

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K/A No. 1

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CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 30, 1998

CORPORATE OFFICE PROPERTIES TRUST

-----

(Exact name of registrant as specified in its charter)

<TABLE>  
<CAPTION>

Maryland	0-20047	23-2947217
-----	-----	-----
<S>	<C>	<C>
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

</TABLE>

One Logan Square, Suite 1105  
Philadelphia, PA 19103

-----

(Address of principal executive offices) (Zip Code)

(215) 567-1800

-----

(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets.

On April 30, 1998, Corporate Office Properties Trust (the "Company") through affiliates of Corporate Office Properties, L.P. (the "Operating Partnership"), acquired nine multistory office buildings and three office/flex buildings (the "Acquired Properties") located in the Baltimore/Washington corridor adjacent to the BWI Airport in Linthicum, Anne Arundel County, Maryland from unrelated parties.

The purchase price of the Acquired Properties totaled approximately \$72 million, paid in cash. The acquisition was accomplished through a combination of (i) the purchase of the debt encumbering the Acquired Properties from the former mortgage lender, Aetna Life Insurance Company and (ii) the purchase of all the partnership interests in the partnerships that owned the Acquired Properties. These partnership interests were owned by Airport Square Limited Partnership, a Maryland limited partnership, Airport Square Corporation, a Maryland corporation and Camp Meade Corporation, a Maryland corporation. In connection with the acquisition, the Company obtained the right to purchase the Acquired Properties for \$250,000 from Constellation Real Estate, Inc. The Company has executed various agreements to purchase substantially all of the operating real estate activities and assets of affiliates of Constellation Real Estate, Inc.

The Acquired Properties, located in the Airport Square Office Park and the Airport Square Technology Park, total approximately 813,000 square feet. As of June 1, 1998, the Acquired Properties were 97% leased to 28 tenants. Major tenants include the government of the United States of America and Ciena Corporation, under several leases aggregating approximately 210,000 and 182,000 square feet, respectively, representing 26% and 22% of the Acquired Properties' aggregate square feet.

The following table sets forth a summary schedule of the lease expirations for the Acquired Properties, for leases in place as of June 1, 1998, assuming that none of the tenants exercise renewal options.

<TABLE>  
<CAPTION>

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Expiring Leases	Percentage of Total Leased Square Feet	Total Rental Revenue of Expiring Leases (\$000) (1)	Total Rental Revenue of Expiring Leases per Rentable Square Foot (1)	Percentage of Total Rental Revenue Expiring (1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
5/1/98 - 12/31/98 (2)	7	117,178	14.84%	\$ 1,117,009	\$ 9.53	10.98%
1999	7	206,386	26.13	2,769,888	13.42	27.22
2000	5	16,573	2.10	259,076	15.63	2.55
2001	5	84,905	10.75	1,459,834	17.19	14.35
2002	8	211,431	26.77	2,590,329	12.25	25.46
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	2	61,779	7.82	967,272	15.66	9.50
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	2	91,589	11.59	1,012,376	11.05	9.94
2009 and thereafter	-	-	-	-	-	-
Total/Average	36	789,841	100.00%	\$10,175,784	\$12.88	100.00%

</TABLE>

- (1) Total Rental Revenue is the monthly contractual charge as of June 1, 1998 multiplied by 12 including any operating expense reimbursements  
(2) Excludes 22,775 vacant square feet as of June 1, 1998.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Businesses Acquired

The combined financial statements of the Acquired Properties are included herein. See pages F-15 through F-19.

(b) Pro Forma Financial Information

The pro forma condensed consolidated financial statements of the Company are included herein. See pages F-2 through F-14.

(c) Exhibits

Exhibit Number	Description
2.1*	Assignment of Partnership Interests dated as of April 30, 1998 between Airport Square Limited Partnership, Airport Square Corporation, Camp Meade Corporation and COPT Airport Square One LLC and COPT Airport Square Two LLC.
10.1*	Assignment of Purchase and Sale Agreement dated as of April 30, 1998 between Aetna Life Insurance Company and the Operating Partnership.
10.2*	Assignment of Loan Purchase and Sale Agreement dated as of April 30, 1998 between Constellation Real Estate, Inc. and the Operating Partnership.
10.3*	Purchase and Sale Agreement dated as of April 1, 1998 between Aetna Life Insurance Company and Airport Square Limited Partnership
10.4*	Loan Purchase and Sale Agreement dated as of March 13, 1998 between Aetna Life Insurance Company and Constellation Real

Estate, Inc.

10.5\* Amendment to Loan Purchase and Sale Agreement dated as of April 16, 1998 between Aetna Life Insurance Company and Constellation Real Estate, Inc.

Exhibits and Schedules have been omitted based on rule 601 (b) (2). Such exhibits and schedules are described in the agreements. The registrant hereby agrees to furnish to the Commission upon its request any or all such omitted exhibits or schedules.

\*As previously filed with the Current Report on Form 8-K filed May 14, 1998.

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 6, 1998

#### CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Clay W. Hamlin, III  
-----  
Name: Clay W. Hamlin, III  
Title: President and  
Chief Executive Officer

By: /s/ Thomas D. Cassel  
-----  
Name: Thomas D. Cassel  
Title: Vice President Finance

#### INDEX TO FINANCIAL STATEMENTS

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<CAPTION>  
<S>

<C>

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</TABLE>

#### CORPORATE OFFICE PROPERTIES TRUST PRO FORMA CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The following sets forth the unaudited pro forma condensed consolidating balance

sheet of Corporate Office Properties Trust and its consolidated affiliates, including Corporate Office Properties, L.P. (the "Operating Partnership") as of March 31, 1998, and the unaudited pro forma condensed consolidating statements of operations for the year ended December 31, 1997 and the three-month period ended March 31, 1998 of the Company (as defined below). Corporate Office Properties Trust and its consolidated affiliates, including the Operating Partnership, are collectively referred to herein as the "Company."

In October 1997, the Operating Partnership acquired partnership interests in a portfolio of ten properties (the "Initial Office Properties"), representing the Mid-Atlantic suburban office operations of The Shidler Group, subject to \$100 million of indebtedness (the "Term Credit Facility"). At that time, the Company became the sole general partner of the Operating Partnership, which was formed to acquire and hold the Initial Office Properties. In connection with the acquisition of the Initial Office Properties, the Company issued 600,000 of its common shares of beneficial interest ("Common Shares") and the Operating Partnership issued (or committed to issue) 3,181,818 common partnership units ("Partnership Units") and 2.1 million preferred partnership units ("Preferred Units").

The acquisition of the Initial Office Properties is reflected in the Company's historical consolidated balance sheet as of December 31, 1997, and is included in the pro forma condensed consolidating statements of operations as if it occurred on January 1, 1997.

The pro forma condensed consolidating financial information is presented as if the following transactions had been consummated on March 31, 1998 for balance sheet purposes, and at the beginning of the period presented for purposes of the statements of operations:

- o The completion of a public offering (the "Offering") in which the Company issued 7,500,000 Common Shares at \$10.50 per share and contributed all of the net proceeds to the Operating Partnership in exchange for 7,500,000 Partnership Units.
- o The acquisition of nine multistory office buildings and three office/flex buildings (the "Airport Square Properties"). As reported in the Company's Current Report on Form 8-K filed May 14, 1998 and as amended on this Current Report on Form 8-K/A filed July 7, 1998, the Company closed on this acquisition on April 30, 1998 and the purchase price totaled approximately \$72 million.
- o The acquisition of two office properties (the "Fairfield Properties"). As reported in the Company's Current Report on Form 8-K filed June 10, 1998 and as amended on Current Report on Form 8-K/A filed July 7, 1998, the Company closed on this acquisition on May 28, 1998 and the purchase price totaled \$28.8 million, including \$6.5 million of assumed debt with the balance paid in cash.
- o The closing of a \$100 million, two-year-senior revolving credit facility (the "Revolving Credit Facility") and the borrowing of \$23,750,000 under the Revolving Credit Facility to pay a portion of the consideration for the Fairfield Properties.

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- o The acquisition by the Company from various parties (collectively, "Constellation") of interests in (i) 14 office and 2 retail properties (the "Constellation Properties"); (ii) a 75% ownership interest in a real estate management services entity; and (iii) certain equipment, furniture and other assets related to management operations ((ii) and (iii) collectively, the "Constellation Service Companies") in exchange for: (a) issuance by the Company of 969,900 non-voting Series A Convertible Preferred Shares of Beneficial Interest, \$0.01 par value, \$25.00 liquidation preference ("Preferred Shares") and 6,928,000 Common Shares; (b) the assumption of debt aggregating \$12,990,000; and (c) the payment of \$69,038,000 in cash. The foregoing is reported in the Company's Preliminary Proxy Statement filed on Schedule 14A on June 26, 1998 and is referred to herein as the "Transaction."
- o The borrowing of \$73,143,000 under the Revolving Credit Facility to pay for certain of the cash requirements of the Transaction.
- o The contribution by the Company of all the assets acquired in the Transaction to the Operating Partnership in exchange for Partnership Units and Preferred Units.

The accompanying pro forma condensed consolidating financial information does not include the effects of the acquisition of two retail properties (the "Development Properties") in connection with the Transaction, as the Company's obligation to complete such acquisitions is contingent on the occurrence of certain events.

This pro forma condensed consolidating financial information should be read in

conjunction with the historical financial statements of the Company and those of the Initial Office Properties, the Airport Square Properties, the Fairfield Properties, the Constellation Properties and the Constellation Service Companies. In management's opinion, all adjustments necessary to reflect the effects of the foregoing transactions have been made. This pro forma condensed consolidating financial information is unaudited and is not necessarily indicative of what the actual financial position would have been at March 31, 1998, nor does it purport to represent the future financial position and the results of operations of the Company.

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Corporate Office Properties Trust  
Pro Forma Condensed Consolidating Balance Sheet

As of March 31, 1998  
(Unaudited)

(Dollars in thousands, except per share data)

<TABLE>  
<CAPTION>

	Company Historical (A)	Offering, Airport Square and Fairfield Properties (B)	Pro Forma Adjustments (C)	Pro Forma Consolidated
<S>	<C>	<C>	<C>	<C>
Assets				
Net investments in real estate	\$ 187,730	\$ 102,073	\$ 180,047 (D)	\$ 469,850
Cash and cash equivalents	2,346	386	--	2,732
Deferred costs, net	793	505	--	1,298
Investment in management company	--	--	2,500 (D)	2,500
Other assets	1,787	--	--	1,787
Total assets	\$ 192,656	\$ 102,964	\$ 182,547	\$ 478,167
Liabilities and shareholders' equity				
Liabilities				
Mortgage loans payable	\$ 114,301	\$ 30,215	\$ 86,133 (E)	\$ 230,649
Other liabilities	2,893	--	--	2,893
Total liabilities	117,194	30,215	86,133	233,542
Minority interests				
Preferred Units	52,500	--	--	52,500
Partnership Units	12,111	--	--	12,111
Total minority interests	64,611	--	--	64,611
Shareholders' equity				
Preferred shares of beneficial interest	--	--	10 (F)	10
Common shares of beneficial interest	23	75	69 (G)	167
Additional paid in capital	16,647	72,674	96,335 (H)	185,656
Accumulated deficit	(5,819)	--	--	(5,819)
Total shareholders' equity	10,851	72,749	96,414	180,014
Total liabilities and shareholders' equity	\$ 192,656	\$ 102,964	\$ 182,547	\$ 478,167

</TABLE>

See accompanying notes and management's assumptions to pro forma financial statements

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Corporate Office Properties Trust  
Pro Forma Condensed Consolidating Statement of Operations

For the Year Ended December 31, 1997  
(Unaudited)

(Dollars in thousands, except per share data)

<TABLE>  
<CAPTION>

		Company	Offering,		
		Historical	Initial Office,	Pro Forma	Pro
		(A)	Airport Square and Fairfield Properties (B)	Adjustments (C)	
Forma					
Consolidated					
		-----	-----	-----	-----
<S>		<C>	<C>	<C>	<C>
Revenues:					
44,007	Base rents	\$ 6,122	\$ 23,129	\$ 14,756 (D)	\$
5,324	Tenant reimbursements	434	2,795	2,095 (D)	
295	Other	62	20	213 (D)	
		-----	-----	-----	-----
49,626	Total revenues	6,618	25,944	17,064	
		-----	-----	-----	-----
Expenses:					
14,743	Property operating	728	8,029	5,986 (D)	
1,358	General and administrative	533	299	526 (D)	
17,226	Interest expense	2,855	8,194	6,177 (D)	
9,907	Depreciation and amortization	1,331	5,059	3,517 (D)	
--	Termination of Advisory Agreement	1,353	--	(1,353) (E)	
		-----	-----	-----	-----
43,234	Total expenses	6,800	21,581	14,853	
		-----	-----	-----	-----
55	Equity in income of management company	--	--	55 (D)	
		-----	-----	-----	-----
6,447	Income (loss) before minority interests	(182)	4,363	2,266	
Minority interests					
(3,412)	Preferred Units	(720)	--	(2,692) (F)	
(196)	Partnership Units	(65)	--	(131) (F)	
		-----	-----	-----	-----
2,839	Net income (loss)	(967)	4,363	(557)	
(1,334)	Preferred share distributions	--	--	(1,334) (F)	
		-----	-----	-----	-----
1,505	Net income (loss) available to Common Shareholders	\$ (967)	\$ 4,363	\$ (1,891)	\$
		-----	-----	-----	-----
		-----	-----	-----	-----
0.09	Net income (loss) per share: Basic and diluted	\$ (0.60)			\$
		-----			-----
		-----			-----
Weighted average number of shares		1,600,807			
16,699,083		-----			-----
		-----			-----

</TABLE>

Corporate Office Properties Trust  
Pro Forma Condensed Consolidating Statement of Operations

For the Three Month Period Ended March 31, 1998  
(Unaudited)

(Dollars in thousands, except per share data)

<TABLE>  
<CAPTION>

Forma	Historical Consolidated	Offering, Airport Square and Fairfield	Pro Forma	Pro
Consolidated	(A)	Properties (B)	Adjustments (C)	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenues:				
12,109 Base rents	\$ 4,919	\$ 3,496	\$ 3,694 (D)	\$
1,121 Tenant reimbursements	553	142	426 (D)	
139 Other	53	4	82 (D)	
-----	-----	-----	-----	-----
13,369 Total revenues	5,525	3,642	4,202	
-----	-----	-----	-----	-----
Expenses:				
3,460 Property operating	899	1,088	1,473 (D)	
465 General and administrative	299	29	137 (D)	
4,281 Interest expense	2,159	579	1,543 (D)	
2,484 Depreciation and amortization	1,041	564	879 (D)	
-- Reformation costs	637	--	(637) (E)	
-----	-----	-----	-----	-----
10,690 Total expenses	5,035	2,260	3,395	
-----	-----	-----	-----	-----
Equity in income of management company (159)	--	--	(159) (D)	
-----	-----	-----	-----	-----
Income (loss) before minority interests 2,520	490	1,382	648	
Minority interests				
(853) Preferred Units	(853)	--	-- (F)	
(180) Partnership Units	(136)	--	(44) (F)	
-----	-----	-----	-----	-----
Net income (loss) 1,487	(499)	1,382	604	
Preferred share distributions (333)	--	--	(333) (F)	
-----	-----	-----	-----	-----
Net income (loss) available to Common Shareholders 1,154	\$ (499)	\$ 1,382	\$ 271	\$
-----	-----	-----	-----	-----
Net income (loss) per share: Basic and diluted	\$ (0.22)			\$

0.07

-----	-----	-----	-----	-----
-----	-----	-----	-----	-----
Weighted average number of shares	2,268,333			
16,699,083				
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

</TABLE>

See accompanying notes and management's assumptions to pro forma financial statements

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# CORPORATE OFFICE PROPERTIES TRUST

## NOTES AND MANAGEMENT'S ASSUMPTIONS TO PRO FORMA CONDENSED CONSOLIDATING

### FINANCIAL INFORMATION

(Dollars in thousands, except share and per share amounts)

#### 1. Basis of Presentation:

Corporate Office Properties Trust (the "Company") is a self-administered Maryland real estate investment trust. As of March 31, 1998, the Company's portfolio included 17 commercial real estate properties leased for office and retail purposes.

These pro forma condensed consolidating financial statements should be read in conjunction with the historical financial statements and notes thereto of the Company, the Initial Office Properties, the Airport Square Properties, the Fairfield Properties, the Constellation Properties and the Constellation Service Companies. In management's opinion, all adjustments necessary to reflect the effects of the Offering and the acquisitions of the Initial Office Properties, the Airport Square Properties, the Fairfield Properties, the Constellation Properties and the Constellation Service Companies by the Company have been made.

#### 2. Adjustments to Pro Forma Condensed Consolidating Balance Sheet:

(A) Reflects the historical consolidated balance sheet of the Company as of March 31, 1998.

(B) Reflects the effects of the Offering and the acquisitions of the Airport Square Properties and the Fairfield Properties.

<TABLE>  
<CAPTION>

	Offering(i)	Airport Square Properties (ii)	Fairfield Properties (iii)	Combined
<S>	<C>	<C>	<C>	<C>
Assets				
Net investments in real estate	\$ --	\$ 72,668	\$ 29,405	\$102,073
Cash and cash equivalents	72,749	(72,668)	305	386
Deferred costs, net	--	--	505	505
Total assets	\$ 72,749	\$ --	\$ 30,215	\$102,964
Liabilities and shareholders' equity				
Liabilities				
Mortgage loans payable	\$ --	\$ --	\$ 30,215	\$ 30,215
Total liabilities	--	--	30,215	30,215
Shareholders' equity				
Common shares of beneficial interest	75	--	--	75
Additional paid in capital	72,674	--	--	72,674
Total shareholders' equity	72,749	--	--	72,749



Total liabilities and

shareholders' equity	\$ 72,749	\$ --	\$ 30,215	\$102,964
	-----	-----	-----	-----
	-----	-----	-----	-----

</TABLE>

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- (i) Reflects the proceeds of the Offering of \$78,750 based upon an offering of 7,500,000 Common Shares at an offering price of \$10.50 per share, net of underwriting discounts and offering expenses of approximately \$6,001.
- (ii) Reflects the Company's acquisition of the Airport Square Properties based upon the purchase price of \$71,479 plus closing costs of \$1,189 paid in cash.
- (iii) Reflects the Company's acquisition of the Fairfield Properties based upon the purchase price of \$28,800 plus closing costs of \$605 paid through the Company's assumption of debt of \$6,465 and initial funding proceeds of \$23,750 from the Revolving Credit Facility, net of loan fees totaling \$505 in connection with the Revolving Credit Facility and the debt assumed.

(C) The accompanying pro forma condensed consolidating financial information does not include the effects of the acquisition of the Development Properties (estimated purchase price of \$25,594), as the Company's obligation to complete such acquisitions is contingent on the occurrence of certain events.

(D) Reflects the contribution of the Constellation Properties and Constellation Service Companies in exchange for: (i) issuance of 969,900 Preferred Shares at a value equal to a liquidation preference of \$25.00 per share (\$24,248); (ii) issuance of 6,928,000 Common Shares at a value of \$10.50 per share (\$72,744); (iii) assumption of debt aggregating \$12,990; and (iv) utilization of loan proceeds from the Revolving Credit Facility of \$72,565, including payment of \$3,527 of costs associated with the acquisition. The total contribution is recorded as follows:

<TABLE>

<S>		<C>
	o Net investments in real estate	\$ 180,047
	o Investment in management company	2,500
		-----
	Total investments from Transaction	\$ 182,547
		-----
		-----

</TABLE>

The Company will be acquiring from Constellation an interest in the Constellation Service Companies for \$2,500 which the Company will contribute to a newly formed company in exchange for indebtedness and stock. As this investment will be accounted for under the equity method of accounting, the pro forma adjustments reflect the income (loss) from this investment as equity in income of management company.

(E) Reflects the net increase in mortgage loans payable as follows:

<TABLE>

<S>		<C>
	o Net proceeds from the Revolving Credit Facility in connection with the Transaction	\$ 73,143
	o Assumption of mortgages in connection with the Transaction	12,990
		-----
	Net increase in mortgage loans payable	\$ 86,133
		-----
		-----

</TABLE>

(F) Reflects the issuance of 969,900 Preferred Shares,

<TABLE>

<S>		<C>
	\$0.01 par value	\$ 10
		-----

&lt;/TABLE&gt;

(G) Reflects the issuance of 6,928,000 Common Shares,

&lt;TABLE&gt;

<S>	\$0.01 par value	<C>	\$	69
-----	------------------	-----	----	----

&lt;/TABLE&gt;

(H) Reflects increase in additional paid in capital as follows:

&lt;TABLE&gt;

<S>		<C>
o Issuance of 969,900 Preferred Shares, excess of \$25.00 over par		\$ 24,238
o Issuance of 6,928,000 Common Shares, excess of \$10.50 over par		72,675
o Less: costs in connection with the Transaction		(578)
		-----
Net increase in additional paid in capital		\$ 96,335
		-----
		-----

&lt;/TABLE&gt;

## 3. Adjustments to Pro Forma Condensed Consolidating Statements of Operations:

(A) Reflects the historical consolidated operations of the Company.

(B) Reflects the effects of the combined adjusted historical operations of the Initial Office Properties, the Airport Square Properties and the Fairfield Properties which were acquired on October 14, 1997, April 30, 1998 and May 28, 1998, respectively.

For the Year Ended December 31, 1997

&lt;TABLE&gt;

&lt;CAPTION&gt;

	Initial Office Properties through 10/13/97	Airport Square Properties through 12/31/97	Fairfield Properties through 12/31/97	Pro Forma Adjustments
Combined	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
Revenues				
Base rents	\$12,216	\$ 8,524	\$ 2,389	\$ --
\$23,129				
Tenant reimbursements	1,282	275	1,238	--
2,795				
Other	--	20	--	--
20				
	-----	-----	-----	-----
Total revenues	13,498	8,819	3,627	--
25,944				
	-----	-----	-----	-----
Expenses				
Property operating	2,731	3,367	1,931	--
8,029				
General and administrative	174	41	84	--
299				
Interest expense	7,388	--	--	806(i)
8,194				
Depreciation and amortization	2,580	--	--	2,479(ii)
5,059				
	-----	-----	-----	-----
Total expenses	12,873	3,408	2,015	3,285
21,581				
	-----	-----	-----	-----

Income (loss) before minority interests	\$ 625	\$ 5,411	\$ 1,612	\$(3,285)
\$ 4,363	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----				

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For the Three-Month Period Ended March 31, 1998

<TABLE>  
<CAPTION>

Combined	Initial Office Properties Historical	Airport Square Properties Historical through 3/31/98	Fairfield Properties Historical through 3/31/98	Pro Forma Adjustments
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
Revenues				
Base rents	\$ --	\$ 2,528	\$ 968	\$ --
\$ 3,496				
Tenant reimbursements	--	64	78	--
142				
Other	--	4	--	--
4				
-----	-----	-----	-----	-----
Total revenues	--	2,596	1,046	--
3,642	-----	-----	-----	-----
-----				
Expenses				
Property operating	--	805	283	--
1,088				
General and administrative	--	6	23	--
29				
Interest expense	--	--	--	579(i)
579				
Depreciation and amortization	--	--	--	564(ii)
564				
-----	-----	-----	-----	-----
Total expenses	--	811	306	1,143
2,260	-----	-----	-----	-----
-----				
Income (loss) before minority interests	\$ --	\$ 1,785	\$ 740	\$(1,143)
\$ 1,382	-----	-----	-----	-----
-----	-----	-----	-----	-----
-----				

(i) Reflects the net increase in interest expense resulting from:

<TABLE>  
<CAPTION>

	For the Year Ended December 31, 1997	For the Three Month Period Ended March 31, 1998
	-----	-----
<S>	<C>	<C>
o The Term Credit Facility, for the period January 1, 1997 through October 13, 1997, the date on which the loan originated, which debt bears interest at 7.5% per annum, net of historical interest expense of the Initial Office Properties	\$ (1,511)	\$ --

o The debt assumed in connection with the acquisition of the Fairfield Properties which debt bears interest at 8.29% per annum	536	134
o The borrowing on the Revolving Credit Facility of \$23,750 in connection with the acquisition of the Fairfield Properties (which debt bears interest at LIBOR plus 175 basis points) assuming a LIBOR rate of 5.75%	1,781	445
	-----	-----
	\$ 806	\$ 579
	-----	-----
	-----	-----

</TABLE>

(ii) Reflects the net increase in depreciation and amortization expense resulting from:

<TABLE>  
<CAPTION>

	For the Year Ended December 31, 1997	For the Three Month Period Ended March 31, 1998
	-----	-----
<S>	<C>	<C>
o Depreciation of buildings acquired over a 40-year useful life	\$ 2,588	\$ 511

</TABLE>

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<TABLE>  
<CAPTION>

	For the Year Ended December 31, 1997	For the Three Month Period Ended March 31, 1998
	-----	-----
<S>	<C>	<C>
o Reduction in amortization of deferred financing fees related to loans held by previous owners of the Initial Office Properties (\$515), net of amortization of deferred financing debt related to Term Credit Facility held by the Company on Initial Office Properties (\$192)	(323)	-
o Amortization of deferred financing fees related to debt assumed in connection with the Fairfield Properties	10	2
o Amortization of deferred financing fees related to the Revolving Credit Facility	204	51
	-----	-----
	\$ 2,479	\$ 564
	-----	-----
	-----	-----

</TABLE>

(C) Consistent with the pro forma condensed consolidating balance sheet, the pro forma statements of operations do not reflect the operations of the Development Properties.

(D) Reflects the effects of the combined adjusted historical operations of the Constellation Properties and Constellation Service Companies.

For the Year ended December 31, 1997

<TABLE>  
<CAPTION>

	Constellation Properties Historical	Constellation Service Companies Historical	Pro Forma Constellation Adjustments	Combined
<S>	<C>	<C>	<C>	<C>
Revenues				
Base rents	\$ 14,756	\$ --	\$ --	\$ 14,756
Tenant reimbursements	2,095	--	--	2,095
Other	213	11,226	(11,226) (i)	213
Total revenues	17,064	11,226	(11,226)	17,064
Expenses				
Property operating	5,986	--	--	5,986
General and administrative	526	10,242	(10,242) (ii)	526
Interest expense	--	18	6,159 (iii)	6,177
Depreciation and amortization	--	225	3,292 (iv)	3,517
Total expenses	6,512	10,485	(791)	16,206
Equity in income of management company	--	--	55 (v)	55
Income before income taxes and minority interests	\$ 10,552	\$ 741	\$ (10,380)	\$ 913

</TABLE>

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For the Three-Month Period Ended March 31, 1998

	Constellation Properties Historical	Constellation Service Companies Historical	Pro Forma Constellation Adjustments	Combined
<S>	<C>	<C>	<C>	<C>
Revenues				
Base rents	\$ 3,694	\$ --	\$ --	\$ 3,694
Tenant reimbursements	426	--	--	426
Other	82	3,717	(3,717) (i)	82
Total revenues	4,202	3,717	(3,717)	4,202
Expenses				
Property operating	1,473	--	--	1,473
General and administrative	137	3,685	(3,685) (ii)	137
Interest expense	--	3	1,540 (iii)	1,543
Depreciation and amortization	--	67	812 (iv)	879
Total expenses	1,610	3,755	(1,333)	4,032
Equity in income of management company	--	--	(159) (v)	(159)
Income (loss) before income taxes and minority interests	\$ 2,592	\$ (38)	\$ (2,543)	\$ 11

</TABLE>

<TABLE>  
<CAPTION>

Three	For the Year Ended December 31, 1997	For the Month Period Ended March 31, 1998
<S>	<C>	<C>
(i) Reflects the reclassification of Constellation Service Companies' historical revenue to equity in income of management company.	\$ (11,226)	\$ (3,717)
(ii) Reflects the reclassification of Constellation Service Companies' historical operating expenses to equity in income of management company.	\$ (10,242)	\$ (3,685)

(iii) Reflects the net changes in interest expense as follows:

o The borrowing on the Revolving Credit Facility of \$73,143 in connection with the Transaction (which debt bears interest at LIBOR plus 175 basis points) assuming a LIBOR rate of 5.75%, net of interest on \$4,217 in debt associated with properties under construction	\$ 5,168	\$ 1,291
o The fee of 25 basis points per annum on the unused portion of the Revolving Credit Facility of \$3,107	8	2
o The debt of \$9,581 assumed in connection with the acquisition of the Constellation Properties which debt bears interest at a fixed rate of 7.5% per annum	720	180
o The debt of \$3,409 assumed in connection with the acquisition of the Constellation Properties which debt bears interest at a fixed rate of 8.25% per annum	281	70
o Reclassification of Constellation Service Companies' historical interest expense to equity in income of management company	(18)	(3)
	-----	-----
	\$6,159	\$1,540
	-----	-----

</TABLE>

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<TABLE>  
<CAPTION>

Three

-  
<S>

		For the Year Ended December 31, 1997	For the Month Period Ended March 31, 1998
		-----	-----
(iv)	Reflects the net change in depreciation and amortization expense as follows:	<C>	<C>
	o Depreciation of buildings acquired from Constellation over a 40-year useful life	\$ 3,517	\$ 879
	o Reclassification of Constellation Service Companies' historical depreciation and amortization to equity in income of management company	(225)	(67)
		-----	-----
		\$ 3,292	\$ 812
		-----	-----
(v)	Reflects the net change in equity in income of management company as follows:		
	o Reclassification of Constellation Service Companies' historical income and expenses	\$ 741	(\$ 38)
	o Elimination of construction contract revenue earned by Constellation Service Companies in connection with operations that are not expected to have a continuing impact on the Company	(4,122)	(1,889)
	o Elimination of construction contract costs incurred by Constellation Service Companies in connection with operations that are not expected to have a continuing impact on the Company	3,768	1,852
	o Addition of net overhead costs not included in historical costs and expected to have a continuing impact on the Company	(122)	(177)
	o Depreciation expense on personal property of \$405 over a 5-year useful life	(81)	(20)

o Adjustment to Constellation Service Companies' historical depreciation and amortization	122	42
o To reflect income tax (expense) benefit at an assumed rate of 40%	(42)	111
o To reflect minority interest in management company	(124)	(19)
o To reflect adjustment for purchase price of management company to pro forma net income over 20 years	(85)	(21)
-	-----	-----
-	\$ 55	\$ (159)
-	-----	-----
-	-----	-----

</TABLE>

- (E) Costs relating to termination of the advisory agreement and the reformation of the Company aggregating \$1,353 and \$637 for the year ended December 31, 1997 and the three-month period ended March 31, 1998, respectively, have been excluded since such costs are not expected to have a continuing impact on the Company.
- (F) Reflects the effects of contribution of the net assets received from the Offering and the Transaction to the Operating Partnership in exchange for 7,500,000 Partnership Units as a result of the Offering and for 969,900 Preferred Units and 6,928,000 Partnership Units as a result of the Transaction.

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The following table presents the calculation of the post closing percentage ownership of Partnership Units in the Operating Partnership (i.e. not including Preferred Units):

<TABLE>  
<CAPTION>

	Company	Others	Total
<S>	<C>	<C>	<C>
Partnership Units - pre closing	600,000	2,581,818	3,181,818
Offering	7,500,000	-	7,500,000
Transaction	6,928,000	-	6,928,000
Partnership Units - post closing	15,028,000	2,581,818	17,609,818
Percentage ownership	85.3%	14.7%	100.0%

</TABLE>

Minority interest in income (loss) has been reflected, on a pro forma basis, in accordance with the Operating Partnership Agreement. The holders of Preferred Units are allocated income up to 6.5% or 5.5% of their investment on a pari passu basis with remaining income, if any, or loss allocated between the Company (85.3%) and the remaining partners (14.7%). The adjustments to record the income (loss) effect of the minority interest share of income (loss) in the pro forma statements of operations were computed as follows:

<TABLE>  
<CAPTION>

Three	For the Year Ended December 31, 1997	For the Month Period Ended March 31, 1998
<S>	<C>	<C>
Income before minority interests	\$ 6,447	\$
2,520		
Less: income from the retail properties directly		

	owned by the Company	(368)	
(104)			
---		-----	-----
	Income before minority interest		
	- Operating Partnership	6,079	
2,416	Preferred Unitholders		
	- \$52,500 @ 6.5%	3,412	
853	Preferred Unitholders/Shareholders		
	- \$24,248 @ 5.5%	1,334	
333		-----	-----
--			
	Remaining Operating Partnership allocation	1,333	
1,230		-----	-----
--			
--		-----	-----
	Pro forma minority share		
	- Partnership Units (14.7%)	196	
180		-----	-----
--			
--		-----	-----
	Remaining Operating Partnership allocation (85.3%)	1,137	1,050
	Add back: income from retail properties directly owned by the Company	368	
104		-----	-----
--			
	Net income allocated to Common Shareholders	\$ 1,505	\$
1,154		-----	-----
--			
--		-----	-----

</TABLE>

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Coopers & Lybrand L.L.P.

Coopers  
&Lybrand

a professional services firm

#### Report of Independent Accountants

To Corporate Office Properties Trust:

We have audited the accompanying combined statement of revenue and certain expenses of Airport Square Acquisition Properties (the "Properties") as described in Note 1 for the year ended December 31, 1997. This financial statement is the responsibility of the Properties' management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission as described in Note 2, and is not intended to be a complete presentation of the Properties' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined revenues and certain expenses as described



in Note 2, of the Properties for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.  
-----  
2400 Eleven Penn Center  
Philadelphia, Pennsylvania

May 20, 1998

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AIRPORT SQUARE ACQUISITION PROPERTIES  
Combined Statement of Revenue and Certain Expenses  
for the year ended December 31, 1997

<TABLE>

<CAPTION>

Revenue:

<S>		<C>	
Base rents		\$	8,524,068
Tenant reimbursements			275,238
Interest income			19,664
			-----
Total revenue			8,818,970
			-----
Certain expenses:			
Property operating			1,996,238
Maintenance			905,206
Real estate taxes			465,002
General and administrative			41,325
			-----
Total certain expenses			3,407,771
			-----
Revenue in excess of certain expenses		\$	5,411,199
			-----
			-----

</TABLE>

See accompanying notes to this financial statement.

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AIRPORT SQUARE ACQUISITION PROPERTIES

Notes to Combined Statement of Revenue and Certain Expenses

1. Business:

The accompanying combined statement of revenue and certain expenses relates to the operations of Airport Square Acquisition Properties (the "Properties"), consisting of the revenues and certain expenses of the following: Airport Square II Company, Airport Square IV Company, Airport Square V Company, Airport Square X Company, Airport Square XI Company, Airport Square XIII Company, Airport Square XIV Company, Airport Square XIX Company, Airport Square XX Company, Tech Park I, Tech Park II and Tech Park IV office buildings.

2. Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying combined statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission. The statement is not representative of the actual operations of the Company for the period presented nor indicative of future operations as certain expenses, primarily depreciation, amortization, interest expense and management fees, which may not be comparable to the expenses expected to be incurred by Corporate Office Properties Trust in future operations of the Properties, have been excluded.

Revenue and Expense Recognition:

Revenue is recognized on a straight-line basis over the terms of the related leases. Expenses are recognized in the period in which they are

incurred.

Interest Income:

Interest income represents interest earned on a note receivable due in June 2000 related to tenant improvements.

Use of Estimates:

The preparation of the financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

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Notes to Combined Statement of Revenue and Certain Expenses, Continued

3. Rentals:

The Properties have entered into tenant leases that provide for tenants to share in the operating and real estate taxes on a pro rata basis, as defined in the leases, with expiration dates ranging from 1998 to 2008. Future minimum rentals to be received under tenant leases in effect at December 31, 1997 are as follows:

<TABLE>		<C>	
<S>		<C>	
	1998	\$	9,389,349
	1999		6,871,643
	2000		6,015,054
	2001		4,795,611
	2002		3,038,196
	2003 and thereafter		9,217,579
			-----
	Total	\$	39,327,432
			-----
</TABLE>		</TABLE>	

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AIRPORT SQUARE ACQUISITION PROPERTIES

Combined Statement of Revenue and Certain Expenses  
for the three months ended March 31, 1998  
(Unaudited)

<TABLE>		<C>	
<CAPTION>		<C>	
Revenue:			
<S>		<C>	
	Base rents	\$	2,528,119
	Tenant reimbursements		64,232
	Interest income		4,016
			-----
	Total revenue		2,596,367
Certain expenses:			
	Property operating		390,854
	Maintenance		295,038
	Real estate taxes		118,971
	General and administrative		5,931
			-----
	Total certain expenses		810,794
			-----
	Revenue in excess of certain expenses	\$	1,785,573
			-----
</TABLE>		</TABLE>	

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