

CORPORATE OFFICE PROPERTIES TRUST
Form 10-Q/A
June 19, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark one)

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

For the quarterly period ended March 31, 2012

or

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

For the transition period from _____ to _____

Commission file number 1-14023

Corporate Office Properties Trust

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

23-2947217
(IRS Employer
Identification No.)

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6711 Columbia Gateway Drive, Suite 300, Columbia, MD
(Address of principal executive offices)

21046
(Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

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

As of April 18, 2012, 72,040,863 of the Company's Common Shares of Beneficial Interest, \$0.01 par value, were issued and outstanding.

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EXPLANATORY NOTE

This amendment to the Quarterly Report on Form 10-Q/A (Amendment No. 1) is being filed in order to include disclosure regarding previously undisclosed out-of-period adjustments to the consolidated financial statements that were included in Part I, Items 1 and 2 of the original Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 previously filed on April 27, 2012 (the Original Filing).

During the second quarter of 2012, we identified an error in the consolidated financial statements for the year ended December 31, 2011 and the quarter ended March, 31, 2012. The error was attributable to the misapplication of accounting guidance related to the recognition of a deferred tax asset resulting from an impairment of assets in the fourth quarter of 2011 that failed to consider a partial reversal of that asset that would result from a cancellation of related inter-company debt in the first quarter of 2012. During the first quarter of 2012, we identified an error that impacted the above referenced periods. The error was an over-accrual of incentive compensation cost. We have determined that the errors were not material in 2011 and are not material to our expected annual results for the year ending December 31, 2012. Accordingly, the cumulative change is reported as an out-of-period adjustment in the three months ended March 31, 2012 on our consolidated statement of operations.

This Amendment No. 1 amends only Part I, Items 1 and 2 of the Original Filing solely to reflect the revision of the notes to the consolidated financial statements and to add disclosure to Part I, Item 2 relating to such revision. The remaining items contained within this Amendment No. 1 consist of all other items originally contained in the Original Filing. These remaining items are not amended hereby, but are included for the convenience of the reader. Except for the foregoing amended information, this Amendment No. 1 continues to describe conditions as of the date of the Original Filing, and we have not updated the disclosures contained herein to reflect events that occurred at a later date. We are also updating the signature page and certifications of our Chief Executive and Financial Officers contained in Exhibits 31.1, 31.2, 32.1 and 32.2.

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	March 31, 2012	December 31, 2011
Assets		
Properties, net:		
Operating properties, net	\$ 2,704,323	\$ 2,714,056
Projects in development or held for future development	633,968	638,919
Total properties, net	3,338,291	3,352,975
Assets held for sale, net	81,352	116,616
Cash and cash equivalents	7,987	5,559
Restricted cash and marketable securities	21,711	36,232
Accounts receivable (net of allowance for doubtful accounts of \$3,796 and \$3,546, respectively)	11,231	26,032
Deferred rent receivable	89,337	86,856
Intangible assets on real estate acquisitions, net	83,940	89,120
Deferred leasing and financing costs, net	66,987	66,515
Prepaid expenses and other assets	96,532	87,619
Total assets	\$ 3,797,368	\$ 3,867,524
Liabilities and equity		
Liabilities:		
Debt, net	\$ 2,418,078	\$ 2,426,303
Accounts payable and accrued expenses	93,156	96,425
Rents received in advance and security deposits	27,647	29,548
Dividends and distributions payable	24,544	35,038
Deferred revenue associated with operating leases	15,258	15,554
Distributions received in excess of investment in unconsolidated real estate joint venture	6,178	6,071
Interest rate derivatives	2,673	30,863
Other liabilities	9,038	9,657
Total liabilities	2,596,572	2,649,459
Commitments and contingencies (Note 15)		
Equity:		
Corporate Office Properties Trust's shareholders' equity:		
Preferred Shares of beneficial interest with an aggregate liquidation preference of \$216,333 (\$0.01 par value; 15,000,000 shares authorized and 8,121,667 shares issued and outstanding at March 31, 2012 and December 31, 2011)	81	81
Common Shares of beneficial interest (\$0.01 par value; 125,000,000 shares authorized, shares issued and outstanding of 72,037,627 at March 31, 2012 and 72,011,324 at December 31, 2011)	720	720
Additional paid-in capital	1,670,451	1,668,645

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Cumulative distributions in excess of net income	(549,456)	(532,288)
Accumulated other comprehensive loss	(2,201)	(1,733)
Total Corporate Office Properties Trust s shareholders equity	1,119,595	1,135,425
Noncontrolling interests in subsidiaries:		
Common units in the Operating Partnership	53,883	55,281
Preferred units in the Operating Partnership	8,800	8,800
Other consolidated entities	18,518	18,559
Noncontrolling interests in subsidiaries	81,201	82,640
Total equity	1,200,796	1,218,065
Total liabilities and equity	\$ 3,797,368	\$ 3,867,524

See accompanying notes to consolidated financial statements.

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Corporate Office Properties Trust and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share data)

(unaudited)

	For the Three Months Ended March 31,			
	2012		2011	
Revenues				
Rental revenue	\$	99,144	\$	94,249