UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2026

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

COPT DEFENSE PROPERTIES

(Exact name of registrant as specified in its charter)

Maryland	**23-2947217**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6711 Columbia Gateway Drive, Suite 300, Columbia, MD	**21046**
(Address of principal executive offices)	(Zip Code)

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

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	CDP	New York Stock Exchange

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of April 20, 2026, 113,376,883 of COPT Defense Properties' Common Shares of Beneficial Interest, $0.01 par value, were issued and outstanding.

TABLE OF CONTENTS

FORM 10-Q

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	March 31, 2026	December 31, 2025
Assets		
Properties, net		
Operating properties, net	$ 3,494,556	$ 3,500,087
Projects in development or held for future development	308,420	283,390
Total properties, net	3,802,976	3,783,477
Property - operating lease right-of-use assets	48,906	50,383
Cash and cash equivalents	28,580	274,986
Investment in unconsolidated real estate joint ventures	35,818	36,368
Accounts receivable, net	51,907	58,185
Deferred rent receivable	182,647	177,921
Lease incentives, net	71,879	72,347
Deferred leasing costs (net of accumulated amortization of $45,370 and $44,127, respectively)	76,430	75,052
Investing receivables (net of allowance for credit losses of $3,253 and $3,575, respectively)	69,922	69,856
Prepaid expenses and other assets, net	89,844	103,215
Total assets	$ 4,458,909	$ 4,701,790
Liabilities and equity		
Liabilities		
Debt, net	$ 2,546,958	$ 2,767,834
Accounts payable and accrued expenses	116,954	147,200
Rents received in advance and security deposits	40,252	37,914
Dividends and distributions payable	37,102	35,205
Deferred revenue associated with operating leases	47,874	47,714
Property - operating lease liabilities	43,768	45,012
Other liabilities	34,230	33,236
Total liabilities	2,867,138	3,114,115
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interest	25,130	25,506
Equity		
Shareholders' equity		
Common Shares of beneficial interest ($0.01 par value; 150,000,000 shares authorized; shares issued and outstanding of 113,377,523 at March 31, 2026 and 113,210,642 at December 31, 2025)	1,134	1,132
Additional paid-in capital	2,500,341	2,502,661
Cumulative distributions in excess of net income	(986,706)	(988,957)
Accumulated other comprehensive income (loss)	34	(61)
Total shareholders' equity	1,514,803	1,514,775
Noncontrolling interests in subsidiaries		
Common units in COPT Defense Properties, L.P. ("CDPLP")	33,687	29,317
Other consolidated entities	18,151	18,077
Noncontrolling interests in subsidiaries	51,838	47,394
Total equity	1,566,641	1,562,169
Total liabilities, redeemable noncontrolling interest, and equity	$ 4,458,909	$ 4,701,790

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	For the Three Months Ended March 31,	
	2026	2025
Revenues		
Lease revenue	$ 192,971	$ 175,308
Other property revenue	1,625	2,289
Construction contract and other service revenues	6,041	10,259
Total revenues	200,637	187,856
Operating expenses		
Property operating expenses	81,435	72,040
Depreciation and amortization associated with real estate operations	42,685	39,359
Construction contract and other service expenses	5,552	9,705
General, administrative, leasing, and other expenses	12,649	12,156
Total operating expenses	142,321	133,260
Interest expense	(23,996)	(20,504)
Interest and other income, net	3,955	1,568
Gain on sales of real estate	582	300
Income before equity in income of unconsolidated entities and income taxes	38,857	35,960
Equity in income of unconsolidated entities	1,406	371
Income tax expense	(124)	(103)
Net income	40,139	36,228
Net income attributable to noncontrolling interests		
Common units in CDPLP	(812)	(726)
Other consolidated entities	(771)	(762)
Net income attributable to common shareholders	$ 38,556	$ 34,740
Earnings per common share		
Net income attributable to common shareholders - basic	$ 0.34	$ 0.31
Net income attributable to common shareholders - diluted	$ 0.34	$ 0.31

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2026	**2025**
Net income	$ 40,139	$ 36,228
Other comprehensive loss		
Unrealized income (loss) on interest rate derivatives	9	(80)
Reclassification adjustments on interest rate derivatives recognized in interest expense	(46)	(562)
Total other comprehensive loss	(37)	(642)
Comprehensive income	40,102	35,586
Comprehensive income attributable to noncontrolling interests	(1,451)	(1,431)
Comprehensive income attributable to common shareholders	$ 38,651	$ 34,155

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Equity
(Dollars in thousands)
(unaudited)

	Common Shares	Additional Paid-in Capital	Cumulative Distributions in Excess of Net Income	Accumulated Other Comprehensive (Loss) Income	Noncontrolling Interests	Total
For the Three Months Ended March 31, 2025						
Balance at December 31, 2024 (112,703,460 common shares outstanding)	$ 1,127	$ 2,494,369	$ (1,003,401)	$ 988	$ 43,510	$ 1,536,593
Conversion of common units to common shares (11,589 shares)	—	156	—	—	(156)	—
Redemption of common units	—	—	—	—	(313)	(313)
Share-based compensation (167,266 shares issued, net of redemptions)	2	1,057	—	—	1,883	2,942
Redemption of vested equity awards	—	(1,125)	—	—	—	(1,125)
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP	—	(2,438)	—	—	2,438	—
Comprehensive income	—	—	34,740	(585)	826	34,981
Dividends	—	—	(34,459)	—	—	(34,459)
Distributions to owners of common units in CDPLP	—	—	—	—	(756)	(756)
Distributions to noncontrolling interests in other consolidated entities	—	—	—	—	(7)	(7)
Adjustments for changes in fair value of redeemable noncontrolling interest	—	435	—	—	—	435
Balance at March 31, 2025 (112,882,315 common shares outstanding)	$ 1,129	$ 2,492,454	$ (1,003,120)	$ 403	$ 47,425	$ 1,538,291
For the Three Months Ended March 31, 2026						
Balance at December 31, 2025 (113,210,642 common shares outstanding)	$ 1,132	$ 2,502,661	$ (988,957)	$ (61)	$ 47,394	$ 1,562,169
Redemption of common units	—	—	—	—	(126)	(126)
Share-based compensation (166,881 shares issued, net of redemptions)	2	1,238	—	—	2,208	3,448
Redemption of vested equity awards	—	(1,542)	—	—	—	(1,542)
Adjustments to noncontrolling interests resulting from changes in ownership of CDPLP	—	(2,392)	—	—	2,392	—
Comprehensive income	—	—	38,556	95	784	39,435
Dividends	—	—	(36,305)	—	—	(36,305)
Distributions to owners of common units in CDPLP	—	—	—	—	(807)	(807)
Distributions to noncontrolling interests in other consolidated entities	—	—	—	—	(7)	(7)
Adjustments for changes in fair value of redeemable noncontrolling interest	—	376	—	—	—	376
Balance at March 31, 2026 (113,377,523 common shares outstanding)	$ 1,134	$ 2,500,341	$ (986,706)	$ 34	$ 51,838	$ 1,566,641

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities		
Revenues from real estate operations received	$ 202,255	$ 171,405
Construction contract and other service revenues received	9,912	22,223
Property operating expenses paid	(75,540)	(69,145)
Construction contract and other service expenses paid	(7,756)	(12,403)
General, administrative, leasing, and other expenses paid	(13,292)	(13,242)
Interest expense paid	(19,029)	(20,499)
Lease incentives paid	(4,517)	(8,719)
Other	4,381	2,456
Net cash provided by operating activities	96,414	72,076
Cash flows from investing activities		
Properties in development or held for future development	(60,794)	(34,886)
Tenant improvements on operating properties	(12,687)	(14,484)
Other capital improvements on operating properties	(6,239)	(6,939)
Investing receivables funded	—	(9,259)
Leasing costs paid	(6,013)	(4,363)
Other	3,433	385
Net cash used in investing activities	(82,300)	(69,546)
Cash flows from financing activities		
Proceeds from debt		
Revolving Credit Facility	212,000	87,000
Revolving Development Facility	42,000	—
Repayments of debt		
Revolving Credit Facility	(76,000)	(67,000)
Unsecured senior notes	(400,000)	—
Scheduled principal amortization	(397)	(461)
Common share dividends paid	(34,555)	(33,279)
Other	(3,219)	(2,441)
Net cash used in financing activities	(260,171)	(16,181)
Net decrease in cash and cash equivalents and restricted cash	(246,057)	(13,651)
Cash and cash equivalents and restricted cash		
Beginning of period	276,431	39,697
End of period	$ 30,374	$ 26,046

See accompanying notes to consolidated financial statements.

COPT Defense Properties and Subsidiaries
Consolidated Statements of Cash Flows (continued)
(in thousands)
(unaudited)

	For the Three Months Ended March 31,	
	2026	2025
Reconciliation of net income to net cash provided by operating activities		
Net income	$ 40,139	$ 36,228
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and other amortization	43,101	39,901
Amortization of deferred financing costs and net debt discounts	2,049	1,718
Change in net deferred rent receivable and liability	(4,486)	(5,290)
Gain on sales of real estate	(582)	(300)
Share-based compensation	3,186	2,854
Other	(648)	980
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	6,466	(3,628)
Decrease in lease incentives and prepaid expenses and other assets, net	12,633	15,971
Decrease in accounts payable, accrued expenses, and other liabilities	(7,782)	(19,422)
Increase in rents received in advance and security deposits	2,338	3,064
Net cash provided by operating activities	$ 96,414	$ 72,076
Reconciliation of cash and cash equivalents and restricted cash		
Cash and cash equivalents at beginning of period	$ 274,986	$ 38,284
Restricted cash at beginning of period	1,445	1,413
Cash and cash equivalents and restricted cash at beginning of period	$ 276,431	$ 39,697
Cash and cash equivalents at end of period	$ 28,580	$ 24,292
Restricted cash at end of period	1,794	1,754
Cash and cash equivalents and restricted cash at end of period	$ 30,374	$ 26,046
Supplemental schedule of non-cash investing and financing activities		
Decrease in accrued capital improvements, leasing, and other investing activity costs	$ (22,746)	$ (9,503)
Recognition of finance lease right-of-use assets and related lease liabilities	$ 398	$ —
Decrease in fair value of derivatives applied to accumulated other comprehensive income/loss and noncontrolling interests	$ (37)	$ (642)
Dividends/distributions payable	$ 37,102	$ 35,208
Decrease in noncontrolling interests and increase in shareholders’ equity in connection with the conversion of common units into common shares	$ —	$ 156
Adjustments to noncontrolling interests resulting from changes in CDPLP ownership	$ 2,392	$ 2,438
Decrease in redeemable noncontrolling interest and increase in equity to adjust for changes in fair value of redeemable noncontrolling interest	$ (376)	$ (435)

See accompanying notes to consolidated financial statements.

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

1. Organization

COPT Defense Properties ("COPT Defense") and subsidiaries (collectively, the "Company," "we," or "us") is a fully-integrated and self-managed real estate investment trust ("REIT") focused on owning, operating, and developing properties in locations proximate to, or sometimes containing, key U.S. Government ("USG") defense installations and missions (which we refer to herein as our Defense/IT Portfolio). Our tenants include the USG and its defense contractors, who are primarily engaged in priority national security activities, and who generally require mission-critical and high security property enhancements. Our property portfolio is predominantly comprised of office properties and single-tenant data center shells. As of March 31, 2026, our Defense/IT Portfolio included:

- 201 operating properties totaling 23.2 million square feet. We owned 24 of these properties totaling 4.3 million square feet through unconsolidated real estate joint ventures;
- seven properties under development that will total approximately 1.0 million square feet upon completion; and
- approximately 980 acres of land controlled that we believe could be developed into approximately 10.8 million square feet.

We also owned six other operating properties totaling 2.0 million square feet and approximately 50 acres of other developable land in the Greater Washington, DC/Baltimore region as of March 31, 2026.

We conduct almost all of our operations and own almost all of our assets through our operating partnership, COPT Defense Properties, L.P. ("CDPLP") and subsidiaries (collectively, the "Operating Partnership"), of which COPT Defense is the sole general partner. CDPLP owns real estate directly and through subsidiary partnerships and limited liability companies ("LLCs"). In addition to owning real estate, 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, most of which are tenants. Some of these services are performed by a taxable REIT subsidiary ("TRS").

Equity interests in CDPLP are in the form of common and preferred units. As of March 31, 2026, COPT Defense owned 97.2% of the outstanding 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 Defense's common shares are publicly traded on the New York Stock Exchange ("NYSE") under the ticker symbol "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.

These interim financial statements should be read together with the consolidated financial statements and notes thereto as of and for the year ended December 31, 2025 included in our 2025 Annual Report on Form 10-K. The unaudited consolidated financial statements include all adjustments that are necessary, in the opinion of management, to fairly state our financial position and results of operations. All adjustments are of a normal recurring nature. The consolidated financial statements have been prepared using the accounting policies described in our 2025 Annual Report on Form 10-K.

Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued guidance requiring disaggregated disclosure of specified information about certain expense categories included in expense line items on the consolidated statements of operations in the notes to the financial statements. This guidance is effective for us for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. Early adoption is permitted. We expect to apply this guidance prospectively to financial statements issued for reporting periods after the effective date. We are currently assessing the application of this guidance on our future consolidated financial statements.

In November 2025, the FASB amended existing hedge accounting guidance to more closely align with the economics of an entity's risk management activities by increasingly enabling entities to achieve and maintain hedge accounting for highly-effective economic hedges of forecasted transactions. This guidance is effective for us for interim and annual periods beginning after December 15, 2026. Early adoption is permitted. We expect to apply this guidance prospectively to financial statements issued for reporting periods after our adoption of the guidance. We are currently assessing the application of this guidance on our future consolidated financial statements.

Effective January 1, 2026, we adopted guidance issued by the FASB that provides a practical expedient for use in estimating expected credit losses on non-lease revenue related accounts receivable and contract assets. The practical expedient permits an entity to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset. This guidance was applied prospectively and did not affect our consolidated financial statements.

3. Fair Value Measurements

Recurring Fair Value Measurements

The fair values of our interest rate derivatives, as disclosed in Note 9, 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 March 31, 2026, 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 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 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.

The table below presents our financial assets and liabilities accounted for at fair value on a recurring basis as of March 31, 2026 and the hierarchy level of inputs used in measuring their respective fair values under applicable accounting standards (in thousands):

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets (1)				
Interest rate derivatives	$ —	$ 70	$ —	$ 70

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

4. Properties, Net

Operating properties, net consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Land	$ 519,256	$ 519,256
Buildings and improvements	4,696,316	4,663,198
Less: Accumulated depreciation	(1,721,016)	(1,682,367)
Operating properties, net	$ 3,494,556	$ 3,500,087

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 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 lease intangibles; and variable-lease revenue, including tenant expense recoveries, lease termination revenue, and other revenue from tenants that is not fixed under leases. The table below presents our composition of lease revenue recognized between fixed- and variable-lease revenue (in thousands):

	For the Three Months Ended March 31,	
Lease Revenue	**2026**	**2025**
Fixed	$ 142,467	$ 131,691
Variable	50,504	43,617
	$ 192,971	$ 175,308

Lessee Arrangements

As of March 31, 2026, our consolidated balance sheet included $54.6 million in right-of-use assets associated primarily with land leased from third parties underlying certain properties that we are operating with various expiration dates. Our property right-of-use assets and property lease liabilities on our consolidated balance sheets consisted of the following (in thousands):

Leases	Balance Sheet Location	March 31, 2026	December 31, 2025
Right-of-use assets			
Operating leases - Property	Property - operating lease right-of-use assets	$ 48,906	$ 50,383
Finance leases - Property	Prepaid expenses and other assets, net	5,743	5,373
Total right-of-use assets		$ 54,649	$ 55,756
Lease liabilities			
Operating leases - Property	Property - operating lease liabilities	$ 43,768	$ 45,012
Finance leases - Property	Other liabilities	752	363
Total lease liabilities		$ 44,520	$ 45,375

As of March 31, 2026, our operating leases had a weighted average remaining lease term of 42 years and a weighted average discount rate of 7.4%, while our finance leases had a weighted average remaining lease term of six years and a weighted average discount rate of 8.1%. The table below presents our total property lease cost (in thousands):

		For the Three Months Ended March 31,	
Lease Cost	**Statement of Operations Location**	**2026**	**2025**
Operating lease cost			
Property leases - fixed	Property operating expenses	$ 2,276	$ 2,266
Property leases - variable	Property operating expenses	27	27
Finance lease cost			
Amortization of property right-of-use assets	Property operating expenses	28	19
Interest on lease liabilities	Interest expense	8	9
		$ 2,339	$ 2,321

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

Supplemental Cash Flow Information	For the Three Months Ended March 31, 2026	2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 2,043	$ 1,903
Operating cash flows for finance leases	$ 8	$ 9
Financing cash flows for finance leases	$ 8	$ 7

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

Year Ending December 31,	March 31, 2026 Operating Leases	Finance Leases
2026 (1)	$ 6,175	$ 214
2027	8,418	144
2028	2,838	146
2029	2,094	148
2030	2,129	124
Thereafter	151,871	152
Total lease payments	173,525	928
Less: Amount representing interest	(129,757)	(176)
Lease liability	$ 43,768	$ 752

(1) Represents the nine months ending December 31, 2026.

6. Real Estate Joint Ventures

Consolidated Real Estate Joint Ventures

The table below presents information pertaining to our investments in consolidated real estate joint ventures, which are each variable interest entities (dollars in thousands):

				March 31, 2026			
Entity	Date Formed	Nominal Ownership %	Location	Total Assets	Encumbered Assets	Total Liabilities	Mortgage Debt
LW Redstone Company, LLC (1)	3/23/2010	85%	Huntsville, AL	$ 776,748	$ 50,397	$ 65,121	$ —
Stevens Investors, LLC	8/11/2015	95%	Washington, DC	141,689	—	1,270	—
M Square Associates, LLC	6/26/2007	50%	College Park, MD	106,251	54,046	50,308	45,866
				$ 1,024,688	$ 104,443	$ 116,699	$ 45,866

(1) We fund all capital requirements. Our partner receives distributions of $1.2 million of annual operating cash flows, plus certain fees for leasing and development, and we receive the remainder.

Unconsolidated Real Estate Joint Ventures

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

Entity	Date Formed	Nominal Ownership %	Number of Properties	Carrying Value of Investment (1) March 31, 2026	Carrying Value of Investment (1) December 31, 2025
Redshift JV LLC	1/10/2023	10%	3	$ 20,196	$ 20,767
BREIT COPT DC JV LLC	6/20/2019	10%	9	8,970	8,941
Quark JV LLC	12/14/2022	10%	2	6,652	6,660
B RE COPT DC JV III LLC	6/2/2021	10%	2	(707)	(600)
B RE COPT DC JV II LLC (2)	10/30/2020	10%	8	(23,306)	(22,243)
			24	$ 11,805	$ 13,525

(1) Included $35.8 million and $36.4 million reported in "investment in unconsolidated real estate joint ventures" and $24.0 million and $22.8 million for investments with deficit balances reported in "other liabilities" on our consolidated balance sheets as of March 31, 2026 and December 31, 2025, respectively. Investments with deficit balances are attributable to JV distributions of nonrecourse debt refinancing proceeds in excess of our equity in B RE COPT DC JV III LLC and B RE COPT DC JV II LLC; we are obligated to fund our share of future cash flow requirements, if any, of these joint ventures.

(2) Our investment in B RE COPT DC JV II LLC was lower than our share of the joint venture's equity by $6.4 million as of March 31, 2026 and $6.5 million as of December 31, 2025 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.

7. Investing Receivables

Investing receivables consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Notes receivable from the City of Huntsville	$ 64,508	$ 64,461
Other investing loans receivable	8,667	8,970
Amortized cost basis	73,175	73,431
Allowance for credit losses	(3,253)	(3,575)
Investing receivables, net	$ 69,922	$ 69,856

The balances above included accrued interest receivable, net of allowance for credit losses, of $673,000 as of March 31, 2026 and $3.8 million as of December 31, 2025.

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%. Our other investing loan receivable as of March 31, 2026 carries an effective interest rate of 12.0% and matures in 2026.

The fair value of these receivables was approximately $73 million as of March 31, 2026 and December 31, 2025.

8. Debt, Net

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

	Carrying Value (1) as of		March 31, 2026	
	March 31, 2026	December 31, 2025	Stated Interest Rates	Scheduled Maturity
Mortgage and Other Secured Debt				
Fixed-rate mortgage debt	$ 35,786	$ 36,064	3.82%	June 2026
Variable-rate secured debt	10,080	10,125	SOFR + 0.10% + 1.45% (2)	August 2026
Revolving Development Facility	138,000	96,000	SOFR + 1.25% to 1.90% (3)	October 2029 (4)
Total mortgage and other secured debt	183,866	142,189		
Revolving Credit Facility	190,000	54,000	SOFR + 0.725% to 1.400% (5)	October 2029 (6)
Term loan facility	49,932	49,911	SOFR + 0.850% to 1.700% (7)	January 2027 (8)
Unsecured Senior Notes				
5.25%, $345,000 aggregate principal (9)	339,956	339,470	5.25% (10)	September 2028
2.00%, $400,000 aggregate principal	398,584	398,459	2.00% (11)	January 2029
4.50%, $400,000 aggregate principal	394,601	394,326	4.50% (12)	October 2030
2.75%, $600,000 aggregate principal	593,767	593,476	2.75% (13)	April 2031
2.90%, $400,000 aggregate principal	396,241	396,130	2.90% (14)	December 2033
2.25%, $400,000 aggregate principal	—	399,812	N/A (15)	N/A (15)
Unsecured note payable	11	61	0% (16)	May 2026
Total debt, net	$ 2,546,958	$ 2,767,834		

(1) The carrying values of our debt other than the Revolving Development Facility and Revolving Credit Facility reflect net deferred financing costs of $3.8 million as of March 31, 2026 and $4.1 million as of December 31, 2025.
(2) Including the effect of an interest rate swap that hedges the risk of interest rate changes, the weighted average interest rate on our variable-rate secured debt as of March 31, 2026 was 3.1%; excluding the effect of this swap, the weighted average interest rate on this debt as of March 31, 2026 was 5.2%.
(3) The weighted average interest rate on the Revolving Development Facility was 5.0% as of March 31, 2026.
(4) The facility matures in October 2029, with the ability to extend such maturity by a 12-month period at our option, provided that there is no default under the facility and we pay an extension fee of 0.250% of the total amount available under the facility.
(5) The weighted average interest rate on the Revolving Credit Facility was 4.5% as of March 31, 2026.
(6) The facility matures in October 2029, 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.
(7) The interest rate on this loan was 4.7% as of March 31, 2026.
(8) This facility matures in January 2027, with the ability for us to extend such maturity by a 12-month period at our option, provided that there is no default under the facility and we pay an extension fee of 0.125% of the outstanding term loans under the facility.
(9) These notes have an exchange settlement feature under which the notes may, under certain circumstances, be exchangeable at the option of the holders. Upon exchange, the principal amount of notes 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. As of March 31, 2026, the exchange rate of the notes equaled 33.5584 of our common shares per $1,000 principal amount of notes (equivalent to an exchange price of approximately $29.80 per common share).
(10) The carrying value of these notes reflects unamortized commissions totaling $4.5 million as of March 31, 2026 and $4.9 million as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 5.8%.
(11) The carrying value of these notes reflects unamortized discounts and commissions totaling $1.0 million as of March 31, 2026 and $1.1 million as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 2.1%.
(12) The carrying value of these notes reflects unamortized discounts and commissions totaling $4.1 million as of March 31, 2026 and $4.3 million as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 4.8%.
(13) The carrying value of these notes reflects unamortized discounts and commissions totaling $5.4 million as of March 31, 2026 and $5.7 million as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 2.9%.
(14) The carrying value of these notes reflects unamortized discounts and commissions totaling $3.1 million as of March 31, 2026 and $3.2 million as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 3.0%.
(15) The carrying value of these notes reflects unamortized discounts and commissions totaling $153,000 as of December 31, 2025. The effective interest rate under the notes, including amortization of such costs, was 2.5%. Refer to paragraph below for further disclosure.
(16) 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 $1,000 as of December 31, 2025.

All debt is owed by the Operating Partnership. While COPT Defense is not directly obligated by any debt, it has guaranteed CDPLP's Revolving Development Facility, Revolving Credit Facility, term loan facility, and Unsecured Senior Notes. As of March 31, 2026, all of our mortgage and other secured debt was for consolidated real estate joint ventures (see Note 6), except for our Revolving Development Facility.

On March 16, 2026, we repaid at maturity our $400.0 million in 2.25% Senior Notes due 2026 (the "2.25% Notes").

The table below presents interest expense recognized on the 5.25% Exchangeable Senior Notes due 2028 (the "5.25% Notes") (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Interest expense at stated interest rate	$ 4,528	$ 4,528
Interest expense associated with amortization of debt discount and issuance costs	429	405
Total	$ 4,957	$ 4,933

Certain of our debt instruments require that we comply with a number of restrictive financial covenants. As of March 31, 2026, we were compliant with these financial covenants.

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

Year Ending December 31,	March 31, 2026
2026 (1)	$ 45,904
2027	50,000
2028	345,000
2029	728,000
2030	400,000
Thereafter	1,000,000
Total	$ 2,568,904 (2)

(1) Represents the nine months ending December 31, 2026.
(2) Represents scheduled principal amortization and maturities only and therefore excludes net discounts and deferred financing costs of $21.9 million.

We capitalized interest costs of $1.8 million in the three months ended March 31, 2026 and $927,000 in the three months ended March 31, 2025.

The table below presents information pertaining to the fair value of our debt (in thousands):

	March 31, 2026		December 31, 2025	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Fixed-rate debt				
Unsecured Senior Notes	$ 2,123,149	$ 2,031,047	$ 2,521,673	$ 2,438,332
Other fixed-rate debt	35,797	35,539	36,125	35,649
Variable-rate debt	388,012	389,831	210,036	211,505
	$ 2,546,958	$ 2,456,417	$ 2,767,834	$ 2,685,486

9. Interest Rate Derivatives

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

Notional Amount	Fixed Rate	Floating Rate Index	Effective Date	Expiration Date	Fair Value at March 31, 2026	Fair Value at December 31, 2025
$ 10,100 (1)	1.678%	SOFR + 0.10%	8/1/2019	8/1/2026	$ 70	$ 114
$ 150,000	3.742%	One-Month SOFR	2/1/2023	2/2/2026	—	(5)
$ 50,000	3.747%	One-Month SOFR	2/1/2023	2/2/2026	—	(2)
					$ 70	$ 107

(1) The notional amount of this instrument is scheduled to amortize to $10.0 million.

Each of these swaps was designated as a cash flow hedge of interest rate risk.

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

Derivatives	Balance Sheet Location	Fair Value at March 31, 2026	Fair Value at December 31, 2025
Interest rate swaps designated as cash flow hedges	Prepaid expenses and other assets, net	$ 70	$ 114
Interest rate swaps designated as cash flow hedges	Other liabilities	$ —	$ (7)

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

	Amount of Income (Loss) Recognized in AOCI on Derivatives		Amount of Income Reclassified from AOCI into Interest Expense on Statement of Operations	
	For the Three Months Ended March 31,		For the Three Months Ended March 31,	
Derivatives in Hedging Relationships	2026	2025	2026	2025
Interest rate derivatives	$ 9	$ (80)	$ 46	$ 562

Based on the fair value of our derivatives as of March 31, 2026, we estimate that approximately $70,000 of net gains will be reclassified from accumulated other comprehensive income (“AOCI”) as a decrease to interest expense over the next 12 months.

Our agreements with interest rate derivative counterparties 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 March 31, 2026, we were not in default with any of these provisions. As of March 31, 2026, we did not have any derivatives in liability positions.

10. Redeemable Noncontrolling Interest

Redeemable noncontrolling interest on our consolidated balance sheets included the ownership interest of our partner in LW Redstone Company, LLC due to the partner’s rights to require us to acquire their interest. The table below presents the activity for redeemable noncontrolling interest (in thousands):

	For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025
Beginning balance	$ 25,506	$ 23,974
Distributions to noncontrolling interest	(667)	(605)
Net income attributable to noncontrolling interest	667	605
Adjustments for changes in fair value of interest	(376)	(435)
Ending balance	$ 25,130	$ 23,539

We determine the fair value of the interest 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 partner from the properties underlying the respective joint venture. 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.

11. Equity

As of March 31, 2026, we had remaining capacity under our at-the-market stock offering program equal to an aggregate gross sales price of $300 million in common shares.

We declared dividends per common share of $0.32 in the three months ended March 31, 2026 and $0.305 in the three months ended March 31, 2025.

See Note 15 for disclosure of common share activity pertaining to our share-based compensation plans.

12. Information by Business Segment

We have two reportable segments: Defense/IT Portfolio; and Other. We also report on Defense/IT Portfolio sub-segments, which include the following: Fort George G. Meade and the Baltimore/Washington Corridor (“Fort Meade/BW Corridor”); Redstone Arsenal (in Huntsville, Alabama); Northern Virginia Defense/IT Locations (“NoVA Defense/IT”); Lackland Air Force Base (in San Antonio, Texas); locations serving the U.S. Navy (“Navy Support”), which included properties proximate to the Washington Navy Yard in Washington, DC, the Naval Air Station Patuxent River in Maryland, and the Naval Surface Warfare Center Dahlgren Division in Virginia; 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).

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 other segment items, which is comprised of: property operating expenses; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate joint ventures (“UJV” or “UJVs”) that is allocable to our ownership interest (“UJV NOI allocable to COPT Defense”). Property operating expenses represent costs associated with operating our properties, including property taxes, ground rents, utilities, property management, insurance, repairs, and exterior and interior maintenance, as well as associated labor and indirect costs.

Our chief operating decision maker uses budget to actual comparisons of operating expense information on a consolidated basis and for our Same Property pool (defined as our properties stably owned and 100% operational throughout both the current and prior year) to manage expenses associated with operating our properties.

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 included in our data center shells sub-segment (totaling $11.8 million and $35.1 million as of March 31, 2026 and 2025, respectively), which is net of deficit investment balances in UJVs reported in “other liabilities” on our consolidated balance sheets.

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.

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

	Defense/IT Portfolio								
	Fort Meade/BW Corridor	Redstone Arsenal	NoVA Defense/IT	Lackland Air Force Base	Navy Support	Data Center Shells	Total Defense/IT Portfolio	Other	Total
Three Months Ended March 31, 2026									
Revenues from real estate operations	$ 87,533	$ 20,645	$ 24,816	$ 18,354	$ 8,992	$ 14,665	$ 175,005	$ 19,591	$ 194,596
Other segment items									
Property operating expenses	(36,480)	(7,249)	(10,356)	(8,998)	(4,359)	(2,549)	(69,991)	(11,444)	(81,435)
UJV NOI allocable to COPT Defense	—	—	—	—	—	2,056	2,056	—	2,056
Total other segment items	(36,480)	(7,249)	(10,356)	(8,998)	(4,359)	(493)	(67,935)	(11,444)	(79,379)
NOI from real estate operations	$ 51,053	$ 13,396	$ 14,460	$ 9,356	$ 4,633	$ 14,172	$ 107,070	$ 8,147	$ 115,217
Additions to long-lived assets	$ 7,646	$ 882	$ 2,003	$ (56)	$ 1,679	$ —	$ 12,154	$ 6,601	$ 18,755
Transfers from non-operating properties	$ 116	$ 2,909	$ 5	$ —	$ —	$ 15,556	$ 18,586	$ 388	$ 18,974
Segment assets at March 31, 2026	$ 1,454,179	$ 613,080	$ 517,239	$ 193,465	$ 172,205	$ 590,649	$ 3,540,817	$ 327,328	$ 3,868,145
Three Months Ended March 31, 2025									
Revenues from real estate operations	$ 84,608	$ 16,422	$ 23,162	$ 16,410	$ 7,960	$ 10,865	$ 159,427	$ 18,170	$ 177,597
Other segment items									
Property operating expenses	(31,930)	(6,294)	(10,089)	(8,999)	(4,166)	(1,853)	(63,331)	(8,709)	(72,040)
UJV NOI allocable to COPT Defense	—	—	—	—	—	1,889	1,889	—	1,889
Total other segment items	(31,930)	(6,294)	(10,089)	(8,999)	(4,166)	36	(61,442)	(8,709)	(70,151)
NOI from real estate operations	$ 52,678	$ 10,128	$ 13,073	$ 7,411	$ 3,794	$ 10,901	$ 97,985	$ 9,461	$ 107,446
Additions to long-lived assets	$ 8,093	$ 3,248	$ 2,556	$ 119	$ 3,666	$ —	$ 17,682	$ 1,733	$ 19,415
Transfers from non-operating properties	$ 1,337	$ 4,266	$ 18	$ —	$ —	$ 3,941	$ 9,562	$ 2,774	$ 12,336
Segment assets at March 31, 2025	$ 1,441,470	$ 601,935	$ 492,384	$ 197,349	$ 163,951	$ 490,998	$ 3,388,087	$ 314,871	$ 3,702,958

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

	For the Three Months Ended March 31,	
	2026	2025
Segment revenues from real estate operations	$ 194,596	$ 177,597
Construction contract and other service revenues	6,041	10,259
Total revenues	$ 200,637	$ 187,856

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

	For the Three Months Ended March 31,	
	2026	2025
UJV NOI allocable to COPT Defense	$ 2,056	$ 1,889
Less: Income from UJV allocable to COPT Defense attributable to depreciation and amortization expense, interest expense, gain on sale of real estate, and loss on early extinguishment of debt	(650)	(1,518)
Equity in income of unconsolidated entities	$ 1,406	$ 371

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 presents the computation of our NOI from service operations (in thousands):

	For the Three Months Ended March 31,	
	2026	2025
Construction contract and other service revenues	$ 6,041	$ 10,259
Construction contract and other service expenses	(5,552)	(9,705)
NOI from service operations	$ 489	$ 554

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

	For the Three Months Ended March 31,	
	2026	2025
NOI from real estate operations	$ 115,217	$ 107,446
NOI from service operations	489	554
Depreciation and other amortization associated with real estate operations	(42,685)	(39,359)
General, administrative, leasing, and other expenses	(12,649)	(12,156)
Interest expense	(23,996)	(20,504)
Interest and other income, net	3,955	1,568
Gain on sales of real estate	582	300
Equity in income of unconsolidated entities	1,406	371
UJV NOI allocable to COPT Defense included in equity in income of unconsolidated entities	(2,056)	(1,889)
Income tax expense	(124)	(103)
Net income	$ 40,139	$ 36,228

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

	March 31, 2026	March 31, 2025
Segment assets	$ 3,868,145	$ 3,702,958
Operating properties lease liabilities included in segment assets	44,520	48,600
Investment in UJV deficit balance included in segment assets	24,013	3,895
Non-operating property assets	312,587	300,241
Other assets	209,644	194,617
Total consolidated assets	4,458,909	4,250,311

The accounting policies of the segments are the same as those used to prepare our consolidated financial statements. In the segment reporting presented above, we did not allocate interest expense, depreciation and amortization, gain on sales of real estate, and equity in 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 other expenses, interest and other income, net, income taxes, and noncontrolling interests because these items represent general corporate or non-operating property items not attributable to segments.

13. Construction Contract and Other Service Revenues

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

	For the Three Months Ended March 31,	
	2026	2025
Construction contract revenue		
Guaranteed maximum price	$ 2,338	$ 2,630
Firm fixed price	1,742	6,277
Cost-plus fee	1,609	1,071
Other	352	281
	$ 6,041	$ 10,259

We recognized an insignificant amount of revenue in the three months ended March 31, 2026 and 2025 from performance obligations satisfied (or partially satisfied) in previous periods.

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 Three Months Ended March 31,	
	2026	2025
Beginning balance	$ 4,036	$ 8,828
Ending balance	$ 2,538	$ 4,328

Contract assets 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 Three Months Ended March 31,	
	2026	2025
Beginning balance	$ 17,925	$ 17,050
Ending balance	$ 15,213	$ 10,239

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

	For the Three Months Ended March 31, 2026	2025
Beginning balance	$ 2,183	$ 2,016
Ending balance	$ 1,960	$ 2,401
Portion of beginning balance recognized in revenue during period	$ 236	$ 100

Revenue allocated to the remaining performance obligations under existing contracts as of March 31, 2026 that will be recognized as revenue in future periods was $34.5 million, of which we expect to recognize approximately $30 million in the nine months ending December 31, 2026, and the remainder in 2027.

We have no deferred incremental costs incurred to obtain or fulfill our construction contracts or other service revenues as of March 31, 2026 and December 31, 2025. Credit loss expense or recoveries on construction contracts receivable and unbilled construction revenue were insignificant for the three months ended March 31, 2026 and 2025.

14. Credit Losses on Financial Assets and Other Instruments

The table below presents the activity for our allowance for credit losses for the three months ended March 31, 2026 and 2025 (in thousands):

	Investing Receivables	Tenant Notes Receivable (1)	Other Assets (2)	Total
December 31, 2025	$ 3,575	$ 532	$ 109	$ 4,216
Net credit loss recoveries (3)	(322)	(10)	(37)	(369)
March 31, 2026	$ 3,253	$ 522	$ 72	$ 3,847
December 31, 2024	$ 2,792	$ 615	$ 75	$ 3,482
Net credit loss expense (recoveries) (3)	570	(10)	(45)	515
March 31, 2025	$ 3,362	$ 605	$ 30	$ 3,997

(1) Included in the line entitled “accounts receivable, net” on our consolidated balance sheets.
(2) The balances as of March 31, 2026 and December 31, 2025 included insignificant amounts in the lines entitled “accounts receivable, net” and “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.

The table below 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 March 31, 2026 (in thousands):

	Origination Year 2021 and Earlier	2022	2023	2024	2025	2026	Total
Investing receivables							
Credit risk classification							
Investment grade	$ 62,638	$ —	$ 1,870	$ —	$ —	$ —	$ 64,508
Non-investment grade	—	—	—	—	8,667	—	8,667
Total	$ 62,638	$ —	$ 1,870	$ —	$ 8,667	$ —	$ 73,175
Tenant notes receivable							
Credit risk classification							
Investment grade	$ 380	$ —	$ —	$ —	$ —	$ —	$ 380
Non-investment grade	1,158	—	—	310	19	—	1,487
Total	$ 1,538	$ —	$ —	$ 310	$ 19	$ —	$ 1,867
Sales-type lease receivables							
Credit risk classification							
Investment grade	$ 3,658	$ —	$ —	$ —	$ —	$ 1,520	$ 5,178

Our investment grade credit risk classification represents entities with investment grade credit ratings from ratings agencies (such as S&P Global Ratings, Moody’s Investors Service, Inc., or Fitch Ratings, 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 March 2026.

None of the investing and tenant notes receivables set forth above were past due, which we define as being delinquent by more than three months from the due date, as of March 31, 2026.

We did not have any tenant notes receivable on nonaccrual status as of March 31, 2026 and December 31, 2025. We did not recognize any interest income on tenant notes receivable on nonaccrual status during the three months ended March 31, 2026 and 2025.

15. Share-Based Compensation

Restricted Shares

The table below presents restricted shares activity under our share-based compensation plan for the three months ended March 31, 2026:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2025	434,754	$ 26.56
Granted	221,189	$ 31.78
Forfeited	(5,757)	$ 26.72
Vested	(137,165)	$ 25.95
Unvested as of March 31, 2026	513,021	$ 28.97

Restricted shares granted to employees generally 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 the position.

The aggregate intrinsic value of restricted shares that vested was $4.4 million for the three months ended March 31, 2026.

Profit Interest Units in CDPLP ("PIUs")

We granted two forms of PIUs: time-based PIUs ("TB-PIUs"); and performance-based PIUs ("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 distributions as common units.

TB-PIUs

The table below presents TB-PIUs activity under our share-based compensation plan for the three months ended March 31, 2026:

	Number of TB-PIUs	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2025	235,903	$ 26.08
Granted	74,215	$ 31.78
Vested	(96,694)	$ 25.72
Unvested as of March 31, 2026	213,424	$ 28.23

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 the position. Prior to vesting, TB-PIUs carry substantially the same rights to distributions as common units but carry no redemption rights.

The aggregate intrinsic value of TB-PIUs that vested was $3.1 million for the three months ended March 31, 2026.

Performance-Based Awards

On January 1, 2026, we granted certain senior management team members performance-based equity, in the form of either PB-PIUs or performance share units ("PSUs") as based on the election of the grant recipients. The grant recipients elected to receive, in aggregate, 324,870 PB-PIUs (equal to 200% of the target award) and 4,496 PSUs (equal to 200% of the target award). The performance-based equity awards have a three-year performance period concluding on the earlier of December 31, 2028 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 following the end of the performance period will be determined based on the percentile rank of COPT Defense's total shareholder return ("TSR") relative to a peer group of companies, as presented in the following schedule:

Percentile Rank	Earned Award Payout %
75th or greater	200% of target award
50th (target)	100% of target award
25th	50% of target award
Below 25th	0% of target award

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 Defense's TSR is negative when its TSR's percentile rank exceeds the 50th percentile, then the earned award payout percentage used to arrive at the earned awards would be reduced by 25 percentage points, but in no event to a payout percentage of less than 100% of the target award; however, the resulting reduction in earned awards would subsequently be deemed earned awards if COPT Defense's TSR becomes positive on any date in the calendar year following the end of the performance period. In addition, regardless of COPT Defense's TSR relative to the peer group, no less than 100% of the target award will be earned if COPT Defense's TSR is at least 10% and no less than 50% of the target award will be earned if COPT Defense's TSR is at least 6%, with linear interpolation if COPT Defense's TSR is between 6% and 10%.

During the performance period, PB-PIUs carry rights to distributions equal to 10% of the distribution rights of common units, while PSUs do not carry such rights. Performance-based awards do not carry redemption or voting rights.

Following the end of the performance period, we will settle the awards as follows:

- for PB-PIUs, issuing vested PIUs equal to: the number of earned awards; and 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 through the date of settlement, divided by the price of our common shares over a defined period of time; and
- for PSUs, issuing fully-vested COPT Defense shares equal to: the number of earned awards; and the aggregate dividends that would have been paid with respect to the common shares issued in settlement of the earned awards through the date of settlement had such shares been issued on the grant date, divided by the price of our common shares 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 unvested performance-based awards are forfeited.

The performance-based awards granted on January 1, 2026 had an aggregate grant date fair value of $6.4 million ($39.10 per target-level award) in the form of PB-PIUs and $89,000 ($39.52 per target-level award) in the form of PSUs, which are being recognized over the performance period. The grant date fair values were computed using Monte Carlo models that included the following assumptions: baseline common share value of $27.80; expected volatility for common shares of 23.4%; and a risk-free interest rate of 3.7%.

For PB-PIUs granted to executives on January 1, 2023 that vested on December 31, 2025, COPT Defense's TSR ranking relative to the peer group companies equated to an earned award payout of 200% of the target award, which resulted in our issuance of 250,070 vested PIUs in settlement of the PB-PIUs on February 5, 2026.

16. Earnings Per Share ("EPS")

We present both basic and diluted EPS. We compute basic EPS by dividing net income available to common shareholders allocable to unrestricted common shares by the weighted average number of unrestricted common shares outstanding during the 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 a redeemable noncontrolling interest in a joint venture 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 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 exchangeable debt (including our 5.25% Notes), common units, redeemable noncontrolling interest, PB-PIUs, PSUs, and vested PIUs and deferred share awards not previously settled by common share issuances.

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

	For the Three Months Ended March 31,	
	2026	2025
Numerator		
Net income attributable to common shareholders	$ 38,556	$ 34,740
Income attributable to share-based compensation awards for basic EPS	(191)	(167)
Numerator for basic EPS on net income attributable to common shareholders	38,365	34,573
Adjustment to income attributable to share-based compensation awards for diluted EPS	30	24
Numerator for diluted EPS on net income attributable to common shareholders	$ 38,395	$ 34,597
Denominator (all weighted averages)		
Denominator for basic EPS (common shares)	112,806	112,383
Dilutive effect of share-based compensation awards	1,031	643
Dilutive exchangeable debt	472	—
Denominator for diluted EPS (common shares)	114,309	113,026
Basic EPS attributable to common shareholders	$ 0.34	$ 0.31
Diluted EPS attributable to common shareholders	$ 0.34	$ 0.31

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 Three Months Ended March 31,	
	2026	2025
Conversion of common units	2,063	2,047
Conversion of redeemable noncontrolling interest	793	873

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 520,000 and 471,000 for the three months ended March 31, 2026 and 2025, respectively; and
- weighted average TB-PIUs of 228,000 for the three months ended March 31, 2026 and 2025.

Our 5.25% Notes issued in 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, 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. This feature of the 5.25% Notes affects our diluted EPS calculation for periods in which the weighted average closing price of our common shares is higher than the exchange price applicable to such periods, which resulted in an additional 472,000 shares in the denominator for diluted EPS for the three months ended March 31, 2026.

17. Commitments and Contingencies

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 March 31, 2026, management believes that it is reasonably possible that we could recognize a loss of up to $5.4 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.

Environmental

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 prior periods 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.

Tax Incremental Financing Obligation

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 $23 million as of March 31, 2026. 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 March 31, 2026, we do not expect any such future fundings will be required.

18. Subsequent Event

On April 23, 2026, we acquired approximately 17 acres of land (to be included in our NoVA Defense/IT sub-segment) for a purchase price of approximately $43 million, subject to a ground lease underlying two fully-leased operating properties located at 15020 and 15030 Conference Center Drive in Chantilly, Virginia.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

During the three months ended March 31, 2026, we:

- finished the period with our portfolio 94.4% occupied and 95.2% leased;
- achieved a tenant retention rate of 90.8%, which was driven by our Defense/IT Portfolio; and
- repaid at maturity $400.0 million in 2.25% Notes on March 16, 2026 using remaining excess available cash and cash equivalents from our prefunding of this debt maturity with a new bond issuance in 2025 and borrowings under our Revolving Credit Facility.

On April 23, 2026, we acquired approximately 17 acres of land for a purchase price of approximately $43 million, subject to a ground lease underlying two fully-leased operating properties located at 15020 and 15030 Conference Center Drive in Chantilly, Virginia.

We discuss significant factors contributing to changes in our net income in the section entitled "Results of Operations." In addition, the section 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 ("ARR"), "tenant retention rate," "investment space leasing," and "vacant space leasing" in this Quarterly Report on Form 10-Q. ARR is a measure that we use to evaluate the sources 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 ARR excludes the effect of lease incentives. We consider ARR 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 industry analysis. In instances in which we report ARR per occupied square foot, the measure excludes revenue from leases not associated with our buildings. 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, including the effect of early renewals. Investment space leasing represents vacant space leased within two years of the shell completion date for development properties or the acquisition date for operating property acquisitions. Vacant space leasing represents our vacated second-generation space leased and vacant space leased in development properties and operating property acquisitions after two years from such properties' shell completion or acquisition date.

For operating portfolio square footage, occupancy, and leasing statistics included below and elsewhere in this Quarterly Report on Form 10-Q, amounts disclosed include information pertaining to properties owned through unconsolidated real estate joint ventures except for amounts reported for ARR, which represent the portion attributable to our ownership interest.

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. 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;
- our ability to borrow on favorable terms or at all;
- 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 impairment losses;
- potential impact of 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;
- the dilutive effects of issuing additional common shares; and
- security breaches relating to cyber attacks, cyber intrusions or other factors, and other significant disruptions of our information technology networks and related systems.

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

Occupancy and Leasing

The tables below present occupancy information:

	March 31, 2026	December 31, 2025
Occupancy rates at period end		
Total	94.4%	94.0%
Defense/IT Portfolio		
Fort Meade/BW Corridor	93.5%	93.6%
Redstone Arsenal	96.1%	96.1%
NoVA Defense/IT	93.9%	93.5%
Lackland Air Force Base	100.0%	100.0%
Navy Support	88.2%	86.9%
Data Center Shells	100.0%	100.0%
Total Defense/IT Portfolio	95.6%	95.5%
Other	79.7%	76.6%
ARR per occupied square foot at period end	$ 36.66	$ 36.14

	Rentable Square Feet	Occupied Square Feet
	(in thousands)	
December 31, 2025	25,147	23,649
Vacated upon lease expiration (1)	—	(131)
Occupancy for new leases	—	212
Other changes	8	8
March 31, 2026	25,155	23,738

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

During the three months ended March 31, 2026, we leased 1.6 million square feet, including: 1.2 million square feet of renewal leasing (representing a tenant retention rate of 90.8%); 92,000 square feet of vacant space leasing; and 384,000 square feet of investment space leasing.

Results of Operations

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; and the net of revenues and property operating expenses of real estate operations owned through unconsolidated real estate joint ventures (“UJV” or “UJVs”) that is allocable to our ownership interest (“UJV NOI allocable to COPT Defense”). The table below reconciles net income, the most directly comparable GAAP measure, to NOI from real estate operations:

	For the Three Months Ended March 31,	
	2026	2025
	(in thousands)	
Net income	$ 40,139	$ 36,228
Construction contract and other service revenues	(6,041)	(10,259)
Depreciation and other amortization associated with real estate operations	42,685	39,359
Construction contract and other service expenses	5,552	9,705
General, administrative, leasing, and other expenses	12,649	12,156
Interest expense	23,996	20,504
Interest and other income, net	(3,955)	(1,568)
Gain on sales of real estate	(582)	(300)
Equity in income of unconsolidated entities	(1,406)	(371)
UJV NOI allocable to COPT Defense included in equity in income of unconsolidated entities	2,056	1,889
Income tax expense	124	103
NOI from real estate operations	$ 115,217	$ 107,446

Our changes in NOI from real estate operations included the following primary categories:

- Same Property, which we define as properties stably owned and 100% operational throughout the current and prior year reporting periods being compared;
- developed properties placed into service that were not 100% operational throughout the current and prior year reporting periods being compared; and
- properties acquired during the current or prior year reporting periods being compared.

Our Same Property pool consisted of 203 properties, comprising 97.6% of our portfolio’s square footage as of March 31, 2026 and 95.8% of NOI from real estate operations for the three months then ended. This pool of properties changed from the pool used for purposes of comparing 2025 and 2024 in our 2025 Annual Report on Form 10-K due to the addition of three properties placed in service and 100% operational on or before January 1, 2025 and two properties acquired in 2024.

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 net income reported on the consolidated statements of operations is provided in Note 12 to our consolidated financial statements.

Comparison of Statements of Operations for the Three Months Ended March 31, 2026 and 2025

	For the Three Months Ended March 31,		
	2026	2025	Variance
		(in thousands)	
Revenues			
Revenues from real estate operations	$ 194,596	$ 177,597	$ 16,999
Construction contract and other service revenues	6,041	10,259	(4,218)
Total revenues	200,637	187,856	12,781
Operating expenses			
Property operating expenses	81,435	72,040	9,395
Depreciation and amortization associated with real estate operations	42,685	39,359	3,326
Construction contract and other service expenses	5,552	9,705	(4,153)
General, administrative, leasing, and other expenses	12,649	12,156	493
Total operating expenses	142,321	133,260	9,061
Interest expense	(23,996)	(20,504)	(3,492)
Interest and other income, net	3,955	1,568	2,387
Gain on sales of real estate	582	300	282
Equity in income of unconsolidated entities	1,406	371	1,035
Income tax expense	(124)	(103)	(21)
Net income	$ 40,139	$ 36,228	$ 3,911

NOI from Real Estate Operations

	For the Three Months Ended March 31,		
	2026	2025	Variance
		(Dollars in thousands, except per square foot data)	
Revenues			
Same Property revenues			
Lease revenue, excluding lease termination revenue and collectability loss provisions	$ 184,415	$ 174,117	$ 10,298
Lease termination revenue, net	1,212	834	378
Collectability loss provisions included in lease revenue	(170)	(2,135)	1,965
Other property revenue	1,599	2,264	(665)
Same Property total revenues	187,056	175,080	11,976
Developed properties placed in service	3,783	23	3,760
Acquired property	1,411	—	1,411
Other	2,346	2,494	(148)
	194,596	177,597	16,999
Property operating expenses			
Same Property	(78,731)	(69,923)	(8,808)
Developed properties placed in service	(348)	(5)	(343)
Acquired property	(380)	—	(380)
Other	(1,976)	(2,112)	136
	(81,435)	(72,040)	(9,395)
UJV NOI allocable to COPT Defense			
Same Property	2,056	1,889	167
NOI from real estate operations			
Same Property	110,381	107,046	3,335
Developed properties placed in service	3,435	18	3,417
Acquired property	1,031	—	1,031
Other	370	382	(12)
	$ 115,217	$ 107,446	$ 7,771
Same Property NOI from real estate operations by segment			
Defense/IT Portfolio	$ 102,604	$ 97,967	$ 4,637
Other	7,777	9,079	(1,302)
	$ 110,381	$ 107,046	$ 3,335
Same Property rent statistics			
Average occupancy rate	94.1%	93.4%	0.7%
Average straight-line rent per occupied square foot (1)	$ 7.25	$ 7.07	$ 0.18

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

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

- the increase for our Same Properties was due in large part to additional revenue in the current period resulting from increased rental and occupancy rates. Our Same Properties also experienced increased property operating expenses, driven primarily by higher utility expenses (largely due to rate increases) and real estate taxes (due to our recognition in 2025 of prior year taxes refunded upon appeal), the effect of which was mostly offset by increased tenant expense reimbursements;
- developed properties placed in service reflects the effect of three properties placed in service in 2025; and
- acquired property includes one operating office property acquired in 2025.

NOI from Service Operations

	For the Three Months Ended March 31,		
	2026	2025	Variance
		(in thousands)	
Construction contract and other service revenues	$ 6,041	$ 10,259	$ (4,218)
Construction contract and other service expenses	(5,552)	(9,705)	4,153
NOI from service operations	$ 489	$ 554	$ (65)

Construction contract and other service revenues and expenses decreased in the current period due to a 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.

Interest Expense

Interest expense increased in the current period due primarily to increased debt outstanding resulting from our issuance in October 2025 of $400.0 million of 4.50% Senior Notes due 2030 (the “4.50% Notes”) to prefund the repayment at maturity of our 2.25% Notes on March 16, 2026.

Interest and Other Income, Net

Interest and other income, net increased in the current period due in large part to interest income earned by a portion of the proceeds from the 4.50% Notes being invested in short-term interest-bearing money market accounts prior to repayment of the 2.25% Notes on March 16, 2026.

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 National Association of Real Estate Investment Trusts (“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 (for acquisitions classified as business combinations); gain or loss on early extinguishment of debt; demolition costs on redevelopment and nonrecurring improvements; 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; and executive transition costs associated with named executive officers. 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 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.

The table below presents the computation of the above stated measures, and provides reconciliations from the GAAP measures associated with such measures:

	For the Three Months Ended March 31,	
	2026	2025
	(Dollars and shares in thousands, except per share data)	
Net income	$ 40,139	$ 36,228
Real estate-related depreciation and amortization	42,685	39,359
Gain on sales of real estate	(582)	(300)
Depreciation and amortization on UJVs allocable to COPT Defense	742	741
Gain on sale of real estate on unconsolidated real estate JV	(1,146)	—
FFO	81,838	76,028
FFO allocable to other noncontrolling interests	(1,131)	(1,158)
Basic FFO allocable to share-based compensation awards	(603)	(530)
Basic FFO available to common share and common unit holders	80,104	74,340
Diluted FFO adjustments allocable to share-based compensation awards	64	53
Diluted FFO available to common share and common unit holders and as adjusted for comparability	$ 80,168	$ 74,393
Weighted average common shares	112,806	112,383
Conversion of weighted average common units	2,063	2,047
Weighted average common shares/units - Basic FFO per share	114,869	114,430
Dilutive effect of share-based compensation awards	1,031	643
Dilutive exchangeable debt	472	—
Weighted average common shares/units - Diluted FFO per share and as adjusted for comparability	116,372	115,073
Diluted EPS	$ 0.34	$ 0.31
Diluted FFO per share	$ 0.69	$ 0.65
Diluted FFO per share, as adjusted for comparability	$ 0.69	$ 0.65
Denominator for diluted EPS	114,309	113,026
Weighted average common units	2,063	2,047
Denominator for diluted FFO per share and as adjusted for comparability	116,372	115,073

Property Additions

The table below presents the major components of our additions to properties for the three months ended March 31, 2026 (in thousands):

Properties in development or held for future development	$ 44,535
Tenant improvements on operating properties (1)	13,003
Capital improvements on operating properties	1,142
	$ 58,680

(1) Tenant improvement costs incurred on newly-developed properties are classified in this table as development.

Cash Flows

Net cash flow from operating activities increased $24.3 million when comparing the three months ended March 31, 2026 and 2025, which was driven by increased cash flow from real estate operations due in large part to increased rental and occupancy rates and growth in our operating portfolio.

Net cash flow used in investing activities increased $12.8 million when comparing the three months ended March 31, 2026 and 2025 due primarily to increased cash outlays for property development activities in the current period, offset in part by the effect of investing receivables funded in the prior period.

Net cash flow used in financing activities in the three months ended March 31, 2026 was $260.2 million, and included primarily the following:

- net repayments of debt borrowings during the period of $222.4 million, which included our repayment at maturity of $400.0 million in 2.25% Notes; and
- dividends to common shareholders of $34.6 million.

Net cash flow used in financing activities in the three months ended March 31, 2025 was $16.2 million, and included primarily the following:

- net proceeds of debt borrowings during the period of $19.5 million; and
- dividends to common shareholders of $33.3 million.

Supplemental Guarantor Information

As of March 31, 2026, CDPLP had several series of unsecured senior notes outstanding that were issued in transactions registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended. These notes are CDPLP's direct, senior unsecured and unsubordinated obligations and rank equally in right of payment with all of CDPLP's existing and future senior unsecured and unsubordinated indebtedness. However, these notes are effectively subordinated in right of payment to 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 CDPLP's subsidiaries. COPT Defense fully and unconditionally guarantees CDPLP's obligations under these notes. 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 Defense. COPT Defense itself does not hold any indebtedness, and its only material asset is its investment in 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.

Liquidity and Capital Resources

As of March 31, 2026, we had $28.6 million in cash and cash equivalents.

We have a Revolving Credit Facility with a maximum borrowing capacity of $800.0 million. The facility matures in October 2029 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 $610.0 million as of March 31, 2026.

We also have a Revolving Development Facility with a maximum borrowing capacity of $200.0 million. The facility matures in October 2029 and may be extended by a 12-month period at our option, provided that there is no default under the facility and we pay an extension fee of 0.250% of the total amount available under the facility. Our available borrowing capacity under the facility totaled $62.0 million as of March 31, 2026.

We expect to use our Revolving Development Facility to fund most of our property development cash requirements and subsequently pay it down as development properties are placed into service using cash available from operations, any excess available cash and cash equivalents, and borrowings from our Revolving Credit Facility. We expect to use our Revolving Credit Facility to initially fund most of the cash requirements from our other investing activities, including development cash requirements in excess of Revolving Development Facility available borrowings, as well as pay downs of the Revolving Development Facility discussed above and certain debt balloon payments due upon maturity; we expect to pay down this 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.

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.

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 other expenses;
- debt service, including interest expense;
- property development costs;
- tenant and capital improvements and leasing costs for operating properties (expected to total approximately $80 million during the remainder of 2026);
- debt balloon payments due upon maturity; and
- dividends to our shareholders.

We expect to use cash flow from operations during the remainder of 2026 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 costs, the fundings for which are discussed below.

During the remainder of 2026, we expect to spend $125 million to $155 million on costs for properties actively under development, most of which was contractually obligated as of March 31, 2026, and have $45.6 million in debt balloon payments maturing in 2026. During the remainder of 2026 and beyond, we expect to continue to actively develop additional properties and also could opportunistically acquire operating properties. We expect to fund these activities using, in part, available cash flow from operations, with the balance funded using any excess available cash and cash equivalents and borrowings under our Revolving Development Facility and Revolving Credit 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 funded by any remaining excess available cash and cash equivalents, refinanced by new debt borrowings, or funded by future equity issuances and/or sales of interests in properties) in Note 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 March 31, 2026, we were compliant with these covenants.

Item 3. 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, Revolving Development Facility, and other variable-rate debt to the extent we do not have interest rate 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 debt matures and needs to be refinanced.

The table below presents our debt obligations and weighted average interest rates on debt maturing each year as of March 31, 2026 (dollars in thousands):

	For the Periods Ending December 31,						
	2026	2027	2028	2029	2030	Thereafter	Total
Debt							
Fixed rate debt (1)	$ 35,804	$ —	$ 345,000	$ 400,000	$ 400,000	$ 1,000,000	$ 2,180,804
Weighted average interest rate	3.82%	—%	5.25%	2.00%	4.25%	2.81%	3.33%
Variable rate debt (2)	$ 10,100	$ 50,000	$ —	$ 328,000	$ —	$ —	$ 388,100
Weighted average interest rate (3)	5.17%	4.72%	—%	4.73%	—%	—%	4.74%

(1) Represents principal maturities only and therefore excludes net discounts and deferred financing costs of $21.9 million.
(2) Maturities in 2027 may be extended to 2028 and maturities in 2029 may be extended to 2030, both subject to certain conditions.
(3) Represents interest rates in effect for variable-rate debt as of March 31, 2026.

The fair value of our debt was $2.5 billion as of March 31, 2026. If interest rates had been 1% lower, the fair value of our fixed-rate debt would have increased by approximately $82 million as of March 31, 2026.

See Note 9 to our consolidated financial statements for information pertaining to interest rate swap contracts in place as of March 31, 2026 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 approximately $170,000 in the three months ended March 31, 2026 if the applicable variable index rate was 1% higher.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

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 March 31, 2026. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of March 31, 2026 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 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.

(b) 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.

PART II. OTHER INFORMATION

Item 1. 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 1A. Risk Factors

There have been no material changes to the risk factors included in our 2025 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) Not applicable

(b) Not applicable

(c) Not applicable

Item 3. Defaults Upon Senior Securities

(a) Not applicable

(b) Not applicable

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Not applicable

(b) Not applicable

(c) Rule 10b5-1 Trading Plans

During the three months ended March 31, 2026, none of our trustees or executive officers adopted or terminated contracts, instructions, or written plans for the sale or purchase of our securities that (i) were intended to satisfy the affirmative defense conditions of Rule 10b5-1 or (ii) qualified as non-Rule 10b5-1 trading arrangements (as that term is defined in Item 408 of Regulation S-K under the Exchange Act).

Item 6. Exhibits

(a) Exhibits.

EXHIBIT NO.	DESCRIPTION
10.1	COPT Defense Properties and COPT Defense Properties, L.P. Second Amended and Restated Executive Change in Control and Severance Plan adopted January 30, 2026 (filed with the Company's Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.2	Letter Agreement, dated January 30, 2026, between COPT Defense Properties, COPT Defense Properties, L.P., and Stephen E. Budorick (filed with the Company's Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.3	Letter Agreement, dated January 30, 2026, between COPT Defense Properties, COPT Defense Properties, L.P., and Britt A. Snider (filed with the Company's Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.4	Letter Agreement, dated January 30, 2026, between COPT Defense Properties, COPT Defense Properties, L.P., and Anthony Mifsud (filed with the Company's Current Report on Form 8-K on February 4, 2026 and incorporated herein by reference).
10.5	Form of COPT Defense Properties Restricted Share Award Certificate (2017 Omnibus Equity and Incentive Plan) (filed herewith).
22.1	List of Subsidiary Issuers of Guaranteed Securities (filed herewith).
31.1	Certification of the Chief Executive Officer of COPT Defense Properties required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (filed herewith).
31.2	Certification of the Chief Financial Officer of COPT Defense Properties required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended (filed herewith).
32.1	Certification of the Chief Executive Officer of COPT Defense Properties 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).
32.2	Certification of the Chief Financial Officer of COPT Defense Properties 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).
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	Inline XBRL Taxonomy Extension Schema Document (filed herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).
101.LAB	Inline XBRL Extension Labels Linkbase (filed herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements 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.

			COPT DEFENSE PROPERTIES
Date:	May 6, 2026	By:	/s/ Stephen E. Budorick
			Stephen E. Budorick President and Chief Executive Officer
Date:	May 6, 2026	By:	/s/ Anthony Mifsud
			Anthony Mifsud Executive Vice President and Chief Financial Officer

COPT DEFENSE PROPERTIES

RESTRICTED SHARE AWARD CERTIFICATE
(2017 OMNIBUS EQUITY AND INCENTIVE PLAN)

This Certificate pertains to the Award (as hereinafter defined) granted by COPT Defense Properties, a Maryland real estate investment trust (the “Company”), to you as an employee (“Employee”).

1. **Award.**

(a) **Shares.** Pursuant to the COPT Defense Properties 2017 Omnibus Equity and Incentive Plan (the “Plan”), the Company hereby grants **[# SHARES]** Restricted Shares (the “Award”) to Employee. On the Grant Date (as hereinafter defined), Employee shall receive the number of common shares specified above (the “Restricted Shares”) of beneficial interest, $0.01 par value per share, of the Company, subject to the restrictions and conditions set forth herein and in the Plan. The date of this award shall be **[DATE]** (the “Grant Date”).

(b) **Plan Incorporated.** This award of Restricted Shares shall be subject to and governed by all of the terms and conditions set forth in the Plan, 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.

2. **Restricted Shares.**

(a) **Forfeiture Restrictions.** The Restricted Shares shall be subject to the Forfeiture Restrictions (as hereinafter defined) from the Grant Date through **[RESTRICTED PERIOD END DATE]** (the “Restricted Period”). The Restricted Shares may not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred, encumbered or disposed of during the Restricted Period to the extent then subject to the Forfeiture Restrictions. The prohibition against transfer and the obligation for forfeit and surrender of Restricted Shares to the Company are herein referred to as “Forfeiture Restrictions.” The Forfeiture Restrictions shall be binding upon and enforceable against any transferee of Restricted Shares.

(b) **Lapse of Forfeiture Restrictions.** The Forfeiture Restrictions shall lapse as to the Restricted Shares in accordance with the following schedule provided that Employee has been continuously employed by the Company or a Subsidiary from the Grant Date through the lapse date.

Lapse Date	Percentage of Total Number of Restricted Shares as to Which Forfeiture Restrictions Lapse
First anniversary date of the Grant Date	33%
Second anniversary date of the Grant	33%
Third anniversary date of the Grant Date	34%

(c) **<u>Termination of Employment</u>.** Notwithstanding the foregoing, in the event Employee's employment with the Company and its Subsidiaries is terminated for any reason, except as otherwise provided in any employment agreement between Employee and the Company or one of its Subsidiaries, in any severance or retirement plan or policy of the Company or one of its Subsidiaries applicable to Employee then in effect, or as otherwise determined by the Administrator, the Restricted Shares with respect to which the Forfeiture Restrictions have not lapsed shall automatically and immediately be forfeited and returned to the Company for no consideration.

(d) **<u>Dividends and Voting Rights</u>.** Employee shall be entitled to receive any dividends paid with respect to shares of Restricted Shares that become payable during the Restricted Period; provided, however, that no dividends shall be payable to or for the benefit of Employee with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which Employee has forfeited the Restricted Shares. Employee shall be entitled to vote the Restricted Shares during the Restricted Period to the same extent as would have been applicable to Employee if Employee was then vested in the shares; provided, however, that Employee shall not be entitled to vote the shares with respect to record dates for such voting rights arising prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which Employee has forfeited the Restricted Shares.

(e) **<u>Evidence of Shares</u>.** Notwithstanding any other provisions of this Certificate, the issuance or delivery of any Shares (whether subject to restrictions or unrestricted) may be postponed for such period as may be required to comply with applicable requirements of any national securities exchange or any requirements under any law or regulation applicable to the issuance or delivery of such Shares. The Company shall not be obligated to issue or deliver any Shares if the issuance or delivery thereof shall constitute a violation of any provision of any law or of any regulation of any governmental authority or any national securities exchange. The Restricted Shares will be issued and held by the Company's transfer agent in book entry form and Employee's name shall be entered as a shareholder of record on the books of the Company.

3. **<u>Withholding of Tax</u>.** To the extent that the receipt of the Restricted Shares or the lapse of any Forfeiture Restrictions results in income to Employee for federal or state income tax purposes, Employee shall deliver to the Company at the time of such receipt or lapse, as the case may be, such amount of money as the Company may require to meet its withholding obligation under applicable tax laws or regulations, and, if Employee fails to do so, the Company is authorized to withhold from any cash then or thereafter payable to Employee any tax required to be withheld by reason of such resulting compensation income. Unless otherwise permitted by the Administrator, the Company shall withhold from Restricted Shares with respect to which the Forfeiture Restrictions have lapsed a number of Shares with an aggregate Fair Market Value that would satisfy the withholding amount due; provided, however, that to the extent necessary to avoid adverse accounting

treatment, such Share withholding may be limited to the minimum required tax withholding obligation and, in all cases, Share withholding will be limited to the number of Restricted Shares with respect to which the Forfeiture Restrictions have lapsed (e.g., if Employee makes an election under Section 83(b) of the Code with respect to the Restricted Shares, Employee will be required to satisfy the associated withholding obligation in cash, unless otherwise permitted by the Administrator). For purposes of share withholding, the Fair Market Value of withheld Shares shall be determined in the same manner as the value of Shares includible in income of Employee.

4. **Status of Shares.** The Restricted Shares may not be sold or otherwise disposed of in any manner which could constitute a violation of any applicable federal or state securities laws. In addition, (i) any evidence of the Restricted Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (ii) the Company may refuse to register the transfer of the Restricted Shares on the share transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities law and (iii) the Company may give related instructions to is transfer agent, if any, to stop registration of the transfer of the Restricted Shares.

5. **Employment Relationship.** For purposes of this Certificate, Employee shall be considered to be in the employment of the Company as long as Employee 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.

6. **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 Restricted Shares.

7. **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 and all persons lawfully claiming under Employee.

8. **Governing Law.** This Certificate and the Award shall be governed by, and construed in accordance with, the laws of the State of Maryland.

9. **No Obligation to Continue Employment.** Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Certificate to continue Employee in employment and neither the Plan nor this Certificate shall interfere in any way with the right of the Company or any Subsidiary to terminate the employment of Employee at any time.

10. **Data Privacy Consent.** In order to administer the Plan and the Award and to implement or structure future equity grants, the Company 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 Award.

11. **Integration**. This Certificate (including the provisions of the Plan incorporated herein by reference) constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

12. **Notices.** Notices hereunder shall be mailed or delivered (electronically or otherwise) to the Company at its principal place of business and shall be mailed or delivered to Employee at the address or email address on file with the Company or, in either case, at such other address or email address as one party may subsequently furnish to the other party in writing.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this Certificate to be duly executed by an officer thereunto duly authorized as of the date set forth below.

COPT DEFENSE PROPERTIES

By: ______________________________

Name:

Title:

Date:

[Signature Page to Restricted Share Award Certificate]

EXHIBIT 22.1

List of Subsidiary Issuers of Guaranteed Securities

As of March 31, 2026, COPT Defense Properties was the guarantor of the outstanding guaranteed debt securities of its subsidiaries, as listed below:

Debt Instrument	Issuer
2.000% Senior Notes due 2029	COPT Defense Properties, L.P.
4.500% Senior Notes due 2030	COPT Defense Properties, L.P.
2.750% Senior Notes due 2031	COPT Defense Properties, L.P.
2.900% Senior Notes due 2033	COPT Defense Properties, L.P.

EXHIBIT 31.1

COPT DEFENSE PROPERTIES

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 Quarterly Report on Form 10-Q of 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: May 6, 2026

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

EXHIBIT 31.2

COPT DEFENSE PROPERTIES

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 Quarterly Report on Form 10-Q of 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:	May 6, 2026	/s/ Anthony Mifsud
		Anthony Mifsud
		Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

COPT DEFENSE PROPERTIES

CERTIFICATIONS REQUIRED BY

RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934

In connection with the Quarterly Report on Form 10-Q of COPT Defense Properties (the “Company”) for the quarter ended March 31, 2026, 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: May 6, 2026

EXHIBIT 32.2

COPT DEFENSE PROPERTIES

CERTIFICATIONS REQUIRED BY

RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934

In connection with the Quarterly Report on Form 10-Q of COPT Defense Properties (the “Company”) for the quarter ended March 31, 2026, 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: May 6, 2026