group may be impaired. As of December 31, 2023, the carrying value of the Company's total properties, net of accumulated depreciation was \$3.5 billion, of which a portion relates to the Other reportable segment. For the year ended December 31, 2023, the Company recorded an impairment loss of \$252.8 million. If management's analysis indicates the carrying values of certain properties' asset groups may be impaired, management performs a recoverability analysis for such asset groups. If and when plans change for a property, management revises the recoverability analyses to use the cash flows expected from the operations and eventual disposition of such property using holding periods that are consistent with revised plans. In accounting for the impairment of long-lived assets, management estimates property fair values based on contract prices, indicative bids, discounted cash flow analyses or comparable sales analyses. Management estimates cash flows used in performing impairment analyses based on plans for the property and views of market and economic conditions. The estimates consider items such as current and future market rental and occupancy rates, estimated operating and capital expenditures, leasing commissions, absorption and hold periods, and recent sales data for comparable properties. As disclosed by management, the determination of appropriate capitalization or discount rates for use in estimating property fair values also requires significant judgment and is typically based on many factors, including the prevailing rate for the market or submarket, as well as the quality, location and other unique attributes of the property.

The principal considerations for our determination that performing procedures relating to the fair value analysis of impaired properties in the Other reportable segment is a critical audit matter are (i) the significant judgment by management in developing the fair value estimate of the properties in the Other reportable segment based on the discounted cash flow and comparable sales analyses; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the current and future market rental and occupancy rates, estimated operating and capital expenditures, leasing commissions, absorption and hold periods, capitalization rates and discount rates used in the discounted cash flow analyses and recent sales data for comparable properties used in the comparable sales analyses (collectively referred to as the "significant assumptions"); and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the fair value analysis of impaired properties, including controls over management's development of the fair value estimate of the properties based on the discounted cash flow and comparable sale analyses and determination of the significant assumptions used in the discounted cash flow and comparable sales analyses. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the properties in the Other reportable segment based on the discounted cash flow and comparable sales analyses; (ii) evaluating the appropriateness of the discounted cash flow and comparable sales analyses; (iii) testing the completeness and accuracy of the underlying data used in the discounted cash flow and comparable sales analyses; and (iv) evaluating the reasonableness of the significant assumptions used by management in the discounted cash flow and comparable sales analyses. Evaluating management's assumptions involved evaluating whether the assumptions used were reasonable by (i) comparing the current and future market rental and occupancy rates, estimated operating expenditures, leasing commissions, absorption periods, capitalization rates, discount rates and recent sales data to observable market data; (ii) comparing the estimated operating and capital expenditures and hold periods to the past performance of the relevant properties held by the Company; and (iii) considering whether the current and future market rental rates and estimated operating and capital expenditures were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating, on a test basis, the appropriateness of the discounted cash flow analyses and the reasonableness of the significant assumptions used in the discounted cash flow analyses.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland  
February 24, 2023 22, 2024  
We have served as the Company's auditor since 1997.

Corporate Office COPT Defense Properties Trust and Subsidiaries  
Consolidated Balance Sheets  
(in thousands, except share data)

		December 31,	
		2022	2021
		December 31,	
		2023	2022
Assets	Assets	Assets	
Properties, net:	Properties, net:	Properties, net:	
Operating properties, net	Operating properties, net		
		\$3,258,899	\$3,090,510
Projects in development or held for future development	Projects in development or held for future development		
		297,499	442,434
Total properties, net	Total properties, net	3,556,398	3,532,944
Property - operating right-of-use assets	Property - operating right-of-use assets	37,020	38,361
Assets held for sale, net	Assets held for sale, net	161,286	192,699
Assets held for sale, net			
Assets held for sale, net			



Cash and cash equivalents	Cash and cash equivalents	12,337	13,262	
Investment in unconsolidated real estate joint ventures	Investment in unconsolidated real estate joint ventures	21,460	39,889	
Accounts receivable, net	Accounts receivable, net	43,334	40,752	
Deferred rent receivable	Deferred rent receivable	125,147	108,926	
Lease incentives, net	Lease incentives, net	49,757	51,486	
Deferred leasing costs (net of accumulated amortization of \$35,270 and \$31,768, respectively)		69,339	65,850	
Investing receivables (net of allowance for credit losses of \$2,794 and \$1,599, respectively)		84,621	82,226	
Intangible assets on property acquisitions, net		9,959	14,567	
Deferred leasing costs (net of accumulated amortization of \$41,448 and \$35,270, respectively)				
Investing receivables (net of allowance for credit losses of \$2,377 and \$2,794, respectively)				
Prepaid expenses and other assets, net				
Prepaid expenses and other assets, net				
Prepaid expenses and other assets, net	Prepaid expenses and other assets, net	86,617	81,490	
<b>Total assets</b>	<b>Total assets</b>	<b>\$4,257,275</b>	<b>\$4,262,452</b>	
<b>Liabilities and equity</b>	<b>Liabilities and equity</b>			<b>Liabilities and equity</b>
Liabilities:	Liabilities:			Liabilities:
Debt, net	Debt, net	\$2,231,794	\$2,272,304	
Accounts payable and accrued expenses	Accounts payable and accrued expenses	157,998	186,202	
Rents received in advance and security deposits	Rents received in advance and security deposits	30,016	32,262	
Dividends and distributions payable	Dividends and distributions payable	31,400	31,299	

Deferred revenue associated with operating leases	Deferred revenue associated with operating leases	11,004	9,341
Property - operating lease liabilities	Property - operating lease liabilities	28,759	29,342
Other liabilities	Other liabilities	18,556	17,729
Other liabilities			
Other liabilities			
Total liabilities	Total liabilities	2,509,527	2,578,479
Commitments and contingencies (Note 19)			
Commitments and contingencies (Note 17)		Commitments and contingencies (Note 17)	
Redeemable noncontrolling interests	Redeemable noncontrolling interests	26,293	26,898
Equity:	Equity:	Equity:	
Shareholders' equity:	Shareholders' equity:	Shareholders' equity:	
Common Shares of beneficial interest (\$0.01 par value; 150,000,000 shares authorized; shares issued and outstanding of 112,423,893 at December 31, 2022 and 112,327,533 at December 31, 2021)		1,124	1,123
Common Shares of beneficial interest (\$0.01 par value; 150,000,000 shares authorized; shares issued and outstanding of 112,555,352 at December 31, 2023 and 112,423,893 at December 31, 2022)			
Common Shares of beneficial interest (\$0.01 par value; 150,000,000 shares authorized; shares issued and outstanding of 112,555,352 at December 31, 2023 and 112,423,893 at December 31, 2022)			
Common Shares of beneficial interest (\$0.01 par value; 150,000,000 shares authorized; shares issued and outstanding of 112,555,352 at December 31, 2023 and 112,423,893 at December 31, 2022)			
Additional paid-in capital	Additional paid-in capital	2,486,116	2,481,539
Cumulative distributions in excess of net income	Cumulative distributions in excess of net income	(807,508)	(856,863)

Accumulated other comprehensive income (loss)		2,071	(3,059)
Accumulated other comprehensive income			
Total shareholders' equity	Total shareholders' equity	1,681,803	1,622,740
Noncontrolling interests in subsidiaries:	Noncontrolling interests in subsidiaries:		
Common units in Corporate Office Properties, L.P. ("COPLP")		25,808	21,363
Common units in COPT Defense Properties, L.P. ("CDPLP")			
Other consolidated entities			
Other consolidated entities			
Other consolidated entities	Other consolidated entities	13,844	12,972
Noncontrolling interests in subsidiaries	Noncontrolling interests in subsidiaries	39,652	34,335
Total equity	Total equity	1,721,455	1,657,075
Total liabilities, redeemable noncontrolling interests and equity	Total liabilities, redeemable noncontrolling interests and equity	\$4,257,275	\$4,262,452

See accompanying notes to consolidated financial statements.

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
**Consolidated Statements of Operations**  
(in thousands, except per share data)

For the Years Ended December 31,		For the Years Ended December 31,			For the Years Ended December 31,		
		2022	2021	2020	2023	2022	2021
Revenues	Revenues						
Lease revenue	Lease revenue						
Lease revenue	Lease revenue						
Lease revenue	Lease revenue	\$580,169	\$553,668	\$509,114			
Other property revenue	Other property revenue	4,229	2,902	2,600			
Construction contract and other service revenues	Construction contract and other service revenues	154,632	107,876	70,640			

Total revenues	Total revenues	739,030	664,446	582,354
Operating expenses	Operating expenses			
Property operating expenses	Property operating expenses	227,430	213,377	190,796
Property operating expenses				
Property operating expenses				
Depreciation and amortization associated with real estate operations	Depreciation and amortization associated with real estate operations	141,230	137,543	126,503
Construction contract and other service expenses	Construction contract and other service expenses	149,963	104,053	67,615
General, administrative and leasing expenses		35,798	36,127	33,001
Business development expenses and land carry costs		3,193	4,647	4,473
Impairment losses	Impairment losses	—	—	1,530
General, administrative, leasing and other expenses				
Total operating expenses	Total operating expenses	557,614	495,747	423,918
Interest expense	Interest expense	(61,174)	(65,398)	(67,937)
Interest and other income		9,341	7,879	8,574
Credit loss (expense) recoveries		(271)	1,128	933
Interest and other income, net				
Gain on sales of real estate	Gain on sales of real estate	19,250	65,590	30,209
Gain on sale of investment in unconsolidated real estate joint venture		—	—	29,416
Loss on early extinguishment of debt	Loss on early extinguishment of debt	(609)	(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				
		147,953	77,272	99,129
Equity in income of unconsolidated entities		1,743	1,093	1,825

Loss on early extinguishment of debt				
Loss on early extinguishment of debt				
(Loss) income from continuing operations before equity in (loss) income of unconsolidated entities and income taxes				
(Loss) income from continuing operations before equity in (loss) income of unconsolidated entities and income taxes				
(Loss) income from continuing operations before equity in (loss) income of unconsolidated entities and income taxes				
Equity in (loss) income of unconsolidated entities				
Income tax expense	Income tax expense	(447)	(145)	(353)
Income from continuing operations		149,249	78,220	100,601
(Loss) income from continuing operations				
Discontinued operations	Discontinued operations	29,573	3,358	2,277
Net income		178,822	81,578	102,878
Net income attributable to noncontrolling interests:				
Common units in COPLP		(2,603)	(1,012)	(1,180)
Preferred units in COPLP		—	—	(300)
Net (loss) income				
Net loss (income) attributable to noncontrolling interests:				
Common units in CDPLP				
Common units in CDPLP				
Common units in CDPLP				
Other consolidated entities				
Other consolidated entities				
Other consolidated entities	Other consolidated entities	(3,190)	(4,025)	(4,024)
Net income attributable to COPT common shareholders		\$ 173,029	\$ 76,541	\$ 97,374
Net (loss) income attributable to common shareholders				

Net (loss) income attributable to common shareholders				
Net (loss) income attributable to common shareholders				
Basic earnings per common share: (1)	Basic earnings per common share: (1)			
Income from continuing operations		\$ 1.28	\$ 0.65	\$ 0.85
Basic earnings per common share: (1)				
Basic earnings per common share: (1)				
(Loss) income from continuing operations				
(Loss) income from continuing operations				
(Loss) income from continuing operations				
Discontinued operations	Discontinued operations	0.26	0.03	0.02
Net income attributable to COPT common shareholders		\$ 1.54	\$ 0.68	\$ 0.87
Net (loss) income attributable to common shareholders				
Diluted earnings per common share: (1)	Diluted earnings per common share: (1)			
Income from continuing operations		\$ 1.27	\$ 0.65	\$ 0.85
(Loss) income from continuing operations				
(Loss) income from continuing operations				
(Loss) income from continuing operations				
Discontinued operations	Discontinued operations	0.26	0.03	0.02
Net income attributable to COPT common shareholders		\$ 1.53	\$ 0.68	\$ 0.87
Net (loss) income attributable to common shareholders				

(1) Basic and diluted earnings per common share are calculated based on amounts attributable to common **shareholders of Corporate Office Properties Trust** **shareholders**.

See accompanying notes to consolidated financial statements.

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**(in thousands)**

	For the Years Ended December 31,		
	2022	2021	2020
Net income	\$ 178,822	\$ 81,578	\$ 102,878
Other comprehensive income			
Unrealized income (loss) on interest rate derivatives	4,730	1,379	(39,454)
Reclassification adjustments on interest rate derivatives recognized in interest expense	996	5,048	3,725
Reclassification adjustments on interest rate derivatives recognized in loss on interest rate derivatives	—	—	51,865
Total other comprehensive income	5,726	6,427	16,136
Comprehensive income	184,548	88,005	119,014
Comprehensive income attributable to noncontrolling interests	(6,389)	(5,366)	(5,353)
Comprehensive income attributable to COPT	\$ 178,159	\$ 82,639	\$ 113,661

	For the Years Ended December 31,		
	2023	2022	2021
Net (loss) income	\$ (74,347)	\$ 178,822	\$ 81,578
Other comprehensive (loss) income			
Unrealized income on interest rate derivatives	3,827	4,730	1,379
Reclassification adjustments on interest rate derivatives recognized in interest expense	(3,900)	996	5,048
Total other comprehensive (loss) income	(73)	5,726	6,427
Comprehensive (loss) income	(74,420)	184,548	88,005
Comprehensive loss (income) attributable to noncontrolling interests	995	(6,389)	(5,366)
Comprehensive (loss) income attributable to common shareholders	\$ (73,425)	\$ 178,159	\$ 82,639

See accompanying notes to consolidated financial statements.

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
**Consolidated Statements of Equity**  
(Dollars in thousands)

	Cumulative			Accumulated		
	Common Shares	Additional Paid-in Capital	Distributions in Excess of Net Income	Other Comprehensive (Loss) Income	Noncontrolling Interests	Total
Balance at December 31, 2019 (112,068,705 common shares outstanding)	\$ 1,121	\$ 2,481,558	\$ (778,275)	\$ (25,444)	\$ 40,285	\$ 1,719,245
Cumulative effect of accounting change for adoption of credit loss guidance	—	—	(5,541)	—	—	(5,541)
Balance at December 31, 2019, as adjusted	1,121	2,481,558	(783,816)	(25,444)	40,285	1,713,704
Conversion of common units to common shares (14,009 shares)	—	211	—	—	(211)	—
		Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total
Redemption of preferred units	—	—	—	—	(8,800)	(8,800)
Share-based compensation (99,045 shares issued, net of redemptions)	1	4,676	—	—	1,907	6,584
Redemption of vested equity awards	—	(1,699)	—	—	—	(1,699)
Adjustments to noncontrolling interests resulting from changes in ownership of COPLP	—	767	—	—	(767)	—
Comprehensive income	—	—	97,374	16,287	1,927	115,588

Dividends		—	—	(123,394)	—	—	(123,394)
Distributions to owners of common and preferred units in COPLP		—	—	—	—	(1,746)	(1,746)
Contributions from noncontrolling interests in other consolidated entities		—	—	—	—	112	112
Distributions to noncontrolling interest in other consolidated entities		—	—	—	—	(30)	(30)
Adjustment to arrive at fair value of redeemable noncontrolling interests		—	(6,607)	—	—	—	(6,607)
Balance at December 31, 2020 (112,181,759 common shares outstanding)	Balance at December 31, 2020 (112,181,759 common shares outstanding)	1,122	2,478,906	(809,836)	(9,157)	32,677	1,693,712
Conversion of common units to common shares (8,054 shares)	Conversion of common units to common shares (8,054 shares)	—	121	—	—	(121)	—
Conversion of common units to common shares (8,054 shares)							
Conversion of common units to common shares (8,054 shares)							
Redemption of common units	Redemption of common units	—	—	—	—	(339)	(339)
Share-based compensation (137,720 shares issued, net of redemptions)							
Share-based compensation (137,720 shares issued, net of redemptions)							
Share-based compensation (137,720 shares issued, net of redemptions)	Share-based compensation (137,720 shares issued, net of redemptions)	1	4,301	—	—	4,179	8,481
Redemption of vested equity awards	Redemption of vested equity awards	—	(2,492)	—	—	—	(2,492)
Adjustments to noncontrolling interests resulting from changes in ownership of COPLP		—	2,318	—	—	(2,318)	—
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP							
Comprehensive income	Comprehensive income	—	—	76,541	6,098	2,206	84,845
Dividends	Dividends	—	—	(123,568)	—	—	(123,568)
Distributions to owners of common units in COPLP		—	—	—	—	(1,595)	(1,595)
Distributions to owners of common units in CDPLP							
Distributions to noncontrolling interests in other consolidated entities		—	—	—	—	(30)	(30)



Adjustment to arrive at fair value of redeemable noncontrolling interests								
		—	(1,615)	—	—	—	(1,615)	
Distributions to noncontrolling interest in other consolidated entities								
Distributions to noncontrolling interest in other consolidated entities								
Distributions to noncontrolling interest in other consolidated entities								
Adjustments for changes in fair value of redeemable noncontrolling interests								
Adjustments for changes in fair value of redeemable noncontrolling interests								
Adjustments for changes in fair value of redeemable noncontrolling interests								
Other	Other	—	—	—	—	(324)	(324)	
Balance at December 31, 2021 (112,327,533 common shares outstanding)	Balance at December 31, 2021 (112,327,533 common shares outstanding)	1,123	2,481,539	(856,863)	(3,059)	34,335	1,657,075	
Redemption of common units	Redemption of common units	—	—	—	—	(513)	(513)	
Redemption of common units								
Redemption of common units								
Share-based compensation (96,360 shares issued, net of redemptions)								
Share-based compensation (96,360 shares issued, net of redemptions)								
Share-based compensation (96,360 shares issued, net of redemptions)	Share-based compensation (96,360 shares issued, net of redemptions)	1	4,098	—	—	5,435	9,534	
Redemption of vested equity awards	Redemption of vested equity awards	—	(1,230)	—	—	—	(1,230)	
Adjustments to noncontrolling interests resulting from changes in ownership of COPLP								
		—	1,273	—	—	(1,273)	—	
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP								
Comprehensive income	Comprehensive income	—	—	173,029	5,130	3,582	181,741	
Dividends	Dividends	—	—	(123,674)	—	—	(123,674)	
Distributions to owners of common units in COPLP								
		—	—	—	—	(1,883)	(1,883)	

Distributions to owners of common units in CDPLP								
Distributions to noncontrolling interests in other consolidated entities	Distributions to noncontrolling interests in other consolidated entities	—	—	—	—	(31)	(31)	
Adjustment to arrive at fair value of redeemable noncontrolling interests								
		—	436	—	—	—	436	
Distributions to noncontrolling interests in other consolidated entities								
Distributions to noncontrolling interests in other consolidated entities								
Adjustments for changes in fair value of redeemable noncontrolling interests								
Balance at December 31, 2022 (112,423,893 common shares outstanding)	Balance at December 31, 2022 (112,423,893 common shares outstanding)	\$ 1,124	\$2,486,116	\$ (807,508)	\$ 2,071	\$ 39,652	\$1,721,455	
Balance at December 31, 2022 (112,423,893 common shares outstanding)								
Balance at December 31, 2022 (112,423,893 common shares outstanding)								
Redemption of common units								
Redemption of common units								
Redemption of common units								
Share-based compensation (131,459 shares issued, net of redemptions)								
Share-based compensation (131,459 shares issued, net of redemptions)								
Share-based compensation (131,459 shares issued, net of redemptions)								
Redemption of vested equity awards								
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP								
Comprehensive (loss) income								
Dividends								



Property operating expenses paid	Property operating expenses paid	(231,422)	(223,254)	(202,660)
Construction contract and other service expenses paid	Construction contract and other service expenses paid	(160,497)	(86,602)	(67,760)
General, administrative, leasing, business development and land carry costs paid		(32,852)	(29,072)	(31,406)
General, administrative, leasing and other expenses paid				
Interest expense paid	Interest expense paid	(56,061)	(65,184)	(61,471)
Lease incentives paid				
Lease incentives paid				
Lease incentives paid				
Interest and other income received	Interest and other income received	19,327	1,099	1,369
Lease incentives paid		(10,374)	(18,127)	(11,925)
Sales-type lease costs paid	Sales-type lease costs paid	—	(2,065)	(10,747)
Income taxes paid	Income taxes paid	—	(60)	(4)
Other	Other	1,457	1,099	1,831
Net cash provided by operating activities	Net cash provided by operating activities	265,825	249,148	238,424
<b>Cash flows from investing activities</b>	<b>Cash flows from investing activities</b>			
Development and redevelopment of properties	Development and redevelopment of properties	(283,147)	(267,905)	(344,401)
Development and redevelopment of properties				
Development and redevelopment of properties				
Tenant improvements on operating properties				
Tenant improvements on operating properties				
Tenant improvements on operating properties	Tenant improvements on operating properties	(43,606)	(21,488)	(28,754)

Other capital improvements on operating properties	Other capital improvements on operating properties	(36,377)	(30,026)	(32,756)
Proceeds from sale of properties	Proceeds from sale of properties	281,071	143,116	83,165
Proceeds from sale of properties				
Proceeds from sale of properties				
Proceeds from sale of investment in unconsolidated real estate joint venture		—	—	59,841
Non-operating distributions from unconsolidated real estate joint venture				
Non-operating distributions from unconsolidated real estate joint venture				
Non-operating distributions from unconsolidated real estate joint venture	Non-operating distributions from unconsolidated real estate joint venture	26,627	1,287	3,695
Investing receivables funded	Investing receivables funded	(19,712)	(5,880)	(272)
Investing receivables payments received	Investing receivables payments received	6,000	—	8,000
Leasing costs paid	Leasing costs paid	(13,591)	(21,913)	(16,938)
Settlement of interest rate derivatives		(625)	—	(53,130)
Other				
Other				
Other	Other	(97)	(160)	(4,242)
Net cash used in investing activities	Net cash used in investing activities	(83,457)	(202,969)	(325,792)
<b>Cash flows from financing activities</b>	<b>Cash flows from financing activities</b>			
Proceeds from debt	Proceeds from debt			
Proceeds from debt				
Proceeds from debt				
Revolving Credit Facility				
Revolving Credit Facility				
Revolving Credit Facility	Revolving Credit Facility	852,000	597,000	664,000
Unsecured senior notes	Unsecured senior notes	—	1,382,614	395,264

Term loan facilities		125,000	—	150,000
Term loan facility				
Other debt proceeds	Other debt proceeds	—	4,630	56,931
Repayments of debt	Repayments of debt			
Revolving Credit Facility				
Revolving Credit Facility				
Revolving Credit Facility	Revolving Credit Facility	(717,000)	(664,000)	(698,000)
Unsecured senior notes	Unsecured senior notes	—	(900,000)	(300,000)
Term loan facilities	Term loan facilities	(300,000)	(100,000)	—
Scheduled principal amortization	Scheduled principal amortization	(3,333)	(3,860)	(4,125)
Other debt repayments	Other debt repayments	—	(138,397)	(12,031)
Deferred financing costs paid	Deferred financing costs paid	(6,506)	(3,620)	(2,400)
Payments in connection with early extinguishment of debt				
Payments in connection with early extinguishment of debt				
Payments in connection with early extinguishment of debt	Payments in connection with early extinguishment of debt	(6)	(95,180)	(7,029)
Common share dividends paid	Common share dividends paid	(123,645)	(123,527)	(123,367)
Common share dividends paid				
Common share dividends paid				
Distributions paid to redeemable noncontrolling interests	Distributions paid to redeemable noncontrolling interests	(3,396)	(2,273)	(14,357)
Redemption of preferred units		—	—	(8,800)
Distributions paid to redeemable noncontrolling interests				
Distributions paid to redeemable noncontrolling interests				
Other	Other	(6,289)	(4,283)	(4,815)
Net cash (used in) provided by financing activities		(183,175)	(50,896)	91,271
Net (decrease) increase in cash and cash equivalents and restricted cash		(807)	(4,717)	3,903
Other				

Other				
Net cash provided by (used in) financing activities				
Net increase (decrease) in cash and cash equivalents and restricted cash				
<b>Cash and cash equivalents and restricted cash</b>	<b>Cash and cash equivalents and restricted cash</b>			
Beginning of year	Beginning of year	17,316	22,033	18,130
Beginning of year				
Beginning of year				
End of year	End of year	<u>\$ 16,509</u>	<u>\$ 17,316</u>	<u>\$ 22,033</u>

See accompanying notes to consolidated financial statements.

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
**Consolidated Statements of Cash Flows (continued)**  
(in thousands)

For the Years Ended December 31,					For the Years Ended December 31,				
					2023	2022			2021
					2022	2021	2020		
<b>Reconciliation of net income to net cash provided by operating activities:</b>									
Net income		\$178,822	\$ 81,578	\$102,878					
Adjustments to reconcile net income to net cash provided by operating activities:									
<b>Reconciliation of net (loss) income to net cash provided by operating activities:</b>									
Net (loss) income									
Net (loss) income									
Net (loss) income									
Adjustments to reconcile net (loss) income to net cash provided by operating activities:									
Depreciation and other amortization									
Depreciation and other amortization									
Depreciation and other amortization	Depreciation and other amortization	143,593	150,644	140,031					
Impairment losses	Impairment losses	—	—	1,530					
Amortization of deferred financing costs and net debt discounts	Amortization of deferred financing costs and net debt discounts	4,737	5,224	4,272					

Increase in deferred rent receivable		(19,288)	(19,090)	(2,168)
Amortization of deferred financing costs and net debt discounts				
Amortization of deferred financing costs and net debt discounts				
Change in net deferred rent receivable and liability				
Gain on sales of real estate	Gain on sales of real estate	(47,814)	(65,590)	(30,209)
Gain on sale of investment in unconsolidated real estate joint venture		—	—	(29,416)
Share-based compensation				
Share-based compensation				
Share-based compensation	Share-based compensation	8,789	7,979	6,503
Loss on early extinguishment of debt	Loss on early extinguishment of debt	609	100,626	7,306
Loss on interest rate derivatives		—	—	53,196
Other				
Other				
Other	Other	10,073	(5,047)	(7,855)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			
Increase in accounts receivable	Increase in accounts receivable	(2,436)	(662)	(6,377)
Decrease (increase) in lease incentives and prepaid expenses and other assets, net		2,130	(27,355)	(7,626)
Increase in accounts receivable				
Increase in accounts receivable				
(Increase) decrease in lease incentives and prepaid expenses and other assets, net				
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(Decrease) increase in accounts payable, accrued expenses and other liabilities	(11,144)	22,004	6,554
Decrease in rents received in advance and security deposits		(2,246)	(1,163)	(195)
Increase (decrease) in rents received in advance and security deposits				
Net cash provided by operating activities	Net cash provided by operating activities	\$265,825	\$249,148	\$238,424
Net cash provided by operating activities				
Net cash provided by operating activities				
Reconciliation of cash and cash equivalents and restricted cash:	Reconciliation of cash and cash equivalents and restricted cash:			



Cash and cash equivalents at beginning of period	\$ 13,262	\$ 18,369	\$ 14,733
Restricted cash at beginning of period	4,054	3,664	3,397
Cash and cash equivalents and restricted cash at beginning of period	\$ 17,316	\$ 22,033	\$ 18,130
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year			
Cash and cash equivalents at beginning of year			
Restricted cash at beginning of year			
Cash and cash equivalents and restricted cash at beginning of year			
Cash and cash equivalents at end of period	\$ 12,337	\$ 13,262	\$ 18,369
Restricted cash at end of period	4,172	4,054	3,664
Cash and cash equivalents and restricted cash at end of period	\$ 16,509	\$ 17,316	\$ 22,033
Cash and cash equivalents at end of year			
Cash and cash equivalents at end of year			
Cash and cash equivalents at end of year			
Restricted cash at end of year			
Cash and cash equivalents and restricted cash at end of year			
<b>Supplemental schedule of non-cash investing and financing activities:</b>	<b>Supplemental schedule of non-cash investing and financing activities:</b>		
(Decrease) increase in accrued capital improvements, leasing and other investing activity costs			
(Decrease) increase in accrued capital improvements, leasing and other investing activity costs			
(Decrease) increase in accrued capital improvements, leasing and other investing activity costs	(Decrease) increase in accrued capital improvements, leasing and other investing activity costs	\$ (11,453)	\$ 20,667 \$ (9,421)
Reclassification of finance right-of-use asset to operating properties, net in connection with exercise of bargain purchase option	Reclassification of finance right-of-use asset to operating properties, net in connection with exercise of bargain purchase option	\$ —	\$ 37,831 \$ —
Recognition of operating right-of-use assets and related lease liabilities	Recognition of operating right-of-use assets and related lease liabilities	\$ 683	\$ 328 \$ 13,340
Recognition of operating right-of-use assets and related lease liabilities			
Recognition of operating right-of-use assets and related lease liabilities			

Recognition of finance right-of-use assets and related lease liabilities				
Investment in unconsolidated real estate joint ventures retained in property disposition				
Investment in unconsolidated real estate joint ventures retained in property disposition				
Investment in unconsolidated real estate joint ventures retained in property disposition	Investment in unconsolidated real estate joint ventures retained in property disposition	\$ 6,738	\$ 11,842	\$ 11,474
Increase (decrease) in fair value of derivatives applied to accumulated other comprehensive income and noncontrolling interests		\$ 5,236	\$ 6,233	\$ (35,728)
(Decrease) increase in fair value of derivatives applied to accumulated other comprehensive income and noncontrolling interests				
(Decrease) increase in fair value of derivatives applied to accumulated other comprehensive income and noncontrolling interests				
(Decrease) increase in fair value of derivatives applied to accumulated other comprehensive income and noncontrolling interests				
Dividends/distributions payable				
Dividends/distributions payable	Dividends/distributions payable	\$ 31,400	\$ 31,299	\$ 31,231
Dividends/distributions payable				
Dividends/distributions payable				
Decrease in noncontrolling interests and increase in shareholders' equity in connection with the conversion of common units into common shares	Decrease in noncontrolling interests and increase in shareholders' equity in connection with the conversion of common units into common shares	\$ —	\$ 121	\$ 211
Adjustments to noncontrolling interests resulting from changes in COPLP ownership		\$ (1,273)	\$ (2,318)	\$ (767)
(Decrease) increase in redeemable noncontrolling interests and (increase) decrease in equity to carry redeemable noncontrolling interests at fair value		\$ (436)	\$ 1,615	\$ 6,607
Decrease in noncontrolling interests and increase in shareholders' equity in connection with the conversion of common units into common shares				
Decrease in noncontrolling interests and increase in shareholders' equity in connection with the conversion of common units into common shares				
Adjustments to noncontrolling interests resulting from changes in CDPLP ownership				

Increase (decrease) in  
redeemable  
noncontrolling  
interests and  
decrease (increase) in  
equity to adjust for  
changes in fair value  
of redeemable  
noncontrolling  
interests  
Reclassification of  
redeemable  
noncontrolling  
interests to equity

See accompanying notes to consolidated financial statements.

## Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements

### 1. Organization

Corporate Office COPT Defense Properties Trust ("COPT" COPT Defense) and subsidiaries (collectively, the "Company", "we" or "us") is a fully-integrated and self-managed real estate investment trust ("REIT"). We own, manage, lease, develop focused on owning, operating and selectively acquire office and data center properties. The majority of our portfolio is developing properties in locations that support the United States proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and its missions (which we refer to herein as our Defense/IT Portfolio). Our tenants include the USG and their defense contractors, most of whom who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. In September 2023, we changed our name from Corporate Office Properties Trust to COPT Defense Properties to better describe our investment strategy's focus on locations serving our country's priority defense and information technology ("IT") related activities servicing what we believe are growing, durable, priority missions ("Defense/IT Locations"). We also own a portfolio of office properties located in select urban submarkets in the Greater Washington, DC/Baltimore region with durable Class-A office fundamentals and characteristics ("Regional Office"), activities. As of December 31, 2022 December 31, 2023, our properties Defense/IT Portfolio included the following (all references to number of properties, square footage and acres are unaudited):

- 194 190 operating properties totaling 23.0 million 21.7 million square feet comprised of 17.7 million 16.0 million square feet in 166 160 office properties and 5.3 million 5.7 million square feet in 28 30 single-tenant data center shells. We owned 21 24 of these data center shells through unconsolidated real estate joint ventures;
- seven five properties under development (five two office properties and two three data center shells), including two partially-operational properties, that we estimate will total approximately 1.0 million 817,000 square feet upon completion; and
- approximately 710 660 acres of land controlled for future development that we believe could be developed into approximately 9.5 million 7.9 million square feet.

We also owned eight other operating properties totaling 2.1 million square feet and 43 approximately 50 acres of other land, developable land in the Greater Washington, DC/Baltimore region as of December 31, 2023.

We conduct almost all of our operations and own almost all of our assets through our operating partnership, Corporate Office COPT Defense Properties, L.P. ("COPLP" CDPLP) and subsidiaries (collectively, the "Operating Partnership"), of which COPT Defense is the sole general partner. COPLP CDPLP owns real estate directly and through subsidiary partnerships and limited liability companies ("LLCs"). In addition to owning real estate, COPLP CDPLP also owns subsidiaries that provide real estate services such as property management, development and construction services primarily for our properties but also for third parties. Some of these services are performed by a taxable REIT subsidiary ("TRS"). In September 2023, we changed CDPLP's name from Corporate Office Properties, L.P. to COPT Defense Properties, L.P.

Equity interests in COPLP CDPLP are in the form of common and preferred units. As of December 31, 2022 December 31, 2023, COPT Defense owned 98.0% 97.8% of the outstanding COPLP CDPLP common units ("common units") and there were no preferred units outstanding. Common units not owned by COPT Defense carry certain redemption rights. The number of common units owned by COPT Defense is equivalent to the number of outstanding common shares of beneficial interest ("common shares") of COPT Defense, and the entitlement of common units to quarterly distributions and payments in liquidation is substantially the same as that of COPT Defense common shareholders.

COPT's In September 2023, the ticker symbol under which our common shares are publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol changed from "OFC" to "CDP".

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

These consolidated financial statements include the accounts of COPT Defense, the Operating Partnership, their subsidiaries and other entities in which COPT Defense has a majority voting interest and control. We also consolidate certain entities when control of such entities can be achieved through means other than voting rights ("variable interest entities" or "VIEs") if we are deemed to be the primary beneficiary of such entities. We eliminate all intercompany balances and transactions in consolidation.

We use the equity method of accounting when we own an interest in an entity and can exert significant influence over but cannot control the entity's operations. We discontinue equity method accounting if our investment in an entity (and net advances) is reduced to zero unless we have guaranteed obligations of the entity or are otherwise committed to provide further financial support for the entity.

When we own an equity investment in an entity and cannot exert significant influence over its operations, we measure the investment at fair value, with changes recognized through net income. For an investment without a readily determinable fair value, we measure the investment at cost, less any impairments, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer.

## Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

### Reclassifications

We reclassified certain amounts from prior periods to conform to the current period presentation of our consolidated financial statements with no effect on previously reported net income or equity.

### Use of Estimates in the Preparation of Financial Statements

We make estimates and assumptions when preparing financial statements under generally accepted accounting principles ("GAAP"). These estimates and assumptions affect various matters, including:

- > the reported amounts of assets and liabilities in our consolidated balance sheets as of the dates of the financial statements;
- > the disclosure of contingent assets and liabilities as of the dates of the financial statements; and
- > the reported amounts of revenues and expenses in our consolidated statements of operations during the reporting periods.

Significant estimates are inherent in the presentation of our financial statements in a number of areas, including the evaluation of the collectability of accounts and deferred rent receivable, the determination of estimated useful lives of assets, the determination of lease terms, the evaluation of long-lived assets for impairment, the amount of impairment losses recognized, the allocation of property acquisition costs, the amount of revenue recognized relating to tenant improvements, the level of expense recognized in connection with share-based compensation and the determination of accounting method for investments. Actual results could differ from these and other estimates.

### Properties

We report properties to be developed or held and used in operations at our depreciated cost, reduced for impairment losses.

We capitalize direct and indirect project costs (including related compensation and other indirect costs), interest expense and real estate taxes associated with properties, or portions thereof, undergoing development or redevelopment activities. In capitalizing interest expense, if there is a specific **borrowing debt** for a property undergoing development or redevelopment activities, we apply the interest rate of that **borrowing debt** to the average accumulated expenditures that do not exceed such **borrowing debt**; for the portion of expenditures exceeding any such specific **borrowing debt**, we apply our weighted average interest rate on other **borrowings debt** to the expenditures. We continue to capitalize costs while development or redevelopment activities are underway until a property becomes "operational," which occurs when lease terms commence (generally when the tenant has control of the leased space and we have delivered the premises to the tenant as required under the terms of such lease), but no later than one year after the cessation of major construction activities. When leases commence on portions of a newly-developed or redeveloped property in the period prior to one year from the cessation of major construction activities, we consider that property to be "partially operational." When a property is partially operational, we allocate the costs associated with the property between the portion that is operational and the portion under development. We start depreciating costs associated with newly-developed or redeveloped properties as they become operational. For newly-developed properties, we classify improvements provided under the terms of a lease that are deemed to be landlord assets (as discussed further below) as new building development costs.

Most of our leases provide for some form of improvements to leased space. When we are required to provide improvements under the terms of a lease, we determine whether the improvements constitute landlord assets or tenant assets. If the improvements are landlord assets, we capitalize the cost of the improvements and recognize depreciation expense over the estimated useful lives of the assets as discussed below. We recognize any payments from the tenant for such assets as lease revenue over the term of the lease. If the improvements are tenant assets **associated with an operating lease**, we defer the **cost of improvements costs** funded by us as a lease incentive asset and amortize it as a reduction of rental revenue over the term of the lease. In determining whether improvements constitute landlord or tenant assets, we consider numerous factors, including whether the economic substance of the lease terms is properly reflected and whether the improvements: have value to us as real estate; are unique to the tenant or reusable by other tenants; may be altered or removed by the tenant without our consent or without compensating us for any lost fair value; or are owned, and remain, with us or the tenant at the end of the lease term.

We depreciate our fixed assets using the straight-line method over their estimated useful lives as follows:

	Estimated Useful Lives
Buildings and building improvements	10-40 years
Land improvements	10-20 years
Tenant improvements on operating properties	Shorter of remaining useful lives of assets or related lease term
Equipment and personal property	3-10 years

We report properties disposed or classified as held for sale as discontinued operations when the disposition represents a strategic shift having a major effect on our operations and financial results (such as a disposition of a reportable segment or **sub-**

## Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

subsegment segment or major line of business). For discontinued operations, we classify for all periods presented the associated: assets as held for sale on our consolidated balance sheets; and results of operations as discontinued operations on our consolidated statements of operations (including interest expense on debt specifically identifiable to such components).

For periods in which a property not reported as discontinued operations is classified as held for sale, we classify the assets of the property's asset group as held for sale on our consolidated balance sheets.

#### Sales of Properties

We recognize gains from sales of consolidated interests in properties when we transfer control of such interests.

#### Impairment of Properties

We assess the asset groups associated with each of our properties, including operating properties, properties in development, land held for future development, related intangible assets and liabilities, deferred leasing costs, right-of-use assets, deferred rents receivable and lease liabilities, for indicators of impairment quarterly or when circumstances indicate that an asset group may be impaired. If our analyses indicate that the carrying values of certain properties' asset groups may be impaired, we perform a recovery analysis for such asset groups. For properties to be held and used, we analyze recoverability based on the estimated undiscounted future cash flows expected to be generated from the operations and eventual disposition of the properties over, in most cases, a ten-year holding period. If we believe it is more likely than not that we will dispose of the properties earlier, we analyze recoverability using a probability weighted analysis of the estimated undiscounted future cash flows expected to be generated from the operations and eventual disposition of the properties over the various possible holding periods. If the analysis indicates that the carrying value of a tested property's asset group is not recoverable from its estimated future cash flows, the property's asset group is written down to the property's estimated fair value and an impairment loss is recognized. If and when our plans change, we revise our recoverability analyses to use the cash flows expected from the operations and eventual disposition of such property using holding periods that are consistent with our revised plans; as a result, changes in holding periods may require us to recognize impairment losses.

Fair values are estimated based on contract prices, indicative bids, discounted cash flow analyses yield analyses or comparable sales analyses. Estimated cash flows used in our impairment analyses are based on our plans for the property and our views of market and economic conditions. The estimates consider items such as current and future market rental and occupancy rates, estimated operating and capital expenditures, leasing commissions, absorption and hold periods and recent sales data for comparable properties; most of these items are influenced by market data obtained from real estate leasing and brokerage firms and our direct experience with the properties and their markets.

When we determine that a property is held for sale, we stop depreciating the property and estimate the property's fair value, net of selling costs; if we then determine that the estimated fair value, net of selling costs, is less than the net carrying value of the property's asset group, we recognize an impairment loss equal to the difference and reduce the net carrying value of the property's asset group.

#### Acquisition of Operating Properties

Upon completion of operating property acquisitions, we allocate the purchase price to tangible and intangible assets and liabilities associated with such acquisitions based on our estimates of their fair values. We determine these fair values by using market data and independent appraisals available to us and making numerous estimates and assumptions. We allocate operating property acquisitions to the following components:

- properties based on a valuation performed under the assumption that the property is vacant upon acquisition (the "if-vacant value"). The if-vacant value is allocated based on the valuation performed between land and buildings or, in the case of properties under development, development in progress. We also allocate additional amounts to properties for in-place tenant improvements based on our estimate of improvements per square foot provided under market leases that would be attributable to the remaining non-cancelable terms of the respective leases;
- above- and below-market lease intangible assets or liabilities based on the present value (using an estimated interest rate reflective of the risks associated with the leases acquired) of the difference between: (1) the contractual amounts to be received pursuant to the in-place leases; and (2) our estimate of fair market lease rates for the corresponding spaces, measured over a period equal to the remaining non-cancelable terms of the respective leases. The capitalized above- and below-market lease values are amortized as adjustments to lease revenue over the remaining lease terms of the respective leases, and to renewal periods in the case of below-market leases;
- in-place lease value based on our estimates of: (1) the present value of additional income to be realized as a result of leases being in place on the acquired properties; and (2) costs to execute similar leases. Our estimate of costs to execute similar leases includes leasing commissions, legal and other related costs;
- tenant relationship value based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with that respective tenant. Characteristics we consider in determining these values include the nature and

### Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

extent of our existing business relationships with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors; and

- above- and below-market cost arrangements (such as real estate tax treaties or above- or below-market ground leases) based on the present value of the expected benefit from any such arrangements in place on the property at the time of acquisition.

#### Leased Assets, as a Lessee

We recognize right-of-use assets and lease liabilities for land and other assets leased by us from third parties for terms of at least one year. We recognize lease expense over lease terms on a straight-line basis for operating leases and on an effective interest method basis for finance leases. In determining right-of-use assets and lease liabilities, we estimate an appropriate incremental borrowing rate on a fully-collateralized basis for the terms of the leases. Since the terms under our land leases are usually significantly longer than the terms of borrowings available to us on a fully-collateralized basis, our estimates of rates for such leases require significant judgment, and consider factors such as estimated interest rates available to us on a fully-collateralized basis for shorter-termed debt and U.S. Treasury rates.

#### Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments that mature three months or less from when they are purchased. Cash equivalents are reported at cost, which approximates fair value. We maintain our cash in bank accounts in amounts that may exceed federally insured limits at times. We have not experienced any losses on these accounts in the past and believe that we are not exposed to significant credit risk because our accounts are deposited with major financial institutions.

#### Investments in Marketable Securities

We classify marketable securities as trading securities when we **have the intent intend** to sell such securities in the near term, and classify other marketable securities as available-for-sale securities. We determine the appropriate classification of investments in marketable securities at the acquisition date and re-evaluate the classification at each balance sheet date. We report investments in marketable securities classified as trading securities at fair value (which is included in the line entitled **"Prepaid prepaid expenses and other assets, net"** on our consolidated balance sheets), with unrealized gains and losses recognized through earnings; on our consolidated statements of cash flows, we classify cash flows from these securities as operating activities.

#### Receivables and Credit Losses

We write off receivables when we believe the facts and circumstances indicate that continued pursuit of collection is no longer warranted. When cash is received in connection with receivables for which we have previously recognized credit losses, we recognize reductions in our credit losses.

#### Lease Revenue

We estimate the collectability of lease revenue and related accounts receivable using judgement based on the credit status and payment history of the related tenants. If we deem that collectability of revenue under a lease is not probable, revenue recognized is limited to the lesser of revenue that would have been recognized if collectability was probable or lease payments collected.

#### Financial Assets and Other Instruments

Effective January 1, 2020, we adopted guidance issued by the Financial Accounting Standards Board ("FASB") that changed how we **We** measure credit losses **for of** most financial assets and certain other instruments not measured at fair value through net income **from an incurred loss model to using** an expected loss approach. We adopted this guidance using the modified retrospective transition method under which we recognized a \$5.5 million allowance **model, including** for credit losses by means of a cumulative-effect adjustment to cumulative distributions in excess of net income and did not adjust prior comparative reporting periods. Our items within the scope of this guidance include: **our**:

- investing receivables, as disclosed in Note 8; 7;
- tenant notes receivable;
- net **investment investments** in sales-type leases;
- other assets comprised of non-lease revenue related accounts receivable (primarily from construction contract services) and contract assets from unbilled construction contract revenue; and
- off-balance sheet credit exposures.

### Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Under this guidance, we **We** recognize an estimate of our expected credit losses on these items as an allowance **as the guidance requires that financial assets be measured on an amortized cost basis and be presented at the net amount expected to be collected (or or as a separate liability in the case of off-balance sheet credit exposures), exposures.** The allowance represents the portion of **the amortized cost basis** that we do not expect to collect (or loss we expect to incur in the case of off-balance sheet credit exposures) due to credit over the contractual life based on available information relevant to assessing the collectability of cash flows, which includes consideration of past events, current conditions and reasonable and supportable forecasts of future economic conditions (including consideration of asset- or borrower-specific

### COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

factors). The allowance for expected credit losses reflects the risk of loss, even when that risk is remote. An allowance for credit losses is measured and recorded upon the initial recognition of a financial asset (or off-balance sheet credit exposure), regardless of whether it is originated or purchased. **Quarterly, the We update our estimate of** expected losses **are re-estimated, quarterly,** considering any cash receipts and changes in risks or assumptions, with resulting adjustments recognized as credit loss expense or recoveries on our consolidated statements of operations.

We estimate expected **Expected** credit losses **for items within the scope of this guidance are estimated** using historical loss rate information developed for varying classifications of credit risk and contractual lives. Due to our limited quantity of items **within for which we use** the **scope of this guidance expected loss model** and the unique risk characteristics of such items, we individually assign each **in-scope** item a credit risk classification. The credit risk classifications assigned by us are determined based on credit ratings assigned by ratings agencies (as available) or are internally-developed based on available financial information, historical payment experience, credit documentation, other publicly available information and current economic trends. In addition, for certain items **in for** which the risk of credit loss is affected by the economic performance of a real estate development project, we develop probability weighted scenario analyses for varying levels of performance in estimating our credit loss allowance (applicable to our notes receivable from the City of Huntsville disclosed in Note 8 and a tax incremental financing obligation disclosed in Note 19) 7).

When we believe that collection of interest income on an investing or tenant note receivable is not probable, we place the receivable on nonaccrual status, meaning interest income is recognized when payments are received rather than on an accrual basis.

#### Deferred Leasing Costs

We defer costs incurred to obtain new tenant leases or extend existing tenant leases. We amortize these costs evenly over the lease terms. We classify leasing costs paid as an investing activity on our statements of cash flows since such costs are necessary in order for us to generate long-term future cash flows from our properties. When tenant leases are terminated early, we expense any unamortized deferred leasing costs associated with those leases over the shortened lease term.

## Intangible Assets and Deferred Revenue on Property Acquisitions

We amortize intangible assets and deferred revenue on property acquisitions as follows:

Asset Type	Amortization Period	Statement of Operations Location
Above- and below-market leases	Related lease terms	Lease revenue
In-place lease value	Related lease terms	Depreciation and amortization associated with real estate operations
Tenant relationship value	Estimated period of time that tenant will lease space in property	Depreciation and amortization associated with real estate operations

On our consolidated balance sheets, we include intangible assets in the line entitled "prepaid expense and other assets, net" and deferred revenue in the line entitled "deferred revenue associated with operating leases."

Intangible assets on property acquisitions consisted of the following (in thousands):

	December 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease value	\$ 124,884	\$ 121,424	\$ 3,460	\$ 125,207	\$ 120,178	\$ 5,029
Tenant relationship value	53,953	50,987	2,966	57,210	52,803	4,407
Above-market leases	13,718	13,558	160	13,718	13,476	242
Other	1,333	1,067	266	1,333	1,052	281
	<u>\$ 193,888</u>	<u>\$ 187,036</u>	<u>\$ 6,852</u>	<u>\$ 197,468</u>	<u>\$ 187,509</u>	<u>\$ 9,959</u>

## Deferred Financing Costs

We defer costs of financing arrangements and recognize these costs as interest expense over the related debt terms on a straight-line basis, which approximates the amortization that would occur under the effective interest method of amortization. We expense any unamortized loan costs when loans are retired early or significantly modified. We present include deferred costs of financing arrangements as a direct deduction from the related debt liability, except for costs attributable to line-of-credit arrangements and interest rate derivatives, which we present in the include on our consolidated balance sheet sheets in the line entitled "prepaid expenses and other assets, net".

## COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

## Interest Rate Derivatives

Our primary objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. To accomplish this objective, we use interest rate swaps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for our making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. We use interest rate swaps to hedge the cash flows associated with interest rates on variable-rate debt borrowings. We have also used forward-starting interest rate swaps to hedge the cash flows associated with interest rates on forecasted fixed-rate borrowings. We recognize all derivatives as assets or liabilities on our consolidated balance sheet sheets at fair value.

## Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

We defer all changes in the fair value of designated cash flow hedges to accumulated other comprehensive income ("AOCI") or loss ("AOCL"), reclassifying such deferrals to interest expense as interest expense is recognized on the hedged forecasted transactions, and recognize related cash flows as cash flows from operating activities. When an interest rate swap designated as a cash flow hedge no longer qualifies for hedge accounting and the hedged transactions are probable not to occur, we recognize changes in the fair value of the hedge previously deferred to AOCI or AOCL, along with any changes in fair value occurring thereafter, through earnings, earnings and, if applicable, related cash flows as cash flows from investing activities. We do not use interest rate derivatives for trading or speculative purposes. We manage counter-party risk by only entering into contracts with major financial institutions based upon their credit ratings and other risk factors.

We use standard market conventions and techniques such as discounted cash flow analysis, option pricing models, replacement cost and termination cost in computing the fair value of derivatives at each balance sheet date. We made an accounting policy election to use an exception provided for in the applicable accounting guidance with respect to measuring counterparty credit risk for derivative instruments; this election enables us to measure the fair value of groups of assets and liabilities associated with derivative instruments consistently with how market participants would price the net risk exposure as of the measurement date.

## Noncontrolling Interests

Our consolidated noncontrolling interests are comprised of interests in COPLP CDPLP not owned by COPT Defense and interests in consolidated real estate joint ventures not owned by us (discussed further in Note 6). We evaluate whether noncontrolling interests are subject to redemption features outside of our control. We classify noncontrolling interests that are currently redeemable for cash at the option of the holders or are probable of becoming redeemable as redeemable noncontrolling interests in the mezzanine section of our consolidated balance sheets; we adjust these

interests each period to the greater of their fair value or carrying amount (initial amount as adjusted for allocations of income and losses and contributions and distributions), with a corresponding offset to additional paid-in capital on our consolidated balance sheets. Our other noncontrolling interests are reported in the equity section of our consolidated balance sheets.

## Revenue Recognition

### Lease and Other Property Revenue

We lease real estate properties, comprised primarily of office properties and data center shells, to third parties. These leases usually include options under which the tenant may renew its lease based on market rates at the time of renewal, which are then typically subject to further negotiation. These leases occasionally provide the tenant with an option to terminate its lease early usually for a defined termination fee.

Most of our lease revenue is from fixed contractual payments defined under the lease that, in most cases, escalate annually over the term of the lease. Our lease revenue also includes variable lease payments predominantly for tenant reimbursements of property operating expenses and lease termination fees. Property operating expense reimbursement structures vary, with some tenants responsible for all of a property's expenses, while others are responsible for their share of a property's **expense expenses** only to the extent such expenses exceed amounts defined in the lease (which are derived from the property's historical expense levels). Lease termination fees in most cases result from a tenant's exercise of an existing right under a lease.

Upon lease commencement, we evaluate leases to determine if they meet criteria set forth in lease accounting guidance for classification as sales-type leases or direct financing leases; if a lease meets none of these criteria, we classify the lease as an operating lease. Upon commencement of sales-type leases, we derecognize the underlying asset, recognizing in its place a net investment in the lease equal to the sum of the lease receivable and the present value of any unguaranteed residual asset and recognize any selling profit or loss created as a result of the difference between those two amounts. Similarly, for direct financing leases, we would derecognize the underlying asset and recognize a net investment in the lease, but, unlike in a sales-type lease, would defer profit and amortize it as interest income over the lease term. Our leases of properties as lessor are predominantly classified as operating leases, for which the underlying asset remains on our balance sheet and is depreciated consistently with other owned assets, with income recognized as described below.

We recognize minimum rents on operating leases, net of abatements, on a straight-line basis over the term of tenant leases. A lease term commences when: (1) the tenant has control of the leased space (legal right to use the property); and (2) we have delivered the premises to the tenant as required under the terms of the lease. The term of a lease includes the

### **COPT Defense Properties and Subsidiaries** **Notes to Consolidated Financial Statements (Continued)**

noncancellable periods of the lease along with periods covered by: (1) a tenant option to extend the lease if the tenant is reasonably certain to exercise that option; (2) a tenant option to terminate the lease if the tenant is reasonably certain not to exercise that option; and (3) an option to extend (or not to terminate) the lease in which exercise of the option is controlled by us as the lessor. When assessing the expected lease end date, we use judgment in contemplating the significance of: any penalties a tenant may incur should it choose not to exercise any existing options to extend the lease or exercise any existing options to terminate the lease; and economic incentives for the tenant based on any existing contract, asset, entity or market-based factors

### **Corporate Office Properties Trust and Subsidiaries** **Notes to Consolidated Financial Statements (Continued)**

**in associated with** the lease. While a significant portion of our portfolio is leased to the USG, and the majority of those leases consist of a series of one-year renewal options, **and/or** provide for early termination rights, we have concluded that exercise of existing renewal options, or continuation of such leases without exercising early termination rights, is reasonably certain for most of these leases.

We elected a practical expedient available under lease accounting guidance that enables us to combine non-lease components that otherwise would need to be accounted for under revenue accounting guidance (such as tenant reimbursements of property operating expenses) with the associated lease components for our accounting and reporting of operating lease revenue.

We report **the amount on our consolidated balance sheets amounts** by which our minimum rental revenue recognized on a straight-line basis under leases **exceeds exceed** the contractual rent billings associated with such leases as deferred rent receivable **on our consolidated balance sheets. Amounts and amounts** by which our minimum rental revenue recognized on a straight-line basis under leases are less than the contractual rent billings associated with such leases **are reported in** liabilities as deferred revenue associated with operating **leases on our consolidated balance sheets. leases.**

In connection with a tenant's entry into, or modification of, a lease, if we make cash payments to, or on behalf of, the tenant for purposes other than funding the construction of landlord assets, we generally defer the amount of such payments as lease incentives. As discussed above, when we are required to provide improvements under the terms of a lease, we determine whether the improvements constitute landlord assets or tenant assets; if the improvements are tenant assets **associated with an operating lease**, we defer the **cost of improvements costs** funded by us as a lease incentive asset. We amortize lease incentives as a reduction of rental revenue over the term of the lease.

If collectability under a lease is not probable, revenue recognized is limited to the lesser of revenue that would have been recognized if collectability was probable or lease payments collected.

We recognize lease revenue associated with tenant expense recoveries in the same periods in which we incur the related expenses, including tenant reimbursements of property taxes, utilities and other property operating expenses.

We recognize fees received for lease terminations as revenue and write off against such revenue any (1) deferred rents receivable, and (2) deferred revenue, lease incentives and intangible assets that are amortizable into lease revenue associated with such leases; the resulting net amount is the net revenue from the early termination of the leases. When a tenant's lease for space in a property is terminated early but the tenant continues to lease such space under a new or modified lease in the property, the net revenue from the early termination of the lease is recognized evenly over the remaining life of the new or modified lease in place on that property.

### Construction Contract and Other Service Revenues

We enter into construction contracts to complete various design and construction services primarily for our USG tenants. The revenues and expenses from these services consist primarily of subcontracted costs that are reimbursed to us by our customers along with a fee. These services are an ancillary component of our overall operations, with small operating margins relative to the



revenue. We review each contract to determine the performance obligations and allocate the transaction price based on the standalone selling price, as discussed further below. We recognize revenue under these contracts as services are performed in an amount that reflects the consideration we expect to receive in exchange for those services. Our performance obligations are satisfied over time as work progresses. Revenue recognition is determined using the input method based on costs incurred as of a point in time relative to the total estimated costs at completion to measure progress toward towards satisfying our performance obligations. We believe incurred costs of work performed best depicts the transfer of control of the services being transferred to the customer.

In determining whether the performance obligations associated with a construction contract should be accounted for separately versus together, we consider numerous factors that may require significant judgment, including: whether the components contracted are substantially the same with the same pattern of transfer; whether the customer could contract with another party to perform construction based on our design project; and whether the customer can elect not to move forward after the design phase of the contract. Most of our contracts have a single performance obligation as the promise to transfer the services is not separately identifiable from other obligations in the contracts and, therefore, are not distinct. Some contracts have multiple performance obligations, most commonly due to having distinct project phases for design and construction that our customer is managing separately. In these cases, we allocate the transaction price between these performance obligations

#### COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

based on the relative standalone selling prices, which we determine by evaluating: the relative costs of each performance obligation; the expected operating margins (which typically do not vary significantly between obligations); and amounts set forth in the contracts for each obligation. Contract modifications, such as change orders, are routine for our construction contracts and are generally determined to be additions to the existing performance obligations because they would have been part of the initial performance obligations if they were identified at the initial contract date.

#### Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

We have three main types of compensation arrangements for our construction contracts: guaranteed maximum price ("GMP"); firm fixed price ("FFP"); and cost-plus fee.

- GMP contracts provide for revenue equal to costs incurred plus a fee equal to a percentage of such costs, up to a maximum contract amount. We generally enter into GMP contracts for projects that are significant in nature based on the size of the project and total fees and with an undefined scope as of the contract date. GMP contracts are lower risk to us than FFP contracts since the costs and revenue move proportionately to one another.
- FFP contracts provide for revenue equal to a fixed fee. These contracts are typically lower in value and scope relative to GMP contracts, and are generally entered into when the scope of the project is well defined. Typically, we assume more risk with FFP contracts than GMP contracts since the revenue is fixed and we could realize losses or less than expected profits if we incur more costs than originally estimated. However, these types of contracts offer the opportunity for additional profits when we complete the work for less than originally estimated.
- Cost-plus fee contracts provide for revenue equal to costs incurred plus a fee equal to a percentage of such costs but, unlike GMP contracts, do not have a maximum contract amount. Similar to GMP contracts, cost-plus fee contracts are low risk to us since the costs and revenue move proportionately to one another.

Construction contract cost estimates are based primarily on contracts in place with subcontractors to complete most of the work, but may also include assumptions, such as performance of subcontractors and cost and availability of materials, to project the outcome of future events over the course of the project. We review and update these estimates regularly as a significant change could affect the profitability of our construction contracts. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method as the modification does not create a new performance obligation. Under this method, the impact of an adjustment to profit recorded to date on a contract is recognized in the period the adjustment is identified. Revenue and profit in future periods are recognized using the adjusted estimate. If at any time the estimate of contract profitability indicates an anticipated loss on a contract, we recognize the total loss in the quarter it is identified.

Our timing of revenue recognition for construction contracts generally differs from the timing of invoicing to customers. We recognize construction contract revenue as we satisfy our performance obligations. Payment terms and conditions vary by contract type. Under most of our contracts, we bill customers monthly, as work progresses, in accordance with the contract terms, with payment due in 30 days, although customers occasionally pay in advance of services being provided. We have determined that our contracts generally do not include a significant financing component. The timing of our customer invoicing is for convenience purposes, not to provide or receive financing. Additionally, the timing of transfer of our services is often at the discretion of the customer.

Under most of our contracts, we bill customers one month subsequent to revenue recognition, resulting in contract assets representing unbilled construction revenue.

Our contract liabilities consist of advance payments from our customers or billings in excess of construction contract revenue recognized.

#### Expense Classification

We classify as property operating expenses costs incurred for property taxes, ground rents, utilities, property management, insurance, repairs and exterior and interior maintenance, as well as associated labor and indirect costs.

We classify as general, administrative, leasing and leasing other expenses costs incurred for corporate-level management, public company administration, asset management, leasing, investor relations, marketing, corporate-level insurance, and leasing prospects and business development and land carry costs, as well as associated labor and indirect costs.

#### Share-Based Compensation

We issue four forms of share-based compensation: restricted COPT Defense common shares ("restricted shares"), profit interest units ("PIUs") (time-based and performance-based), deferred share awards (also known as restricted share units) and performance share units (also known as performance share awards) ("PSUs"). We account for share-based compensation based on the fair value of awards on the grant date; such cost is then recognized over the period during which the employee is required to provide service in exchange for the award. No compensation cost is recognized for equity instruments for which employees do not render the requisite service. The guidance also requires that we recognize share-based compensation be computed based on associated with awards that are

#### COPT Defense Properties and Subsidiaries

## Notes to Consolidated Financial Statements (Continued)

ultimately expected to vest; as a result, future forfeitures of awards are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. If an award is voluntarily cancelled by an employee, we recognize the previously unrecognized cost associated with the original award on the date of such cancellation. We capitalize costs associated with share-based compensation attributable to employees engaged in development and redevelopment activities.

### Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

We compute the fair value of restricted shares, time-based PIUs ("TB-PIUs") and deferred share awards based on the fair value of COPT Defense common shares on the grant date. We compute the fair value of performance-based PIUs ("PB-PIUs") and PSUs using a Monte Carlo model. Significant assumptions used for that model include the following: the baseline common share value is the market value on the grant date; the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant; and expected volatility is based on historical volatility of COPT's COPT Defense's common shares.

#### Income Taxes

COPT Defense elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code. To qualify as a REIT, COPT Defense must meet a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its adjusted taxable income to its shareholders. As a REIT, COPT Defense generally will not be subject to federal income tax on taxable income that it distributes to its shareholders. If COPT Defense fails to qualify as a REIT in any tax year, it will be subject to federal income tax on its taxable income at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years.

For federal income tax purposes, dividends to shareholders may be characterized as ordinary income, capital gains or return of capital. The characterization of dividends paid on COPT's COPT Defense's common shares during each of the last three years was as follows:

		For the Years Ended December 31,					For the Years Ended December 31,		
		2022	2021	2020			2023	2022	2021
Ordinary income	Ordinary income	68.2 %	33.3 %	45.1 %	Ordinary income		51.0 %	68.2 %	33.3 %
Long-term capital gain	Long-term capital gain	31.8 %	57.3 %	54.9 %	Long-term capital gain		49.0 %	31.8 %	57.3 %
Return of capital	Return of capital	— %	9.4 %	— %	Return of capital		— %	— %	9.4 %

The dividends allocated to each of the above years for federal income tax purposes included dividends paid on COPT's COPT Defense's common shares during each of those years except for the dividends paid on January 15, 2021 and 2020 January 18, 2024 (with a record date of December 31, 2020 and 2019, respectively), December 29, 2023), which were allocated for federal income tax purposes to 2020 2023 and 2019, respectively, dividends paid on January 15, 2021 (with a record date of December 31, 2020), which were allocated for federal income tax purposes to 2020.

We distributed all of COPT's COPT Defense's REIT taxable income in 2023, 2022 2021 and 2020 2021 and, as a result, did not incur federal income tax in those years.

The net basis of our consolidated assets and liabilities for tax reporting purposes was approximately \$7 million lower \$236 million higher than the amount reported on our consolidated balance sheet as of December 31, 2022. December 31, 2023, which was primarily related to differences in basis for net properties, intangible assets on property acquisitions and deferred rent receivable.

We are subject to certain state and local income and franchise taxes. The expense associated with these state and local taxes is included in general, administrative, leasing and leasing other expenses and property operating expenses on our consolidated statements of operations. We did not separately state these amounts on our consolidated statements of operations because they are insignificant.

#### Recent Accounting Pronouncements

In March 2020, November 2023, the Financial Accounting Standard Board ("FASB") issued guidance to improve reportable segment disclosure requirements. This guidance requires disclosure of incremental segment information on an annual and interim basis and is effective for us beginning after December 15, 2024. Early adoption is permitted. The guidance will be applied retrospectively to all periods presented unless it is impracticable to do so. We are currently assessing the impact of this guidance on our future related disclosures.

In December 2023, the FASB issued guidance containing practical expedients to improve income tax disclosures. This guidance requires enhanced annual disclosures primarily related to existing rate reconciliation and income taxes paid disclosure requirements and is effective for reference rate reform related activities pertaining to debt, leases, derivatives and other contracts. The guidance us for annual periods beginning after December 15, 2024. Early adoption is optional and may be elected over time as reference rate reform activities occur. In 2020, we elected permitted. We expect to apply an expedient to treat any changes in loans resulting from reference rate reform as debt modifications (as opposed to extinguishments) and hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of the hedge accounting expedients preserves the presentation of derivatives consistent with past presentation. In addition, in 2022 we entered into bilateral agreements with

swap counterparties to transition certain interest rate swap agreements from LIBOR to SOFR; in connection with these amendments, we elected to apply an expedient under this guidance for changes in prospectively. We are currently assessing the critical terms application of the hedging relationships due this guidance but do not expect it to reference rate reform to not result in a dedesignation of these hedging relationships, materially affect our future related disclosures.

COPT Defense Properties and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

3. Fair Value Measurements

Accounting standards define fair value as the exit price, or the amount that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The standards also establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy of these inputs is broken down into three levels: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or

Corporate Office Properties Trust and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

liabilities; Level 2 inputs include (1) quoted prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets and (3) inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is most significant to the fair value measurement.

Recurring Fair Value Measurements

We have a non-qualified elective deferred compensation plan for Trustees and certain members of our management team that, prior to December 31, 2019, permitted participants to defer up to 100% of their compensation on a pre-tax basis and receive a tax-deferred return on such deferrals. Effective December 31, 2019, no new investments of deferred compensation were eligible for the plan. The assets held in the plan (comprised primarily of mutual funds and equity securities funds) and the corresponding liability to the participants are measured at fair value on a recurring basis on our consolidated balance sheets using quoted market prices, as are other marketable securities that we hold, prices. The balance of the plan, which was fully funded and totaled \$1.8 million as of December 31, 2022 December 31, 2023 and \$2.6 million as of December 31, 2021, and 2022, is included in the line entitled "prepaid expenses and other assets, net" on our consolidated balance sheets along with an insignificant amount of other marketable securities, sheets. The offsetting liability associated with the plan is adjusted to fair value at the end of each accounting period based on the fair value of the plan assets and reported in "other liabilities" on our consolidated balance sheets. The assets of the plan are classified in Level 1 of the fair value hierarchy, while the offsetting liability is classified in Level 2 of the fair value hierarchy.

The fair values of our interest rate derivatives are determined using widely accepted valuation techniques, including a discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate market data and implied volatilities in such interest rates. While we determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our interest rate derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default. However, as of December 31, 2022 December 31, 2023 and 2021, 2022, we assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our derivatives and determined that these adjustments were not significant. As a result, we determined that our interest rate derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, other assets (excluding investing receivables) and accounts payable and accrued expenses are reasonable estimates of their fair values because of the short maturities of these instruments. The fair values of our investing receivables, as disclosed in Note 8, 7, were based on the discounted estimated future cash flows of the loans (categorized within Level 3 of the fair value hierarchy); the discount rates used approximate current market rates for loans with similar maturities and credit quality, and the estimated cash payments include scheduled principal and interest payments. For our disclosure of debt fair values in Note 10, 8, we estimated the fair value of our unsecured senior notes based on quoted market rates for our senior notes (categorized within Level 1 of the fair value hierarchy) and estimated the fair value of our other debt based on the discounted estimated future cash payments to be made on such debt (categorized within Level 3 of the fair value hierarchy); the discount rates used approximate current market rates for loans, or groups of loans, with similar maturities and credit quality, and the estimated future payments include scheduled principal and interest payments. Fair value estimates are made as of a specific point in time, are subjective in nature and involve uncertainties and matters of significant judgment.

For additional fair value information, refer to Note 8 for investing receivables, Note 10 for debt and Note 11 for interest rate derivatives.

Corporate Office COPT Defense Properties Trust and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

The table below sets forth our financial assets and liabilities accounted for at fair value on a recurring basis as of December 31, 2022 December 31, 2023 and 2021 2022 and the hierarchy level of inputs used in measuring their respective fair values under applicable accounting standards (in thousands):

Description	Quoted Prices in	Significant Other	Significant	Total
	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
December 31, 2022:				

Assets:					
Marketable securities in deferred compensation plan (1)					
Mutual funds	\$	1,762	\$	—	\$ 1,762
Other		69		—	69
Interest rate derivatives (1)		—		2,631	2,631
Total assets	\$	1,831	\$	2,631	\$ 4,462
Liabilities:					
Deferred compensation plan liability (2)	\$	—	\$	1,831	\$ 1,831
December 31, 2021:					
Assets:					
Marketable securities in deferred compensation plan (1)					
Mutual funds	\$	2,485	\$	—	\$ 2,485
Other		71		—	71
Other marketable securities (1)		33		—	33
Interest rate derivatives (1)		—		355	355
Total assets	\$	2,589	\$	355	\$ 2,944
Liabilities:					
Deferred compensation plan liability (2)	\$	—	\$	2,556	\$ 2,556
Interest rate derivatives		—		3,644	3,644
Total liabilities	\$	—	\$	6,200	\$ 6,200

Description	Quoted Prices in		Significant		Total
	Active Markets for	Significant Other	Unobservable	Inputs	
	Identical Assets (Level 1)	Observable Inputs(Level 2)	Inputs (Level 3)		
December 31, 2023:					
Assets: (1)					
Marketable securities in deferred compensation plan	\$ 1,842	\$ —	\$ —		\$ 1,842
Interest rate derivatives	—	2,558	—		2,558
Total assets	\$ 1,842	\$ 2,558	\$ —		\$ 4,400
Liabilities: (2)					
Deferred compensation plan liability	\$ —	\$ 1,842	\$ —		\$ 1,842
December 31, 2022:					
Assets: (1)					
Marketable securities in deferred compensation plan	\$ 1,831	\$ —	\$ —		\$ 1,831
Interest rate derivatives	—	2,631	—		2,631
Total assets	\$ 1,831	\$ 2,631	\$ —		\$ 4,462
Liabilities: (2)					
Deferred compensation plan liability	\$ —	\$ 1,831	\$ —		\$ 1,831

(1) Included in the line entitled "prepaid expenses and other assets, net" on our consolidated balance sheets.

(2) Included in the line entitled "other liabilities" on our consolidated balance sheets.

#### 4. Properties, Net

Operating properties, net **excluding properties held for sale**, consisted of the following (in thousands):

December 31,			
2022	2021		
December 31,		December 31,	
2023		2023	2022

Land	Land	\$ 539,809	\$ 572,900
Buildings and improvements	Buildings and improvements	3,986,524	3,670,133
Less: Accumulated depreciation	Less: Accumulated depreciation	(1,267,434)	(1,152,523)
Operating properties, net	Operating properties, net	\$3,258,899	\$3,090,510

#### Our 2023 Impairments

As part of our closing process for the three months ended September 30, 2023, we conducted our quarterly review of our portfolio of long-lived assets to be held and used for indicators of impairment. As a result of this process, we shortened the expected holding periods for six operating properties held for sale included in our Other segment and a parcel of land located in Baltimore, Maryland, Northern Virginia and Washington, D.C. We determined that the carrying amount of the properties would not likely be recovered from the undiscounted cash flows from the operations and sales of the properties over the shortened holding periods. Accordingly, we recognized impairment losses of \$252.8 million on these properties during the period.

#### 2023 Dispositions

- as of December 31, 2022 On January 10, 2023, we sold a 90% interest in three data center shell properties in Northern Virginia in which we sold a 90% interest based on an aggregate property value of \$211.3 million and retained a 10% interest in the properties through Redshift JV LLC ("Redshift"), a newly-formed joint venture. Our partner in the joint venture acquired the 90% interest from us for \$190.2 million. We account for our interest in the joint venture using the equity method of accounting, as described further in Note 6. We recognized a gain on January 10, 2023, and sale
- of \$49.4 million. The table below sets forth the components of the properties' assets, which were classified as held for sale on our consolidated balance sheet as of December 31, 2021, 9651 Hornbaker Road in Manassas, Virginia, our wholesale data center investment that we sold on January 25, 2022. December 31, 2022 (in thousands):

Properties, net	\$ 156,691
Deferred rent receivable	4,595
Assets held for sale, net	\$ 161,286

### Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

The table below sets forth the components of assets classified as held for sale on our consolidated balance sheets (in thousands):

	December 31,	
	2022	2021
Properties, net	\$ 156,691	\$ 191,857
Deferred rent receivable	4,595	462
Deferred leasing costs, net	—	307
Intangible assets on property acquisitions, net	—	73
Assets held for sale, net	\$ 161,286	\$ 192,699

#### 2022 Dispositions and Discontinued Operations

On January 25, 2022, we sold 9651 Hornbaker Road in Manassas, Virginia, our sole wholesale data center investment, for \$222.5 million, resulting in a gain on sale of \$28.6 million. This property, a separate reportable segment, is reported herein as discontinued operations. The table below sets forth the property's results of operations included in discontinued operations on our consolidated statements of operations and its operating and investing cash flows included on our consolidated statements of cash flows (in thousands):

		For the Years Ended December 31,			For the Years Ended December 31,	
		2022	2021	2020	2022	2021
Revenues from real estate operations	Revenues from real estate operations	\$ 1,980	\$30,490	\$ 27,011		

Property operating expenses	Property operating expenses	(971)	(16,842)	(13,044)
Depreciation and amortization associated with real estate operations	Depreciation and amortization associated with real estate operations	—	(10,290)	(11,690)
Gain on sale of real estate	Gain on sale of real estate	28,564	—	—
Gain on sale of real estate	Gain on sale of real estate			
Discontinued operations	Discontinued operations	29,573	3,358	2,277
Cash flows from operating activities	Cash flows from operating activities	\$ 5,757	\$10,930	\$ 16,051
Cash flows from operating activities	Cash flows from operating activities			
Cash flows from investing activities	Cash flows from investing activities	\$220,565	\$ (1,912)	\$ (11,485)

On December 14, 2022, we sold a 90% interest in two data center shell properties in Northern Virginia based on an aggregate property value of \$67.0 million and retained a 10% interest in the properties through Quark JV LLC ("Quark"), a newly-formed joint venture. Our partner in the joint venture acquired the 90% interest from us for \$60.3 million. We account for our interest in the joint venture using the equity method of accounting as described further in Note 6. We recognized a gain on sale of \$19.2 million.

#### 2022 Development Activities

In 2022, we placed into service 1.3 million square feet in nine newly-developed properties and 14,000 square feet in an expansion of one fully-operational property. As of December 31, 2022, we had seven properties under development, including two partially-operational properties, that we estimate will total 1.0 million square feet upon completion.

#### 2021 Dispositions

On June 2, 2021, we sold a 90% interest in two data center shell properties in Northern Virginia based on an aggregate property value of \$118.8 million and retained a 10% interest in the properties through B RE COPT DC JV III LLC ("BRE-COPT 3"), a newly-formed joint venture. Our partner in the joint venture acquired the 90% interest from us for \$106.9 million. We account for our interest in the joint venture using the equity method of accounting as described further in Note 6. We recognized a gain on sale of \$40.2 million.

On December 30, 2021, we sold a property that was previously removed from service from our data center shells sub-segment for \$30.0 million and recognized a gain on sale of \$25.9 million.

#### 2021 Development Activities

In 2021, we placed into service 766,000 square feet in eight newly-developed properties.

### Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

#### 2020 Dispositions

On October 30, 2020, we sold a 90% interest in two data center shell properties in Northern Virginia based on an aggregate property value of \$89.7 million and retained a 10% interest in the properties through B RE COPT DC JV II LLC ("BRE-COPT 2"), a newly-formed joint venture. Our partner in the joint venture acquired the 90% interest from us for \$80.7 million. We account for our interest in the joint venture using the equity method of accounting as described further in Note 6. We recognized a gain on sale of \$30.0 million.

## 2020 Development Activities

In 2020, we placed into service 1.8 million square feet in 11 newly-developed properties, 42,000 square feet in expansions of three fully-operational properties and 21,000 square feet in a redeveloped property.

In the third quarter of 2020, we concluded that we no longer expected to develop a property in Baltimore, Maryland. As a result, we recognized an impairment loss on previously incurred pre-development costs of \$1.5 million.

## 5. Leases

### Lessor Arrangements

We lease real estate properties, comprised primarily of office properties and data center shells, to third parties. These leases encompass all, or a portion, of properties, with various expiration dates. Our lease revenue is comprised of: **fixed lease** **fixed-lease** revenue, including contractual rent billings under leases recognized on a straight-line basis over lease terms and amortization of lease incentives and above- and **below- market** **below-market** lease intangibles; and **variable lease** **variable-lease** revenue, including tenant expense recoveries, lease termination revenue and other revenue from tenants that is not fixed under leases. The table below sets forth our composition of lease revenue recognized between **fixed fixed-** and **variable lease** **variable-lease** revenue (in thousands):

For the Years Ended December 31,					
For the Years Ended December 31,					
For the Years Ended December 31,					
For the Years Ended December 31,					
Lease revenue (1)	Lease revenue (1)	2022	2021	2020	Lease revenue (1)
Fixed	Fixed	\$453,907	\$436,768	\$404,244	
Variable	Variable	126,262	116,900	104,870	
		<u>\$580,169</u>	<u>\$553,668</u>	<u>\$509,114</u>	
	\$				

(1) Excludes lease revenue from discontinued operations of which \$1.5 million, and \$22.3 million and \$21.3 million was fixed and \$527,000 \$8.2 million and \$5.7 million \$8.2 million was variable for 2022 2021 and 2020, 2021, respectively.

A significant concentration of our lease revenue from continuing operations was earned from our largest tenant, the USG, including 37% in 2023 and 2022 and 36% in 2021 and 37% in 2020 of our total lease revenue, and 27% in 2023 and 2022 and 26% in 2021 and 27% in 2020 of our **fixed lease** **fixed-lease** revenue. Our lease revenue from the USG in 2023, 2022 2021 and 2020 2021 was earned primarily from properties in the Fort George G. Meade and the Baltimore/Washington Corridor ("Fort Meade/BW Corridor, Corridor"), Lackland Air Force Base and Northern Virginia Defense/IT ("NoVA Defense/IT") reportable sub-segments (see Note 15) 13).

## COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Fixed contractual payments due under our property leases were as follows (in thousands):

As of December 31, 2022				As of December 31, 2023		As of December 31, 2023	
Year Ending December 31,	Year Ending December 31,	Operating leases	Sales-type leases	Year Ending December 31,	Operating leases	Sales-type leases	
2023		\$ 443,092	\$ 960				
2024							
2024							
2024	2024	415,914	960				
2025	2025	336,522	960				
2026	2026	269,778	960				
2027	2027	236,079	960				
2028							
Thereafter	Thereafter	1,114,240	2,596				

Total contractual payments	Total contractual payments	\$2,815,625	7,396
Less: Amount representing interest	Less: Amount representing interest		(1,730)
Net investment in sales-type leases		\$5,666	
Net investment in sales-type leases (1)			

(1) Included in the line entitled "prepaid expenses and other assets, net" on our consolidated balance sheet.

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

**Lessee Arrangements**

As of December 31, 2022 December 31, 2023, our balance sheet included \$39.2 million \$43.9 million in right-of-use assets associated primarily with land leased from third parties underlying certain properties that we are operating. The land leases have long durations with remaining terms ranging from 26 years 25 to 78 77 years (excluding extension options). As of December 31, 2022 December 31, 2023, our right-of-use assets included:

- \$11.4 14.5 million for land in a business park in Huntsville, Alabama under 17 20 leases through our LW Redstone Company, LLC joint venture, with remaining terms ranging from 40 39 to 49 50 years and options to renew for an additional 25 years that were not included in the term used in determining the asset balance;
- \$9.7 9.5 million for land underlying operating office properties in Washington, D.C. under two leases with remaining terms of approximately 77 76 years;
- \$6.4 million for land underlying a parking garage in Baltimore, Maryland under a lease with a remaining term of 26 25 years and an option to renew for an additional 49 years that was included in the term used in determining the asset balance;
- \$6.0 5.9 million for land in a research park in College Park, Maryland under four leases through our M Square Associates, LLC joint venture, all of the rent on which was previously paid. These leases had remaining terms ranging from 60 59 to 71 70 years;
- \$3.6 5.1 million for data center space in Phoenix, Arizona with a remaining term of two years one year and an option to renew for an additional five years that were not included in the term used in determining the asset balance; and
- \$2.1 million for other land underlying operating properties in our Fort Meade/BW Corridor sub-segment under two leases with remaining terms of approximately 45 44 years, all of the rent on which was previously paid.

The table below sets forth our property right-of-use assets and property lease liabilities on our consolidated balance sheets (in thousands):

		As of December 31,							
		As of December 31,						As of December 31,	
Leases	Leases	Balance Sheet Location	2022	2021	Leases	Balance Sheet Location	2023	2022	
Right-of-use assets	Right-of-use assets	Property - operating right-of-use assets	\$37,020	\$38,361					
Operating leases - Property	Operating leases - Property								
Operating leases - Property	Operating leases - Property								



Finance leases - Property	Finance leases - Property	Prepaid expenses and other assets, net	2,207	2,238
Total right-of-use assets	Total right-of-use assets		\$39,227	\$40,599
Lease liabilities	Lease liabilities			
		Property -		
Operating leases - Property	Operating leases - Property	operating lease liabilities	\$28,759	\$29,342
Operating leases - Property				
Operating leases - Property				
Finance leases - Property				
Total lease liabilities				

**COPT Defense Properties and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

As of December 31, 2022 December 31, 2023, our operating leases had a weighted average remaining lease term of 53.49 years and a weighted average discount rate of 7.19% 7.31%, while our finance leases had a weighted average remaining lease term of nine years and a weighted average discount rate of 9.14%. The table below presents our total property lease cost (in thousands):

		Statement of Operations Location	For the Years Ended December 31,						
		Statement of Operations Location	For the Years Ended December 31,						
		Statement of Operations Location	For the Years Ended December 31,						
		Statement of Operations Location	For the Years Ended December 31,						
Lease cost	Lease cost	Statement of Operations Location	2022	2021	2020	Lease cost	2023	2022	2021
Operating lease cost	Operating lease cost	Operations Location							
Property leases - fixed									
Property leases - fixed									
Property leases - fixed	Property leases - fixed	Property operating expenses	\$4,114	\$4,011	\$2,413				
Property leases - variable	Property leases - variable	Property operating expenses	65	45	127				
Finance lease cost	Finance lease cost								
Amortization of property	Amortization of property	Property operating	31	31	34				

right-of-use assets	right-of-use assets	expenses
---------------------	---------------------	----------

Amortization of property right-of-use assets				
		\$4,210	\$4,087	\$2,574
Amortization of property right-of-use assets				
Interest on lease liabilities				
	\$			

The table below presents the effect of property lease payments on our consolidated statements of cash flows (in thousands):

		For the Years Ended December 31,					
		For the Years Ended December 31,			For the Years Ended December 31,		
		For the Years Ended December 31,			For the Years Ended December 31,		
		For the Years Ended December 31,					
Supplemental cash flow information	Supplemental cash flow information	2022	2021	2020	Supplemental cash flow information	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:						
Operating cash flows for operating leases	Operating cash flows for operating leases	\$3,355	\$3,206	\$1,694			
Operating cash flows for operating leases	Operating cash flows for operating leases						
Operating cash flows for financing leases	Operating cash flows for financing leases						
Financing cash flows for financing leases	Financing cash flows for financing leases	\$ —	\$ 14	\$ 674			

Corporate Office Properties Trust and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

Payments on property operating leases were due as follows (in thousands):

December 31, 2023			December 31, 2023		
Year Ending December 31,	Year Ending December 31,	Year Ending December 31, 2022	Operating Leases	Finance Leases	
2023		\$ 3,399			
2024	2024	3,451			
2025	2025	1,797			
2026	2026	1,578			
2027	2027	1,593			
2028					
Thereafter	Thereafter	124,341			
Total lease payments	Total lease payments	136,159			
Less: Amount representing interest	Less: Amount representing interest	(107,400)			
Lease liability	Lease liability	\$ 28,759			

## 6. Real Estate Joint Ventures

### Consolidated Real Estate Joint Ventures

The table below sets forth information as of **December 31, 2022** **December 31, 2023** pertaining to our investments in consolidated real estate joint ventures, which are each variable interest entities (dollars in thousands):

December 31, 2022 (1)										Nominal
Date		Ownership %		Total Assets		Encumbered Assets		Total Liabilities		Mortgage Debt
Entity	Entity	Date Acquired	Ownership %	Location	Total Assets	Encumbered Assets	Total Liabilities	Mortgage Debt	Date	Ownership %
LW Redstone Company, LLC (2)	LW Redstone Company, LLC (1)	8/11/2015	85%	Huntsville, Alabama	168,819	—	854	—		
LW Redstone Company, LLC (1)	LW Redstone Company, LLC (1)	6/26/2007	50%	College Park, Maryland	100,417	59,401	51,042	49,799		
LW Redstone Company, LLC (1)	LW Redstone Company, LLC (1)				\$864,801	\$148,047	\$170,271	\$101,813		

(1) Excludes amounts eliminated in consolidation.

(2) As discussed below, we fund all capital requirements. Our partner receives distributions of the first \$1.2 million of annual operating cash flows and we receive the remainder.

### COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Each of these joint ventures are engaged in the development and operation of real estate. We consolidate these joint ventures because of our: (1) power to direct the matters that most significantly impact their activities, including development, leasing and management of their properties; and (2) right to receive returns on our fundings and, in many cases, the obligation to fund the activities of the ventures to the extent that third-party financing is not obtained, both of which could be potentially significant to them. significant. With regard to these joint ventures:

- for LW Redstone Company, LLC, we anticipate funding certain infrastructure costs (up to a maximum of \$76.0 million excluding accrued interest thereon) due to be reimbursed by the City of Huntsville as discussed further in Note 8. 7. We had advanced \$70.4 million \$72.2 million to the City through December 31, 2022 December 31, 2023 to fund such costs. We also expect to fund additional development costs through equity contributions to the extent that third party financing is not obtained. Our partner was credited with \$9.0 million in invested capital upon formation and is not required to make, nor has it made, additional equity contributions. Cash flows are generally distributed to the partners as follows: (1) debt service on member loans and accrued interest; loans; (2) cumulative preferred returns of 13.5% on our partner's invested capital; (3) cumulative preferred returns of 13.5% on our invested capital; (4) return of our invested capital; (5) return of our partner's invested capital; and (6) any remaining residual 85% to us and 15% to our partner. Our partner has the right to require us to acquire its interest for fair value; accordingly, we classify the fair value of our partner's interest as redeemable noncontrolling interests in the mezzanine section of our consolidated balance sheets. We have the right to acquire our partner's interest at fair value upon the earlier of five years following the project's achievement of a construction commencement threshold of 4.4 million square feet or March 2040; the project had achieved approximately 2.5 million square feet of construction commencement through December 31, 2022 December 31, 2023. Our partner has the right to receive some or all of the consideration for the acquisition of its interests in the form of common units in COPLP; CDPLP;
- for Stevens Investors, LLC, net cash flows of this entity will be are distributed to the partners as follows: (1) member loans and accrued interest; (2) pro rata return of the partners' capital; (3) pro rata return of the partners' respective unpaid preferred returns; and (4) varying splits of 85% to 60% to us and the balance to our partners as we reach specified return hurdles. Our partners have had the right to require us to acquire some or all of their interests for fair value until June 2023; accordingly, we classify classified the fair value of our partners' interest interests as redeemable noncontrolling interests in the mezzanine section of our

### Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

- consolidated balance sheets. sheets until such rights expired in June 2023. We and our partners each have the right to acquire each other's interests at fair value beginning in December 2023. Our partners have the right to receive some or all of the consideration for the acquisition of their interests in the form of common units in COPLP; CDPLP; and
- for M Square Associates, LLC, net cash flows of this entity are distributed to the partners as follows: (1) member loans and accrued interest; (2) our preferred return and capital contributions used to fund infrastructure costs; (3) the partners' preferred returns and capital contributions used to fund all other costs in proportion to their respective accrued returns and capital accounts; and (4) residual amounts distributed 50% to each member.

We disclose the activity of our redeemable noncontrolling interests in Note 12 10.

#### Unconsolidated Real Estate Joint Ventures

The table below sets forth information pertaining to our investments in unconsolidated real estate joint ventures accounted for using the equity method of accounting (dollars in thousands):

Entity	Date Acquired	Nominal Ownership %	Number of Properties	Carrying Value of Investment as of December 31,	
				2022 (1)	2021
BREIT COPT DC JV LLC	6/20/2019	10%	9	\$ 11,568	\$ 12,460
Quark	12/14/2022	10%	2	6,758	—
BRE-COPT 3	6/2/2021	10%	2	3,134	11,850
BRE-COPT 2 (2)	10/30/2020	10%	8	(1,459)	15,579
			21	\$ 20,001	\$ 39,889

Entity	Date Formed	Nominal Ownership %	Number of Properties	Carrying Value of Investment as of December 31 (1),	
				2023	2022
Redshift (2)	1/10/2023	10%	3	\$ 21,053	\$ —
BREIT COPT DC JV LLC	6/20/2019	10%	9	10,629	11,568
Quark (2)	12/14/2022	10%	2	6,727	6,758
BRE-COPT 3 (2)	6/2/2021	10%	2	2,643	3,134
B RE COPT DC JV II LLC (3)	10/30/2020	10%	8	(2,777)	(1,459)
			24	\$ 38,275	\$ 20,001

- (1) Included \$41.1 million and \$21.5 million reported in "Investment investment in unconsolidated real estate joint ventures" and \$2.8 million and \$1.5 million for investments with deficit balances reported in "other liabilities" on our consolidated balance sheet, sheets as of December 31, 2023 and December 31, 2022, respectively.
- (2) Formed in connection with transactions described further in Note 4.
- (3) Our investment in BRE-COPT 2 B RE COPT DC JV II LLC was lower than our share of the joint venture's equity by \$6.8 million as of December 31, 2023 and \$7.0 million as of December 31, 2022 and \$7.2 million as of December 31, 2021 due to a difference between our cost basis and our share of the joint venture's underlying equity in its net assets. We recognize adjustments to our share of the joint venture's earnings and losses resulting from this basis difference in the underlying assets of the joint venture.

These joint ventures operate triple-net leased, single-tenant data center shell properties in Northern Virginia. With regard to these joint ventures:

- BRE-COPT 2 was formed in 2020, when, as described further in Note 4, we sold a 90% interest in two properties and retained a 10% interest in the properties through the joint venture. As discussed below, this joint venture acquired an additional six properties through a transaction completed on December 22, 2020;
- BRE-COPT 3 was formed in 2021, when, as described further in Note 4, we sold a 90% interest in two properties and retained a 10% interest in the properties through the joint venture; and
- Quark was formed in 2022, when, as described further in Note 4, we sold a 90% interest in two properties and retained a 10% interest in the properties through the joint venture.

We concluded that these joint ventures are variable interest entities. Under the terms of the joint venture agreements, we and our partners receive returns in proportion to our investments, and our maximum exposure to losses is limited to our investments, subject to [our share](#)

### COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

of certain indemnification obligations with respect to nonrecourse debt secured by the properties. The nature of our involvement in the activities of the joint [venture does](#) [ventures do](#) not give us power over decisions that significantly affect [its](#) [their](#) economic performance.

We previously also owned a 50% interest in GI-COPT DC Partnership LLC ("GI-COPT"), an unconsolidated joint venture that owned and operated six data center shell properties in Northern Virginia. On December 22, 2020, we sold, through a series of transactions, 80% of our 50% interests in the properties and associated mortgage debt that we owned through GI-COPT. We received \$60 million in proceeds and a 10% retained interest in the LLCs through BRE-COPT 2, and recognized a gain of \$29.4 million on the sale of these interests. GI-COPT was dissolved upon completion of these transactions.

### Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

#### 7. Intangible Assets on Property Acquisitions

Intangible assets on property acquisitions consisted of the following (in thousands):

	December 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
In-place lease value	\$ 125,207	\$ 120,178	\$ 5,029	\$ 125,591	\$ 118,983	\$ 6,608
Tenant relationship value	57,210	52,803	4,407	58,082	50,701	7,381
Above-market leases	13,718	13,476	242	13,718	13,435	283
Other	1,333	1,052	281	1,333	1,038	295
	<u>\$ 197,468</u>	<u>\$ 187,509</u>	<u>\$ 9,959</u>	<u>\$ 198,724</u>	<u>\$ 184,157</u>	<u>\$ 14,567</u>

Amortization of intangible assets on property acquisitions from continuing and discontinued operations totaled \$4.6 million in 2022, \$4.7 million in 2021 and \$8.0 million in 2020. The approximate weighted average amortization periods of the categories set forth above follow: in-place lease value: four years; tenant relationship value: eight years; above-market leases: five years; and other: 20 years. The approximate weighted average amortization period for all of the categories combined is six years. The estimated amortization (to amortization associated with real estate operations, lease revenue and property operating expenses) associated with the intangible asset categories set forth above for the next five years is: \$2.9 million for 2023; \$1.9 million for 2024; \$1.6 million for 2025; \$1.0 million for 2026; and \$717,000 for 2027.

#### 8. Investing Receivables

Investing receivables consisted of the following (in thousands):

		December 31,	
		2022	2021
		December 31,	
		2023	2022
Notes receivable from the City of Huntsville	Notes receivable from the City of Huntsville	\$ 69,703	\$ 77,784
Other investing loans receivable	Other investing loans receivable	17,712	6,041

Amortized cost basis	Amortized cost basis	87,415	83,825
Allowance for credit losses	Allowance for credit losses	(2,794)	(1,599)
Investing receivables, net	Investing receivables, net	\$ 84,621	\$82,226

The balances above include accrued interest receivable, net of allowance for credit losses, of \$6.0 million as of December 31, 2023 and \$2.9 million as of December 31, 2022 and \$5.3 million as of December 31, 2021.

Our notes receivable from the City of Huntsville funded infrastructure costs in connection with our LW Redstone Company, LLC joint venture (see Note 6) and carry an interest rate of 9.95%. These notes and the accrued and unpaid interest thereon, which compounds annually on March 1, will be repaid using the real estate taxes generated by the properties developed by the joint venture. When these tax revenues are sufficient to cover the debt service on a certain increment of municipal bonds, the City of Huntsville will be required to issue bonds to repay the notes and the accrued and unpaid interest thereon. Each note has a maturity date of the earlier of 30 years from the date issued or the expiration of the tax increment district comprising the developed properties in 2045.

Our other investing loans loan receivable as of December 31, 2022 carry December 31, 2023 carries a stated interest rates ranging from 8.0% to 14.0% rate of 12.0% and mature within one year, matures in 2024.

The fair value of these receivables was approximately \$84 million as of December 31, 2023 and \$87 million as of December 31, 2022 and \$84 million as of December 31, 2021.

### Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

#### 9. Prepaid Expenses and Other Assets, Net

Prepaid expenses and other assets, net consisted of the following (in thousands):

	December 31,	
	2022	2021
Construction contract costs in excess of billings, net	\$ 22,331	\$ 22,384
Prepaid expenses	21,058	20,058
Furniture, fixtures and equipment, net	8,286	9,599
Non-real estate equity investments	5,974	5,544
Net investment in sales-type leases	5,666	6,194
Deferred financing costs, net (1)	5,210	1,314
Deposits	4,616	3,910
Restricted cash	4,172	4,054
Interest rate derivatives	2,631	355
Property - finance right-of-use assets	2,207	2,238
Marketable securities in deferred compensation plan	1,831	2,556
Deferred tax asset, net	1,405	1,841
Other assets	1,230	1,443
Prepaid expenses and other assets, net	\$ 86,617	\$ 81,490

(1) Represents deferred costs, net of accumulated amortization, attributable to our Revolving Credit Facility and interest rate derivatives.

Deferred tax asset, net reported above includes the following tax effects of temporary differences and carry forwards of our TRS (in thousands):

	December 31,	
	2022	2021
Operating loss carry forward	\$ 1,533	\$ 1,835
Property	(128)	30
Valuation allowance	—	(24)
Deferred tax asset, net	\$ 1,405	\$ 1,841

We recognize a valuation allowance on our deferred tax asset if we believe that all, or some portion, of the asset may not be realized. An increase or decrease in the valuation allowance resulting from a change in circumstances that causes a change in our judgment about the realizability of our deferred tax asset is included in income. We believe it is more likely than not that the results of future

operations in our TRS will generate sufficient taxable income to realize our December 31, 2022 net deferred tax asset.

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

**10.8. Debt, Net**

**Debt Summary**

Our debt consisted of the following (dollars in thousands):

						Carrying Value (1) as of December 31,			December 31, 2023			
	Carrying Value (1) as of December 31,				December 31, 2022							
					Scheduled		2023		2022	Stated Interest Rates		Scheduled
		2022	2021	Stated Interest Rates	Maturity							Maturity
Mortgage and Other Secured Debt:	Mortgage and Other Secured Debt:					Mortgage and Other Secured Debt:						
Fixed rate mortgage debt	\$ 84,433	\$ 86,960	3.82% - 4.62% (2)	2023-2026								
Variable rate secured debt	33,318	33,667	SOFR + 0.10% + 1.45% to 1.55% (3)	2025-2026								
Fixed-rate mortgage debt						Fixed-rate mortgage debt	\$ 66,314	\$ 84,433	3.82% to 4.62% (2)		2024-2026	
Variable-rate secured debt						Variable-rate secured debt	32,894	33,318	SOFR + 0.10% + 1.45% to 1.55% (3)		2025-2026	
Total mortgage and other secured debt	Total mortgage and other secured debt	117,751	120,627			Total mortgage and other secured debt	99,208	117,751				
Revolving Credit Facility (4)	Revolving Credit Facility (4)	211,000	76,000	SOFR + 0.10% + 0.725% to 1.400% (5)	October 2026	Revolving Credit Facility (4)	75,000	211,000	SOFR + 0.10% + 0.725% to 1.400% (5)		SOFR + 0.10% + 0.725% to 1.400% (5)	
Term Loan Facilities (4)		123,948	299,420	SOFR + 0.10% + 0.850% to 1.700% (6)	January 2026							
Term Loan Facility (4)	Term Loan Facility (4)					Term Loan Facility (4)	124,291	123,948	SOFR + 0.10% + 0.850% to 1.700% (6)		January 2026 (4)	
Unsecured Senior Notes (4)	Unsecured Senior Notes (4)											
2.25%, \$400,000 aggregate principal	2.25%, \$400,000 aggregate principal	396,539	395,491	2.25% (7)	March 2026							
2.25%, \$400,000 aggregate principal							397,608	396,539	2.25% (7)		March 2026	

5.25%, \$345,000 aggregate principal						5.25%, \$345,000 aggregate principal	335,802		—	5.25% (8)	September 2028
2.00%, \$400,000 aggregate principal	2.00%, \$400,000 aggregate principal	396,988	396,512	2.00% (8)	January 2029	2.00%, \$400,000 aggregate principal	397,471	396,988	396,988	2.00% (9)	2.00% (9)
2.75%, \$600,000 aggregate principal	2.75%, \$600,000 aggregate principal	590,123	589,060	2.75% (9)	April 2031	2.75%, \$600,000 aggregate principal	591,212	590,123	590,123	2.75% (10)	2.75% (10)
2.90%, \$400,000 aggregate principal	2.90%, \$400,000 aggregate principal	394,848	394,441	2.90% (10)	December 2033	2.90%, \$400,000 aggregate principal	395,265	394,848	394,848	2.90% (11)	2.90% (11)
Unsecured note payable	Unsecured note payable	597	753	0% (11)	May 2026	Unsecured note payable	430	597	597	0% (12)	0% (12)
Total debt, net	Total debt, net	\$2,231,794	\$2,272,304			Total debt, net	\$ 2,416,287	\$	\$ 2,231,794		

- (1) The carrying values of our debt other than the Revolving Credit Facility reflect net deferred financing costs of \$5.3 million as of December 31, 2023 and \$5.4 million as of December 31, 2022 and \$5.8 million as of December 31, 2021.
- (2) The weighted average interest rate on our fixed rate fixed-rate mortgage debt was 4.07% 4.10% as of December 31, 2022 December 31, 2023.
- (3) The weighted average interest rate on our variable rate secured debt as of December 31, 2022 was 5.58%, or 2.45% including Including the effect of interest rate swaps that hedge the risk of interest rate changes, the weighted average interest rate on our variable-rate secured debt as of December 31, 2023 was 2.45%; excluding the effect of these swaps, the weighted average interest rate on this debt debt as of December 31, 2023 was 6.94%.
- (4) Refer to the paragraphs below for further disclosure.
- (5) The weighted average interest rate on the Revolving Credit Facility was 5.47% 6.49% as of December 31, 2022 December 31, 2023, excluding the effect of interest rate swaps that hedge the risk of interest rate changes (see Note 9).
- (6) The interest rate on this loan was 5.72% 6.74% as of December 31, 2022 December 31, 2023, excluding the effect of interest rate swaps that hedge the risk of interest rate changes (see Note 9).
- (7) The carrying value of these notes reflects an unamortized discount discounts and commissions totaling \$2.8 million \$1.9 million as of December 31, 2022 December 31, 2023 and \$3.6 \$2.8 million as of December 31, 2021 December 31, 2022. The effective interest rate under the notes, including amortization of the issuance such costs, was 2.48%.
- (8) The carrying value of these notes reflects an unamortized discount commissions totaling \$2.1 million \$8.1 million as of December 31, 2022 and \$2.5 million as of December 31, 2021 December 31, 2023. The effective interest rate under the notes, including amortization of the issuance such costs, was 2.09% 5.83%. Refer to the paragraphs below for further disclosure.
- (9) The carrying value of these notes reflects an unamortized discount discounts and commissions totaling \$8.5 million \$1.8 million as of December 31, 2022 December 31, 2023 and \$9.5 million \$2.1 million as of December 31, 2021 December 31, 2022. The effective interest rate under the notes, including amortization of the issuance such costs, was 2.94% 2.09%.
- (10) The carrying value of these notes reflects an unamortized discount discounts and commissions totaling \$4.2 \$7.6 million as of December 31, 2022 December 31, 2023 and \$4.5 million \$8.5 million as of December 31, 2021 December 31, 2022. The effective interest rate under the notes, including amortization of such costs, was 2.94%.
- (11) The carrying value of these notes reflects unamortized discounts and commissions totaling \$3.9 million as of December 31, 2023 and \$4.2 million as of December 31, 2022. The effective interest rate under the issuance notes, including amortization of such costs, was 3.01%.
- (11) (12) This note carries an interest rate that, upon assumption, was below market rates and it therefore was recorded at its fair value based on applicable effective interest rates. The carrying value of this note reflects an unamortized discount totaling \$32,000 as of December 31, 2023 and \$65,000 as of December 31, 2022 and \$108,000 as of December 31, 2021.

All debt is owed by the Operating Partnership. While COPT Defense is not directly obligated by any debt, it has guaranteed COPLP's CDPLP's Revolving Credit Facility, Term Loan Facility and Unsecured Senior Notes. All of our mortgage and other secured debt as of December 31, 2023 was for consolidated real estate joint ventures (see Note 6).

Certain of our debt instruments require that we comply with a number of restrictive financial covenants, including maximum leverage ratio, unencumbered leverage ratio, minimum fixed charge coverage ratio, minimum unencumbered interest coverage ratio, minimum debt service and maximum secured indebtedness ratio. In addition, the terms of some of COPLP's CDPLP's debt may limit its ability to make certain types of payments and other distributions to COPT Defense in the event of default or when such payments or distributions may prompt failure of debt covenants, unless such distributions are required to maintain COPT's COPT Defense's qualification as a REIT. As of December 31, 2022 December 31, 2023, we were compliant with these financial covenants.

### Corporate Office COPT Defense Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Our debt matures on the following schedule (in thousands):

Year Ending December 31,	Year Ending December 31,	December 31, 2022
2023	\$	18,954
2024		



2024			
2024	2024	29,983	
2025	2025	23,717	
2025			
2025			
2026			
2026			
2026	2026	782,300	
2027	2027	—	
2027			
2027			
2028			
2028			
2028			
Thereafter			
Thereafter			
Thereafter	Thereafter	1,400,000	
Total	Total	\$2,254,954	(1)
Total			
Total		\$	2,445,000 (1)

(1) Represents scheduled principal amortization and maturities only and therefore excludes net discounts and deferred financing costs of \$23.2 million \$28.7 million.

We capitalized interest costs of \$4.5 million in 2023, \$6.7 million in 2022 and \$6.5 million in 2021 and \$12.1 million in 2020. 2021.

The following table sets forth information pertaining to the fair value of our debt (in thousands):

		December 31, 2022		December 31, 2021		December 31, 2023		December 31, 2022	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Fixed-rate debt	Fixed-rate debt					Fixed-rate debt			
Unsecured Senior Notes	Unsecured Senior Notes	\$1,778,498	\$1,433,561	\$1,775,504	\$1,809,950				
Other fixed-rate debt	Other fixed-rate debt	85,030	80,330	87,713	87,339				
Variable-rate debt	Variable-rate debt	368,266	367,896	409,087	409,639				
		<u>\$2,231,794</u>	<u>\$1,881,787</u>	<u>\$2,272,304</u>	<u>\$2,306,928</u>				

#### Revolving Credit Facility

On October 26, 2022, we entered into a credit agreement with a group of lenders for an unsecured revolving credit facility with a lender commitment of \$600.0 million that replaced our existing unsecured revolving credit facility (the prior facility and new facility are referred to collectively herein as our "Revolving Credit Facility"). The facility matures on October 26, 2026, with the ability for us to extend such maturity by two six-month periods at our option, provided that there is no default under the facility and we pay an extension fee of 0.0625% of the total availability under the facility for each extension period. The interest rate on the facility is based on the Secured Overnight Financing Rate ("SOFR") plus a SOFR index adjustment of 0.10% plus 0.725% to 1.400%, as determined by the credit ratings assigned to COPLP CDPLP by Standard & Poor's S&P Global Ratings, Services, Moody's Investors Service, Inc. or Fitch Ratings, Ltd. Inc. (collectively, the "Ratings Agencies"). The facility also carries a quarterly fee that is based on the lenders' commitment under the facility multiplied by a per annum rate of 0.125% to 0.300%, as determined by the credit ratings assigned to COPLP CDPLP by the Ratings Agencies. As of December 31, 2022 December 31, 2023, the maximum borrowing capacity under this facility totaled \$600.0 million, of which \$389.0 million \$525.0 million was available.

Weighted average borrowings under our Revolving Credit Facility totaled \$133.3 million in 2023 and \$202.8 million in 2022 and \$135.8 million in 2021. 2022. The weighted average interest rate on our Revolving Credit Facility was 6.17% in 2023 and 3.31% in 2022, and 1.18% in 2021, excluding the effect of interest rate swaps that hedge the risk of interest rate changes.

#### Term Loan Facilities

The credit agreement with a group of lenders entered into on October 26, 2022 discussed above provided for a \$125.0 million unsecured term loan with an interest rate based on SOFR plus a SOFR index adjustment of 0.10% plus 0.850% to 1.700%, as determined by the credit ratings assigned to COPLP CDPLP by the Ratings Agencies. This term loan facility matures on January 30, 2026,

with the ability for us to extend such maturity by two 12-month periods at our option, provided that there is no default under the facility and we pay an extension fee of 0.125% of the outstanding loan balance for each extension period.

In addition to the term loan discussed above, we also had a term loan that we amended in 2020 to increase the loan amount by \$150.0 million for a balance outstanding of \$400.0 million. We repaid \$100.0 million of this loan in 2021 and the remaining \$300.0 million in 2022.

Corporate Office COPT Defense Properties Trust and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

Unsecured Senior Notes

During 2020 and From 2021 through 2023, we issued the following unsecured senior notes:

- \$400.0 million of 2.25% Senior Notes due 2026 (the "2.25% Notes") at an initial offering price of 99.42% of their face value on September 17, 2020, resulting in proceeds, after deducting underwriting discounts, but before other offering expenses, of \$395.3 million. The notes mature on March 15, 2026;
- \$600.0 million of 2.75% Senior Notes due 2031 (the "2.75% Notes") at an initial offering price of 98.95% of their face value on March 11, 2021, resulting in proceeds, after deducting underwriting discounts and commissions, but before other offering expenses, of \$589.8 million. The notes mature on April 15, 2031;
- \$400.0 million of 2.00% Senior Notes due 2029 (the "2.00% Notes") at an initial offering price of 99.97% of their face value on August 11, 2021, resulting in proceeds, after deducting underwriting discounts and commissions, but before other offering expenses, of \$397.4 million. The notes mature on January 15, 2029; and
- \$400.0 million of 2.90% Senior Notes due 2033 (the "2.90% Notes") at an initial offering price of 99.53% of their face value on November 17, 2021, resulting in proceeds, after deducting underwriting discounts and commissions, but before other offering expenses, of \$395.4 million. The notes mature on December 1, 2033; and
- \$345.0 million of 5.25% Exchangeable Senior Notes due 2028 (the "5.25% Notes") in a private placement to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, on September 12, 2023, resulting in proceeds, after deducting the initial purchasers' commissions, but before other offering expenses, of \$336.4 million. The notes mature on September 15, 2028.

We may redeem our unsecured senior notes, 2.25% Senior Notes due 2026 (the "2.25% Notes") and the 2.75% Notes, 2.00% Notes and 2.90% Notes in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of (1) the aggregate principal amount of the notes being redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the date of redemption) discounted to its present value, on a semi-annual basis at an adjusted treasury rate plus a spread (35 basis points for the 2.25% Notes, 25 basis points for the 2.75% Notes, 20 basis points for the 2.00% Notes and 25 basis points for the 2.90% Notes), plus, in each case, accrued and unpaid interest thereon to the date of redemption. However, in each case, if this redemption occurs on or after a defined date (February 15, 2026 for the 2.25% Notes, January 15, 2031 for the 2.75% Notes, November 15, 2028 for the 2.00% Notes and September 1, 2033 for the 2.90% Notes), the redemption price will be equal to 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest thereon to, but not including, the applicable redemption date. These notes are unconditionally guaranteed by COPT, COPT Defense.

During 2020 With regard to the 5.25% Notes:

- prior to the close of business on the business day immediately preceding June 15, 2028, the notes will be exchangeable at the option of the noteholders only in the event of certain circumstances and during certain periods defined under the terms of the notes. On or after June 15, 2028, the notes will be exchangeable at the option of the holders at any time prior to the close of business on the business day immediately preceding the maturity date. Upon exchange, the principal amount of notes is payable in cash. The remainder of the exchange obligation, if any, as determined based on the exchange price per common share at the time of settlement, is payable in cash, common shares or a combination thereof at our election. The exchange rate of the notes initially equaled 33.3739 of our common shares per \$1,000 principal amount of notes (equivalent to an initial exchange price of approximately \$29.96 per common share). The exchange rate is subject to adjustment upon the occurrence of some events, but will not be adjusted for any accrued and unpaid interest;
- we may redeem the notes at our option, in whole or in part, on any business day on or after September 21, 2026, and prior to the 51st scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common shares has been at least 130% of the exchange price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. The redemption price will be equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date;
- the notes are unconditionally guaranteed by COPT Defense; and
- the table below sets forth interest expense recognized on the notes in 2023 (in thousands):

Interest expense at stated interest rate	\$	5,484
Interest expense associated with amortization of debt discount and issuance costs		500
Total	\$	5,984

In 2021, we purchased or redeemed the following unsecured senior notes:

- purchased pursuant to a tender offer \$122.9 million of our 3.70% Senior Notes due 2021 (the "3.70% Notes") on September 17, 2020 for \$126.0 million, plus accrued interest; and redeemed the remaining \$177.1 million of the 3.70% Notes on October 19, 2020 for \$180.9 million plus accrued interest. In connection with this purchase and redemption, we recognized a loss on early extinguishment of debt of \$7.3 million in 2020;
- purchased pursuant to tender offers \$184.4 million of 3.60% Senior Notes due 2023 (the "3.60% Notes") for \$196.7 million and \$145.6 million of 5.25% Senior Notes due 2024 (the "5.25% Notes") for \$164.7 million, plus accrued interest effective March 11, 2021; and on April 12, 2021, redeemed the remaining \$165.6 million of 3.60% Senior Notes due 2023 for \$176.3 million and \$104.4 million of 5.25% Senior Notes due 2024 for \$117.7 million, plus accrued interest. In connection with these purchases and redemptions, we recognized a loss on early extinguishment of debt of \$58.4 million in 2021; and

redeemed \$300.0 million of 5.00% Senior Notes due 2025 on November 18, 2021 for \$336.4 million plus accrued interest. We recognized a loss on early extinguishment of debt of \$38.2 million for this redemption in 2021.

# 11. COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

## 9. Interest Rate Derivatives

The following table sets forth the key terms and fair values of our interest rate swap derivatives (dollars in thousands):

							Fair Value at December 31,							Fair Value at December 31,	
Notional Amount	Notional Amount	Fixed Rate	Floating Rate Index	Effective Date	Expiration Date		2022	2021	Notional Amount	Fixed Rate	Floating Rate Index	Effective Date	Expiration Date	2023	2022
\$	10,880	(1) 1.678 %	SOFR plus 0.10%	8/1/2019	8/1/2026		\$ 806	\$ (234)							
\$	22,775	(2) 0.573 %	SOFR plus 0.10%	4/1/2020	3/26/2025		1,825	355							
\$	100,000	1.901 %	One-Month LIBOR	9/1/2016	12/1/2022		—	(1,361)							
\$	100,000	1.905 %	One-Month LIBOR	9/1/2016	12/1/2022		—	(1,365)							
\$	50,000	(3) 1.908 %	One-Month LIBOR	9/1/2016	N/A		—	(684)							
							\$2,631	\$ (3,289)							

- The notional amount of this instrument is scheduled to amortize to \$10.0 million. Effective December 1, 2022, we amended this swap to change the floating rate index from one-month LIBOR to SOFR plus 0.10%. We made elections under reference rate reform related accounting guidance to not result in a dedesignation of this hedging relationship.
- The notional amount of this instrument is scheduled to amortize to \$22.1 million. Effective December 1, 2022, we amended this swap to change the floating rate index from one-month LIBOR to SOFR plus 0.10%. We made elections under reference rate reform related accounting guidance to not result in a dedesignation of this hedging relationship.
- We cash settled this swap and accrued interest thereon for \$625,000 on January 28, 2022.

# Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Each of these swaps was designated as a cash flow hedge of interest rate risk except for the swap with a \$50.0 million notional amount. We discontinued hedge accounting for this swap effective in December 2021 when we determined that some of its hedged forecasted transactions were probable not to occur due to our entry into a contract to sell our wholesale data center and the debt pay down expected upon completion of the sale. This resulted in our reclassification of \$221,000 in losses from AOCL to interest expense in our statement of operations, risk.

The table below sets forth the fair value of our interest rate derivatives as well as their classification on our consolidated balance sheets (in thousands):

		Fair Value at December 31,				Fair Value at December 31,	
Derivatives		Derivatives	Balance Sheet Location	2023	2022		
Interest rate swaps designated as cash flow hedges							

Derivatives	Balance Sheet Location	Fair Value at December 31,	
		2022	2021
Interest rate swaps designated as cash flow hedges	Prepaid expenses and other assets, net	\$ 2,631	\$ 355
Interest rate swaps designated as cash flow hedges	Other liabilities	\$ —	\$ (2,960)
Interest rate swap not designated	Other liabilities	\$ —	\$ (684)

The tables below present the effect of our interest rate derivatives on our consolidated statements of operations and comprehensive income (in thousands):

Derivatives in Hedging Relationships	Amount of Income (Loss) Recognized in AOCI/AOCL on Derivatives			Amount of Loss Reclassified from AOCI/AOCL into Interest Expense on Statement of Operations		
	For the Years Ended December 31,			For the Years Ended December 31,		
	2022	2021	2020	2022	2021	2020
Interest rate derivatives	\$ 4,730	\$ 1,379	\$ (39,454)	\$ (996)	\$ (5,048)	\$ (3,725)
Derivatives in Hedging Relationships	Amount of Loss Reclassified from AOCL into Loss on Interest Rate Derivatives on Statement of Operations			Amount of Loss Recognized on Undesignated Swaps in Loss on Interest Rate Derivatives on Statement of Operations		
	For the Years Ended December 31,			For the Years Ended December 31,		
	2022	2021	2020	2022	2021	2020
Interest rate derivatives	\$ —	\$ —	\$ (51,865)	\$ —	\$ —	\$ (1,265)

As described further in Note 10, in September 2020, we completed our issuance of the 2.25% Notes. In August 2020, in anticipation of pursuing such an issuance, we determined that the forecasted transactions hedged by three interest rate swaps with an effective date of June 30, 2020 and an aggregate notional amount of \$225.0 million were no longer probable of occurring, resulting in our discontinuance of hedge accounting on these swaps. When we consummated the note issuance in September 2020, we determined that it was probable that the forecasted transactions would not occur, resulting in our reclassification of \$51.9 million in losses from AOCL to loss on interest rate derivatives on our statements of operations. On September 22, 2020, we cash settled these swaps and accrued interest thereon for an aggregate amount of \$53.1 million.

Derivatives in Hedging Relationships	Amount of Income Recognized in AOCI on Derivatives			Amount of Income (Loss) Reclassified from AOCI into Interest Expense on Statement of Operations		
	For the Years Ended December 31,			For the Years Ended December 31,		
	2023	2022	2021	2023	2022	2021
Interest rate derivatives	\$ 3,827	\$ 4,730	\$ 1,379	\$ 3,900	\$ (996)	\$ (5,048)

Based on the fair value of our derivatives as of December 31, 2022 December 31, 2023, we estimate that approximately \$1.3 million \$3.0 million of gains will be reclassified from AOCI as a decrease to interest expense over the next 12 months.

We have agreements with each of our interest rate derivative counterparties that contain provisions under which, if we default or are capable of being declared in default on defined levels of our indebtedness, we could also be declared in default on our derivative obligations. Failure to comply with the loan covenant provisions could result in our being declared in default on any derivative instrument obligations covered by the agreements. As of December 31, 2022 December 31, 2023, we were not in default with any of these provisions. As of December 31, 2022 December 31, 2023, we did not have any derivatives in liability positions.

#### 10. Redeemable Noncontrolling Interests

As discussed further in Note 6, redeemable noncontrolling interests on our consolidated balance sheets include the ownership interests of our partners in LW Redstone Company, LLC and Stevens Investors, LLC due to the partners' rights to require us to acquire their interests. Effective in June 2023, these rights expired for our Stevens Investors, LLC partners, which resulted in our reclassification of their interests from redeemable noncontrolling interests to the noncontrolling interests in subsidiaries section of equity. The table below sets forth the activity for redeemable noncontrolling interests (in thousands):

	For the Years Ended December 31,

	2023	2022	2021
Beginning balance	\$ 26,293	\$ 26,898	\$ 25,430
Distributions to noncontrolling interests	(2,569)	(2,976)	(3,307)
Net income attributable to noncontrolling interests	2,454	2,807	3,160
Adjustment for changes in fair value of interests	72	(436)	1,615
Reclassification of Stevens Investors, LLC interests to equity	(2,670)	—	—
Ending balance	\$ 23,580	\$ 26,293	\$ 26,898

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

**12. Redeemable Noncontrolling Interests**

As discussed further in Note 6, our partners in two real estate joint ventures, LW Redstone Company, LLC and Stevens Investors, LLC, have the right to require us to acquire their respective interests at fair value; accordingly, we classify the fair value of our partners' interests as redeemable noncontrolling interests in the mezzanine section of our consolidated balance sheets. The table below sets forth the activity for these redeemable noncontrolling interests (in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Beginning balance	\$ 26,898	\$ 25,430	\$ 29,431
Distributions to noncontrolling interests	(2,976)	(3,307)	(14,034)
Net income attributable to noncontrolling interests	2,807	3,160	3,426
Adjustment to arrive at fair value of interests	(436)	1,615	6,607
Ending balance	\$ 26,293	\$ 26,898	\$ 25,430

We determine the fair value of the interests based on unobservable inputs after considering the assumptions that market participants would make in pricing the interest. We apply a discount rate to the estimated future cash flows allocable to our partners from the properties underlying the respective joint ventures. Estimated cash flows used in such analyses are based on our plans for the properties and our views of market and economic conditions, and consider items such as current and future rental rates, occupancy projections and estimated operating and development expenditures.

**13. 11. Equity**

**Preferred Shares**

As of December 31, 2022 December 31, 2023, we had 25.0 million preferred shares authorized and unissued at \$0.01 par value per share.

**Common Shares**

In May 2022, we entered into an at-the-market ("ATM") stock offering program (the "2022 ATM Program") that replaced a similar program established in 2018 (the "2018 ATM Program") because we replaced the registration statement under which the 2018 ATM Program was registered with a new registration statement. Under the 2022 ATM Program, we may offer and sell common shares in at-the-market stock offerings having an aggregate gross sales price of up to \$300 million and may also, at our discretion, sell common shares under forward equity sales agreements. As of December 31, 2022 December 31, 2023, we had not issued any shares under the 2022 ATM Program.

Certain holders of COPLP CDPLP common units converted an aggregate of 8,054 of their units into common shares in 2021 on the basis of one common share for each common unit in the amount of 8,054 in 2021 and 14,009 in 2020. unit. No COPLP CDPLP common units were converted in 2023 or 2022.

We declared dividends per common share of \$1.14 in 2023 and \$1.10 in 2022 2021 and 2020, 2021.

We pay dividends at the discretion of our Board of Trustees. Our ability to pay cash dividends will be dependent upon: (1) the cash flow generated from our operations; (2) cash generated or used by our financing and investing activities; and (3) the annual distribution requirements under the REIT provisions of the Code described in Note 2 and such other factors as the Board of Trustees deems relevant. Our ability to make cash dividends will also be limited by the terms of COPLP's CDPLP's Partnership Agreement, as well as by limitations imposed by state law. In addition, we are prohibited from paying cash dividends in excess of the amount necessary for us to qualify for taxation as a REIT if a default or event of default exists pursuant to the terms of the credit agreement underlying our Revolving Credit Facility and unsecured term loan; this restriction does not currently limit our ability to pay dividends, and we do not believe that this restriction is reasonably likely to limit our ability to pay future dividends because we expect to comply with the terms of this agreement.

See Note 14 12 for disclosure of common share activity pertaining to our share-based compensation plans.

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

**14. 12. Share-Based Compensation and Other Compensation Matters**

Share-Based Compensation Plans

In May 2017, we adopted the 2017 Omnibus Equity and Incentive Plan following the approval of such plan by our common shareholders, and we amended the plan in November 2018 (as amended, the "2017 Plan"). We may issue equity-based awards under this plan to officers, employees, non-employee trustees and any other key persons of us and our subsidiaries, as defined in the plan. The plan provides for a maximum of 3.4 million of our common shares to be issued in the form of options, share appreciation rights, restricted share unit awards, restricted share awards, unrestricted share awards, PIUs, dividend equivalent rights and other equity-based awards and for the granting of cash-based awards. This plan expires on May 11, 2027. Shares for the 2017 Plan are issued under a registration statement on Form S-8 that became effective upon filing with the Securities and Exchange Commission.

The table below sets forth our reporting for share based compensation cost (in thousands):

		For the Years Ended		
		December 31,		
		2022	2021	2020
General, administrative and leasing expenses		\$ 7,643	\$6,881	\$5,385

		For the Years Ended			For the Years Ended December 31,	
		December 31,			2023	2022
		2023			2021	
General, administrative, leasing and other expenses						
Property operating expenses	Property operating expenses	1,147	1,098	1,119		
Capitalized to development activities	Capitalized to development activities	847	719	556		
Share-based compensation cost	Share-based compensation cost	\$ 9,637	\$8,698	\$7,060		

COPT Defense Properties and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

The amounts included in our consolidated statements of operations for share-based compensation reflected an estimate of pre-vesting forfeitures of 0% for awards to our executives and non-employee Trustees and 8% to 9% for awards to all other employees.

As of December 31, 2022 December 31, 2023, unrecognized compensation costs related to unvested awards included:

- > \$5.1 5.4 million on restricted shares expected to be recognized over a weighted average period of approximately two years;
- > \$3.7 3.4 million on PB-PIUs expected to be recognized over a weighted average performance period of approximately two years;
- > \$3.0 3.1 million on TB-PIUs expected to be recognized over a weighted average period of approximately two years; and
- > \$85,000 77,000 on deferred share awards expected to be recognized through October 2023, May 2024.

Restricted Shares

The following table summarizes restricted shares activity under the our share-based compensation plans plan for 2020, 2021, 2022 and 2022; 2023;

	Weighted Average Grant Date Fair	
	Shares	Value
Unvested as of December 31, 2019	392,863	\$ 27.49
Granted	166,918	\$ 25.22
Forfeited	(25,773)	\$ 27.12
Vested	(173,191)	\$ 28.14

Shares	Shares	Weighted Average Grant Date Fair Value
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Unvested as of December 31, 2020	Unvested as of December 31, 2020	360,817	\$ 26.16
Granted	Granted	177,995	\$ 26.17
Forfeited	Forfeited	(39,664)	\$ 26.62
Vested	Vested	(164,575)	\$ 25.95
Unvested as of December 31, 2021	Unvested as of December 31, 2021	334,573	\$ 26.22
Granted	Granted	186,515	\$ 26.50
Forfeited	Forfeited	(43,420)	\$ 26.47
Vested	Vested	(152,585)	\$ 26.39
Unvested as of December 31, 2022	Unvested as of December 31, 2022	325,083	\$ 26.27
Unvested shares as of December 31, 2022 that are expected to vest		297,282	\$ 26.25
Granted			
Forfeited			
Vested			
Unvested as of December 31, 2023			
Unvested shares as of December 31, 2023 that are expected to vest			

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

Restricted shares granted to employees vest based on increments and over periods of time set forth under the terms of the respective awards provided that the employee remains employed by us. Restricted shares granted to non-employee Trustees vest on the first anniversary of the grant date, provided that the Trustee remains in his or her position.

The aggregate intrinsic value of restricted shares that vested was \$3.8 million in 2023, \$4.0 million in 2022 and \$4.3 million in 2021 and \$4.4 million in 2020, 2021.

**PIUs**

We granted two forms of PIUs: TB-PIUs; and PB-PIUs. TB-PIUs are subject to forfeiture restrictions until the end of the requisite service period, at which time the TB-PIUs automatically convert into vested PIUs. PB-PIUs are subject to a market condition in that the number of earned awards are determined at the end of the performance period (as described further below) and then settled in vested PIUs. Vested PIUs automatically convert into common units in CDPLP if, or when, a book-up event (as defined under federal income tax regulations) has occurred and carry substantially the same rights to redemption and distributions as non-PIU common units.

**COPT Defense Properties and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

**TB-PIUs**

TB-PIUs granted to senior management team members vest based on increments and over periods of time set forth under the terms of the respective awards provided that the employee remains employed by us. TB-PIUs granted to non-employee Trustees vest on the first anniversary of the grant date, provided that the Trustee remains in his or her position. Prior to vesting, TB-PIUs carry substantially the same rights to distributions as non-PIU common units but carry no redemption rights. The following table summarizes TB-PIUs activity under the our share-based compensation plan for 2020, 2021, 2022 and 2022 2023:

		Number of TB-PIUs	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2019		61,820	\$ 26.01
Granted		98,318	\$ 25.47
Forfeited		(20,622)	\$ 25.50
Vested		(25,182)	\$ 26.30
		Number of TB- PIUs	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2020	Unvested as of December 31, 2020	114,334	\$ 25.57
Granted	Granted	93,983	\$ 26.16
Vested	Vested	(45,244)	\$ 25.28
Vested			
Vested			
Unvested as of December 31, 2021	Unvested as of December 31, 2021	163,073	\$ 25.99
Granted	Granted	101,966	\$ 26.39
Vested			
Vested			
Vested	Vested	(77,709)	\$ 26.04
Unvested as of December 31, 2022	Unvested as of December 31, 2022	187,330	\$ 26.19
Unvested TB-PIUs as of December 31, 2022 that are expected to vest		186,345	\$ 26.19
Granted			
Forfeited			
Vested			
Unvested as of December 31, 2023			
Unvested TB-PIUs as of December 31, 2023 that are expected to vest			

The aggregate intrinsic value of TB-PIUs that vested was \$2.3 million in 2023, \$2.0 million in 2022 and \$1.2 million in 2021 and \$640,000 in 2020. 2021.

PB-PIUs

We made the following grants of PB-PIUs to senior management team members from 2019 through 2022 2023 (dollars in thousands, except per share data):

Grant Date
Grant Date



Grant Date	Grant Date	Number of PB-PIUs Granted	Grant Date Fair Value	Number of PB-PIUs Outstanding as of December 31, 2022	Number of PB-PIUs Granted	Number of PB-PIUs Outstanding as of December 31, 2023
1/1/2019	1/1/2019	193,682	\$2,415	—		
1/1/2020	1/1/2020	176,758	\$2,891	141,152		
1/1/2021	1/1/2021	227,544	\$3,417	227,544		
1/1/2022	1/1/2022	231,838	\$3,810	231,838		
1/1/2023						

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

The PB-PIUs each have a three-year performance period concluding on the earlier of the respective performance period end dates, or the date of: (1) termination by us without cause, death or disability of the employee or constructive discharge of the employee (collectively, "qualified termination"); or (2) a sale event. The number of earned awards at the end of the performance period will be determined based on the percentile rank of COPT's COPT Defense's total shareholder return ("TSR") relative to a peer group of companies, as set forth in the following schedule:

Percentile Rank	Earned Awards Payout %
75th or greater	100% of PB-PIUs granted
50th (target)	50% of PB-PIUs granted
25th	25% of PB-PIUs granted
Below 25th	0% of PB-PIUs granted

If the percentile rank exceeds the 25th percentile and is between two of the percentile ranks set forth in the table above, then the percentage of the earned awards will be interpolated between the ranges set forth in the table above to reflect any performance between the listed percentiles. If COPT's COPT Defense's TSR during the measurement period is negative, the maximum number of earned awards will be limited to the target level payout percentage. During the performance period, PB-PIUs carry rights to

**COPT Defense Properties and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

distributions equal to 10% of the distribution rights of non-PIU common units but carry no redemption rights. At the end of the performance period, we settle the award by issuing vested PIUs equal to the number of earned awards and either:

- > for awards granted January 1, 2019 and 2020, paying cash equal to the excess, if any, of: the aggregate distributions that would have been paid with respect to vested PIUs issued in settlement of the earned awards through the date of settlement had such vested PIUs been issued on the grant date; over the aggregate distributions made on the PB-PIUs during the performance period; or
- > for all other awards, granted January 1, 2021 and 2022, issuing additional vested PIUs equal to the excess, if any, of (1) the aggregate distributions that would have been paid with respect to vested PIUs issued in settlement of the earned awards through the date of settlement had such vested PIUs been issued on the grant date over (2) the aggregate distributions made on the PB-PIUs during the performance period, divided by the price of our common shares on the settlement date, over a defined period of time.

If a performance period ends due to a sale event or qualified termination, the number of earned awards is prorated based on the portion of the three-year performance period that has elapsed. If employment is terminated by the employee or by us for cause, all PB-PIUs are forfeited.

Based on COPT's COPT Defense's TSR relative to its peer group of companies:

- > for the 2019 PB-PIUs issued to employees that vested on December 31, 2021, we issued 156,104 vested PIUs in settlement of the PB-PIUs on February 1, 2022; and
- > for the 2020 PB-PIUs issued to employees that vested on December 31, 2022, we issued 141,152 vested PIUs in settlement of the PB-PIUs on February 1, 2023; and
- > for the 2021 PB-PIUs issued to employees that vested on December 31, 2023, we issued 211,845 vested PIUs in settlement of the PB-PIUs on February 1, 2024.

We computed grant date fair values for PB-PIUs using Monte Carlo models and recognize these values over the respective performance periods. The grant date fair value and certain of the assumptions used in the Monte Carlo models for the PB-PIUs granted in 2020, 2021, 2022 and 2022 2023 are set forth below:



We have the following reportable segments: Defense/IT Locations; Regional Office; Portfolio, which we referred to as Defense/IT Locations in our 2022 Annual Report on Form 10-K; Wholesale Data Center (the only property in which we sold on January 25, 2022); and Other. We also report on Defense/IT Locations Portfolio sub-segments, which include the following: Fort George G. Meade and the Baltimore/Washington Corridor ("Fort Meade/BW Corridor"); Corridor; NoVA Defense/IT; Lackland Air Force Base (in San Antonio); locations serving the U.S. Navy ("Navy Support"), which included properties proximate to the Washington Navy Yard, the Naval Air Station Patuxent River in Maryland and the Naval Surface Warfare Center Dahlgren Division in Virginia; Redstone Arsenal (in Huntsville); and data center shells (properties leased to tenants to be operated as data centers in which the tenants fund the costs for the power, fiber connectivity and data center infrastructure). Our segment reporting included below reflects our retrospective reclassification in the third quarter of two properties 2023, we retrospectively reclassified to our NoVA Defense/IT sub-segment from our Regional Office Other reportable segment a portfolio of office properties located in the first quarter of 2022. Greater Washington, DC/Baltimore region that we previously reported as a separate reportable segment referred to as Regional Office.

We measure the performance of our segments through the measure we define as net operating income from real estate operations ("NOI from real estate operations"), which includes: real estate revenues and property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate joint ventures ("UJVs") that is allocable to our ownership interest ("UJV NOI allocable to COPT COPT Defense"). Amounts reported for segment assets represent long-lived assets associated with consolidated operating properties (including the carrying value of properties, right-of-use assets, net of related lease liabilities, intangible assets, deferred leasing costs, deferred rents receivable and lease incentives) and the carrying value of investments in UJVs owning operating properties. Amounts reported as additions to long-lived assets represent additions to existing consolidated operating properties, excluding transfers from non-operating properties, which we report separately.

Corporate Office COPT Defense Properties Trust and Subsidiaries  
Notes to Consolidated Financial Statements (Continued)

The table below reports segment financial information for our reportable segments (in thousands):

Defense/IT Portfolio											
Defense/IT Locations											
Fort		Lackland			Data		Total				
Meade/BW	NoVA	Air Force	Navy	Redstone	Center	Defense/IT	Regional	Wholesale			
Corridor	Defense/IT	Base	Support	Arsenal	Shells	Locations	Office	Data Center	Other	Total	
Year Ended December 31, 2023											
Revenues											
from real estate operations											
Property operating expenses											
UJV NOI allocable to COPT											
Defense NOI from real estate operations											
Additions to long-lived assets											
Transfers from non-operating properties											
Segment assets at December 31, 2023											
Year Ended December 31, 2022											
Year Ended December 31, 2022											
Year Ended December 31, 2022											

Revenues	Revenues												
from real	from real												
estate	estate												
operations	operations	\$ 273,790	\$ 73,985	\$ 62,911	\$ 32,754	\$ 38,593	\$ 35,722	\$ 517,755	\$ 59,316	\$ 1,980	\$ 7,327	\$ 586,378	
Property	Property												
operating	operating												
expenses	expenses	(97,727)	(26,635)	(32,301)	(14,001)	(15,600)	(4,372)	(190,636)	(31,712)	(979)	(5,074)	(228,401)	
UJV NOI allocable to													
COPT		—	—	—	—	—	4,327	4,327	—	—	—	4,327	
UJV NOI													
allocable													
to COPT													
Defense													
NOI from	NOI from												
real estate	real estate												
operations	operations	\$ 176,063	\$ 47,350	\$ 30,610	\$ 18,753	\$ 22,993	\$ 35,677	\$ 331,446	\$ 27,604	\$ 1,001	\$ 2,253	\$ 362,304	
Additions	Additions												
to long-	to long-												
lived	lived												
assets	assets	\$ 48,443	\$ 11,102	\$ —	\$ 3,801	\$ 3,405	\$ —	\$ 66,751	\$ 37,625	\$ (35)	\$ 185	\$ 104,526	
Transfers	Transfers												
from non-	from non-												
operating	operating												
properties	properties	\$ 69,771	\$ 1,882	\$ 1,290	\$ 6,420	\$ 158,831	\$ 179,522	\$ 417,716	\$ 704	\$ —	\$ —	\$ 418,420	
Segment	Segment												
assets at	assets at												
December	December												
31, 2022	31, 2022	\$ 1,387,517	\$ 488,277	\$ 194,481	\$ 169,119	\$ 453,543	\$ 462,471	\$ 3,155,408	\$ 550,059	\$ —	\$ 3,804	\$ 3,709,271	
Year	Year												
Ended	Ended												
December	December												
31, 2021	31, 2021												
Year Ended													
December 31, 2021													
Year Ended													
December 31, 2021													
Revenues	Revenues												
from real	from real												
estate	estate												
operations	operations	\$ 262,120	\$ 65,853	\$ 57,756	\$ 33,757	\$ 35,727	\$ 31,582	\$ 486,795	\$ 63,107	\$ 30,490	\$ 6,668	\$ 587,060	
Property	Property												
operating	operating												
expenses	expenses	(92,521)	(24,785)	(30,535)	(13,617)	(11,618)	(4,086)	(177,162)	(31,056)	(17,424)	(4,577)	(230,219)	
UJV NOI allocable to													
COPT		—	—	—	—	—	4,029	4,029	—	—	—	4,029	
UJV NOI													
allocable													
to COPT													
Defense													
NOI from	NOI from												
real estate	real estate												
operations	operations	\$ 169,599	\$ 41,068	\$ 27,221	\$ 20,140	\$ 24,109	\$ 31,525	\$ 313,662	\$ 32,051	\$ 13,066	\$ 2,091	\$ 360,870	
Additions	Additions												
to long-	to long-												
lived	lived												
assets	assets	\$ 45,647	\$ 6,197	\$ —	\$ 4,193	\$ 3,542	\$ —	\$ 59,579	\$ 35,038	\$ 1,680	\$ 488	\$ 96,785	
Transfers	Transfers												
from non-	from non-												
operating	operating												
properties	properties	\$ 70,514	\$ 90,050	\$ 59,323	\$ —	\$ 22,739	\$ 3,004	\$ 245,630	\$ 39,319	\$ —	\$ —	\$ 284,949	

Segment assets at December 31, 2021	Segment assets at December 31, 2021	\$1,332,399	\$489,582	\$198,200	\$170,985	\$300,252	\$350,098	\$2,841,516	\$537,268	\$192,647	\$4,031	\$3,575,462
<b>Year Ended December 31, 2020</b>												
Revenues from real estate operations		\$254,197	\$61,685	\$50,982	\$32,869	\$22,515	\$29,139	\$451,387	\$56,759	\$27,011	\$3,568	\$538,725
Property operating expenses		(85,032)	(22,996)	(29,055)	(12,655)	(8,119)	(3,195)	(161,052)	(27,469)	(13,543)	(1,776)	(203,840)
UJV NOI allocable to COPT		—	—	—	—	—	6,951	6,951	—	—	—	6,951
NOI from real estate operations		\$169,165	\$38,689	\$21,927	\$20,214	\$14,396	\$32,895	\$297,286	\$29,290	\$13,468	\$1,792	\$341,836
Additions to long-lived assets		\$31,295	\$12,314	\$—	\$7,104	\$2,905	\$—	\$53,618	\$16,538	\$10,856	\$467	\$81,479
Transfers from non-operating properties		\$21,859	\$2,557	\$456	\$—	\$138,122	\$230,277	\$393,271	\$83,091	\$—	\$—	\$476,362
Segment assets at December 31, 2020		\$1,277,849	\$411,780	\$142,137	\$178,897	\$281,386	\$419,929	\$2,711,978	\$471,356	\$201,820	\$3,824	\$3,388,978

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

The following table reconciles our segment revenues to total revenues as reported on our consolidated statements of operations (in thousands):

For the Years Ended December 31,		For the Years Ended December 31,			For the Years Ended December 31,		
		2022	2021	2020	2023	2022	2021
Segment revenues from real estate operations	Segment revenues from real estate operations	\$586,378	\$587,060	\$538,725			
Construction contract and other service revenues	Construction contract and other service revenues	154,632	107,876	70,640			
Less: Revenues from discontinued operations (Note 4)	Less: Revenues from discontinued operations (Note 4)	(1,980)	(30,490)	(27,011)			
Total revenues	Total revenues	\$739,030	\$664,446	\$582,354			

The following table reconciles our segment property operating expenses to property operating expenses as reported on our consolidated statements of operations (in thousands):

For the Years Ended December 31,		For the Years Ended December 31,			For the Years Ended December 31,		
		2022	2021	2020	2023	2022	2021
Segment property operating expenses	Segment property operating expenses	\$228,401	\$230,219	\$203,840			

Less: Property operating expenses from discontinued operations (Note 4)	Less: Property operating expenses from discontinued operations (Note 4)	(971)	(16,842)	(13,044)
Total property operating expenses	Total property operating expenses	\$227,430	\$213,377	\$190,796

The following table reconciles UJV NOI allocable to COPT Defense to equity in (loss) income of unconsolidated entities as reported on our consolidated statements of operations (in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
UJV NOI allocable to COPT	\$ 4,327	\$ 4,029	\$ 6,951
Less: Income from UJVs allocable to COPT attributable to depreciation and amortization expense, interest expense and gain on extinguishment of debt	(3,145)	(2,930)	(5,120)
Add: Equity in income (loss) of unconsolidated non-real estate entities	561	(6)	(6)
Equity in income of unconsolidated entities	\$ 1,743	\$ 1,093	\$ 1,825

	For the Years Ended December 31,		
	2023	2022	2021
UJV NOI allocable to COPT Defense	\$ 6,659	\$ 4,327	\$ 4,029
Less: Income from UJVs allocable to COPT Defense attributable to depreciation and amortization expense, interest expense and gain on early extinguishment of debt	(6,917)	(3,145)	(2,930)
Add: Equity in (loss) income of unconsolidated non-real estate entities	(3)	561	(6)
Equity in (loss) income of unconsolidated entities	\$ (261)	\$ 1,743	\$ 1,093

As previously discussed, we provide real estate services such as property management, development and construction services primarily for our properties but also for third parties. The primary manner in which we evaluate the operating performance of our service activities is through a measure we define as net operating income from service operations ("NOI from service operations"), which is based on the net of revenues and expenses from these activities. Construction contract and other service revenues and expenses consist primarily of subcontracted costs that are reimbursed to us by the customer along with a management fee. The operating margins from these activities are small relative to the revenue. We believe NOI from service operations is a useful measure in assessing both our level of activity and our profitability in conducting such operations. The table below sets forth the computation of our NOI from service operations (in thousands):

For the Years Ended December 31,										
		For the Years Ended December 31,						For the Years Ended December 31,		
		2022	2021	2020	2023	2022		2021		
Construction contract and other service revenues	Construction contract and other service revenues	\$154,632	\$107,876	\$70,640						
Construction contract and other service expenses	Construction contract and other service expenses	(149,963)	(104,053)	(67,615)						
NOI from service operations	NOI from service operations	\$ 4,669	\$ 3,823	\$ 3,025						

**Corporate Office COPT Defense Properties Trust and Subsidiaries**  
Notes to Consolidated Financial Statements (Continued)

The following table reconciles our NOI from real estate operations for reportable segments and NOI from service operations to (loss) income from continuing operations as reported on our consolidated statements of operations (in thousands):

For the Years Ended December 31,		For the Years Ended			For the Years Ended December 31,		
		December 31,					
		2022	2021	2020	2023	2022	2021
NOI from real estate operations	NOI from real estate operations	\$362,304	\$360,870	\$341,836			
NOI from service operations	NOI from service operations	4,669	3,823	3,025			
Depreciation and other amortization associated with real estate operations	Depreciation and other amortization associated with real estate operations	(141,230)	(137,543)	(126,503)			
General, administrative and leasing expenses		(35,798)	(36,127)	(33,001)			
Business development expenses and land carry costs		(3,193)	(4,647)	(4,473)			
Impairment losses	Impairment losses	—	—	(1,530)			
General, administrative, leasing and other expenses							
Interest expense	Interest expense	(61,174)	(65,398)	(67,937)			
Interest and other income		9,341	7,879	8,574			
Credit loss (expense) recoveries		(271)	1,128	933			
Interest and other income, net							
Gain on sales of real estate	Gain on sales of real estate	19,250	65,590	30,209			
Gain on sale of investment in unconsolidated real estate joint venture		—	—	29,416			
Loss on early extinguishment of debt	Loss on early extinguishment of debt	(609)	(100,626)	(7,306)			
Loss on interest rate derivatives		—	—	(53,196)			
Equity in income of unconsolidated entities		1,743	1,093	1,825			
UJV NOI allocable to COPT included in equity in income of unconsolidated entities		(4,327)	(4,029)	(6,951)			
Loss on early extinguishment of debt							
Loss on early extinguishment of debt							
Equity in (loss) income of unconsolidated entities							
Equity in (loss) income of unconsolidated entities							

Equity in (loss) income of unconsolidated entities				
UJV NOI allocable to COPT Defense included in equity in (loss) income of unconsolidated entities				
Income tax expense	Income tax expense	(447)	(145)	(353)
Revenues from real estate operations from discontinued operations (Note 4)	Revenues from real estate operations from discontinued operations (Note 4)	(1,980)	(30,490)	(27,011)
Property operating expenses from discontinued operations (Note 4)	Property operating expenses from discontinued operations (Note 4)	971	16,842	13,044
Income from continuing operations		<u>\$149,249</u>	<u>\$ 78,220</u>	<u>\$100,601</u>
(Loss) income from continuing operations				

The following table reconciles our segment assets to our consolidated total assets (in thousands):

		As of December 31,	
		2022	2021
		As of December 31,	
		2023	2022
Segment assets	Segment assets	\$3,709,271	\$3,575,462
Operating properties lease liabilities included in segment assets	Operating properties lease liabilities included in segment assets	28,759	29,342
Non-operating property assets	Non-operating property assets	301,002	449,144
Other assets	Other assets	218,243	208,504
Total consolidated assets	Total consolidated assets	<u>\$4,257,275</u>	<u>\$4,262,452</u>

The accounting policies of the segments are the same as those used to prepare our consolidated financial statements, except that discontinued operations are not presented separately for segment purposes. In the segment reporting presented above, we did not allocate interest expense, depreciation and amortization, impairment losses, gain on sales of real estate, **gain on sale of investment in unconsolidated real estate joint venture**, loss on early extinguishment of debt **loss on interest rate derivatives** and equity in **(loss)** income of unconsolidated entities not included in NOI to our real estate segments since they are not included in the measure of segment profit reviewed by management. We also did not allocate general, administrative, **leasing** and **leasing other** expenses, **business development expenses and land carry costs**, interest and other income, **credit loss (expense) recoveries**, **net**, income taxes and noncontrolling interests because these items represent general corporate or non-operating property items not attributable to segments.



**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

**16, 14. Construction Contract and Other Service Revenues**

We disaggregate in the table below our construction contract and other service revenues by compensation arrangement and by service type as we believe it best depicts the nature, timing and uncertainty of our revenue. The table below reports construction contract and other service revenues by compensation arrangement revenue: (in thousands):

	For the Years Ended December 31,		
	2022	2021	2020
Construction contract revenue:			
GMP	\$ 129,149	\$ 68,113	\$ 22,032
FFP	15,119	13,897	12,373
Cost-plus fee	8,320	24,260	34,025
Other	2,044	1,606	2,210
	<u>\$ 154,632</u>	<u>\$ 107,876</u>	<u>\$ 70,640</u>

The table below reports construction contract and other service revenues by service type (in thousands):

		For the Years Ended December 31,		
		2022	2021	2020
		For the Years Ended December 31,		
		2023	2022	2021
Construction contract revenue:	Construction contract revenue:			
Construction		\$151,694	\$104,020	\$66,087
Design		894	2,250	2,343
FFP				
FFP				
FFP				
GMP				
Cost-plus fee				
Other	Other	2,044	1,606	2,210
		<u>\$154,632</u>	<u>\$107,876</u>	<u>\$70,640</u>
	\$			

We derived 90% 88% of our construction contract revenue from the USG in 2023, 90% in 2022 and 79% in 2021 and 55% in 2020, 2021.

We recognized an insignificant amount of revenue in 2023, 2022 2021 and 2020 2021 from performance obligations satisfied (or partially satisfied) in previous periods.

**COPT Defense Properties and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

Accounts receivable related to our construction contract services is included in accounts receivable, net on our consolidated balance sheets. The beginning and ending balances of accounts receivable related to our construction contracts were as follows (in thousands):

		For the Years Ended December 31,	
		2022	2021
		For the Years Ended December 31,	
		2023	2022

Beginning balance	Beginning balance	\$ 7,193	\$ 13,997
Ending balance	Ending balance	\$ 7,618	\$ 7,193

Contract assets, which we refer to herein as construction contract costs in excess of billings, net, are included in prepaid expenses and other assets, net on our consolidated balance sheets. The beginning and ending balances of our contract assets were as follows (in thousands):

		For the Years Ended December 31,	
		2022	2021
		For the Years Ended December 31,	
		2023	2022
Beginning balance	Beginning balance	\$ 22,384	\$ 10,343
Ending balance	Ending balance	\$ 22,331	\$ 22,384

Contract liabilities are included in other liabilities on our consolidated balance sheets. Changes in contract liabilities were as follows (in thousands):

		For the Years Ended December 31,	
		2022	2021
		For the Years Ended December 31,	
		2023	2022
Beginning balance	Beginning balance	\$ 2,499	\$ 4,610
Ending balance	Ending balance	\$ 2,867	\$ 2,499
Portion of beginning balance recognized in revenue during the year	Portion of beginning balance recognized in revenue during the year	\$ 278	\$ 2,664

Revenue allocated to the remaining performance obligations under existing contracts as of December 31, 2022 December 31, 2023 that will be recognized as revenue in future periods was \$67.9 million \$70.4 million, all of which we expect to recognize approximately \$65 million in 2023.

## Corporate Office Properties Trust and Subsidiaries Notes to Consolidated Financial Statements (Continued)

2024.

We have no deferred incremental costs incurred to obtain or fulfill our construction contracts or other service revenues as of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022. Credit loss recoveries on construction contracts receivable and unbilled construction revenue was were insignificant in 2023 and \$740,000 in 2022 and credit loss expense on construction contracts receivable and unbilled construction revenue was \$211,000 in 2021 and \$528,000 in 2020. 2021.

### 17. 15. Credit Losses on Financial Assets and Other Instruments

The table below sets forth the activity for our allowance for credit losses in 2020, 2021, 2022 and 2022 2023 (in thousands):

	Investing Receivables		Tenant Notes Receivable (1)		Other Assets (2)		Off-Balance Sheet Credit Exposures		Total
December 31, 2019	\$	—	\$	97	\$	—	\$	—	\$ 97
Cumulative effect of change for adoption of credit loss guidance		3,732		325		144		1,340	5,541
Credit loss (recoveries) expense		(881)		729		559		(1,340)	(933)

Other changes	—	52	(60)	—	(8)
December 31, 2020	2,851	1,203	643	—	4,697
Credit loss (recoveries) expense	(1,252)	(146)	270	—	(1,128)
December 31, 2021	1,599	1,057	913	—	3,569
Credit loss expense (recoveries)	1,195	(279)	(645)	—	271
December 31, 2022	\$ 2,794	\$ 778	\$ 268	\$ —	\$ 3,840

	Tenant Notes			
	Investing Receivables	Receivable (1)	Other Assets (2)	Total
December 31, 2020	\$ 2,851	\$ 1,203	\$ 643	\$ 4,697
Credit loss (recoveries) expense (3)	(1,252)	(146)	270	(1,128)
December 31, 2021	1,599	1,057	913	3,569
Credit loss expense (recoveries) (3)	1,195	(279)	(645)	271
December 31, 2022	2,794	778	268	3,840
Credit loss recoveries (3)	(417)	(79)	(115)	(611)
Write-offs	—	(33)	—	(33)
December 31, 2023	\$ 2,377	\$ 666	\$ 153	\$ 3,196

(1) Included in the line entitled "accounts receivable, net" on our consolidated balance sheets.

(2) The balance as of December 31, 2023 and December 31, 2022 included \$87,000 and December 31, 2021 included \$52,000, and \$218,000, respectively, in the line entitled "accounts receivable, net" and \$216,000 \$66,000 and \$695,000, \$216,000, respectively, in the line entitled "prepaid expenses and other assets, net" on our consolidated balance sheets.

(3) Included in the line entitled "interest and other income, net" on our consolidated statements of operations.

**COPT Defense Properties and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

The following table presents the amortized cost basis of our investing receivables, tenant notes receivable and sales-type lease receivables by credit risk classification, by origination year as of December 31, 2022 December 31, 2023 (in thousands):

		Origination Year								
		2017 and Earlier	2018	2019	2020	2021	2022	Total		
		Origination Year								
		Origination Year								
		Origination Year								
		2018 and Earlier								
		2018 and Earlier								
		2018 and Earlier								
Investing receivables:										
Investing receivables:										
Investing receivables:	Investing receivables:									
Credit risk classification:	Credit risk classification:									
Credit risk classification:										
Credit risk classification:										
Investment grade										
Investment grade										
Investment grade	Investment grade	\$ 60,437	\$ —	\$ —	\$ 1,887	\$ 7,379	\$ —	\$ 69,703		
Non-investment grade	Non-investment grade	—	—	15	—	—	17,697	17,712		

Non-investment grade															
Non-investment grade															
Total															
Total															
Total	Total	\$	60,437	\$	—	\$	15	\$	1,887	\$	7,379	\$	17,697	\$	87,415
Tenant notes receivable:	Tenant notes receivable:														
Tenant notes receivable:															
Credit risk classification:															
Credit risk classification:															
Credit risk classification:	Credit risk classification:														
Investment grade	Investment grade	\$	—	\$	807	\$	40	\$	195	\$	—	\$	—	\$	1,042
Investment grade															
Investment grade															
Non-investment grade															
Non-investment grade															
Non-investment grade	Non-investment grade		151		98		89		1,565		—		—		1,903
Total	Total	\$	151	\$	905	\$	129	\$	1,760	\$	—	\$	—	\$	2,945
Total															
Total															
Gross write-offs during the year ended December 31, 2023															
Gross write-offs during the year ended December 31, 2023															
Gross write-offs during the year ended December 31, 2023															
Sales-type lease receivable:															
Sales-type lease receivable:															
Sales-type lease receivable:	Sales-type lease receivable:														
Credit risk classification:	Credit risk classification:														
Credit risk classification:															
Credit risk classification:															
Investment grade															
Investment grade															
Investment grade	Investment grade	\$	—	\$	—	\$	—	\$	5,666	\$	—	\$	—	\$	5,666

Our investment grade credit risk classification represents entities with investment grade credit ratings from ratings agencies (such as [Standard & Poor's S&P Global Ratings](#), [Services](#), Moody's Investors Service, Inc. or Fitch Ratings, [Ltd. Inc.](#)), meaning that they are considered to have at least an adequate capacity to meet their financial commitments, with credit risk ranging from minimal to moderate. Our non-investment grade credit risk classification represents entities with either no credit agency credit ratings or ratings deemed to be sub-investment grade; we believe that there is significantly more credit risk associated with this classification. The credit risk classifications of our investing receivables and tenant notes receivable were last updated in December [2022, 2023](#).

An insignificant portion of the investing and tenant notes receivables set forth above was past due, which we define as being delinquent by more than three months from the due date.

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

Notes receivable on nonaccrual status as of [December 31, 2022](#), [December 31, 2023](#) and [2021](#), [2022](#) were not significant. We did not recognize any interest income on notes receivable on nonaccrual status during the years ended [December 31, 2022](#), [December 31, 2023](#), [2021](#), [2022](#) and [2020](#), [2021](#).

## 18.16. Earnings Per Share ("EPS")

We present both basic and diluted EPS. We compute basic EPS by dividing net (loss) income available to common shareholders allocable to unrestricted common shares under the two-class method by the weighted average number of unrestricted common shares outstanding during the period, period after allocating undistributed earnings between common shareholders and participating securities under the two-class method. Our participating securities include restricted shares and PIUs and deferred share awards not previously settled by common share issuances. Our computation of diluted EPS is similar except that:

- the denominator is increased to include: (1) the weighted average number of potential additional common shares that would have been outstanding if securities that are convertible into common shares were converted; and (2) the effect of dilutive potential common shares outstanding during the period attributable to redeemable noncontrolling interests and share-based compensation awards using the if-converted or treasury stock methods; and
- the numerator is adjusted to add back any changes in income or loss that would result from the assumed conversion into common shares that we add to the denominator.

We compute diluted EPS using the treasury stock method for unvested restricted shares, TB-PIUs and deferred share awards and the if-converted method for common units, redeemable noncontrolling interests, PB-PIUs and vested PIUs and deferred share awards not previously settled by common share issuances.

### COPT Defense Properties and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Summaries of the numerator and denominator for purposes of basic and diluted EPS calculations are set forth below (in thousands, except per share data):

	For the Years Ended December 31,		
	2022	2021	2020
Numerator:			
Income from continuing operations	\$ 149,249	\$ 78,220	\$ 100,601
Income from continuing operations attributable to noncontrolling interests	(5,372)	(4,994)	(5,477)
Income from continuing operations attributable to share-based compensation awards for basic EPS	(451)	(467)	(433)
Numerator for basic EPS from continuing operations attributable to COPT common shareholders	\$ 143,426	\$ 72,759	\$ 94,691
Redeemable noncontrolling interests	(169)	(128)	—
Adjustment to income from continuing operations attributable to share-based compensation awards for diluted EPS	78	44	27
Numerator for diluted EPS from continuing operations attributable to COPT common shareholders	\$ 143,335	\$ 72,675	\$ 94,718
Discontinued operations	29,573	3,358	2,277
Discontinued operations attributable to noncontrolling interests	(421)	(43)	(27)
Income from discontinued operations attributable to share-based compensation awards for diluted EPS	(90)	6	2
Numerator for diluted EPS on net income attributable to COPT common shareholders	\$ 172,397	\$ 75,996	\$ 96,970
Denominator (all weighted averages):			
Denominator for basic EPS (common shares)	112,073	111,960	111,788
Dilutive effect of redeemable noncontrolling interests	116	128	—
Dilutive effect of share-based compensation awards	431	330	288
Denominator for diluted EPS (common shares)	112,620	112,418	112,076
Basic EPS:			
Income from continuing operations attributable to COPT common shareholders	\$ 1.28	\$ 0.65	\$ 0.85
Discontinued operations attributable to COPT common shareholders	0.26	0.03	0.02
Net income attributable to COPT common shareholders	\$ 1.54	\$ 0.68	\$ 0.87
Diluted EPS:			
Income from continuing operations attributable to COPT common shareholders	\$ 1.27	\$ 0.65	\$ 0.85
Discontinued operations attributable to COPT common shareholders	0.26	0.03	0.02
Net income attributable to COPT common shareholders	\$ 1.53	\$ 0.68	\$ 0.87

	For the Years Ended December 31,		
	2023	2022	2021
Numerator:			
(Loss) income from continuing operations	\$ (74,347)	\$ 149,249	\$ 78,220
Loss (income) from continuing operations attributable to noncontrolling interests	878	(5,372)	(4,994)

Income from continuing operations attributable to share-based compensation awards for basic EPS	(1,199)	(451)	(467)
Numerator for basic EPS from continuing operations attributable to common shareholders	\$ (74,668)	\$ 143,426	\$ 72,759
Redeemable noncontrolling interests	—	(169)	(128)
Adjustment to income from continuing operations attributable to share-based compensation awards for diluted EPS	—	78	44
Numerator for diluted EPS from continuing operations attributable to common shareholders	\$ (74,668)	\$ 143,335	\$ 72,675
Discontinued operations	—	29,573	3,358
Discontinued operations attributable to noncontrolling interests	—	(421)	(43)
Income from discontinued operations attributable to share-based compensation awards for diluted EPS	—	(90)	6
Numerator for diluted EPS on net (loss) income attributable to common shareholders	\$ (74,668)	\$ 172,397	\$ 75,996
Denominator (all weighted averages):			
Denominator for basic EPS (common shares)	112,178	112,073	111,960
Dilutive effect of redeemable noncontrolling interests	—	116	128
Dilutive effect of share-based compensation awards	—	431	330
Denominator for diluted EPS (common shares)	112,178	112,620	112,418
Basic EPS attributable to common shareholders:			
(Loss) income from continuing operations	\$ (0.67)	\$ 1.28	\$ 0.65
Discontinued operations	—	0.26	0.03
Net (loss) income	\$ (0.67)	\$ 1.54	\$ 0.68
Diluted EPS attributable to common shareholders:			
(Loss) income from continuing operations	\$ (0.67)	\$ 1.27	\$ 0.65
Discontinued operations	—	0.26	0.03
Net (loss) income	\$ (0.67)	\$ 1.53	\$ 0.68

**Corporate Office Properties Trust and Subsidiaries**  
**Notes to Consolidated Financial Statements (Continued)**

Our diluted EPS computations do not include the effects of the following securities since the conversions of such securities would increase diluted EPS for the respective periods (in thousands):

Weighted Average Shares Excluded from Denominator for the Years Ended December 31,		Weighted Average Shares Excluded from Denominator for the Years Ended December 31,				
		2022	2021	2020	2023	2022
Conversion of common units	Conversion of common units	1,454	1,257	1,236		
Conversion of redeemable noncontrolling interests	Conversion of redeemable noncontrolling interests	866	804	957		
Conversion of Series I Preferred Units		—	—	171		

The following securities were also excluded from the computation of diluted EPS because their effect was antidilutive:

➤ weighted average restricted shares and deferred share awards of 416,000 for 2023, 399,000 for 2022 and 412,000 for 2021 and 430,000 for 2020; and 2021;

- As discussed in Note 8, our 5.25% Notes issued on September 12, 2023 have an exchange settlement feature under which the principal amount of notes exchanged is payable in cash, with the remainder of the exchange obligation, if any, as determined based on the exchange price per common share at the time of settlement, payable in cash, common shares or a combination

thereof at our election. These notes did not affect our diluted EPS reported above since the weighted average closing price of our common shares for the year ended December 31, 2023 was less than the exchange price applicable to that period.

## Litigation and Claims

In the normal course of business, we are subject to legal actions and other claims. We record losses for specific legal proceedings and claims when we determine that a loss is probable and the amount of loss can be reasonably estimated. As of December 31, 2022 December 31, 2023, management believes that it is reasonably possible that we could recognize a loss of up to \$4 million \$4.5 million for certain municipal tax claims; while we do not believe this loss would materially affect our financial position or liquidity, it could be material to our results of operations. Management believes that it is also reasonably possible that we could incur losses pursuant to other claims but do not believe such losses would materially affect our financial position, liquidity or results of operations. Our assessment of the potential outcomes of these matters involves significant judgment and is subject to change based on future developments.

We are subject to various federal, state and local environmental regulations related to our property ownership and operations. We have performed environmental assessments of our properties, the results of which have not revealed any environmental liability that we believe would have a materially adverse effect on our financial position, operations or liquidity.

In connection with a lease and subsequent sale in 2008 and 2010 of three properties in Dayton, New Jersey, we agreed to provide certain environmental indemnifications limited to \$19 million in the aggregate. We have insurance coverage in place to mitigate most of any potential future losses that may result from these indemnification agreements.

Anne Arundel County, Maryland issued tax incremental financing bonds to third-party investors in order to finance public improvements needed in connection with our project known as the National Business Park. These bonds had a remaining principal balance of approximately \$29 million \$27 million as of December 31, 2022 December 31, 2023. The real estate taxes on increases in assessed values post-bond issuance of properties in development districts encompassing the National Business Park are transferred to a special fund pledged to the repayment of the bonds. While we are obligated to fund, through a special tax, any future shortfalls between debt service of the bonds and real estate taxes available to repay the bonds, as of December 31, 2022 December 31, 2023, we do not expect any such future fundings will be required.

On January 10, 2023, we sold a 90% interest in three data center shell properties in Northern Virginia based on an aggregate property value of \$211.3 million and retained a 10% interest in the properties through Redshift JV LLC, a newly-formed joint venture. Our partner in the joint venture acquired the 90% interest from us for \$190.2 million. We recognized a gain on sale of approximately \$49 million. We are accounting for our interest in the joint venture using the equity method of accounting.

Gross Amounts Carried																							
Initial Cost														At Close of Period									
Initial Cost																							
Property (Type) (1)																							
Property (Type) (1)																							
Property	Costs Capitalized													Costs									
	Property	Encumbrances			Building and Land Improvements	Subsequent Acquisition	Building and Land Improvements	Total	Accumulated Depreciation	Year Built or Renovated	Date Acquired				Building and Land Improvements	Capitalized Subsequent to Acquisition							
(Type) (1)	(Type) (1)	Location	(2)	Land				(3)	(4)		(5)			Location	Encumbrances (2)	Land	Improvements						
100 Light Street (O)	100 Light Street (O)	Baltimore, MD	\$ —	\$26,715	\$58,002	\$45,315	\$26,715	\$103,317	\$130,032	\$ (30,601)	1973/2011	8/7/2015	100 Light Street (O)	Baltimore, MD	\$ —	\$6,720	\$31,215						

[illegible]





1550 West Nursery Linthicum, Road (O) MD	—	14,071	16,930	—	14,071	16,930	31,001	(7,047)	2009	10/28/2009	1550 West Nursery Linthicum, Road (O) MD	—	14,071	14,071	16,930	16,930	—
1560 West Nursery Linthicum, Road (O) MD	—	1,441	113	—	1,441	113	1,554	(24)	2014	10/28/2009	1560 West Nursery Linthicum, Road (O) MD	—	1,441	1,441	113	113	—
1610 West Nursery Linthicum, Road (O) MD	—	259	246	—	259	246	505	(36)	2016	4/30/1998	1610 West Nursery Linthicum, Road (O) MD	—	259	259	246	246	—
1616 West Nursery Linthicum, Road (O) MD	—	393	3,323	75	393	3,398	3,791	(449)	2017	4/30/1998	1616 West Nursery Linthicum, Road (O) MD	—	393	393	3,323	3,323	75
1622 West Nursery Linthicum, Road (O) MD	—	393	2,542	—	393	2,542	2,935	(372)	2016	4/30/1998	1622 West Nursery Linthicum, Road (O) MD	—	393	393	2,542	2,542	—
16442 Commerce Dahlgren, Drive (O) VA	—	613	2,582	1,147	613	3,729	4,342	(2,134)	2002	12/21/2004	16442 Commerce Dahlgren, Drive (O) VA	—	613	613	2,582	2,582	1,142
16480 Commerce Dahlgren, Drive (O) VA	—	1,856	7,425	2,772	1,856	10,197	12,053	(5,203)	2000	12/28/2004	16480 Commerce Dahlgren, Drive (O) VA	—	1,856	1,856	7,425	7,425	2,878

Gross Amounts Carried																			
Initial Cost						At Close of Period													
Initial Cost																			
Property (Type) (1)																			
Property (Type) (1)																			
	Costs Capitalized																		
Property (Type) (1)	Property (Type) (1)	Location	Encumbrances (2)	Land Improvements	Subsequent Acquisition	Building and Land	Total	Accumulated Depreciation	Year Built or Renovated	Date Acquired	Encumbrances	Land	Building Improvements	Costs Capitalized Subsequent Acquisition					
16501 Commerce Drive (O)	16501 Commerce Drive (O)	Dahlgren, VA	—	522	2,090	1,040	522	3,130	3,652	(1,689)	2002	12/21/2004	16501 Commerce Drive (O)	Dahlgren, VA	—	522	522	2,090	2,090
16539 Commerce Drive (O)	16539 Commerce Drive (O)	Dahlgren, VA	—	688	2,860	2,345	688	5,205	5,893	(3,190)	1990	12/21/2004	16539 Commerce Drive (O)	Dahlgren, VA	—	688	688	2,860	2,860
16541 Commerce Drive (O)	16541 Commerce Drive (O)	Dahlgren, VA	—	773	3,094	2,630	773	5,724	6,497	(3,261)	1996	12/21/2004	16541 Commerce Drive (O)	Dahlgren, VA	—	773	773	3,094	3,094
16543 Commerce Drive (O)	16543 Commerce Drive (O)	Dahlgren, VA	—	436	1,742	879	436	2,621	3,057	(1,467)	2002	12/21/2004	16543 Commerce Drive (O)	Dahlgren, VA	—	436	436	1,742	1,742
1751 Pinnacle Drive (O)	1751 Pinnacle Drive (O)	McLean, VA	—	10,486	42,339	34,512	10,486	76,851	87,337	(45,785)	1989/1995	9/23/2004	1751 Pinnacle Drive (O)	McLean, VA	—	4,762	4,762	26,046	26,046
1753 Pinnacle Drive (O)	1753 Pinnacle Drive (O)	McLean, VA	—	8,275	34,353	25,142	8,275	59,495	67,770	(30,720)	1976/2004	9/23/2004	1753 Pinnacle Drive (O)	McLean, VA	—	3,729	3,729	21,500	21,500
206 Research Boulevard (O)	206 Research Boulevard (O)	Aberdeen, MD	—	—	—	—	—	—	—	—	2012	9/14/2007	206 Research Boulevard (O)	Aberdeen, MD	—	—	—	—	—

209	209											209								
Research	Research											Research								
Boulevard	Boulevard	Aberdeen,											Boulevard	Aberdeen,						
(O)	(O)	MD	—	134	1,711	543	134	2,254	2,388	(772)	2010	9/14/2007	(O)	MD	—	134	134	1,711	1,711	
210	210											210								
Research	Research											Research								
Boulevard	Boulevard	Aberdeen,											Boulevard	Aberdeen,						
(O)	(O)	MD	—	113	1,402	536	113	1,938	2,051	(610)	2010	9/14/2007	(O)	MD	—	113	113	1,402	1,402	
2100 L	2100 L	Washington,											2100 L	Washington,						
Street (O)	Street (O)	DC	—	57,385	94,784	—	57,385	94,784	152,169	(4,385)	2020	8/11/2015	Street (O)	DC	—	41,935	41,935	71,067	71,067	
2100	2100											2100								
Rideout	Rideout	Huntsville,											Rideout							
Road (O)	Road (O)	AL	—	—	7,336	3,015	—	10,351	10,351	(2,760)	2016	3/23/2010	Road (O)	Huntsville, AL	—	—	—	7,336	7,336	
22289	22289											22289								
Exploration	Exploration	Lexington											Exploration	Lexington						
Drive (O)	Drive (O)	Park, MD	—	1,422	5,719	2,148	1,422	7,867	9,289	(4,585)	2000	3/24/2004	Drive (O)	Park, MD	—	1,422	1,422	5,719	5,719	
22299	22299											22299								
Exploration	Exploration	Lexington											Exploration	Lexington						
Drive (O)	Drive (O)	Park, MD	—	1,362	5,791	3,084	1,362	8,875	10,237	(5,531)	1998	3/24/2004	Drive (O)	Park, MD	—	1,278	1,278	5,791	5,791	
22300	22300											22300								
Exploration	Exploration	Lexington											Exploration	Lexington						
Drive (O)	Drive (O)	Park, MD	—	1,094	5,038	2,772	1,094	7,810	8,904	(4,640)	1997	11/9/2004	Drive (O)	Park, MD	—	1,094	1,094	5,038	5,038	
22309	22309											22309								
Exploration	Exploration	Lexington											Exploration	Lexington						
Drive (O)	Drive (O)	Park, MD	—	2,243	10,419	8,179	2,243	18,598	20,841	(9,668)	1984/1997	3/24/2004	Drive (O)	Park, MD	—	2,160	2,160	10,419	10,419	
23535	23535											23535								
Cottonwood	Cottonwood												Cottonwood							
Parkway	Parkway	California,											Parkway							
(O)	(O)	MD	—	692	3,051	648	692	3,699	4,391	(2,358)	1984	3/24/2004	(O)	California, MD	—	692	692	3,051	3,051	
250 W Pratt	250 W Pratt	Baltimore,											250 W Pratt							
St (O)	St (O)	MD	—	8,057	34,588	19,811	8,057	54,399	62,456	(22,224)	1985	3/19/2015	St (O)	Baltimore, MD	—	4,704	4,704	21,487	21,487	
2600 Park	2600 Park											2600 Park								
Tower Drive	Tower Drive												Tower Drive							
(O)	(O)	Vienna, VA	—	20,284	34,443	5,977	20,284	40,420	60,704	(9,764)	1999	4/15/2015	(O)	Vienna, VA	—	20,284	20,284	34,443	34,443	
2691	2691	Annapolis											2691							
Technology	Technology	Junction,											Technology	Annapolis						
Drive (O)	Drive (O)	MD	—	2,098	17,334	9,191	2,098	26,525	28,623	(13,031)	2005	5/26/2000	Drive (O)	Junction, MD	—	2,098	2,098	17,334	17,334	
2701	2701	Annapolis											2701							
Technology	Technology	Junction,											Technology	Annapolis						
Drive (O)	Drive (O)	MD	—	1,737	15,266	7,118	1,737	22,384	24,121	(14,080)	2001	5/26/2000	Drive (O)	Junction, MD	—	1,737	1,737	15,266	15,266	
2711	2711	Annapolis											2711							
Technology	Technology	Junction,											Technology	Annapolis						
Drive (O)	Drive (O)	MD	—	2,251	21,611	4,459	2,251	26,070	28,321	(16,361)	2002	11/13/2000	Drive (O)	Junction, MD	—	2,251	2,251	21,611	21,611	
2720	2720	Annapolis											2720							
Technology	Technology	Junction,											Technology	Annapolis						
Drive (O)	Drive (O)	MD	—	3,863	29,272	3,219	3,863	32,491	36,354	(15,238)	2004	1/31/2002	Drive (O)	Junction, MD	—	3,863	3,863	29,272	29,272	
2721	2721	Annapolis											2721							
Technology	Technology	Junction,											Technology	Annapolis						
Drive (O)	Drive (O)	MD	—	4,611	14,597	3,828	4,611	18,425	23,036	(11,406)	2000	10/21/1999	Drive (O)	Junction, MD	—	4,611	4,611	14,597	14,597	
2730	2730	Annapolis											2730							
Hercules	Hercules	Junction,											Hercules	Annapolis						
Road (O)	Road (O)	MD	—	8,737	31,612	9,540	8,737	41,152	49,889	(25,143)	1990	9/28/1998	Road (O)	Junction, MD	—	8,737	8,737	31,612	31,612	
30 Light	30 Light	Baltimore,											30 Light							
Street (O)	Street (O)	MD	—	—	12,101	1,056	—	13,157	13,157	(2,742)	2009	8/7/2015	Street (O)	Baltimore, MD	—	—	—	2,501	2,501	
300	300											300								
Secured	Secured	Annapolis											Secured							
Gateway	Gateway	Junction,											Gateway							
(O)	(O)	MD	—	—	25,384	—	—	25,384	25,384	—	(7)	3/23/2010	(O)	Huntsville, AL	—	—	—	63,500	63,500	

300	300	Annapolis											300						
Sentinel	Sentinel	Junction,											Sentinel	Annapolis					
Drive (O)	Drive (O)	MD	—	1,517	59,165	2,526	1,517	61,691	63,208	(20,225)	2009	11/14/2003	Drive (O)	Junction, MD	—	1,517	1,517	59,165	59,165
302	302	Annapolis											302						
Sentinel	Sentinel	Junction,											Sentinel	Annapolis					
Drive (O)	Drive (O)	MD	—	2,648	29,687	3,802	2,648	33,489	36,137	(12,102)	2007	11/14/2003	Drive (O)	Junction, MD	—	2,648	2,648	29,687	29,687
304	304	Annapolis											304						
Sentinel	Sentinel	Junction,											Sentinel	Annapolis					
Drive (O)	Drive (O)	MD	—	3,411	24,917	5,335	3,411	30,252	33,663	(13,355)	2005	11/14/2003	Drive (O)	Junction, MD	—	3,411	3,411	24,917	24,917
306	306	Annapolis											306						
Sentinel	Sentinel	Junction,											Sentinel	Annapolis					
Drive (O)	Drive (O)	MD	—	3,260	22,592	3,720	3,260	26,312	29,572	(11,085)	2006	11/14/2003	Drive (O)	Junction, MD	—	3,260	3,260	22,592	22,592

Gross Amounts Carried																					
Initial Cost																					
At Close of Period																					
Initial Cost																					
Property (Type) (1)																					
Property (Type) (1)																					
Costs																					
Capitalized																					
Building Subsequent Building Accumulated Year Built Date																					
Encumbrances and Land to and Land Total Depreciation or Acquired																					
Encumbrances and Land Costs Capitalized																					
Subsequent to																					
Property	Property	Location	(2)	Land	Improvements	Acquisition	Land	Improvements	(3)	(4)	Renovated	(5)	Location	(2)	Land	Improvements	Acquisition	Land			
(Type) (1)	(Type) (1)																				
320	320	Annapolis											320								
Sentinel	Sentinel	Junction,											Sentinel	Annapolis							
Way (O)	Way (O)	MD	—	2,067	21,623	156	2,067	21,779	23,846	(8,206)	2007	11/14/2003	Way (O)	Junction, MD	—	2,067	2,067	21,623	21,623	148	148
322	322	Annapolis											322								
Sentinel	Sentinel	Junction,											Sentinel	Annapolis							
Way (O)	Way (O)	MD	—	2,605	22,827	1,900	2,605	24,727	27,332	(10,090)	2006	11/14/2003	Way (O)	Junction, MD	—	2,605	2,605	22,827	22,827	1,900	1,900
324	324	Annapolis											324								
Sentinel	Sentinel	Junction,											Sentinel	Annapolis							
Way (O)	Way (O)	MD	—	1,656	23,018	42	1,656	23,060	24,716	(7,109)	2010	6/29/2006	Way (O)	Junction, MD	—	1,656	1,656	23,018	23,018	61	61
4000 Market Street																					
(O)																					

4000 Market Street																
(O)																
4000	4000															
Market	Market	Huntsville,														
Street (O)	Street (O)	AL	5,993	—	9,198	396	—	9,594	9,594	(858)	2018	3/23/2010	AL	5,914	—	—
410	410															
National	National															
Business	Business	Annapolis														
Parkway	Parkway	Junction,														
(O)	(O)	MD	—	1,831	23,257	2,259	1,831	25,516	27,347	(7,048)	2012	6/29/2006	(O)	Junction, MD	—	1,831
4100	4100															
Market	Market	Huntsville,														
Street (O)	Street (O)	AL	5,217	—	8,049	7	—	8,056	8,056	(710)	2019	3/23/2010	Street (O)	Huntsville, AL	5,148	—
420	420															
National	National															
Business	Business	Annapolis														
Parkway	Parkway	Junction,														
(O)	(O)	MD	—	2,370	29,550	208	2,370	29,758	32,128	(6,217)	2013	6/29/2006	(O)	Junction, MD	—	2,370
430	430															
National	National															
Business	Business	Annapolis														
Parkway	Parkway	Junction,														
(O)	(O)	MD	—	1,852	21,563	2,950	1,852	24,513	26,365	(6,632)	2011	6/29/2006	(O)	Junction, MD	—	1,852
44408	44408															
Pecan	Pecan	California,														
Court (O)	Court (O)	MD	—	817	1,583	1,751	817	3,334	4,151	(2,259)	1986	3/24/2004	Court (O)	California, MD	—	817
44414	44414															
Pecan	Pecan	California,														
Court (O)	Court (O)	MD	—	405	1,619	1,149	405	2,768	3,173	(1,861)	1986	3/24/2004	Court (O)	California, MD	—	405
44417	44417															
Pecan	Pecan	California,														
Court (O)	Court (O)	MD	—	434	3,822	180	434	4,002	4,436	(2,385)	1989/2015	3/24/2004	Court (O)	California, MD	—	434
44420	44420															
Pecan	Pecan	California,														
Court (O)	Court (O)	MD	—	344	890	311	344	1,201	1,545	(667)	1989	11/9/2004	Court (O)	California, MD	—	344
44425	44425															
Pecan	Pecan	California,														
Court (O)	Court (O)	MD	—	1,309	3,506	2,395	1,309	5,901	7,210	(4,076)	1997	5/5/2004	Court (O)	California, MD	—	1,309
45310	45310															
Abell	Abell															
House	House	California,														
Lane (O)	Lane (O)	MD	—	2,272	13,808	1,386	2,272	15,194	17,466	(4,357)	2011	8/30/2010	Lane (O)	California, MD	—	2,272
4600	4600															
River	River	College														
Road (O)	Road (O)	Park, MD	—	—	24,573	—	—	24,573	24,573	(1,049)	2020	1/29/2008	Road (O)	MD	—	—
46579	46579															
Expedition	Expedition	Lexington														
Drive (O)	Drive (O)	Park, MD	—	1,406	5,796	2,987	1,406	8,783	10,189	(4,897)	2002	3/24/2004	Drive (O)	Park, MD	—	1,406
46591	46591															
Expedition	Expedition	Lexington														
Drive (O)	Drive (O)	Park, MD	—	1,200	7,199	4,394	1,200	11,593	12,793	(5,181)	2005	3/24/2004	Drive (O)	Park, MD	—	1,200
4851	4851															
Stonecroft	Stonecroft															
Boulevard	Boulevard	Chantilly,														
(O)	(O)	VA	—	1,878	11,558	223	1,878	11,781	13,659	(5,307)	2004	8/14/2002	(O)	Chantilly, VA	—	1,878

5300													5300												
Redstone													Redstone												
Gateway													Gateway												
(O)													(O)	Huntsville, AL	—	—	17,350				—				
540	540												540												
National	National												National												
Business	Business	Annapolis											Business												
Parkway	Parkway	Junction,											Parkway	Annapolis											
(O)	(O)	MD	—	2,035	31,840	41	2,035	31,881	33,916	(4,124)	2017	6/29/2006	(O)	Junction, MD	—	2,035	2,035	35,545	35,545	41	41				
550	550												550												
National	National												National												
Business	Business	Annapolis											Business												
Parkway	Parkway	Junction,											Parkway	Annapolis											
(O)	(O)	MD	—	2,678	30,363	—	2,678	30,363	33,041	—	(7)	6/29/2006	(O)	Junction, MD	—	2,678	2,678	43,521	43,521	—	—				
5520	5520												5520												
Research	Research												Research												
Park Drive	Park Drive	Catonsville,											Park Drive	Catonsville,											
(O)	(O)	MD	—	—	20,072	1,979	—	22,051	22,051	(7,741)	2009	4/4/2006	(O)	MD	—	—	—	20,072	20,072	2,356	2,356				
5522	5522												5522												
Research	Research												Research												
Park Drive	Park Drive	Catonsville,											Park Drive	Catonsville,											
(O)	(O)	MD	—	—	4,550	855	—	5,405	5,405	(2,050)	2007	3/8/2006	(O)	MD	—	—	—	4,550	4,550	883	883				
560	560												560												
National	National												National												
Business	Business	Annapolis											Business												
Parkway	Parkway	Junction,											Parkway	Annapolis											
(O)	(O)	MD	—	2,193	55,149	—	2,193	55,149	57,342	(233)	2022	6/29/2006	(O)	Junction, MD	—	2,193	2,193	55,079	55,079	—	—				
5801	5801												5801												
University	University												University												
Research	Research	College											Research	College Park,											
Court (O)	Court (O)	Park, MD	10,880	—	17,431	162	—	17,593	17,593	(2,294)	2018	1/29/2008	Court (O)	MD	10,640	—	—	17,431	17,431	162	162				
5825	5825												5825												
University	University												University												
Research	Research	College											Research	College Park,											
Court (O)	Court (O)	Park, MD	19,075	—	22,771	2,517	—	25,288	25,288	(8,978)	2008	1/29/2008	Court (O)	MD	18,580	—	—	22,771	22,771	2,874	2,874				
5850	5850												5850												
University	University												University												
Research	Research	College											Research	College Park,											
Court (O)	Court (O)	Park, MD	20,182	—	31,906	1,112	—	33,018	33,018	(10,623)	2008	1/29/2008	Court (O)	MD	19,657	—	—	31,906	31,906	1,112	1,112				
6000	6000												6000												
Redstone	Redstone												Redstone												
Gateway	Gateway	Huntsville,											Gateway												
(O)	(O)	AL	—	—	8,532	17	—	8,549	8,549	(415)	2020	3/23/2010	(O)	Huntsville, AL	—	—	—	8,542	8,542	17	17				
610	610												610												
Guardian	Guardian	Annapolis											Guardian	Annapolis											
Way (O)	Way (O)	MD	—	7,636	53,574	—	7,636	53,574	61,210	(1,572)	2021	6/29/2006	Way (O)	Junction, MD	—	7,636	7,636	53,682	53,682	—	—				
6200	6200												6200												
Redstone	Redstone												Redstone												
Gateway	Gateway	Huntsville,											Gateway												
(O)	(O)	AL	—	—	38,479	—	—	38,479	38,479	—	2022	3/23/2010	(O)	Huntsville, AL	—	—	—	50,086	50,086	—	—				
6700	6700												6700												
Alexander	Alexander												Alexander												
Bell Drive	Bell Drive	Columbia,											Bell Drive												
(O)	(O)	MD	—	1,755	7,019	10,504	1,755	17,523	19,278	(10,285)	1988	5/14/2001	(O)	Columbia, MD	—	1,755	1,755	7,019	7,019	10,647	10,647				
6708	6708												6708												
Alexander	Alexander												Alexander												
Bell Drive	Bell Drive	Columbia,											Bell Drive												
(O)	(O)	MD	—	897	12,693	1,618	897	14,311	15,208	(5,238)	1988/2016	5/14/2001	(O)	Columbia, MD	—	897	897	12,693	12,693	1,618	1,618				



[illegible]



7142	7142												7142												
Columbia	Columbia												Columbia												
Gateway	Gateway	Columbia,											Gateway	Columbia,											
Drive (O)	Drive (O)	MD	—	1,342	7,148	2,851	1,342	9,999	11,341	(4,803)	1994/2018	9/19/2005	Drive (O)	MD	—	1,342	1,342	7,148	7,148	4,265	4,265	1,342			
7150	7150												7150												
Columbia	Columbia												Columbia												
Gateway	Gateway	Columbia,											Gateway	Columbia,											
Drive (O)	Drive (O)	MD	—	1,032	3,429	1,659	1,032	5,088	6,120	(2,165)	1991	9/19/2005	Drive (O)	MD	—	1,032	1,032	3,429	3,429	1,659	1,659	1,032			
7150	7150												7150												
Riverwood	Riverwood Columbia,												Riverwood Columbia,												
Drive (O)	Drive (O)	MD	—	1,821	4,388	3,436	1,821	7,824	9,645	(3,316)	2000	1/10/2007	Drive (O)	MD	—	1,821	1,821	4,388	4,388	16,234	16,234	1,821			
7160	7160												7160												
Riverwood	Riverwood Columbia,												Riverwood Columbia,												
Drive (O)	Drive (O)	MD	—	2,732	7,006	4,609	2,732	11,615	14,347	(5,835)	2000	1/10/2007	Drive (O)	MD	—	2,732	2,732	7,006	7,006	4,609	4,609	2,732			
7170	7170												7170												
Riverwood	Riverwood Columbia,												Riverwood Columbia,												
Drive (O)	Drive (O)	MD	—	1,283	3,096	2,387	1,283	5,483	6,766	(3,002)	2000	1/10/2007	Drive (O)	MD	—	1,283	1,283	3,096	3,096	2,389	2,389	1,283			
7175	7175												7175												
Riverwood	Riverwood Columbia,												Riverwood Columbia,												
Drive (O)	Drive (O)	MD	—	1,788	7,269	—	1,788	7,269	9,057	(1,661)	1996/2013	7/27/2005	Drive (O)	MD	—	1,788	1,788	7,269	7,269	—	—	1,788			
7200	7200												7200												
Redstone	Redstone												Redstone												
Gateway (O)	Gateway (O)	Huntsville, AL	—	—	8,348	81	—	8,429	8,429	(1,830)	2013	3/23/2010	Gateway (O)	Huntsville, AL	—	—	—	8,348	8,348	185	185	—			
7200	7200												7200												
Riverwood	Riverwood Columbia,												Riverwood Columbia,												
Drive (O)	Drive (O)	MD	—	4,089	22,630	5,036	4,089	27,666	31,755	(14,245)	1986	10/13/1998	Drive (O)	MD	—	4,089	4,089	22,630	22,630	5,332	5,332	4,089			
7205	7205												7205												
Riverwood	Riverwood Columbia,												Riverwood Columbia,												
Drive (O)	Drive (O)	MD	—	1,367	21,419	—	1,367	21,419	22,786	(5,058)	2013	7/27/2005	Drive (O)	MD	—	1,367	1,367	21,419	21,419	—	—	1,367			
7272 Park Circle	7272 Park Circle												7272 Park Circle												
Circle	Circle	Hanover,	—	1,479	6,300	4,609	1,479	10,909	12,388	(6,471)	1991/1996	1/10/2007	Drive (O)	MD	—	1,479	1,479	6,300	6,300	4,618	4,618	1,479			
7318	7318												7318												
Parkway	Parkway	Hanover,	—	972	3,888	2,284	972	6,172	7,144	(3,374)	1984	4/16/1999	Drive (O)	MD	—	972	972	3,888	3,888	2,297	2,297	972			
7400	7400												7400												
Redstone	Redstone												Redstone												
Gateway (O)	Gateway (O)	Huntsville, AL	—	—	9,223	75	—	9,298	9,298	(1,756)	2015	3/23/2010	Gateway (O)	Huntsville, AL	—	—	—	9,223	9,223	75	75	—			
7467	7467												7467												
Ridge	Ridge	Hanover,	—	1,565	3,116	6,876	1,565	9,992	11,557	(5,137)	1990	4/28/1999	Road (O)	MD	—	1,565	1,565	3,116	3,116	7,657	7,657	1,565			
7500	7500												7500												
Advanced	Advanced												Advanced												
Gateway (O)	Gateway (O)	Huntsville, AL	—	—	18,665	—	—	18,665	18,665	(1,201)	2020	3/23/2010	Gateway (O)	Huntsville, AL	—	—	—	18,665	18,665	—	—	—			
7600	7600												7600												
Advanced	Advanced												Advanced												
Gateway (O)	Gateway (O)	Huntsville, AL	—	—	13,752	—	—	13,752	13,752	(826)	2020	3/23/2010	Gateway (O)	Huntsville, AL	—	—	—	13,752	13,752	—	—	—			
7740	7740												7740												
Milestone	Milestone												Milestone												
Parkway (O)	Parkway (O)	Hanover, MD	15,942	3,825	34,176	1,262	3,825	35,438	39,263	(11,179)	2009	7/2/2007	Parkway (O)	Hanover, MD	—	3,825	3,825	34,176	34,176	1,855	1,855	3,825			
7770	7770												7770												
Backlick	Backlick	Springfield,											Backlick	Springfield,											
Road (O)	Road (O)	VA	—	6,387	78,892	1,669	6,387	80,561	86,948	(19,584)	2012	3/10/2010	Road (O)	VA	—	6,387	6,387	78,892	78,892	1,747	1,747	6,387			

Gross Amounts Carried													
Initial Cost						At Close of Period							
Initial Cost													
Property (Type) (1)	Costs												
	Capitalized												
	Encumbrances		Building and Land	Subsequent to	Building and Land	Total	Accumulated Depreciation	Year Built or Renovated	Date Acquired				
	Property (Type) (1)	Location	(2)	Land	Improvements	Acquisition	Land	Improvements	(3)	(4)	(5)		
Property (Type) (1)													
Encumbrances													
Building and Land													
Subsequent to													
Property (Type) (1)													
Location													
(2)													
Land													
Improvements													
Acquisition													
8000	8000												
Rideout	Rideout Huntsville,												
Road (O)	Road (O) AL — — 28,155 49												
8100	8100												
Rideout	Rideout Huntsville,												
Road (O)	Road (O) AL — — 29,681 29,681 — —												
8200	8200												
Rideout	Rideout Huntsville,												
Road (O)	Road (O) AL — — 45,653 45,653 — —												
8300	8300												
Rideout	Rideout Huntsville,												
Road (O)	Road (O) AL — — 52,678 52,678 — —												
8600	8600												
Advanced	Advanced												
Gateway	Gateway Huntsville,												
(O)	(O) AL — — 27,312 27,312 (1,394) 2020 3/23/2010 (O) AL — — 27,312 27,312 24 24												
8621	8621												
Robert	Robert												
Fulton	Fulton Columbia,												
Drive (O)	Drive (O) MD — 2,317 12,642 7,680 2,317 20,322 22,639 (9,467) 2005-2006 6/10/2005 Drive (O) MD — 2,317 2,317 12,642 12,642 8,084 8,084 2												
8661	8661												
Robert	Robert												
Fulton	Fulton Columbia,												
Drive (O)	Drive (O) MD — 1,510 3,764 3,313 1,510 7,077 8,587 (4,129) 2002 12/30/2003 Drive (O) MD — 1,510 1,510 3,764 3,764 3,379 3,379 1												
8671	8671												
Robert	Robert												
Fulton	Fulton Columbia,												
Drive (O)	Drive (O) MD — 1,718 4,280 4,848 1,718 9,128 10,846 (5,418) 2002 12/30/2003 Drive (O) MD — 1,718 1,718 4,280 4,280 4,848 4,848 1												
870	870												
Elkridge	Elkridge												
Landing	Landing Linthicum,												
Road (O)	Road (O) MD — 2,003 9,442 10,464 2,003 19,906 21,909 (13,432) 1981 8/3/2001 Road (O) MD — 2,003 2,003 9,442 9,442 10,464 10,464 2												
8800	8800												
Redstone	Redstone												
Gateway	Gateway Huntsville,												
(O)	(O) AL 11,565 — 18,470 — — 18,470 18,470 (1,437) 2019 3/23/2010 (O) AL 11,413 — — 18,470 18,470 — —												

[illegible]

[illegible]

(1) A legend for the Property Type follows: (O) = Office or data center shell property; (L) = Land held or pre-development; and (V) = Various.

(2) Excludes our Revolving Credit Facility of \$211.0 million \$75.0 million, term loan facilities of \$123.9 million \$124.3 million, unsecured senior notes of \$1.8 billion \$2.1 billion, unsecured notes payable of \$597,000, \$430,000, and deferred financing costs, net of premiums, on the remaining loans of \$541,000. \$331,000.

(3) The aggregate cost of these assets for federal income tax purposes was approximately \$3.7 billion \$3.8 billion as of December 31, 2022 December 31, 2023.

(4) The estimated lives over which depreciation is recognized follow: Building and land improvements: 10-40 years; and tenant improvements: related lease terms.

(5) The acquisition date of multi-parcel properties reflects the date of the earliest parcel acquisition. The acquisition date of properties owned through real estate joint ventures reflects the date of the formation of the joint venture.

(6) Held as of December 31, 2022 December 31, 2023.

(7) Under development as of December 31, 2022 December 31, 2023.

(8) Classified as held for sale as of December 31, 2022.

The following table summarizes our changes in cost of properties for the years ended December 31, 2022, December 31, 2023, 2021 2022 and 2020 2021 (in thousands):

	2022	2021	2020
Beginning balance	\$ 4,959,709	\$ 4,686,802	\$ 4,348,006
Improvements and other additions	350,702	342,684	405,940
Sales (1)	(323,874)	(103,097)	(65,475)
Impairments	—	—	(1,530)
Other dispositions	—	(4,511)	(139)
Reclassification from right-of-use asset	—	37,831	—
Ending balance	\$ 4,986,537	\$ 4,959,709	\$ 4,686,802

The following table summarizes our changes in accumulated depreciation for the same time periods (in thousands):

	2022	2021	2020
Beginning balance	\$ 1,234,908	\$ 1,124,253	\$ 1,007,120
Depreciation expense	124,803	130,604	119,377
Sales (1)	(86,263)	(15,438)	(2,105)
Other dispositions	—	(4,511)	(139)
Ending balance	\$ 1,273,448	\$ 1,234,908	\$ 1,124,253

	2023	2022	2021
Beginning balance	\$ 4,986,537	\$ 4,959,709	\$ 4,686,802
Improvements and other additions	333,081	350,702	342,684
Sales (1)	(162,981)	(323,874)	(103,097)
Impairments (2)	(252,797)	—	—
Other dispositions	—	—	(4,511)
Reclassification from right-of-use asset	—	—	37,831
Ending balance	\$ 4,903,840	\$ 4,986,537	\$ 4,959,709

The following table summarizes our changes in accumulated depreciation for the same time periods (in thousands):

	2023	2022	2021
Beginning balance	\$ 1,273,448	\$ 1,234,908	\$ 1,124,253
Depreciation expense	132,728	124,803	130,604
Sales (1)	(6,014)	(86,263)	(15,438)
Other dispositions	—	—	(4,511)
Ending balance	\$ 1,400,162	\$ 1,273,448	\$ 1,234,908

(1) Includes sales of our wholesale data center and ownership interests in data center shells through newly-formed unconsolidated real estate joint ventures, as described in Note 4 to our consolidated financial statements.

(2) Includes impairment recognized on six operating properties and a parcel of land, as described in Note 4 to our consolidated financial statements.

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Exhibit 10.4.1

**CORPORATE OFFICE PROPERTIES TRUST**  
**PERFORMANCE-BASED PROFIT INTEREST UNIT AWARD CERTIFICATE**  
**(2017 OMNIBUS EQUITY AND INCENTIVE PLAN)**

This Certificate pertains to the Target Award (as hereinafter defined) granted on [DATE] (the "Grant Date") by Corporate Office Properties, L.P. (the "Partnership" or "Company"), to Profit Interest Holdings LLC (the "Intermediary") on behalf of the undersigned grantee (the "Grantee").

**1. Definitions.** For purposes of this Certificate, the following terms shall be defined as set forth below:

"Absolute Total Shareholder Return" means, with respect to the Performance Period, the average, compounded, annual return that would have been realized by a shareholder who (1) bought one Share on the first day of the Performance Period for the Share Price on such date, (2) reinvested each dividend and other distribution declared during such period of time and received with respect to such Share (and any other Shares previously received upon reinvestment of dividends or other distributions), without deduction for any taxes with respect to such dividends or other distributions or any charges in connection with such reinvestment, in additional Shares at a price per Share equal to the sum of (A) the Fair Market Value on the trading day immediately preceding the ex-dividend date for such dividend or other distribution less (B) the amount of such dividend or other distribution and (3) sold such Shares on the last day of such Performance Period for the Share Price on such date, without deduction for any taxes with respect to any gain on such sale or any charges in connection with such sale. As set forth in, and pursuant to, Section 6 of this Certificate, appropriate adjustments to the Absolute Total Shareholder Return shall be made to take into account all share dividends, share splits, reverse share splits and the other events set forth in Section 6 that occur during the Performance Period.

"Administrator" means [NEO] the compensation committee of the Board OR [Non-NEO] the Administrator as defined under the terms of the Plan, or its delegate, to the extent so authorized by such Administrator under the terms of the Plan, if and to the extent the Administrator has delegated its authority under the terms of the Plan, the term "Administrator" herein will be deemed to refer to the authorized delegate.

"Cause" means (A) if the Grantee is a party to an Employment Agreement that includes a definition of "cause" or is a participant in the Executive Change in Control and Severance Plan, the definition of such term in such Employment Agreement or the Executive Change in Control and Severance Plan, as applicable, or (B) if the Grantee is not party to an Employment Agreement that defines "cause" and is not a participant in the Executive Change in Control and Severance Plan, a determination by the Administrator that the Grantee shall be dismissed as a result of (i) a violation by the Grantee of any applicable law or regulation respecting the business of the Company; (ii) the Grantee's conviction of, indictment for or plea of no contest by the Grantee of a felony or any crime involving moral turpitude; (iii) any act of dishonesty or fraud, or, if applicable, the Grantee's commission of an act which in the opinion of the Administrator disqualifies the Grantee from serving as an officer or director of the Company; (iv) the willful or negligent failure of the Grantee to perform his or her duties to the Company (other than by reason of disability), which failure continues for a period of thirty (30) days after written notice

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thereof is given to the Grantee; or (v) a violation of any provision of the Company's Code of Business Conduct and Ethics.

"Change in Control" has the meaning set forth in the Plan.

"Comparator Companies" means the companies listed on Appendix I, attached hereto, which are the companies that currently comprise the Office Property Sector of the FTSE NAREIT All REIT Index; provided that, unless otherwise determined by the Administrator in its sole discretion, no such company will be deemed a Comparator Company if such company ceases to have a class of common equity securities listed on a national securities exchange. In the event that a company listed on Appendix I ceases trading earlier than the last six (6) months of the Performance Period, the total return of an index, as determined by the Administrator, calculated in the same manner as Absolute Total Shareholder Return is calculated, for the entire period shall be substituted for such Comparator Company's Absolute Total Shareholder Return. In the event that a company listed on Appendix I ceases trading during the last six (6) months of the Performance Period, the Administrator shall calculate and utilize such Comparator Company's Absolute Total Shareholder Return ranking relative to Comparator Companies on the trading day immediately prior to the announcement of the transaction or event leading to the company no longer having a class of common equity securities listed on a national securities exchange, for comparison to the other full-period Comparator Company Absolute Total Shareholder Return results.

"Comparator Company Absolute Total Shareholder Return" means, for a Comparator Company, with respect to the Performance Period, the absolute total shareholder return of the common equity of such Comparator Company during the Performance Period, calculated in the same manner as Absolute Total Shareholder Return is calculated.

"Constructively Discharged" means (A) if the Grantee is a party to an Employment Agreement that includes a definition of "constructively discharged" or is a participant in the Executive Change in Control and Severance Plan, the definition of such term in such Employment Agreement or the Executive Change in Control and Severance Plan, as applicable, or (B) if the Grantee is not party to an Employment Agreement that defines "constructively discharged" and is not a participant in the Executive Change in Control and Severance Plan, the occurrence of any one of the following events: (i) the Grantee is not re-elected to, or is removed from, the position the Grantee holds with the Company as of the Grant Date, other than as a result of the Grantee's election or appointment to positions of equal or superior scope and responsibility; (ii) the Grantee shall fail to be vested by the Company with the powers, authority and support services normally attendant to any of said offices; (iii) the Company shall notify the Grantee that the employment of the Grantee will be terminated or materially modified in the future or that the Grantee will

be Constructively Discharged in the future; or (iv) the Company changes the primary employment location of the Grantee to a place that is more than fifty (50) miles from the primary employment location as of the Grant Date. Notwithstanding the foregoing, the Grantee shall not be deemed to be Constructively Discharged unless (1) the Grantee notifies the Company in writing of the occurrence of the condition that would constitute a Constructive Discharge hereunder within 90 days after the first occurrence of such condition; (ii) the Company fails to remedy the condition within 30 days after such notice is provided (the "Cure Period"); and (iii) the Grantee terminates the Grantee's employment within 10 days after the end of the Cure Period.

"Disability" means (A) if the Grantee is a party to an Employment Agreement, and "disability" is defined therein, such definition, or (B) if the Grantee is not party to an Employment Agreement that defines "disability," the Grantee is determined to be disabled under the long-term disability program of the Company then covering the Grantee or by a physician engaged by the Company and reasonably approved by the Grantee.

"Employment Agreement" means, as of a particular date, the Grantee's employment agreement with the Company, or a subsidiary of the Company, in effect as of that date, if any.

"Executive Change in Control and Severance Plan" means the Corporate Office Properties Trust, Corporate Office Properties L.P. Executive Change in Control and Severance Plan, as in effect from time to time.

"Fair Market Value" of Shares as of a particular date means (a) if Shares are then listed on a national stock exchange, the closing sales price per share on the principal national stock exchange on which Shares are listed on such date (or, if such date is not a trading date on which there was a sale of such shares on such exchange, the last preceding date on which there was a sale of Shares on such exchange), (b) if Shares are not then listed on a national stock exchange but are then traded on an over-the-counter market, the average of the closing bid and asked prices for Shares in the principal over-the-counter market on which Shares are traded on such date (or, if such date is not a trading date on which there was a sale of Shares on such market, for the last preceding date on which there was a sale of Shares in such market), or (c) if Shares are not then listed on a national stock exchange or traded on an over-the-counter market, such value as the Administrator in its discretion may in good faith determine; provided that, where Shares are so listed or traded, the Administrator may make such discretionary determinations where Shares have not been traded for 10 trading days.

"Performance Period" means, the period commencing on [PERFORMANCE PERIOD START] and concluding on the earlier of (i) [PERFORMANCE PERIOD END] (ii) the date of a Change in Control or (iii) the date of a Qualified Termination.

"Plan" means the Corporate Office Properties Trust 2017 Omnibus Equity and Incentive Plan, as amended from time to time.

"Qualified Termination" means termination of the Grantee's employment by the Company without Cause, by the Grantee following the date on which the Grantee is Constructively Discharged, or by reason of the Grantee's death or Disability.

"Share Price" means, as of a particular date, the average of the Fair Market Value of one Share for the fifteen (15) trading days starting on, and including, such date (or, if such date is not a trading day, the trading day immediately following such date); provided that if such date is the date upon which a Transactional Change in Control occurs, the Share Price as of such date shall be equal to the fair market value in cash, as determined by the Administrator, of the total consideration paid or payable in the transaction resulting in the Transactional Change in Control for one Share.

"Transactional Change in Control" means (a) a Change in Control described in clause (i) of the definition thereof where the person makes a tender offer for Shares or (b) a Change in Control described in clause (ii) of the definition thereof.

## 2. Award.

(a) **Profit Interest Units.** Pursuant to the Plan and the Third Amended and Restated Limited Partnership Agreement, as amended (the "LP Agreement"), of the Partnership, the Partnership hereby grants, as of the Grant Date, [NUMBER] Profit Interest Units (200% of the "Target Award") to the Intermediary, subject to the restrictions and conditions set forth herein and in the Plan. The Intermediary will simultaneously grant the same quantity of units of the Intermediary to the Grantee.



Profit Interest Units are intended to constitute “profits interests” within the meaning of Revenue Procedures 93-27 and 2001-43. However, notwithstanding any provisions herein or in the Plan, the Partnership does not guarantee that the Profit Interest Units will be treated as profits interests for tax purposes, and none of the Board, the Partnership, or any affiliate of the Partnership shall indemnify, defend or hold the Grantee harmless with respect to the tax consequences if the Profit Interest Units are not so treated. For the avoidance of doubt, the Profit Interest Units granted to the Intermediary hereunder constitute Units under the Plan for all purposes of the Plan.

(b) **Plan and LP Agreement Incorporated.** The Profit Interest Units granted hereunder shall be subject to and governed by all of the terms and conditions set forth in the Plan and the LP Agreement including future amendments thereto, if any, pursuant to the terms thereof, which Plan is incorporated herein by reference as a part of this Certificate. Capitalized terms in this Certificate shall have the meaning specified in the Plan, unless a different meaning is specified herein.

3. **Determination of Earned Profit Interest Units.**

(a) The percentage of the Target Award that will be earned will be based on the percentile rank of the Absolute Total Shareholder Return relative to the Comparator Company Absolute Total Shareholder Returns for the Comparator Companies for the Performance Period as set forth below, except as set forth in Section 4(c) below.

Percentile Rank	Award Earned
75 <sup>th</sup> percentile or greater	200% of the Target Award
50 <sup>th</sup> percentile	100% of the Target Award
25 <sup>th</sup> percentile	50% of the Target Award
Below 25 <sup>th</sup> percentile	0% of the Target Award

The percentile rank above shall be calculated using the following formula:

Percentile Rank =

X

Y

Where:

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X = the number of Comparator Companies with a Comparator Company Absolute Total Shareholder Return less than the Absolute Total Shareholder Return during the Performance Period.

Y = the number of Comparator Companies.

If the percentile rank exceeds the 25<sup>th</sup> percentile and is between two of the percentile ranks set forth in the table above, then the percentage of the Target Award that is earned will be interpolated between the ranges set forth in the table above to reflect any performance between the listed percentiles (e.g., a 62.5 percentile rank would result in 150% of the Target Award being earned). Notwithstanding the foregoing, if the Absolute Total Shareholder Return is negative, the Earned Profit Interest Units (as defined below) will be limited to a maximum of 100% of the Target Award, regardless of the percentile rank of Corporate Office Properties Trust (“COPT”).

(b) As soon as practicable following the conclusion of the Performance Period, the Administrator shall determine the actual number of Profit Interest Units that were earned pursuant to this Certificate (the “Earned Profit Interest Units”), if any, as of the final day of the Performance Period (the date on which the determination is made, the “Determination Date”). Any Profit Interest Units which do not become Earned Profit Interest Units at the Determination Date shall be forfeited automatically and without further action as of that date.

4. **Termination of Employment/Change in Control.**

(a) In the event that prior to **[PERFORMANCE PERIOD END]** the Grantee's employment with the Company shall terminate and such termination of employment is a Qualified Termination, then the Performance Period will end early, as provided in the definition of such term, and the amount of the Target Award earned under this Certificate will be calculated as provided in Section 3 above and Section 4(c) below. In the event that prior to the conclusion of the Performance Period, the Grantee's employment with the Company shall terminate and such termination of employment is not a Qualified Termination, then the Intermediary shall automatically forfeit the Profit Interest Units and all other rights granted hereunder as of the date of termination of employment.

(b) In the event that prior to **[PERFORMANCE PERIOD END]** a Change in Control occurs, then the Performance Period will end early, as provided in the definition of such term, and the amount of the Target Award earned under this Certificate will be calculated as provided in Section 3 above and Section 4(c) below.

(c) In the event that the Performance Period ends prior to **[PERFORMANCE PERIOD END]** due to a Change in Control or a Qualified Termination, the number of Profit Interest Units that are earned shall be prorated based upon (X) the number of days from and including the Grant Date to and including the effective date of such Change in Control or Qualified Termination, divided by (Y) the number of days from and including the Grant Date to and including **[PERFORMANCE PERIOD END]**.

## 5. Distributions.

(a) The Grantee shall be entitled to receive distributions and allocations with respect to the Profit Interest Units granted hereunder to the extent provided for in the LP Agreement, as modified hereby.

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(b) The Profit Interest Units granted hereunder shall be allocated Profits and Losses (as defined in the LP Agreement), for any taxable year or portion of a taxable year occurring after the issuance of such Profit Interest Units and prior to the Distribution Participation Date (as defined below), in amounts per Profit Interest Unit equal to the amounts allocated per Partnership Unit (as defined in the LP Agreement) for the same period multiplied by the Profit Interest Unit Sharing Percentage (as defined below). Commencing with the portion of the taxable year of the Partnership that begins on the Distribution Participation Date, the Earned Profit Interest Units, if any, shall be allocated Profits and Losses in amounts per Earned Profit Interest Unit equal to the amounts allocated per Partnership Unit. For purposes of this Certificate, the Distribution Participation Date shall be the Determination Date, and the Profit Interest Unit Sharing Percentage shall be ten percent (10%).

(c) During the period commencing on the Grant Date and ending on the day immediately prior to the Distribution Participation Date, each Profit Interest Unit granted hereunder shall be entitled to receive regular cash distributions and non-liquidating special, extraordinary or other distributions under the LP Agreement, in each case in an amount equal to the product of (i) the Profit Interest Unit Sharing Percentage and (ii) the amount that would have been distributable in respect of such Profit Interest Unit if such Profit Interest Unit had been a Partnership Unit for the period to which such distributions relate.

(d) As of the Determination Date, with respect to each Earned Profit Interest Unit, if any, the Grantee shall be entitled to receive a distribution in an amount equal to the difference between the aggregate amount of distributions that the Grantee would have been entitled to receive under Section 5(b) had the Profit Interest Unit Sharing Percentage been equal to one-hundred percent (100%) and the aggregate amount of distributions that the Grantee actually received under Section 5(b) (the "Catch-Up Distribution"), but not less than zero. The Catch-Up Distribution shall be issuable to the Grantee as soon as practicable (but not later than sixty (60) days) following the Determination Date in the form of Shares, with such number of Shares being equal to (a) the aggregate value of those distributions that would have been paid with respect to the Profit Interest Units issued upon settlement of the Earned Profit Interest Units on or before the Determination Date if such Units had been issued on the first day of the Performance Period divided by (b) the Share Price on such Determination Date.

(e) All distributions paid with respect to Profit Interest Units, both before and after the Distribution Participation Date, shall be fully vested and non-forfeitable when paid, whether or not the underlying Profit Interest Units have been earned based on performance as provided in Section 3 or Section 4 hereof.

6. **Adjustments.** Without duplication with the provisions of Section 3 of the Plan, if (i) COPT shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or Shares of COPT or a transaction similar thereto, (ii) any share dividend, share split, reverse share split, share combination, reclassification, recapitalization, or other similar change in the capital structure of COPT, or any distribution to holders of Shares other than ordinary cash distributions, shall occur or (iii) any other event shall occur which in the judgment of the Administrator necessitates action by way of adjusting the terms of the Certificate, then and in that event, the Administrator shall take such action as shall be necessary to maintain the Grantee's rights hereunder so that they are substantially proportionate to the rights existing under this Certificate prior to such event, including, but not limited to, adjustments to Absolute Total Shareholder Return, in the number of Profit Interest Units then subject to this Certificate and substitution of other awards under the Plan or otherwise.

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**7. Representations and Warranties.** The Grantee hereby makes the following representations, warranties and agreements with respect to the Profit Interest Units:

- (a) **Restrictions.** The Grantee understands and agrees that the Profit Interest Units are being sold or granted in a transaction not involving any public offering in the United States within the meaning of the Securities Act of 1933, as amended (the "Securities Act") and that the Profit Interest Units will not be registered under the Securities Act or any state or foreign securities or "blue sky" laws and that it is anticipated that there will be no public market for the Profit Interest Units. The Grantee understands and agrees that the Partnership is under no obligation to file any registration statement with the Securities and Exchange Commission in order to permit transfers of the Profit Interest Units.
- (b) **Nature of Grantee.** The Grantee's knowledge and experience in financial and business matters are such that the Grantee is capable of evaluating the merits and risks of the investment in the Profit Interest Units. The Grantee understands that the Profit Interest Units are a speculative investment which involves a high degree of risk of loss of the Grantee's investment therein. It may not be possible for the Grantee to liquidate the investment in case of emergency, if at all. The Grantee is able to bear the economic risk of an investment in the Profit Interest Units, including the risk of a complete loss of the investment.
- (c) **Purchase for Investment.** The Grantee is acquiring the Profit Interest Units indirectly through the Intermediary for his or her own account for investment purposes and not with a view to, or for offer or sale on behalf of it or for the Partnership in connection with, the distribution or resale thereof.
- (d) **Receipt of, Access to and Reliance on Information.** The Grantee acknowledges that (i) the Partnership has given him or her, at a reasonable time prior to the Grant Date, an opportunity to ask questions and receive answers regarding the terms and conditions of the Plan, the LP Agreement and the Award; (ii) the Partnership has given him or her, at a reasonable time prior to the date hereof, an opportunity to obtain any additional information that the Partnership possesses or can acquire without unreasonable effort or expense deemed necessary by him or her to verify the accuracy of the information provided, and he or she received all such additional information requested; and (iii) he or she has not relied on any of the Partnership or any of its "affiliates" (as defined in Regulation D of the Securities Act), officers, employees or representatives in connection with his or her investigation of the accuracy of the information provided or his or her investment decision. The Grantee acknowledges that no person has been authorized to give any information or to make any representations concerning the Profit Interest Units, written or oral, that does not conform to the information included in the Plan, the LP Agreement or this Certificate and if given or made, such other information or representation should not be relied upon as having been authorized by any of the Partnership or any of its respective affiliates, officers, employees or representatives.
- (e) **No Misrepresentations; Notification of any Change.** The Grantee understands that the Partnership and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, and warranties, and agrees that if any of the

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acknowledgements, representations and warranties deemed to have been made by the Grantee upon his or her acquisition of the Profit Interest Units are no longer accurate at any time, the Grantee shall promptly notify the Partnership.

**8. Tax Matters; Section 83(b) Election.** The Intermediary hereby agrees to make an election to include in gross income in the year of transfer the Profit Interest Unit Award hereunder pursuant to Section 83(b) of the Internal Revenue Code and to supply the necessary information in accordance with the regulations promulgated thereunder.

**9. Restrictions and Conditions.** Subject to the provisions of the Plan, the LP Agreement and this Certificate, except as may otherwise be permitted by the Administrator, the Intermediary shall not be permitted voluntarily or involuntarily to sell, assign, transfer, or otherwise encumber or dispose of the Profit Interest Units or this award.

**10. Withholding of Tax.** The Partnership (and COPT) shall be entitled to withhold from any payments or deemed payments any amount of tax withholding it determines to be required by law. The Intermediary shall, not later than the date as of which vesting or payment in respect of this award becomes a taxable event for Federal income tax purposes, pay to the Partnership (or COPT) or make arrangements satisfactory to the Partnership (or COPT) for payment of any Federal, state and local taxes required by law to be withheld on account of such taxable event.

11. **Employment Relationship.** For purposes of this Certificate, the Grantee shall be considered to be in the employment of the Company as long as the Grantee remains an employee of either the Company, any successor entity or a subsidiary of the Company or any successor. Any question as to whether and when there has been a termination of such employment, and the cause of such termination, shall be determined by the Administrator, or its delegate, as appropriate, and its determination shall be final.

12. **Administrator's Powers.** No provision contained in this Certificate shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Administrator or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Profit Interest Units.

13. **Binding Effect.** This terms and conditions set forth in this Certificate shall be binding upon and inure to the benefit of any successors to the Company, the Intermediary and all persons lawfully claiming under the Grantee.

14. **Governing Law.** This Certificate and the Award shall be governed by, and construed in accordance with, the laws of the State of Maryland.

15. **No Obligation to Continue Employment.** Neither the Company, the Partnership nor any Company subsidiary is obligated by or as a result of the Plan or this Certificate to continue the Grantee in employment and neither the Plan nor this Certificate shall interfere in any way with the right of the Company, the Partnership or any Company subsidiary to terminate the employment of the Grantee at any time.

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16. **Notices.** Notices hereunder shall be mailed or delivered (electronically or otherwise) to the Partnership and Intermediary at their respective principal places of business and shall be mailed or delivered to the Grantee at the address or email address on file with the Partnership or, in either case, at such other address or email address as one party may subsequently furnish to the other party in writing.

18. **Employment Agreement; Executive Change in Control and Severance Plan.** Except as specifically provided otherwise in this Certificate, any provisions in the Employment Agreement or the Executive Change in Control and Severance Plan relating to accelerated vesting or that would otherwise modify the vesting provisions set forth herein in connection with a termination of employment, a Change in Control or in any other circumstance shall not apply to this Certificate or the Profit Interest Units granted hereunder, and the specific terms of this Certificate shall supersede such provisions.

19. **Data Privacy Consent.** In order to administer the Plan and the Award and to implement or structure future equity grants, the Partnership and its agents may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or the Profit Interest Units granted hereunder.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Partnership, the Intermediary and the Grantee have caused this Certificate to be duly executed by an officer thereunto duly authorized.

CORPORATE OFFICE PROPERTIES, L.P.

By: \_\_\_\_\_  
Name: On Behalf of COPT Name  
Title: Recipient Title

PROFIT INTEREST HOLDINGS LLC

By: CORPORATE OFFICE PROPERTIES HOLDINGS INC.  
Its Managing Member

By: \_\_\_\_\_  
Name: On Behalf of COPT Name  
Title: Recipient Title

GRANTEE

By: \_\_\_\_\_  
Name: Recipient Name  
Title: Recipient Title  
Address:

ADDRESS LINE 1  
ADDRESS LINE 2

[Signature Page to Performance-Based Profit Interest Unit Award Certificate]

Appendix I

Comparator Companies

ARE	Alexandria Real Estate	HIW	Highwoods Properties Inc.
BXP	Boston Properties Inc.	HPP	Hudson Pacific Properties Inc.
BDN	Brandywine Realty Trust	KRC	Kilroy Realty Corp.
CMCT	Creative Media & Community Trust Corporation	NYC	New York City REIT
CIO	City Office REIT Inc.	ONL	Orion Office REIT, Inc.
CUZ	Cousins Properties Inc.	OPI	Office Properties Income Trust
DEI	Douglas Emmett Inc.	PGRE	Paramount Group Inc.
DEA	Easterly Government Properties Inc.	PDM	Piedmont Office Realty Trust
ESRT	Empire State Realty Trust Inc.	SLG	SL Green Realty Corp.
EQC	Equity Commonwealth	VNO	Vornado Realty Trust
FSP	Franklin Street Properties		

6711 Columbia Gateway Drive, Suite 300

Columbia, MD 21046

443.285.5400

copt.com

NYSE: CDP

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## LETTER AGREEMENT

December 1, 2023

Dear Britt:

We are pleased to inform you that the Board of Trustees of COPT Defense Properties Trust (the "Company") has determined that, effective as of **December 1, 2023** (the "Participation Date"), you are eligible to participate in the COPT Defense Properties Trust, COPT Defense Properties L.P. Executive Change in Control and Severance Plan (the "Plan") as a Covered Executive, subject to the terms and conditions of the Plan, for a period of **five** years from the Participation Date (the "Participation Period"), at which point you will cease to participate in the Plan unless otherwise agreed by you, the Company and the Employer. Capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Plan.

The terms of the Plan are detailed in the copy of the Plan that is attached as Exhibit A to this Letter Agreement, and those terms, including without limitation, Sections 6 and 7 of the Plan, are incorporated in and made a part of this Letter Agreement. As described in more detail in the Plan, the Plan entitles you to certain severance benefits in the event that your employment with the Employer terminates under certain circumstances. By signing this Letter Agreement and as a condition of your eligibility for the payments and benefits set forth in the Plan, you agree to comply with the provisions of the Plan and you agree to comply with the provisions of the confidentiality, non-competition, non-solicitation and non-disparagement requirements set forth on Exhibit B to this Letter Agreement (collectively the "Restrictive Covenants") during your employment and, to the extent required by the Restrictive Covenants, after your employment ends regardless of the reason for the ending of such employment (and regardless of whether such termination occurs during the Participation Period); provided that, unless otherwise agreed by you, the provisions of Section 2(a) of the Restrictive Covenants (i.e., the Non-Competition Covenant, as defined therein) will not apply following a termination of your employment in the event that such termination occurs after the end of the Participation Period. Your Termination Payment Multiple shall be **1.00**, your Change in Control Termination Payment Multiple shall be **2.99**, and your Maximum Medical Benefit Continuation Period shall be **one year**.

Snider, Britt A.

December 1, 2023

5 Years

By signing below, you agree to the terms and conditions of the Restrictive Covenants set forth on Exhibit B hereto, and acknowledge (i) your participation in the Plan pursuant to this Letter Agreement as of the Participation Date, (ii) that you have received and read a copy of the Plan, (iii) that you agree that any termination benefits provided for in the Plan are subject to all of the terms and conditions of the Plan and you agree to such terms and conditions, (iv) that the Company and the Employer may amend or terminate the Plan at any time, and (v) that the Restrictive Covenants shall survive and continue to apply notwithstanding (a) any amendment or termination of the Plan (or the benefits to be provided thereunder) in the future or (b) except as set forth above with respect to the Non-Competition Covenant, the expiration of the Participation Period.

Congratulations on being selected to participate in the Plan.

"Employer"

COPT Defense Properties L.P., a Delaware limited partnership

By: COPT Defense Properties Trust, a Maryland real estate investment trust

By: /s/ Stephen E. Budorick

Name: **Stephen E. Budorick**

Title: **President + Chief Executive Officer**

"Company"

By: COPT Defense Properties Trust, a Maryland real estate investment trust

By: /s/ Stephen E. Budorick

Name: **Stephen E. Budorick**

Title: **President + Chief Executive Officer**

AGREED TO AND ACCEPTED

By: /s/ Britt A. Snider

**Britt A. Snider, Executive Vice President + Chief Operating Officer**

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Snider, Britt A.  
December 1, 2023  
5 Years

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**EXHIBIT A**  
**TO THE LETTER AGREEMENT**

**See attached copy of the Plan**

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Snider, Britt A.  
December 1, 2023  
5 Years

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**EXHIBIT B**  
**TO THE LETTER AGREEMENT**

**Restrictive Covenants**

Capitalized terms used herein but not defined herein shall have the meanings given to such terms in the COPT Defense Properties Trust, COPT Defense Properties L.P. Executive Change in Control and Severance Plan (the "Plan") and in the Letter Agreement under the Plan to which this Exhibit B is attached. In

consideration of, among other things, the Covered Executive's participation in the Plan and continued employment by the Employer, the Covered Executive agrees to comply with the covenants, terms and conditions set forth below. The Covered Executive acknowledges that the covenants, terms and conditions set forth below will continue to apply notwithstanding any amendment or termination of the Plan (or the benefits to be provided thereunder) in the future.

1. **Confidentiality and Loyalty.** The Covered Executive acknowledges that heretofore or hereafter during the course of the Covered Executive's employment the Covered Executive has produced and received, and may hereafter produce, receive and otherwise have access to various materials, records, data, trade secrets and information not generally available to the public (collectively, "Confidential Information") regarding the Employer and its subsidiaries and affiliates. Accordingly, during and subsequent to termination of the Covered Executive's employment with the Employer, the Covered Executive shall hold in confidence and not directly or indirectly disclose, use, copy or make lists of any such Confidential Information, except to the extent that such information is or thereafter becomes lawfully available from public sources, or such disclosure is authorized in writing by the Employer, required by law or by any competent administrative agency or judicial authority, or otherwise as reasonably necessary or appropriate in connection with the performance by the Covered Executive of the Covered Executive's duties hereunder. All records, files, documents, computer diskettes, computer programs and other computer-generated material, as well as all other materials or copies thereof relating to the business of the Employer, which the Covered Executive shall prepare or use, shall be and remain the sole property of the Employer, shall not be removed from the Employer's premises without its written consent, and shall be promptly returned to the Employer upon termination of the Covered Executive's employment. The Covered Executive agrees to abide by the reasonable policies of the Employer, as in effect from time to time, respecting confidentiality and the avoidance of interests conflicting with those of the Employer.

2. **Non-Competition; Non-Solicitation; Non-Disparagement.**

(a) **Non-Competition.** The Employer and the Covered Executive have jointly reviewed the tenant lists, property submittals, logs, broker lists, and operations of the Employer, and have agreed that as an essential ingredient of and in consideration of the Covered Executive's participation in the Plan, the Covered Executive hereby agrees that, except with the express prior written consent of the Employer, while the Covered Executive is employed by the Employer and for a period of 12 months after the termination of the Covered Executive's employment with the Employer for any reason (the "Restrictive Period"), the Covered Executive will not directly or indirectly compete with the business of

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Snider, Britt A.  
December 1, 2023  
5 Years

the Employer, including, but not by way of limitation, by directly or indirectly owning, managing, operating, controlling, financing, investing, or by directly or indirectly (including, but not limited to, through a joint venture) serving as an employee, officer, trustee or director of or consultant or other external advisor to a Similar Business (as defined below) (the "Non-Competition Covenant"). For purposes of this paragraph (a), a business shall be considered to be a "Similar Business" as of a particular date if it is engaged in the ownership, development, operation, management or leasing of real estate in any geographic market or submarket in which the Employer either (i) owned, developed, operated or leased, collectively, more than 1,000,000 square feet of property of the same or similar type (e.g., office, data center, industrial, residential or self-storage) as of the earliest of such date, the date of termination of the Covered Executive's employment with the Employer or the date of a Change in Control (as defined in the Plan), or (ii) had commenced construction or agreed to acquire or manage more than 500,000 square feet of property of the same or similar type within the 12 months preceding the earliest of such date, the date of termination of the Covered Executive's employment with the Employer or the date of a Change in Control (as defined in the Plan). If the Covered Executive violates the Non-Competition Covenant and the Employer brings legal action for injunctive or other relief, the Employer shall not, as a result of the time involved in obtaining such relief, be deprived of the benefit of the full period of the Non-Competition Covenant. Accordingly, the Non-Competition Covenant shall be deemed to have the duration specified in this paragraph (a) computed from the date the relief is granted but reduced by the time between the period when the Restrictive Period began to run and the date of the first violation of the Non-Competition Covenant by the Covered Executive. The foregoing Non-Competition Covenant shall not prohibit a Covered Executive from owning, directly or indirectly, capital stock or similar securities which are listed on a securities exchange which do not represent more than five percent (5%) of the outstanding capital stock of any corporation.

(b) **Non-Solicitation.** The Covered Executive agrees that, except with the express prior written consent of the Employer, while the Covered Executive is employed by the Employer and for a period of 12 months thereafter, the Covered Executive will not directly or indirectly solicit or induce, or attempt to solicit or induce, any employee or agent of Employer to terminate employment with Employer or become employed by any other person, firm, partnership, corporation, trust or other entity, or any customer, client, independent contractor, business relation, or any other person or entity to cease doing business with the Company.

(c) **Non-Disparagement.** While the Covered Executive is employed and for twelve (12) months following termination of a Covered Executive's employment for any reason, the Covered Executive shall not intentionally disclose or cause to be disclosed any negative, adverse or derogatory comments or information about (i) the Employer or its employees or the trustees of the Company; (ii) the properties of or any product or service provided by the Employer; or (iii)



the Employer's prospects for the future. For twelve (12) months following termination of the Covered Executive's employment for any reason, the Employer shall not disclose or cause to be disclosed any negative, adverse or derogatory comments or information about the Covered Executive. Nothing in this Section shall prohibit either the Employer or a Covered Executive from testifying truthfully in any legal or administrative proceeding or making any other truthful disclosure required by applicable law.

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Snider, Britt A.  
December 1, 2023  
5 Years

(d) Remedies for Certain Breached. The Covered Executive acknowledges that the restrictions contained in Sections 1 and 2 of this Exhibit B are reasonable and necessary for the protection of the legitimate proprietary business interests of the Employer; that any violation of these restrictions would cause substantial injury to the Employer and such interests; that the Employer would not have caused the Covered Executive to participate under the Plan without receiving the additional consideration offered by the Covered Executive in binding himself to these restrictions; and that such restrictions were a material inducement to the Employer to offer the benefits set forth in the Plan. In the event of any violation or threatened violation of these restrictions, the Employer shall be relieved of any further obligations under the Plan, shall be entitled to seek any rights, remedies or damages available at law, in equity or otherwise under the Plan, and shall be entitled to seek preliminary and temporary injunctive relief granted by a court of competent jurisdiction to prevent or restrain any such violation by the Covered Executive and any and all persons directly or indirectly acting for or with the Covered Executive, as the case may be, while awaiting the decision of the arbitrator selected in accordance with Section 6 of the Plan, which decision, if rendered adverse to the Covered Executive, may include permanent injunctive relief to be granted by the court.

(e) Definition of Employer. For purposes of Sections 1 and 2, the term "Employer" shall be deemed to include all of the Employer's subsidiaries and affiliates.

3. Arbitration of Disputes; Enforcement and Governing Law. Sections 6 and 7 of the Plan are expressly incorporated by reference into this Exhibit B.

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Snider, Britt A.  
December 1, 2023  
5 Years

## EXHIBIT II

### RELEASE

This Release (the "Release") is entered into by [ ] (the "Covered Executive") pursuant to the COPT Defense Properties Trust, COPT Defense Properties L.P. Executive Change in Control and Severance Plan (the "Plan"). This Release is the "Release" referenced in the Plan. Terms with initial capitalization that are not otherwise defined in this Release have the meanings set forth in the Plan. The consideration for the Covered Executive's agreement to this Release consists of the **[Termination Payment/Change in Control Termination Payment]**, and other consideration set forth in Section 3 of the Plan.

1. In consideration of the **[Termination Payment/Change in Control Termination Payment]** and other consideration set forth in Section 3 of the Plan, the Covered Executive hereby releases and forever discharges the Company and the Employer, the predecessors, successors, assigns and affiliates of each of the Company and the Employer, and current and former members, partners, trustees, officers, employees, representatives, attorneys, agents and all persons acting by, through, under or in concert with any of the foregoing (any and all of whom or which are referred to hereinafter as the "Releasees") from any claim, demand, right, action or cause of action, of whatever nature or kind, in law, equity, administrative proceedings, or otherwise, whether based upon any law, statute, ordinance, rule, regulation, common law, or otherwise, or any entitlement to attorneys' fees, costs or expenses, and from any other matter under any other theory, whether known or unknown, suspected or claimed, liquidated or unliquidated, absolute or contingent (collectively, "Claims"), which arose or occurred at any time prior to the date the Covered Executive signed this Release, including, but not limited to, any Claim relating in any way to the Covered Executive's employment, or the termination thereof, by the Employer, the Company and/or any subsidiary of either, saving and excepting however, the Covered Executive's rights to any earned but unpaid

base salary, unpaid expense reimbursements, accrued but unused vacation and any vested benefits the Covered Executive may have under any employee benefit plan of the Employer (the "Accrued Benefit"), the Covered Executive's rights under Section 2(c) of Exhibit B to the Letter Agreement, any Claim that cannot be waived as a matter of law and, subject to this Release becoming effective, the Covered Executive's right to receive payment of the **[Termination Payment/Change in Control Termination Payment]** and provision of the other consideration set forth in Section 3 of the Plan, nor shall this Release constitute a waiver of any vested rights under any 401(k), retirement or other ERISA-governed plan, or a waiver of any of vested stock options or restricted shares, if any. Without restricting the foregoing, this Release Agreement includes: (1) any Claim brought under any federal, state, or local fair employment practices law, including, but not limited to: the Age Discrimination in Employment Act (ADEA), Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, the Americans with Disabilities Act (ADA) as amended, the Equal Pay Act (EPA), the Genetic Information Nondiscrimination Act (GINA), and the Uniformed Services Employment and Reemployment Rights Act (USERRA); (2) any Claim brought under any state or federal law regarding wages, benefits, or employment practices, including the Family and Medical Leave Act; (3) any contract Claims; (4) any intentional or unintentional tort Claims, including, but not limited to: defamation, libel, slander, abusive or wrongful discharge,

1. Include only the applicable payment.

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December 1, 2023  
5 Years

fraud or misrepresentation; and (5) any Claims alleging retaliation and/or any whistleblower Claims, including Claims arising under the Sarbanes-Oxley Act and the Dodd Frank Act.

2. The Covered Executive promises and covenants not to commence any action or proceeding against any Releasee for any released Claim before any federal or state court or, except as expressly stated herein, administrative agency, civil rights commission or other forum. If the Covered Executive commences any action or proceeding in violation of this paragraph, the Employer and the Company shall be excused from making any further payments, continuing any other benefits, or providing other consideration otherwise owed under the Plan other than the Accrued Benefit. Notwithstanding the foregoing, the parties recognize the authority of the Equal Employment Opportunity Commission ("EEOC") to enforce the statutes which come under its jurisdiction, and this Release is not intended to prevent the Covered Executive from filing a charge or participating in any investigation or proceeding conducted by the EEOC. To the extent any proceeding is commenced against any of the Releasees by any person, entity or agency in any forum, the Covered Executive waives any Claim or right to money damages, attorneys' fees, or other legal or equitable relief awarded by any jury, court or governmental agency related to any released Claim. Further notwithstanding the foregoing, this paragraph shall not apply to any proceeding initiated by the Covered Executive to the extent that the Covered Executive asserts that any Releasee has violated ADEA, including any challenge to the effectiveness of the release of Claims under ADEA. For the avoidance of doubt, this exception for the pursuit of ADEA Claims shall not be construed as an acknowledgment that the release of ADEA Claims is in any way ineffective, shall not be construed to affect the effectiveness of the Covered Executive's release of ADEA Claims and shall not affect the right of any Releasee to rely on the Covered Executive's release of ADEA Claims as a defense to any claim under ADEA. This exception is solely for the purpose of conforming this paragraph to the limitations set forth in 29 C.F.R. Sec. 1625.23.

3. Ongoing Obligations of the Covered Executive. The Covered Executive reaffirms the Covered Executive's ongoing obligations under the Plan and the Letter Agreement, including without limitation the Covered Executive's obligations under Exhibit B to the Letter Agreement.

4. No Assignment. The Covered Executive represents that the Covered Executive has not assigned to any other person or entity any Claims against any Releasee.

5. Right to Consider and Revoke Release. The Covered Executive acknowledges that this Release is deemed to be delivered to the Covered Executive on the Covered Executive's Date of Termination; *provided* that the Covered Executive's employment is terminated in connection with a Terminating Event. The Covered Executive acknowledges that the Covered Executive has been given the opportunity to consider this Release for a period ending forty-five (45) days after the Date of Termination. In the event the Covered Executive executed this Release within less than forty-five (45) days after the delivery of this Release to the Covered Executive, the Covered Executive acknowledges that such decision was entirely voluntary and that the Covered Executive had the opportunity to consider this Release until the end of the forty-five (45) day period. To accept this Release, the Covered Executive shall deliver a signed Release to the Senior Vice President, Human Resources of the Company (the "SVP-HR") within such forty-five (45) day period. For a period of seven (7) days from the date when the Covered Executive executes this Release (the "Revocation Period"), the Covered Executive shall retain the right to revoke this Release by written notice that is received by the

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December 1, 2023

SVP-HR on or before the last day of the Revocation Period. This Release shall take effect only if it is executed and delivered within the forty-five (45) day period as set forth above and if it is not revoked pursuant to the preceding sentence. If those conditions are satisfied, this Release shall become effective and enforceable on the date immediately following the last day of the Revocation Period (the "Effective Date"). The signed Release and any revocation may be delivered to the SVP-HR by hand or by a PDF copy attached to an email to the SVP-HR. If the Release is sent by email of a PDF copy, the Covered Executive shall separately send an original of the signed Release to the SVP-HR by first class mail or otherwise promptly after sending such email.

6. Other Terms.

(a) Legal Representation; Review of Release. The Covered Executive acknowledges that the Covered Executive has been advised to discuss all aspects of this Release with the Covered Executive's attorney, that the Covered Executive has carefully read and fully understands all of the provisions of this Release and that the Covered Executive is voluntarily entering into this Release.

(b) Binding Nature of Release. This Release shall be binding upon the Covered Executive and upon the Covered Executive's heirs, administrators, representatives and executors.

(c) Amendment. This Release may be amended only upon a written agreement executed by the Covered Executive, the Company and the Employer.

(d) Governing Law and Interpretation. This Release shall be deemed to be made and entered into in the State of Maryland, and shall in all respects be interpreted, enforced and governed under the laws of the State of Maryland, without giving effect to the conflict of laws provisions of Maryland law. The language of all parts of this Release shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against the Company, the Employer or the Covered Executive.

(e) Absence of Reliance. The Covered Executive acknowledges that the Covered Executive is not relying on any promises or representations by the Company or the Employer or any of their respective agents, representatives or attorneys regarding any subject matter addressed in this Release.

So agreed.

\_\_\_\_\_  
[Covered Executive]                      Date

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**CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST****SUBSIDIARIES OF REGISTRANT**Alabama

COPT Bridge Street Office, LLC

Delaware

2100 L Holdings, LLC

2100 L Subsidiary LLC

Advanced Gateway 7500, LLC

Advanced Gateway 7600, LLC

Advanced Gateway 8600, LLC

Airport Square Holdings I, LLC

Airport Square Holdings VI and VII, LLC

COPT Acquisitions, Inc.

COPT BK Holdco, LLC

COPT BK Holdco II, LLC

COPT BK Holdco III, LLC

COPT BK Holdco IV, LLC

COPT BK Holdco V, LLC

COPT DC AZ, LLC

COPT Maritime I &amp; II, LLC

COPT Stevens Place, LLC

Corporate Office Properties Holdings, Inc.

Corporate Office COPT Defense Properties, L.P.

Delaware Airport IX, LLC

Delaware Airport VIII, LLC

Great Mills I, L.L.C.

Great Mills II, L.L.C.

Great Mills III, L.L.C.

Great Mills IV, L.L.C.

Great Mills V, L.L.C.

LW Redstone Company, LLC

Profit Interest Holding LLC

Redstone Gateway 100, LLC

Redstone Gateway 1000, LLC

Redstone Gateway 1100, LLC

Redstone Gateway 1200, LLC

Redstone Gateway 1700, LLC

Redstone Gateway 2100, LLC

Redstone Gateway 2400, LLC

Redstone Gateway 300, LLC

Redstone Gateway 4000, LLC

Redstone Gateway 4100, LLC

Redstone Gateway 5300, LLC

Redstone Gateway 6000, LLC

Redstone Gateway 6200, LLC

Redstone Gateway 6500, LLC

Redstone Gateway 7000, LLC

Redstone Gateway 7100, LLC

Redstone Gateway 7200, LLC

Redstone Gateway 8000, LLC

Redstone Gateway 8100, LLC

Redstone Gateway 8200, LLC

Redstone Gateway 8300, LLC

Redstone Gateway 8500, LLC

Redstone Gateway 8800, LLC

**Redstone Gateway 8800, LLC**

Stevens Investors, LLC

Stevens School Holdings, LLC

**Maryland**

100 Charm City, LLC

**100 LS Borrower, LLC**

1460 Dorsey Road, LLC

1550 Nursery, LLC

250 Charm City, LLC

30 Charm City, LLC

**30 LS Borrower, LLC**

45310 Abell House, LLC

6711 Gateway, LLC

6721 Gateway, LLC

6731 Gateway, LLC

6741 Gateway, LLC

7000 Honeys, LLC

7005 Columbia Gateway, LLC

7015 Albert Einstein Drive, L.L.C.

7200 Riverwood, LLC

7205 Riverwood, LLC

7318 Parkway Drive Enterprises, LLC

**7740 Milestone, LLC**

7760 Milestone Parkway, LLC

7780 Milestone Parkway, LLC

7874 Milestone Parkway, LLC

7876 Milestone Parkway, LLC

7878 Milestone Parkway, LLC

7880 Milestone Parkway, LLC

Airport Square IV, LLC

**Airport Square Partners, LLC**

**Airport Square** Storms, LLC

Airport Square V, LLC

Airport Square XI, LLC

Airport Square XIII, LLC

Airport Square XXII, LLC

**Airport Square, LLC**

AP#5 Lot A, LLC

AP#5 Lot B, LLC

AP#5 Lot C, LLC

Arundel Preserve #5, LLC

Clarks Hundred II, LLC

Clarks Hundred, LLC

Colgatedrive Associates, LLC

Columbia Equity Finance, LLC

Columbia Gateway S-28, L.L.C.

COMI Investments, LLC

Commons Office 6-B, LLC

Commons Office Research, LLC

COPT Aberdeen, LLC

**COPT AP 9, LLC**

**COPT Arundel Preserve, LLC**

**COPT Baltimore County I, LLC**

**COPT Baltimore County II, LLC**

COPT Brock Bridge, LLC
COPT CC 1600, LLC
COPT CC Bulkhead, LLC
COPT CC D1, LLC
COPT CC Holding, LLC
COPT CC Parking, LLC
COPT CC Tower, LLC
COPT CCW I, LLC

COPT CCW II, LLC	
COPT CCW III, LLC	
COPT Development & Construction Services, LLC	
COPT Frederick, LLC	
COPT Gate 63, LLC	
COPT Gate 6700-6708-6724, LLC	
COPT General, LLC	
COPT Harbour's Edge, LLC	
COPT Huntsville, LLC	
COPT Northgate A, LLC	
COPT Northgate B, LLC	
COPT Northgate C, LLC	
COPT Northgate D, LLC	
COPT Northgate H, LLC	
COPT Northgate I, LLC	
COPT Powerhouse, LLC	
COPT Pres Investment, LLC	
COPT Property Management Services, LLC	
COPT Renovation, LLC	
COPT Riverwood, LLC	
COPT T-11, LLC	
COPT Virtru, LLC	
COPT-Kirk AP#5, LLC	
Corporate Development Services, LLC	
Corporate Gatespring II, LLC	
Corporate Gatespring, LLC	
Corporate Office Management, Inc.	
Corporate Office Services, LLC	
Enterprise Campus Developer, LLC	
Fifth Exploration, L.L.C.	
Fourth Exploration, L.L.C.	
Gateway 44, LLC	
Gateway 67, LLC	
Gateway 70, LLC	
Gateway Crossing 95, LLC	
Honeyland 108, LLC	
Huntsville Holdings, LLC	
Jolly COPT I, LLC	
Jolly COPT II, LLC	
M Square 4600, LLC	
M Square 5801, LLC	
M Square 5825, LLC	
M Square 5850, LLC	
M Square Associates, LLC	
M Square Park, LLC	
Maritime Holdings, LLC	
NBP 131, LLC	

NBP 132, LLC
NBP 133, LLC
NBP 134, LLC
NBP 135, LLC
NBP 140, LLC
NBP 141, LLC
NBP 191, LLC
NBP 201, LLC
NBP 211, LLC
NBP 220, LLC
NBP 221, LLC
NBP 300 Restaurant, LLC
NBP 300, LLC
NBP 302, LLC
NBP 304, LLC



NBP 306, LLC  
NBP 308, LLC  
NBP 310, LLC  
NBP 312, LLC  
NBP 314, LLC  
NBP 316, LLC  
NBP 318, LLC  
NBP 320, LLC  
NBP 322, LLC  
NBP 324, LLC  
NBP 400, LLC  
NBP 406, LLC  
NBP 410, LLC  
NBP 420, LLC  
NBP 430, LLC  
NBP 520, LLC  
NBP 540, LLC  
NBP 550, LLC  
NBP 560, LLC  
NBP Huff & Puff, LLC  
NBP Lot 3-A, LLC  
NBP One, LLC  
NBP Retail, LLC  
One Sellner Road, LLC  
Park Circle Equities, LLC  
Pecan Court L.L.C.  
Red Cedar Building, LLC  
RG 2100 Restaurant, LLC  
Riverwood Business Center Equity Affiliates, LLC  
Third Exploration L.L.C.

Texas  
C Texas SG, LLC  
COPT 8000 Potranco, L.P.  
COPT 8030 Potranco, L.P.  
COPT 8100 Potranco, L.P.  
COPT SA Technology Center, L.P.  
COPT San Antonio , L.P.  
COPT San Antonio General, LLC  
COPT San Antonio II, L.P.  
COPT Westpointe 3A, L.P.  
COPT Westpointe 4, L.P.

## Virginia

Cabin Branch Creek, LLC  
COPT Dahlgren I, LLC  
COPT Dahlgren II, LLC  
COPT Dahlgren IV, LLC  
COPT Dahlgren Land, LLC  
COPT Dahlgren, LLC  
COPT Greens I, LLC  
COPT Greens II, LLC  
COPT Greens III, LLC  
COPT McLearn, LLC  
COPT Metro Place II, LLC

COPT Park Meadow, LLC  
COPT Ridgeview I, LLC  
COPT Ridgeview II & III, LLC  
COPT Stonecroft, LLC  
COPT Sunrise, LLC  
Maries Tech Park II, LLC  
Parkstone Tech Park, LLC  
Patriot Ridge 7770, LLC  
Patriot Ridge Commons, LLC  
Patriot Ridge Holdings, LLC  
Patriot Ridge I, LLC  
Patriot Ridge II, LLC  
South Point Phase II, LLC  
TRC Pinnacle Towers, L.L.C.  
Waterside I, LLC

EXHIBIT 22.1

### List of Subsidiary Issuers of Guaranteed Securities

As of December 31, 2022 December 31, 2023, Corporate Office COPT Defense Properties Trust was the guarantor of the outstanding guaranteed debt securities of its subsidiaries, as listed below:

Debt Instrument	Issuer
2.250% Senior Notes due 2026	Corporate Office COPT Defense Properties, L.P.
2.000% Senior Notes due 2029	Corporate Office COPT Defense Properties, L.P.
2.750% Senior Notes due 2031	Corporate Office COPT Defense Properties, L.P.
2.900% Senior Notes due 2033	Corporate Office COPT Defense Properties, L.P.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Forms Form S-3 (No. 333-264198) and Form S-8 (No. 333-87384, No. 333-151105, No. 333-166989 and No. 333-218035) of Corporate Office COPT Defense Properties Trust of our report dated February 24, 2023 February 22, 2024 relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland  
February 24, 2023 22, 2024

## EXHIBIT 31.1

CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST

CERTIFICATIONS REQUIRED BY  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

CERTIFICATIONS

I, Stephen E. Budorick, certify that:

1. I have reviewed this Annual Report on Form 10-K of Corporate Office Properties Trust; COPT Defense Properties;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023 22, 2024

/s/ Stephen E. Budorick

Stephen E. Budorick  
President and Chief Executive Officer

## EXHIBIT 31.2

**CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST**

CERTIFICATIONS REQUIRED BY  
RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

**CERTIFICATIONS**

I, Anthony Mifsud, certify that:

1. I have reviewed this Annual Report on Form 10-K of Corporate Office Properties Trust; COPT Defense Properties;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2023 22, 2024

/s/ Anthony Mifsud

Anthony Mifsud

Executive Vice President and Chief Financial Officer

**EXHIBIT 32.1**

**CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST**

CERTIFICATIONS REQUIRED BY

RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934

In connection with the Annual Report on Form 10-K of Corporate Office COPT Defense Properties Trust (the "Company") for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen E. Budorick, President and Chief Executive Officer of the Company, certify that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Stephen E. Budorick

Stephen E. Budorick

President and Chief Executive Officer

Date: February 24, 2023 22, 2024

**CORPORATE OFFICE COPT DEFENSE PROPERTIES TRUST**

## CERTIFICATIONS REQUIRED BY

## RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934

In connection with the Annual Report on Form 10-K of Corporate Office COPT Defense Properties Trust (the "Company") for the year ended December 31, 2022 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony Mifsud, Executive Vice President and Chief Financial Officer of the Company, certify that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Anthony Mifsud

Anthony Mifsud

Executive Vice President and Chief Financial Officer

Date: February 24, 2023 22, 2024

Exhibit 97.1

**INCENTIVE-BASED COMPENSATION RECOVERY POLICY****Overview**

The Board of Trustees (the "Board") of COPT Defense Properties (the "Company") has adopted this Incentive-Based Compensation Recovery Policy (the "Policy") to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10D-1 promulgated thereunder ("Rule 10D-1") and Paragraph 303A.14 of the Listing Standards Manual (the "Listing Standards") of the New York Stock Exchange (the "NYSE"), which require the recovery of certain Incentive-Based Compensation (defined below) in the case of a Restatement (defined below).

This Policy amends and supersedes in its entirety the Company's Recoupment Policy governing the Company's ability to recoup incentive awards, as adopted by the Board on December 13, 2012, and shall be effective while the Company is listed on the NYSE.

**Administration**

The Board shall have express discretionary authority to interpret and construe this Policy and to make all determinations with respect to this Policy. Such interpretation and construction will be in a manner consistent with the requirements of Section 10D of the Exchange Act and Rule 10D-1 (or any successor statute or rule) and any other applicable rules or listing standards adopted by the U.S. Securities and Exchange Commission (the "SEC") or the NYSE. All interpretations, constructions and determinations made by the Board under this Policy shall be final and binding on all parties. This Policy may only be amended, revised, or modified with the approval of the Board and may be amended from time to time as necessary to reflect changes in applicable regulations and/or listing standards adopted by the SEC or the NYSE. Compliance with this Policy cannot be waived.

This Policy shall not limit the rights of the Company to take any other actions or pursue other remedies that the Board may deem necessary or appropriate under the circumstances and/or under applicable law, including Section 304 of Sarbanes Oxley Act of 2002. Subsequent changes in employment status, including retirement or termination of employment, shall not affect the Company's ability to recover any compensation pursuant to this Policy, subject to the requirements of applicable law, including any applicable statutes of limitation.

## Definitions

The following terms or words used in this Policy and not otherwise defined shall have the meanings set for the below:

**Incentive-Based Compensation.** For purposes of this Policy, Incentive-Based Compensation is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

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For the avoidance of doubt, Incentive-Based Compensation does not include (i) base salary; (ii) "sign-on" bonuses or other compensation granted solely due to the commencement of employment with the Company; (iii) compensation based on completion of a specific period of employment or service; or (iv) compensation awarded based on subjective, non-financial, strategic or operational measures that are not Financial Reporting Measures.

**Financial Reporting Measure.** A financial reporting measure is a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures. For purposes of this Policy, the term "Financial Reporting Measure" includes the Company's stock price and total shareholder return, whether expressed as an absolute or relative metric. A Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC.

**Section 16 officer.** Rule 10D-1(b)(1)(i) requires the Policy to cover persons who serve or served as an executive officer of the Company at any time during the performance period for the Incentive-Based Compensation. In accordance with the definition provided by Rule 10D-1 and the Listing Standards, this Policy applies to a current or former "officer" of the Company as defined under Section 16a-1(f) of the Exchange Act ("**Section 16 officer**").

Notwithstanding the foregoing, Incentive-Based Compensation shall not be recovered under this Policy to the extent received by any person (i) before the date the person was determined by the Board to be a Section 16 officer of the Company; or (ii) who was not, at any time during the performance period for the Incentive-Based Compensation, a Section 16 officer of the Company.

**Received.** For purposes of this Policy, Incentive-Based Compensation is deemed to be received in the fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant may not occur until after the end of that fiscal period. Incentive-Based Compensation in the form of an equity award that vests solely upon the basis of a Financial Reporting Measure performance condition will be deemed to be received in the fiscal period in which it vests.

**Recovery Period.** For purposes of this Policy, the applicable recovery period shall be the three completed fiscal years of the Company immediately preceding the date on which the Company is required to prepare a Restatement, which date is the earlier of (i) the date the Board, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or (ii) a date that a court, regulator or other legally-authorized body directs the Company to prepare a Restatement. Such three-year period may be further increased by a transition period of less than nine months resulting from a change in the Company's fiscal year within or immediately following those three completed fiscal years.

**Restatement.** An accounting restatement of the Company's financial statements (i.e., statement of financial position (balance sheet), comprehensive income, cash flows, stockholders' equity, and related schedules and accompanying footnotes) due to material noncompliance with any financial reporting requirement under the federal securities laws, including any required accounting restatement to correct an error in previously issued financial statements (i) that is material to the previously issued financial statements, or (ii) that would

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result in a material misstatement if the error were corrected in the current period only or left uncorrected in the current period. Notwithstanding the foregoing, in general the following retrospective events will not, in and of themselves, be deemed a "Restatement" for purposes of this policy: (a) Application of a change in accounting principle; (b) Revision to reportable segment information due to a change in the structure of an issuer's internal organization; (c) Reclassification due to a discontinued operation; (d) Application of a change in reporting entity, such as from a reorganization of entities under common control; and (e) Revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure. Likewise, out-of-period adjustments recorded in current-year financial statements which are immaterial or reclassifications to previously issued financial statements and are immaterial to the current period do not constitute a "Restatement" as set forth in this policy.

### **Recovery**

To the extent permitted or required by applicable law, the Board shall seek to recover any erroneously awarded Incentive-Based Compensation from each of the Section 16 officer(s) based on the occurrence of a Recovery Event (as defined below). The Recovery Event shall apply to all of the Section 16 officer(s), even if the Section 16 officer(s) were not directly involved in the particular Recovery Event. For purposes of this Policy, a "Recovery Event" shall mean, that in the event the Company is required to prepare a Restatement, the Company shall, as promptly as reasonably possible, recover any erroneously awarded Incentive-Based Compensation Received by a Section 16 officer during the Recovery Period. The amount of erroneously awarded Incentive-Based Compensation will be the excess of the Incentive-Based Compensation Received by the Section 16 officer (whether in cash or shares) based on the erroneous data in the original financial statements over the Incentive-Based Compensation (whether in cash or in shares) that would have been Received by the Section 16 officer had it been based on the restated results, without respect to any tax liabilities incurred or paid by the Section 16 officer.

For incentive-based compensation based on total shareholder return or Company stock price, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in a Restatement, the amount shall be based on the Company's reasonable estimate of the effect of the Restatement on the applicable measure and the Company shall maintain documentation of the determination of that reasonable estimate and provide it to the NYSE.

### **Method of Recovery**

The Board shall determine, in its sole discretion, the method of recovering any Incentive-Based Compensation pursuant to this Policy. The Company is authorized and directed to recover any erroneously awarded Incentive-Based Compensation in compliance with this Policy unless the Compensation Committee of the Board determines that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements: (i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, which determination must be made only after a reasonable and documented attempt by the Company to recover the erroneously awarded Incentive-Based Compensation (with documentation of such reasonable attempt to recover to be provided to NYSE); or (ii) recovery would likely cause an otherwise tax-qualified retirement

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plan, under which benefits are broadly available to Company employees, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations promulgated thereunder.

The Company shall not indemnify any current or former Section 16 officer against the loss of erroneously awarded Incentive-Based Compensation, and shall not pay, or reimburse any Section 16 officer for, premiums incurred or paid for any insurance policy to fund such Section 16 officer's potential recovery obligations.

Following any recovery by the Company of any erroneously awarded Incentive-Based Compensation pursuant to this Policy, the Company shall use its commercially reasonable efforts to provide to each Section 16 officer from whom erroneously awarded Incentive-Based Compensation is recovered a revised or amended tax reporting information (e.g., Form W-2s) reflecting such recovery.

### **Reporting, Disclosure and Monitoring**

The Company shall make all required disclosures and filings with the SEC with respect to this Policy in accordance with the requirements of the federal securities laws.

Adopted by the Board of Trustees on November 9, 2023.

**INCENTIVE-BASED COMPENSATION RECOVERY POLICY****POLICY ACKNOWLEDGEMENT**

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the Incentive-Based Compensation Recovery Policy (the "Policy") of COPT Defense Properties (the "Company"). I further acknowledge that any right of recovery under the Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to the terms of any employment agreement, equity award agreement, equity incentive plan, cash incentive plan or similar agreement, plan, or policy and any other legal remedies available to the Company. In the event it is determined by the Board of Trustees, the Compensation Committee or their designee(s) that any amounts granted, awarded, earned, or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement.

By: Name: Title: Date:



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