UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A No. 1

CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 28, 1998

CORPORATE OFFICE PROPERTIES TRUST
(Exact name of registrant as specified in its charter)

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

401 City Avenue, Suite 615
Bala Cynwyd, PA 19004
(Address of principal executive offices)

(610) 538-1800
(Registrant's telephone number, including area code)

Item 5. Other Events

On September 28, 1998, Corporate Office Properties Trust (the "Company"), through affiliates of Corporate Office Properties, L.P. (the "Operating Partnership"), completed a number of transactions (collectively, the "Completed Transactions") pursuant to agreements (the "Constellation Agreements") with affiliates of Constellation Real Estate Group, Inc. (collectively, "Constellation"), a wholly-owned indirect subsidiary of Baltimore Gas and Electric Company, to acquire certain real property, a mortgage and certain other assets owned by Constellation. Certain property acquisitions covered under the agreements between the Company and Constellation as approved by shareholders of the Company pursuant to its July 22, 1998 proxy statement and related special meeting of shareholders were not completed on September 28, 1998.

On October 22, 1998, the Company, through affiliates of the Operating Partnership, and pursuant to the Constellation Agreements, acquired a newly-constructed office building located in Columbia, Maryland ("Woodlands One"). Woodlands One was acquired at an aggregate price of $17,928,000, including $328,000 in transaction costs, which was financed as follows: (i) the issuance of 517,923 Common Shares of Beneficial Interest, valued at $5,438,000 ($10.50 per share), (ii) the issuance of 72,509 non-voting Series A Convertible Preferred Shares of Beneficial Interest, $0.01 par value $25.00 liquidation preference, valued at $1,813,000 ($25.00 per share), (iii) $9,533,000 in assumed debt and (iv) $1,144,000 using the Company's cash reserves. The Woodlands One property contains approximately 108,000 square feet and is 100% leased to Green Spring Health Services, Inc. pursuant to a lease which commenced October 22, 1998. Rental revenue under this lease as of September 30, 1998 including estimated expense reimbursements approximates $2,185,000 per annum or $20.23 per square foot.

On November 13, 1998, the Company, through affiliates of the Operating Partnership, and pursuant to the Constellation Agreements, acquired 100% of the ownership interests in entities which own two office properties currently under construction (the "Constellation Construction Properties"). The purchase price and closing costs of the Constellation Construction Properties totaled approximately $7.2 million, including $27,000 in transaction costs. The acquisition was completed with the assumption of approximately $2.0 million in debt and the balance paid in cash using proceeds from the Company's existing senior revolving credit facility with Bankers Trust Company. The Constellation Construction Properties are located in the Baltimore/Washington corridor, adjacent to certain other properties acquired by the Company from Constellation. Construction is anticipated to be completed by August 1999, at which time the two buildings will have rentable square footage of approximately 106,000 and 93,000. As of December 11, 1998, a lease was signed for approximately 35,000 square feet in one of the buildings.

Certain property acquisitions covered under the agreements between the Company and Constellation as approved by shareholders of the Company pursuant to its July 22, 1998 proxy statement and related special meeting of shareholders were not completed on December 11, 1998 (collectively, the "Pending Transactions"). The Pending Transactions include the following:

(i) Acquisition of 100% of the ownership interests in an entity which owns a newly-constructed operating office property; and

(ii) Acquisition of 100% ownership interest in an entity which owns a retail property (on which construction is nearing completion).

The acquisition in Item (i) above is anticipated to occur in December 1998. The acquisition described in Item (ii) above is subject to the attainment of certain financial thresholds and other contingencies and, accordingly, may not occur.

The property covered under the acquisition agreements between the Company and Constellation as approved by shareholders of the Company pursuant to its July 22, 1998 proxy statement also included a 60% ownership interest in an entity which owns a retail property currently under construction. The agreement to acquire this property was terminated at the election of the Company by mutual agreement with Constellation; therefore, this acquisition will not occur.

On October 22, 1998, the Company obtained a nonrecourse loan from Teachers Insurance and Annuity Association of America (the "TIAA Loan"). The total commitment under the TIAA Loan is $85.0 million, of which $76.2 million was advanced on October 22, 1998 (the "First Disbursement"). The proceeds of the First Disbursement were used as follows: (i) $27,181,000 was used to pay off certain of the assumed debt associated with the Constellation Transaction, (ii) $9,533,000 was used to pay off debt associated with the acquisition of Woodlands One, (iii) $38.5 million was used to pay down the Credit Facility, (iv) $723,000 was used to pay closing costs associated with the TIAA Loan and Woodlands One acquisition and (v) $263,000 was applied to the Company's cash reserves. The remaining $8.8 million of the loan commitment (the "Second Disbursement") will be advanced upon the Company's acquisition of an additional commercial office building from Constellation. The TIAA Loan bears interest at a fixed rate of 6.89% per annum and provides for monthly payments of principal and interest of $533,000 prior to the Second Disbursement and $595,000 thereafter. The TIAA Loan matures on November 1, 2008 and may not be prepaid prior to November 30, 2003.

The following schedule presents the material terms of the assumed debt which was not repaid from the TIAA Loan proceeds as of September 30, 1998:

<TABLE>
<CAPTION>

Lender	Amount Assumed	Interest Rate	Terms	Maturity Date
<S>	<C>	<C>	<C>	<C>
Security Life of Denver Insurance Co.	$ 9,555,574	7.5%	Monthly Principal and Interest of $73,899	10/31/05
Bank of America	9,982,685	LIBOR + 2%	Monthly Principal of $35,253 Plus Interest	1/15/99
Mercantile-Safe Deposit and Trust Co.	8,437,989	Prime + 1/2%	Monthly Principal and Interest of $65,922	7/01/99
Provident Bank of Maryland	2,927,680	LIBOR + 1.75%	Monthly Principal of $6,780 Plus Interest	9/01/00
	$30,903,928			

</TABLE>

Item 7. Financial Statements and Exhibits

(a) Financial Statements of Businesses Acquired

The financial statements of the Constellation Properties and the Constellation Service Companies are included herein. See pages F-15 through F-33.

(b) Pro Forma Financial Information

The pro forma condensed consolidating financial statements of the Company are included herein. See pages F-1 through F-14.

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: December 11, 1998

CORPORATE OFFICE PROPERTIES TRUST

By: /s/ Randall M. Griffin

Name: Randall M. Griffin
Title: President and
Chief Operating Officer

By: /s/ Roger A. Waesche, Jr.

Name: Roger A. Waesche, Jr.
Title: Senior Vice President - Finance

CORPORATE OFFICE PROPERTIES TRUST
INDEX TO FINANCIAL STATEMENTS

<TABLE>

Consolidated Statements of Cash Flows for the Periods Ended September 27, 1998 and September 30, 1997 (unaudited) and for the Years Ended December 31, 1997, 1996 and 1995	F-25
Notes to Consolidated Financial Statements	F-26

</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 September 30, 1998, and the unaudited pro forma condensed consolidating statements of operations for the year ended December 31, 1997 and the nine-month period ended September 30, 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 ("Common Units") and 2.1 million preferred partnership units ("Preferred Units" or "Preferred 1997 Units").

The acquisition of the Initial Office Properties is reflected in the Company's historical consolidated balance sheet as of September 30, 1998, 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 the earlier of the actual date of consummation or September 30, 1998 for balance sheet purposes, and at the beginning of the period presented for purposes of the statements of operations:

- - The consummation of a public offering (the "Offering") on April 27, 1998, 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 Common Units.

- - The acquisition of nine multistory office buildings and three office/flex buildings (the "Airport Square Properties") on April 30, 1998.

- - The acquisition of two office properties (the "Fairfield Properties") on May 28, 1998.

- - The closing of a $100 million, two-year-senior revolving credit facility (the "Revolving Credit Facility") on May 28, 1998 and the borrowing of $23,750,000 under the Revolving Credit Facility to pay a portion of the consideration for the Fairfield Properties.

- - The acquisition by the Company on September 28, 1998, from various parties (collectively, "Constellation") of interests in (i) 10 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") for: (a) issuance by the Company of 865,566 non-voting Series A

Convertible Preferred Shares of Beneficial Interest, $0.01 par value, $25.00 liquidation preference ("Preferred Shares") and 6,182,634 Common Shares; (b) the assumption of debt aggregating $58,085,000 (net of $1,475,000 in debt repaid at settlement); (c) utilization of loan proceeds from the Revolving Credit Facility of $2,100,000, and (d) the payment of $2,485,000 in cash (including $1,475,000 of debt repaid at settlement). The foregoing is referred to herein as the "Constellation Transaction."

- - The acquisition by the Company on October 22, 1998, from Constellation of an interest in a newly-constructed office property (the "Woodlands One Property") for: (a) issuance by the Company of 72,509 Preferred Shares and 517,923 Common Shares; (b) the assumption of debt aggregating $9,533,000; and (c) the payment of $1,144,000 in cash.

- - The acquisition by the Company on October 13, 1998, from an unrelated party of an interest in an office property ("Riverwood Property") for: (a) issuance by the Company of 148,381 Common Units; and (b) the utilization of loan proceeds from the Revolving Credit Facility of $18,842,000.

- - The closing of an $85,000,000, ten-year nonrecourse loan (the "TIAA Loan") on October 22, 1998 and the borrowing of $76,200,000 under this loan.

- - The contribution by the Company of all the assets acquired in the Constellation Transaction, including the Woodlands One Property, to the Operating Partnership in exchange for 6,700,557 Common Units and 938,075 preferred partnership units ("Preferred Units" or "Preferred 1998 Units").

- - The acquisition by the Company on November 13, 1998, from Constellation interests in entities which own two office properties currently under construction (the "Constellation Construction Properties") for: (a) the assumption of debt aggregating $2,000,000; and (b) the utilization of loan proceeds from the Revolving Credit Facility of $5,200,000.

The accompanying pro forma condensed consolidating financial information does not include the effects of the acquisition of one office and one retail property (one of which is newly constructed and one of which is under construction) as the Company has not consummated these acquisitions as of December 11, 1998.

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 Riverwood Property, the Constellation Properties and the Constellation Service Companies. In management's opinion, all adjustments necessary to reflect the effects of the consummated 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 September 30, 1998, nor does it purport to represent the future financial position and the results of operations of the Company.

Corporate Office Properties Trust
Pro Forma Condensed Consolidating Balance Sheet
As of September 30, 1998
(Unaudited)
(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

<S>	Historical Consolidated (A) <C>	Riverwood Property (B) <C>	Woodlands One Property(C) <C>	TIAA Loan (D) <C>	Retirement of Debt (E) <C>
Assets					
Net investments in real estate	$ 434,833	$ 20,356	$ 17,928	$ -	$ -
Cash and cash equivalents	1,906	-	(1,144)	75,555	(75,214)
Investment in unconsolidated subsidiary, net	2,313	-	-	-	-
Other assets	8,932	-	-	645	-
Total assets	$ 447,984	$ 20,356	$ 16,784	$ 76,200	$ (75,214)
Liabilities and shareholders' equity					
Liabilities					
Mortgage loans payable	$ 205,338	$ 18,798	$ 9,533	$ 76,200	$ (75,214)
Other liabilities	9,659	-	-	-	-
Total liabilities	214,997	18,798	9,533	76,200	(75,214)
Minority interests					
Preferred Units	52,500	-	-	-	-
Common Units	23,186	1,558	-	-	-
Total minority interests	75,686	1,558	-	-	-

Shareholders' equity

Preferred shares of beneficial interest	9	-	1	-	-
Common shares of beneficial interest	160	-	5	-	-
Additional paid in capital	163,918	-	7,245	-	-
Accumulated deficit	(6,786)	-	-	-	-
Total shareholders' equity	157,301	-	7,251	-	-
Total liabilities and shareholders' equity	$ 447,984	$ 20,356	$ 16,784	$ 76,200	$ (75,214)

</TABLE>

<TABLE>
<CAPTION>

<S>	Constellation Construction Properties (F) <C>	Pro Forma Adjustments (G) <C>	Pro Forma Consolidated <C>
Assets			
Net investments in real estate	$ 7,200	$ -	$ 480,317
Cash and cash equivalents	-	-	1,103
Investment in unconsolidated subsidiary, net	-	-	2,313
Other assets	-	-	9,577
Total assets	$ 7,200	$ -	$ 493,310
Liabilities and shareholders' equity			
Liabilities			
Mortgage loans payable	$ 7,200	$ -	$ 241,855
Other liabilities	-	-	9,659
Total liabilities	7,200	-	251,514
Minority interests			
Preferred Units	-	-	52,500
Common Units	-	(12)	24,732
Total minority interests	-	(12)	77,232
Shareholders' equity			
Preferred shares of beneficial interest	-	-	10
Common shares of beneficial interest	-	-	165
Additional paid in capital	-	12	171,175
Accumulated deficit	-	-	(6,786)
Total shareholders' equity	-	12	164,564
Total liabilities and shareholders' equity	$ 7,200	$ -	$ 493,310

</TABLE>

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

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>

<S>	Historical Consolidated(A) <C>	Initial Office, Airport Square and Fairfield Properties(B) <C>	Constellation Transaction, including Woodlands One Property and Constellation Construction Properties(C) <C>
Revenues:			

Base rents	$ 6,122	$ 23,129	$ 14,756
Tenant reimbursements and other	496	2,815	2,308
Total revenues	6,618	25,944	17,064
Expenses:			
Property operating	728	8,029	5,986
General and administrative	533	299	526
Interest expense	2,855	7,388	-
Depreciation and amortization	1,331	2,580	-
Termination of Advisory Agreement	1,353	-	-
Total expenses	6,800	18,296	6,512
Equity in income (loss) of management company	-	-	(80)
Income (loss) before minority interests	(182)	7,648	10,472
Minority interests			
Preferred Units	(720)	-	-
Common Units	(65)	-	-
Net income (loss)	(967)	7,648	10,472
Preferred share distributions	-	-	-
Net income (loss) available to Common Shareholders	$ (967)	$ 7,648	$ 10,472
Net income (loss) per share: Basic and diluted	$ (0.60)		
Weighted average number of shares-Basic and diluted	1,600,807		

</TABLE>

<TABLE>
<CAPTION>

<S>	Riverwood Property(D) <C>	Pro Forma Adjustments <C>	Pro Forma Consolidated <C>
Revenues:			
Base rents	$ 1,912	$ -	$ 45,919
Tenant reimbursements and other	702	201 (E)	6,522
Total revenues	2,614	201	52,441
Expenses:			
Property operating	676	-	15,419
General and administrative	-	-	1,358
Interest expense	-	7,950 (F)	18,193
Depreciation and amortization	-	6,246 (G)	10,157
Termination of Advisory Agreement	-	(1,353)(H)	-
Total expenses	676	12,843	45,127
Equity in income (loss) of management company	-	-	(80)
Income (loss) before minority interests	1,938	(12,642)	7,234
Minority interests			
Preferred Units	-	(2,692)(I)	(3,412)
Common Units	-	(272)(I)	(337)
Net income (loss)	1,938	(15,606)	3,485
Preferred share distributions	-	(1,290)(I)	(1,290)
Net income (loss) available to Common Shareholders	1,938	$ (16,896)	$ 2,195
Net income (loss) per share: Basic and diluted			$ 0.13

Weighted average number of shares-Basic and diluted	16,466,640

</TABLE>

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

Corporate Office Properties Trust
Pro Forma Condensed Consolidating Statement of Operations
For the Nine Month Period Ended September 30, 1998
(Unaudited)
(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

<S>	Historical Consolidated(A) <C>	Initial Office, Airport Square and Fairfield Properties(B) <C>	Constellation Transaction, including Woodlands One Property and Constellation Construction Properties (C) <C>
Revenues:			
Base rents	$ 20,539	$ 4,984	$ 11,706
Tenant reimbursements and other	2,640	220	1,535
Total revenues	23,179	5,204	13,241
Expenses:			
Property operating	5,001	1,545	5,228
General and administrative	1,055	46	-
Interest expense	7,424	-	-
Depreciation and amortization	4,038	-	-
Reformation costs	637	-	-
Total expenses	18,155	1,591	5,228
Equity in income (loss) of management company	17	-	(293)
Income (loss) before minority interests	5,041	3,613	7,720
Minority interests			
Preferred Units	(2,559)	-	-
Common Units	(713)	-	-
Net income (loss)	1,769	3,613	7,720
Preferred share distributions	(10)	-	-
Net income (loss) available to Common Shareholders	$ 1,759	$ 3,613	$ 7,720
Net income (loss) per share: Basic and diluted	$ 0.26		
Weighted average number of shares: Basic	6,651,533		
Weighted average number of shares: Diluted	6,737,907		

</TABLE>

<TABLE>
<CAPTION>

<S>	Riverwood Property(D) <C>	Pro Forma Adjustments <C>	Pro Forma Consolidated <C>
Revenues:			
Base rents	$ 1,451	$ -	$ 38,680
Tenant reimbursements and other	536	150 (E)	5,081
Total revenues	1,987	150	43,761
Expenses:			
Property operating	506	-	12,280
General and administrative	-	-	1,101
Interest expense	-	6,205 (F)	13,629
Depreciation and amortization	-	3,619 (G)	7,657
Reformation costs	-	(637)(H)	-
Total expenses	506	9,187	34,667
Equity in income (loss) of management company	-	-	(276)
Income (loss) before minority interests	1,481	(9,037)	8,818
Minority interests			
Preferred Units	-	- (I)	(2,559)
Common Units	-	(59)(I)	(772)
Net income (loss)	1,481	(9,096)	5,487
Preferred share distributions	-	(957)(I)	(967)
Net income (loss) available to Common Shareholders	$ 1,481	$(10,053)	$ 4,520
Net income (loss) per share: Basic and diluted			$ 0.27
Weighted average number of shares: Basic			16,470,962
Weighted average number of shares: Diluted			16,557,336

</TABLE>

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

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 September 30, 1998, the Company's portfolio included 43 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 Riverwood Property, the Constellation Properties and the Constellation Service Companies. In management's opinion, all adjustments necessary to reflect the effects of the Offering, the acquisitions of the Initial Office Properties, the Airport Square Properties, the Fairfield Properties, the Riverwood Property, the Constellation Properties, the Constellation Service Companies, the Woodlands One Property, the

Constellation Construction Properties and the closing of the TIAA Loan and utilization of the proceeds thereof 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 September 30, 1998.

(B) Reflects the contribution of the Riverwood Property from an unrelated party in exchange for: (i) issuance of 148,381 Common Units at a value of $10.50 per unit ($1,558) and; (ii) the utilization of loan proceeds from the Revolving Credit Facility of $18,798, including payment of $348 of costs associated with the acquisition.

(C) Reflects the acquisition of the Woodlands One Property from Constellation in exchange for: (i) issuance of 72,509 Preferred Shares at a value equal to a liquidation preference of $25.00 per share ($1,813); (ii) issuance of 517,923 Common Shares at a value of $10.50 per share ($5,438); (iii) assumption of debt aggregating $9,533; and (iv) utilization of cash reserves of $1,144, including payment of $328 of costs associated with the acquisition.

(D) Reflects the proceeds of the first disbursement under the TIAA Loan, net of associated costs of $645.

(E) Reflects the application of the net proceeds of the TIAA Loan where debt was retired of: (i) $27,181 assumed in connection with the Constellation Transaction; (ii) $9,533 assumed in connection with the Woodlands One Property and (iii) $38,500 of the balance of the Revolving Credit Facility.

(F) Reflects the acquisition of the Constellation Construction Properties from Constellation in exchange for: (a) the assumption of debt aggregating $2,000; and (b) the utilization of loan proceeds from the Revolving Credit Facility of $5,200.

(G) Reflects the adjustment to minority interests as a result of the transactions in connection with the Constellation Transaction, the Woodlands One Property and the Riverwood Property. After the closings, the Company holds a total of 14,800,557 Common Units or an 84.4% interest in the Operating Partnership.

<TABLE>
<CAPTION>

	Company	Operating	Partnership	Consolidated
<S>	<C>	<C>	<C>	<C>
Minority interests				
Common Units	$ -	$ 24,732	15.6%	$ 24,732
Shareholders' equity (1)				
Common Shares	7,303	133,809	84.4%	141,112
	$ 7,303	$158,541	100.0%	$165,844

</TABLE>

(1) Excluding $23,452 related to the Company's Preferred Shares

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 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

<TABLE>
<CAPTION>

	Initial Office Properties through 10/13/97	Airport Square Properties Through 12/31/97	Fairfield Properties through 12/31/97	Combined
<S>	<C>	<C>	<C>	<C>
Revenues				

Base rents	$ 12,216	$ 8,524	$ 2,389	$ 23,129
Tenant reimbursements and other	1,282	295	1,238	2,815
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	-	-	7,388
Depreciation and amortization	2,580	-	-	2,580
Total expenses	12,873	3,408	2,015	18,296
Income (loss) before minority interests	$ 625	$ 5,411	$ 1,612	$ 7,648

</TABLE>

For the Nine Month Period Ended September 30, 1998

<TABLE>
<CAPTION>

<S>	Initial Office Properties Historical <C>	Airport Square Properties Historical through 4/29/98 <C>	Fairfield Properties Historical through 5/27/98 <C>	Combined <C>
Revenues				
Base rents	$ -	$ 3,371	$ 1,613	$ 4,984
Tenant reimbursements and other	-	90	130	220
Total revenues	-	3,461	1,743	5,204
Expenses				
Property operating	-	1,073	472	1,545
General and administrative	-	8	38	46
Interest expense	-	-	-	-
Depreciation and amortization	-	-	-	-
Total expenses	-	1,081	510	1,591
Income (loss) before minority interests	$ -	$ 2,380	$ 1,233	$ 3,613

</TABLE>

(C) Reflects the effects of the adjusted combined historical operations of the Constellation Properties and the Constellation Service Companies which were acquired on September 28, 1998. Historical operations for the Woodlands One Property and the Constellation Construction Properties are not reflected as those properties were not operational as of September 30, 1998

For the Year Ended December 31, 1997

<TABLE>
<CAPTION>

<S>	Constellation Properties Historical <C>	Constellation Service Companies Historical <C>	Pro Forma Constellation Adjustments <C>	Combined <C>
Revenues				
Base rents	$ 14,756	$ -	$ -	$ 14,756
Tenant reimbursements and other	2,308	11,226	(11,226)(i)	2,308
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	(18)(iii)	-

Depreciation and amortization	-	225	(225)(iv)	-
Total expenses	6,512	10,485	(10,485)	6,512
Equity in income (loss) of management company	-	-	(80)(v)	(80)
Income (loss) before income taxes and minority interests	$ 10,552	$ 741	$ (821)	$ 10,472

</TABLE>

For the Nine Month Period Ended September 30, 1998

<TABLE>
<CAPTION>

<S>	Constellation Properties Historical through 9/27/98 <C>	Constellation Service Companies Historical through 9/27/98 <C>	Pro Forma Constellation Adjustments <C>	Combined <C>
Revenues				
Base rents	$ 11,706	$ -	$ -	$ 11,706
Tenant reimbursements and other	1,535	9,111	(9,111)(i)	1,535
Total revenues	13,241	9,111	(9,111)	13,241
Expenses				
Property operating	5,228	-	-	5,228
General and administrative	-	8,765	(8,765)(ii)	-
Interest expense	-	10	(10)(iii)	-
Depreciation and amortization	-	235	(235)(iv)	-
Total expenses	5,228	9,010	(9,010)	5,228
Equity in income (loss) of management company	-	-	(293)(v)	(293)
Income (loss) before income taxes and minority interests	$ 8,013	$ 101	$ (394)	$ 7,720

</TABLE>

<TABLE>
<CAPTION>

<S>	For the Year Ended December 31, 1997 <C>	For the Nine Month Period Ended September 30, 1998 <C>
(i) Reflects the reclassification of Constellation Service Companies' historical revenue to equity in income of management company.	$ (11,226)	$ (9,111)
(ii) Reflects the reclassification of Constellation Service Companies' historical operating expenses to equity in income of management company.	$ (10,242)	$ (8,765)
(iii) Reflects the reclassification of Constellation Service Companies' historical interest expense to equity in income of management company	$ (18)	$ (10)
(iv) Reflects the reclassification of Constellation Service		

Companies' historical depreciation and amortization to equity in income of management company	$ (225)	$ (235)

</TABLE>

<TABLE>
<CAPTION>

<S>	For the Year Ended December 31, 1997 <C>	For the Nine Month Period Ended September 30, 1998 <C>
(v) Reflects the net change in equity in income of management company as follows:		
- Reclassification of Constellation Service Companies' historical income and expenses	$ 741	$ 101
- 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)	(3,084)
- 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	2,997
- Addition of net overhead costs not included in historical costs and expected to have a continuing impact on the Company	(122)	(255)
- Addition of interest expense on indebtedness issued by an affiliate of the management company to the Company at a rate of 10.0% per annum	(201)	(150)
- Depreciation expense on personal property of $583 over a 5-year useful life	(116)	(87)
- Adjustment to Constellation Service Companies' historical depreciation and amortization	122	131
- To reflect income tax (expense) benefit at an assumed rate of 40%	19	176
- To reflect minority interest in management company	(116)	(82)
- To reflect adjustment for purchase price of management company to pro forma net income over 20 years	(53)	(40)
	$ (80)	$ (293)

</TABLE>

(D) Reflects the effects of the historical operations of the Riverwood Property which was acquired on October 13, 1998.

(E) Reflects interest income on the Company's $2,005 note receivable from an affiliate of the management company at a rate of 10.0% per annum.

(F) Represents net additional pro forma interest expense, as a result of borrowings under the Term Credit Facility, the Revolving Credit Facility, the debt assumed in connection with the Fairfield Properties, the debt assumed in connection with the Constellation Transaction and the TIAA Loan.

<TABLE>
<CAPTION>

<S> Adjustment to interest expense, net of related historical amounts, as a result of:	For the Year Ended December 31, 1997 <C>	For the Nine Month Period Ended September 30, 1998 <C>
Term Credit Facility, which debt bears interest at 7.5% per annum.	$ (1,511)	$ -

Revolving Credit Facility, based upon a pro forma balance of $12,200, which debt bears interest at LIBOR plus 175 basis points, assuming a LIBOR rate of 5.75% per annum.	914	84
Revolving Credit Facility based upon a pro forma unused balance of $87,800, which unused balance is subject to a fee of 25 basis points per annum.	221	99
Debt assumed in connection with the acquisition of the Fairfield Properties, which debt bears interest at a rate of 8.29% per annum.	536	219
Debt assumed in connection with the Constellation Transaction, based upon a pro forma aggregate balance of $30,904, which debt bears interest at average effective rate of 7.70% per annum.	2,380	1,745
Debt assumed in connection with the acquisition of the Constellation Construction Properties which debt bears interest at a rate of 8.00% per annum.	160	120
TIAA Loan, based upon a pro forma balance of $76,200, which debt bears interest at 6.89% per annum.	5,250	3,938
	$ 7,950	$ 6,205

</TABLE>

(G) Pro forma depreciation expense is reflected assuming an 80% building and 20% land allocation of the purchase price and capitalized costs over a useful life of 40 years. Pro forma amortization expense is reflected assuming pro forma deferred financing fees are amortized over the life of the related loan.

<TABLE>
<CAPTION>

Adjustment to depreciation and amortization expense, net of related historical amounts, as a result of:	For the Year Ended December 31, 1997	For the Nine Month Period Ended September 30, 1998
<S>	<C>	<C>
Depreciation expense:		
Initial Office Properties	$ 548	$ -
Airport Square Properties	1,452	462
Fairfield Properties	588	245
Constellation Transaction, including Woodlands One Property	3,293	2,469
Riverwood Property	408	306
Amortization of deferred financing fees related to:		
Term Credit Facility in connection with Initial Office Properties	(323)	-
Revolving Credit Facility	209	87
Assumed debt in connection with Fairfield Properties	10	3
TIAA Loan	61	47
	$ 6,246	$ 3,619

</TABLE>

(H) 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 nine-month period ended September 30, 1998, respectively, have been excluded since such costs are not expected to have a continuing impact on the Company.

(I) Reflects the effects of contribution of the net assets received from the Offering, the Constellation Transaction, including the Woodlands

One Property, and the Riverwood Property to the Operating Partnership in exchange for (i) 7,500,000 Common Units as a result of the Offering; (ii) 938,075 Preferred 1998 Units and 6,700,557 Common Units as a result of the Constellation Transaction, including the Woodlands One Property; and (iii) 148,381 Common Units as a result of the Riverwood Property.

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

<TABLE>
<CAPTION>

<S>	Company <C>	Others <C>	Total <C>
Common Units - pre closing	600,000	2,581,818	3,181,818
Offering	7,500,000	-	7,500,000
Constellation Transaction, including Woodlands One Property	6,700,557	-	6,700,557
Riverwood Property	-	148,381	148,381
Common Units - post closing	14,800,557	2,730,199	17,530,756
Percentage ownership	84.4%	15.6%	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% (Preferred 1997 Units) or 5.5% (Preferred 1998 Units) of their investment on a pari passu basis with remaining income, if any, or loss allocated between the Company (84.4%) and the remaining partners (15.6%). 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>

<S>	For the Year Ended December 31, 1997 <C>	For the Nine Month Period Ended September 30, 1998 <C>
Income before minority interests	$ 7,234	$ 8,818
Less: income from the retail properties directly owned by the Company	(368)	(333)
Income before minority interest - Operating Partnership	6,866	8,485
Less: Preferred 1997 Unitholders - $52,500 @ 6.5%	(3,412)	(2,559)
Less: Preferred 1998 Unitholders/Shareholders - $23,452 @ 5.5%	(1,290)	(967)
Remaining Operating Partnership allocation	2,164	4,959
Less: Pro forma minority share - Common Units (15.6%)	(337)	(772)
Remaining Operating Partnership allocation (84.4%)	1,827	4,187
Add back: income from retail properties directly owned by the Company	368	333
Net income allocated to Common Shareholders	$ 2,195	$ 4,520

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Constellation Real Estate Group, Inc.

We have audited the accompanying combined statement of revenues and certain expenses of the Constellation Properties as described in Note 1 for the year ended December 31, 1997. This financial statement is the responsibility of the Constellation 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 the 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 revenues 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 1, and is not intended to be a complete presentation of the Constellation 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 of the Constellation Properties for the year ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand L.L.P.

Baltimore, Maryland
May 8, 1998

CONSTELLATION PROPERTIES

COMBINED STATEMENT OF REVENUE AND CERTAIN EXPENSES
(in thousands)

<TABLE>
<CAPTION>

<S>	For the Period January 1, 1998 Through September 27, 1998 (Unaudited) <C>	For the Year Ended December 31, 1997 <C>
REVENUES		
Base Rents	$11,706	$14,756
Recoveries from Tenants	1,444	2,095
Other Income	91	213
	13,241	17,064
CERTAIN EXPENSES		
Operating	4,147	5,071
Real Estate Taxes	668	915
General and Administrative	413	526
	5,228	6,512
REVENUE IN EXCESS OF CERTAIN EXPENSES	$8,013	$10,552

</TABLE>

The accompanying notes are an integral part of this statement.

Constellation Properties
Notes to Combined Statement of Revenue and Certain Expenses
(Dollars in thousands)

1. Organization and Basis of Presentation

Organization
The accompanying combined statement of revenue and certain expenses combines the results of operations of the following 12 properties (the "Constellation Properties") acquired from Constellation Properties, Inc. (CPI) by Corporate Office Properties Trust, Inc. (COPT).

Browns Wharf L.P.

1600 Block of Thames Street, Baltimore, MD

Cranberry-140 L.P.

405 North Center Street, Westminster, MD

Laurel Tower Associates L.P.

14502 Greenview Drive, Laurel, MD
14504 Greenview Drive, Laurel, MD

NBP-I L.P.

2730 Hercules Road, Annapolis Junction, MD

NBP II L.P.

131 National Business Parkway, Annapolis Junction, MD
133 National Business Parkway, Annapolis Junction, MD
141 National Business Parkway, Annapolis Junction, MD

St. Barnabus L.P.

6009 and 6011 Oxon Hill Road, Oxon Hill, MD

Three Centre Park Associates L.P.

8815 Centre Park Drive, Columbia, MD

Constellation Properties, Inc.

7609 Energy Parkway, Baltimore, MD

Project T/A Tred Avon Square

210 Marlboro Avenue, Easton, MD

The Constellation Properties consist of 10 office properties and 2 retail properties.

Tred Avon Square (TA) is a shopping center which has a participating mortgage payable to Tred Lightly, LLC (TL), an entity in which CPI had a controlling interest which was acquired by COPT. Under the terms of the mortgage with TA, TL has virtually the same risks and rewards as those of an owner. Accordingly, TL is presented as if TL owns TA.

Basis of Presentation
The accompanying combined statement has been prepared on the accrual basis of accounting.

The statement 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 for the periods presented nor indicative of future operations as certain expenses, which are not comparable to the expenses to be incurred in the future operations of the Constellation Properties, have been excluded. Expenses excluded include interest, depreciation, amortization of intangible costs, income taxes, and other costs not directly related to the future operations of the Constellation Properties.

The combined historical statement of revenues and certain expenses and related notes for the period January 1, 1998 through September 27, 1998 are unaudited and reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim statement.

2. Summary of Significant Accounting Policies

(Dollars in thousands)

Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of revenues and expenses reported during the period. Actual results could differ from those estimates.

Revenue Recognition
The Properties recognize rental revenue from tenants on a straight-line basis under which contractual rent changes are recognized evenly over the lease term. Tenant recovery income includes payments from tenants for taxes, insurance and other property operating expenses and is recognized as revenues in the same period as the related expenses are incurred by the Constellation Properties.

Geographic Diversity
The Constellation Properties are geographically concentrated in the Baltimore/Washington metropolitan area.

Major Tenants
The United States Government is the sole tenant of an office property. Rental income from this lease represents approximately 22% and 24% of base rent and 54% and 55% of recoveries from tenants in the period ended September 27, 1998 and the year ended December 31, 1997, respectively.

Minority Interest
CPI owned a 75% member interest in Tred Lightly, LLC (TL) which was acquired by COPT. Under the terms of TL's operating agreement, the interest which was owned by CPI was entitled to full allocation of TL's income up until that point in time when CPI recovered its investment in TL plus a 10% compounding preferred return. Since CPI had not recovered its investment and preferred return at September 27, 1998 and December 31, 1997, no income was allocated to minority interest.

3. Leasing Activity

The Constellation Properties are leased to tenants under operating leases with expiration dates ranging from 1998 to 2015. Future contractual minimum rentals under noncancelable tenant leases in effect at December 31, 1997 are as follows:

<TABLE>
<S> <C>

1998	$ 14,618
1999	13,970
2000	13,125
2001	11,584
2002	9,870
Thereafter	29,166
Total	$ 92,333

</TABLE>

The United States Government is the sole tenant of an office property. The tenant's lease is structured as a 1 year lease commencing in 1993, with 14 consecutive automatic 1 year renewals. The lease also carries a penalty should the tenant not renew for all 14 years. Base rent from this lease is included in future minimum rentals disclosed above.

4. Related Party Revenue and Expenses

The Constellation Properties were owned by CPI, which is a wholly-owned subsidiary of Constellation Real Estate Group, Inc. (CREG). CREG is a wholly owned subsidiary of Constellation Holdings, Inc., which is wholly-owned by Baltimore Gas and Electric Company (BGE). Constellation Real Estate, Inc., Corporate Realty Management, LLC, Constellation Health Services, Inc., and Constellation Senior Services, Inc. are other affiliates of CREG. The Constellation Properties had transactions with these related parties as follows:

Rental Income
The Constellation Properties earned base rent and tenant recoveries on leases to the following related parties:

<TABLE>
<CAPTION>

	Period Ended September 27, 1998	Year Ended December 31, 1997

<S> <C> <C>

Constellation Real Estate, Inc.	$ 289	$ 315
BGE	36	242
Constellation Senior Services, Inc.	29	59
Corporate Realty Management, LLC	29	-
Constellation Health Services, Inc.	-	6
Total	$ 383	$ 622

</TABLE>

Property Management
The Constellation Properties incurred property management fees under contracts with Corporate Realty Management, LLC totaling $397 and $518 in the period ended September 27, 1998 and the year ended December 31, 1997, respectively.

General and Administrative
Constellation Real Estate, Inc. charged the Constellation Properties for finance, legal and corporate overhead costs totaling $412 and $526 in the period ended September 27, 1998 and the year ended December 31, 1997, respectively.

Operating Expenses
The Constellation Properties incurred costs with BGE during the period ended September 27, 1998 and the year ended December 31, 1997 totaling $484 and $638, respectively. These costs were primarily for utility services provided to the Constellation Properties.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Constellation Real Estate Group, Inc.

We have audited the accompanying consolidated balance sheets of Constellation Service Companies (as described in Note 1 to the accompanying financial statements) as of December 31, 1997 and 1996, and the related consolidated statements of operations, cash flows and equity for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Constellation Service Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Constellation Service Companies as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Coopers & Lybrand, L.L.P.

Baltimore, Maryland
May 8, 1998

CONSTELLATION SERVICE COMPANIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

<TABLE>
<CAPTION>

	September 27, 1998	December 31, 1997

1996			
	(Unaudited)		
<S>	<C>	<C>	<C>
ASSETS			
Current assets			
Cash and cash equivalents	$ -	$ 4,732	$ 5,191
Accounts receivable	863	1,158	3,622
Due from affiliates	4,435	-	-
Costs and estimated profit in excess of billings on uncompleted contracts	442	449	215
Deferred tax asset	72	86	17
Other	100	126	176
Total current assets	5,912	6,551	9,221
Property and equipment			
Furniture, fixtures and equipment	2,308	1,878	1,514
Leasehold improvements	132	81	-
Accumulated depreciation	(1,451)	(1,257)	(1,089)
Total property and equipment	989	702	425
Goodwill, net of accumulated amortization	750	791	848
Deferred tax asset	99	66	38
Restricted cash	50	-	-
Total assets	$ 7,800	$ 8,110	$ 10,532
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of note payable	$ 40	$ 40	$ 40
Accounts payable and accrued expenses	383	241	2,508
Checks drawn in excess of cash	3,929	-	-
Billings in excess of costs and estimated profit on uncompleted contracts	1	140	238
Accrued vacation costs	421	296	193
Due to affiliates	-	4,423	4,925
Other	13	17	22
Total current liabilities	4,787	5,157	7,926
Note payable, net of current portion	80	80	120
Other	30	7	9
Total liabilities	4,897	5,244	8,055
Minority interest	172	136	115
Commitments and contingencies			

Equity			
Divisional equity	2,731	2,730	2,362
Total liabilities and equity	$ 7,800	$ 8,110	$ 10,532

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands)

	For the Periods 1/1/98 Through 9/27/98 (Unaudited)	1/1/97 Through 9/30/97 (Unaudited)
Revenues		
Construction, development, marketing, asset management and finance fees - related parties	$ 2,118	$ 1,856
Construction, development, marketing, asset management and finance fees - other	456	79
Property management fees - related parties	1,486	1,313
Property management fees - other	1,799	1,437
Construction contract revenues - related parties	2,803	230
Construction contract revenues - other	281	3,383
Total revenues	8,943	8,298
Operating expenses		
Construction contract costs	2,997	3,314
Salaries and related expenses	3,914	3,028
Overhead costs - related party	632	653
Other	1,457	1,166
Total operating expenses	9,000	8,161
Income from operations	(57)	138
Interest income	135	69
Other income	33	51
Interest expense	(10)	(12)
Income before income taxes	101	246
Income tax expense	5	73
Income before minority interest	96	173
Minority interest	95	69
Net income (loss)	$ 1	$ 104

	For the Year Ended December 31, 1997	1996	1995
Revenues			
Construction, development, marketing, asset management and finance fees - related parties	$ 2,880	$ 2,531	$ 1,517
Construction, development, marketing, asset management and finance fees - other	273	58	2
Property management fees - related parties	1,845	1,789	1,728
Property management fees - other	1,952	1,348	93
Construction contract revenues - related parties	426	943	294
Construction contract revenues - other	3,696	8,617	3,335
Total revenues	11,072	15,286	6,969
Operating expenses			
Construction contract costs	3,768	9,159	3,545

Salaries and related expenses	4,412	3,750	2,242
Overhead costs - related party	901	870	615
Other	1,386	907	684
Total operating expenses	10,467	14,686	7,086
Income from operations	605	600	(117)
Interest income	101	84	66
Other income	53	42	61
Interest expense	(18)	(22)	(2)
Income before income taxes	741	704	8
Income tax expense	256	251	14
Income before minority interest	485	453	(6)
Minority interest	117	96	-
Net income (loss)	$ 368	$ 357	$ (6)

</TABLE>

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES
CONSOLIDATED STATEMENTS OF EQUITY
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	Contributed Equity <C>	Accumulated Earnings <C>	Total <C>
Balance, January 1, 1995	$1,590	$421	$2,011
Net Loss	-	(6)	(6)
Balance, December 31, 1995	1,590	415	2,005
Net Income	-	357	357
Balance, December 31, 1996	1,590	772	2,362
Net Income	-	368	368
Balance, December 31, 1997	1,590	1,140	2,730
Net Income	-	1	1
Balance, September 27, 1998 (Unaudited)	$1,590	$1,141	$2,731

</TABLE>

See accompanying notes to financial statements.

CONSTELLATION SERVICE COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

<TABLE>
<CAPTION>

	For the Periods	
	1/1/98 Through 9/27/98	1/1/97 Through 9/30/97
	(Unaudited)	(Unaudited)
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	$ 1	$ 104
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	235	166
Minority interest expense	95	69
Provision for deferred income taxes	(19)	(80)
Changes in operating assets and liabilities:		
Accounts receivable	295	1,960
Accounts payable and accrued expenses	267	(2,254)
Due to affiliates	(8,858)	(4,122)
Uncompleted contract asset	7	(74)
Uncompleted contract liability	(139)	36
Other current assets and liabilities	22	(168)
Net cash (used in) provided by operating activities	(8,094)	(4,363)

Cash flows from investing activities:		
Increase in restricted cash	(50)	-
Purchases of property and equipment	(484)	(272)
Acquisition of business, net of cash acquired	-	-
Other	3	-
Net cash used in investing activities	(531)	(272)
Cash flows from financing activities:		
Proceeds from note payable	-	-
Note repayments	-	-
Minority interest (distribution) contribution	(59)	(96)
Other	23	(1)
Net cash (used in) provided by financing activities	(36)	(97)
Net (decrease) increase in cash and cash equivalents	(8,661)	(4,732)
Cash and cash equivalents, beginning of period	4,732	5,191
Cash and cash equivalents, end of period	$ (3,929)	$ 459
Supplemental data:		
Cash paid during the period for:		
Interest	$ -	$ -
Income Taxes	$ 16	$ 55

</TABLE>

<TABLE>
<CAPTION>

	For the Years Ended December 31, 1997	1996	1995
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	$ 368	$ 357	$ (6)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	225	164	98
Minority interest expense	117	96	-
Provision for deferred income taxes	(97)	(62)	18
Changes in operating assets and liabilities:			
Accounts receivable	2,464	(1,982)	(1,056)
Accounts payable and accrued expenses	(2,164)	2,182	99
Due to affiliates	(502)	6,409	(36)
Uncompleted contract asset	(234)	697	(849)
Uncompleted contract liability	(98)	(1,426)	1,664
Other current assets and liabilities	45	(145)	(23)
Net cash (used in) provided by operating activities	124	6,290	(91)
Cash flows from investing activities:			
Increase in restricted cash	-	-	-
Purchases of property and equipment	(453)	(317)	(59)
Acquisition of business, net of cash acquired	-	(414)	-
Other	8	-	-
Net cash used in investing activities	(445)	(731)	(59)
Cash flows from financing activities:			
Proceeds from note payable	-	200	-
Note repayments	(40)	(40)	-
Minority interest (distribution) contribution	(96)	19	-
Other	(2)	7	19
Net cash (used in) provided by financing activities	(138)	186	19
Net (decrease) increase in cash and cash equivalents	(459)	5,745	(131)
Cash and cash equivalents, beginning of period	5,191	(554)	(423)

Cash and cash equivalents, end of period	$ 4,732	$ 5,191	$ (554)
Supplemental data:			
Cash paid during the period for:			
Interest	$ 18	$ 22	$ 2
Income Taxes	$ 88	$ 1	$ 25

</TABLE>

See accompanying notes to financial statements.

Constellation Service Companies
Notes to Consolidated Financial Statements
(Dollars in thousands)

1. Organization and Basis of Presentation

Constellation Service Companies (not a legal entity) (the "Company") is a real estate company engaged in property and asset management and building construction and development services. The Company represents a carve-out of the aforementioned operations of the legal entity, Constellation Real Estate, Inc. (CRE), and its 75% owned subsidiary, Corporate Realty Management, LLC (CRM).

CRE is a real estate company engaged in property and asset management, building construction and development and land development. CRE is a wholly owned subsidiary of Constellation Real Estate Group, Inc. ("CREG"), which is a wholly owned subsidiary of Constellation Holdings, Inc. (CHI), which is wholly owned by Baltimore Gas and Electric Company (BGE). In April 1996, CRE purchased a 75% member interest in CRM, an entity engaged in real estate property management. On September 28, 1998, Corporate Office Properties Trust, Inc. (COPT) acquired the assets and employees of CRE associated with property and asset management and building construction and development services, as well as CRE's 75% member interest in CRM.

A significant amount of the Company's activity represents services provided to entities owned by CREG. The majority of these services are concentrated in the Baltimore/Washington metropolitan area.

Unaudited Financial Statements
The consolidated financial statements including the note disclosures included herein as of September 27, 1998 and September 30, 1997 and for the periods January 1, 1998 through September 27, 1998 and January 1, 1997 through September 30, 1997 are unaudited; however, in the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial statements for this interim period have been included. The results of the interim period are not necessarily indicative of the results to be obtained for the full fiscal year.

2. Summary of Significant Accounting Policies

Principles of Consolidation
The consolidated financial statements include the accounts of CRM and the CRE lines of business acquired by COPT. All material intercompany accounts and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition
Construction, development, marketing and financing fees predominantly represent fees charged to real estate projects owned by CREG. Most of these fees are recognized as revenue as labor time is incurred. Certain of these fees, however, are recognized upon the occurrence of an event at a real estate project, such as the signing of a tenant lease or the closing of a loan. Property management fees, property management recovery items and asset management fees are recognized as earned.

(Dollars in thousands)

The Company recognizes construction, development, marketing and financing fees charged to real estate projects owned by CREG at cost.

The Company recognizes construction contract revenues from third parties using the percentage-of-completion method based on contract costs incurred to date compared with total estimated contract costs. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that estimates used will change within the near term. Changes to total estimated contract costs and losses, if any, are recognized in the period they become known. Amounts billed in advance of satisfying revenue recognition criteria are recorded in current liabilities as billings in excess of costs and estimated profit on uncompleted contracts. Costs and estimated profit in excess of amounts billed are recorded in current assets as costs and estimated profit in excess of billings on uncompleted contracts.

Income Taxes

Deferred income taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when it is probable that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short maturity of these investments. The Company maintains its cash in bank deposit accounts which may exceed federally insured limits at times. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Property

Property is stated at original cost less accumulated depreciation. Furniture, fixtures and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, which is generally 3 to 5 years. Leasehold improvements are depreciated over the shorter of the lives of the respective leases or the useful lives of the assets. Depreciation expense totaled $194, $123, $168, $120 and $83 for the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

Goodwill

Goodwill consists of $590 relating to the 1988 acquisition of certain assets and employees and $414 relating to the 1996 acquisition of CRM. The 1988 goodwill is being amortized over 40 years and the 1996 goodwill is being amortized over 10 years. Goodwill is reflected net of accumulated amortization, which totaled $254, $213 and $156 at September 27, 1998 and December 31, 1997 and 1996, respectively.

Minority Interest

Minority interest represents the minority partner's proportionate share of the equity in CRM. Income is allocated to minority interest based on the minority partner's percentage ownership.

3. Note Payable

The Company obtained a $200 unsecured note payable to KLNB, Inc. on April 16, 1996. The note matures on December 31, 2000 and bears interest at 8%. The outstanding balance of the note totaled $120, $120 and $160 at September 27, 1998 and December 31, 1997 and 1996, respectively.

Interest expense incurred on the note totaled $7, $10, $13 and $11 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997 and 1996, respectively. Debt maturities of the note outstanding at December 31, 1997 are as follows:

<TABLE>

<S>	<C>
1998	$ 40
1999	40
2000	40

	$ 120

</TABLE>

(Dollars in thousands)

4. Leases

The Company had several operating leases in place during the reporting periods, most of which are for office space. Rent expense totaled $236, $282, $451, $308 and $219 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

Future minimum lease payments for non-cancelable operating leases at December 31, 1997 are as follows:

<TABLE>

<S>	<C>
1998	$ 429
1999	382
2000	372
2001	267

Total	$1,450

</TABLE>

5. Related Party Transactions

The Company provided construction, development, marketing, asset management and finance services to entities owned by CREG. Fees earned from these services totaled $2,097, $1,856, $2,686, $2,531 and $1,517 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. The Company also earned marketing fees from a CREG affiliate totaling $21 and $194 during the period ended September 27, 1998 and the year ended December 31, 1997, respectively.

The Company provided property management services to entities owned by CREG. Fees earned from these services were computed predominantly based on a fixed percentage of property income collections ranging from 3.5% to 5% and totaled $1,055, $835, $1,272, $1,197 and $1,157 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. The Company also earned property management fees from BGE totaling $431, $478, $573, $592 and $571 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. Fees were computed on the BGE management contracts based on a rate per square foot, subject to increases and decreases for the Company's performance in managing operating cost levels for individual projects.

The Company performed work under construction contracts with BGE, CHI and certain entities owned by CREG. Construction contract revenue recognized on contracts with BGE totaled $200, $200, $932 and $294 during the period ended September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively. Construction contract revenue recognized on contracts with CHI totaled $2,797 and $178 during the period ended September 27, 1998 and the year ended December 31, 1997, respectively. Construction contract revenue recognized on contracts with entities owned by CREG totaled $6, $30, $48 and $11 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997 and 1996, respectively.

CREG allocates certain overhead costs to all of its subsidiaries. Overhead costs allocated from CREG to the Company totaled $632, $653, $901, $870 and $615 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

The Company provides administrative, financial and legal support services to certain entities owned by CREG. During the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997 and 1996, the Company received expense reimbursements for these services totaling $184, $125, $318 and $64, respectively.

The Company leased office space from entities owned by CREG. Expenses incurred under these leases totaled $190, $128, $301, $240 and $219 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997, 1996 and 1995, respectively.

The Company also incurred other costs for various services provided by BGE and CHI, including electrical service, payroll processing, and computer training.

The Company had amounts due from affiliates at September 27, 1998 of $4,435. The

(Dollars in thousands)

Company had amounts due to affiliates at December 31, 1997 and 1996 of $4,423 and $4,925, respectively. These amounts represent primarily advances to or from the Company resulting from its participation in a centralized cash account used by entities owned by CREG. The Company's payables to affiliates are noninterest bearing and due on demand.

6. Pension and Other Post-Employment Benefits

Certain employees of the Company participate in the BGE noncontributory defined benefit pension plan (the "plan"). BGE's policy is to fund annually the cost of the Plan as determined under the projected unit credit cost method. BGE charged the Company $63, $49, $64 and $80 during the periods ended September 27, 1998 and September 30, 1997 and the years ended December 31, 1997 and 1996, respectively. Certain key executives also are participants in BGE's supplemental pension plans, which provide enhanced retirement, disability and survivor benefits. Benefits under all of these plans are generally based on age, years of service and compensation levels. Prior service cost associated with retroactive plan amendments is amortized on a straight-line basis over the average remaining service period of active employees. Plan assets at December 31, 1997 consisted primarily of marketable equity and fixed income securities and group annuity contracts.

Pension plan valuations are only available for CHI. The following table sets forth CHI's combined funded status of the plans and the composition of total pension cost:

<TABLE>
<CAPTION>

	December 31, 1997	December 31, 1996
Vested benefit obligation	$5,104	$4,296
Nonvested benefit obligation	291	111
Accumulated benefit obligation	5,395	4,407
Projected benefits related to increase in future compensation levels	2,096	769
Projected benefit obligation	7,491	5,176
Plan assets at fair value	(5,871)	(3,535)
Projected benefit obligation less plan assets	1,620	1,641
Unrecognized prior service cost	(446)	(290)
Unrecognized net gain	1,091	934
Unamortized net liability from adoption of FASB Statement No. 87	(168)	(443)
Accrued Pension Liability	$2,097	$1,842

</TABLE>

<TABLE>
<CAPTION>

	1997	1996	1995
Components of net pension cost			
Service cost-benefits earned during the period	$ 296	$ 321	$ 188
Interest cost on projected benefit obligation	1,149	1,179	509
Actual return on plan assets	(468)	(207)	(542)
Net amortization and deferral	(315)	(481)	552
Total net pension cost	$ 662	$ 812	$ 707

</TABLE>

Other Postemployment Benefits
In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees. The Company also provides certain pay continuation payments to employees who are determined to be disabled under the Company's Long-Term Disability Plan. The Company did not recognize any liability at September 27, 1998 and December 31, 1997 and 1996 since there were no employees determined to be disabled.

(Dollars in thousands)

7. Income Taxes

Income tax expense (benefit) consists of the following:

<TABLE>
<CAPTION>

	Period Ended		Year Ended December 31,		
	9/27/98	9/30/97	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Federal					
Current	$ 20	$ 126	$ 290	$ 258	($ 3)
Deferred	(16)	(66)	(80)	(51)	15
	4	60	210	207	12
State					
Current	$ 4	27	63	55	(1)
Deferred	(3)	(14)	(17)	(11)	3
	1	13	46	44	2
	$ 5	$ 73	$ 256	$ 251	$ 14

</TABLE>

The following is a reconciliation, stated as a percentage of pre-tax income, of the U.S. statutory federal income tax rate to the Company's effective tax rate on income from operations:

<TABLE>
<CAPTION>

	Period Ended		Year Ended December 31,		
	9/27/98	9/30/97	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Federal Statutory Rate	35.0%	35.0%	35.0%	35.0%	35.0%
Permanent Differences, Including Goodwill and Meals and Entertainment	43.8	1.7	1.6	1.7	135.5
State Taxes, Net of Federal Benefit	4.5	4.5	4.5	4.5	4.5
Effective Tax Rate	83.3%	41.2%	41.1%	41.2%	175.0%

</TABLE>

Deferred income taxes consist of the following:

<TABLE>
<CAPTION>

	Period Ended September 27, 1998	Year Ended December 31, 1997	1996
<S>	<C>	<C>	<C>
Bonus and Deferred Compensation	$ 198	$ 174	$ 63
Depreciation	(27)	(22)	(8)
Net Deferred Asset	$ 171	$ 152	$ 55

</TABLE>

8. Commitments and Contingencies

Legal
The Company is subject to various legal proceedings and claims that arise in the

ordinary course of business. Management believes that the final outcome of such matters will not have a material effect on the financial position, results of operations or liquidity of the Company.