BRANDYWINE REALTY TRUST
Form DEF 14A
April 03, 2018
Table of Contents

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

Brandywine Realty Trust

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing party:

4) Date Filed:

Table of Contents

2929 Walnut Street, Suite 1700

Philadelphia, PA 19104

(610) 325-5600

Notice of Annual Meeting of Shareholders

To our Shareholders:

We cordially invite you to attend the 2018 Annual Shareholders Meeting of Brandywine Realty Trust, a Maryland real estate investment trust (the Company).

Date:	Wednesday, May 23, 2018
Time:	10:00 a.m. (local time)
Place:	Convene, Cira Centre, Mezzanine Level 2929 Arch Street Philadelphia, Pennsylvania
Record Date:	March 28, 2018

At the 2018 annual meeting, shareholders as of the close of business on the record date will be asked to consider and vote upon the following matters, as more fully described in the Proxy Statement:

1. To consider and vote upon the election of eight persons to the Board of Trustees of the Company, each to serve for a term expiring at the 2019 annual meeting of shareholders and until his or her successor is duly elected and qualified.

2. To consider and vote upon the ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for calendar year 2018.

3. To consider and vote upon the approval of a non-binding, advisory resolution on executive compensation.

4. To consider and vote upon an amendment and restatement of our Declaration of Trust to reduce the vote required to approve any merger of the Company that requires shareholder approval from two thirds of the votes entitled to be cast on the matter to a majority of all of the votes entitled to be cast on the matter, and to make certain non-substantive amendments, as further described in Proposal 4 in the accompanying Proxy Statement.

5. To consider and vote upon an amendment to our Declaration of Trust to elect not to be governed by the Maryland Business Combination Act, effective 18 months after the vote.

Table of Contents

6. To consider and vote upon amendments to our Declaration of Trust to add to the matters on which shareholders shall be entitled to vote, including on amendments to our Bylaws.

7. To transact such other business as may properly come before the meeting and at any postponement or adjournment of the meeting.

YOUR VOTE IS IMPORTANT TO US. Whether or not you plan to attend the annual meeting, please authorize a proxy to vote your shares as soon as possible to ensure that your shares will be represented at the 2018 annual meeting.

By Order of the Board of Trustees

Jennifer Matthews Rice, Senior Vice President, General Counsel and Secretary

April 3, 2018

Important Notice Regarding Internet Availability of Proxy Materials

We are pleased to take advantage of the Securities and Exchange Commission rules allowing companies to furnish proxy materials to their shareholders over the Internet. We believe that this e-proxy process will expedite shareholders receipt of proxy materials, lower the costs and reduce the environmental impact of our 2018 annual meeting. We will send a full set of proxy materials or a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability) on or about April 3, 2018, and provide access to our proxy materials over the Internet, beginning on April 3, 2018, for the holders of record and beneficial owners of our common shares as of the close of business on the record date. The Notice of Internet Availability instructs you on how to access and review the Proxy Statement and our annual report. The Notice of Internet Availability also instructs you on how you may authorize a proxy to vote your shares over the Internet.

Table of Contents

2929 Walnut Street, Suite 1700

Philadelphia, PA 19104

(610) 325-5600

Proxy Statement for the Annual Meeting of Shareholders

To be held on May 23, 2018

The Annual Meeting of Shareholders of Brandywine Realty Trust (Brandywine, we, us, our or the Company) wi held on Wednesday, May 23, 2018 at 10:00 a.m., local time, at Convene, Cira Centre, Mezzanine Level, 2929 Arch Street, Philadelphia, Pennsylvania for the following purposes:

1. To consider and vote upon the election of eight persons to our Board of Trustees, each to serve for a term expiring at the 2019 annual meeting of shareholders and until his or her successor is duly elected and qualified.

2. To consider and vote upon the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for calendar year 2018.

3. To consider and vote upon the approval of a non-binding, advisory resolution on executive compensation.

4. To consider and vote upon an amendment and restatement of our Declaration of Trust to reduce the vote required to approve any merger of the Company that requires shareholder approval from two thirds of the votes entitled to be cast on the matter to a majority of all of the votes entitled to be cast on the matter, and to make certain non-substantive amendments, as further described in Proposal 4 in this Proxy Statement.

5. To consider and vote upon an amendment to our Declaration of Trust to elect not to be governed by the Maryland Business Combination Act, effective 18 months after the vote.

6. To consider and vote upon amendments to our Declaration of Trust to add to the matters on which shareholders shall be entitled to vote, including on amendments to our Bylaws.

7. To transact such other business as may properly come before the meeting and at any postponement or adjournment of the meeting.

Only holders of record of our common shares of beneficial interest, par value $.01 per share, as of the close of business on March 28, 2018 are entitled to notice of and to vote at the 2018 annual meeting or at any postponement or adjournment of the meeting.

Our Board of Trustees knows of no other business that will be presented for consideration at the Meeting. If any other matter should be properly presented at the Meeting or any postponement or adjournment of the Meeting for action by the shareholders, the persons named in the proxy card will vote the proxy in accordance with their discretion on such matter.

On or about April 3, 2018, we mailed a Notice of Internet Availability of Proxy Materials to shareholders. This proxy statement and the form of proxy are first being furnished to shareholders on or about April 3, 2018.

Table of Contents

Instead of receiving paper copies of future annual reports and proxy statements in the mail, you may elect to receive an e-mail that will provide an electronic link to these documents. Choosing to receive your proxy materials online will save us the cost of producing and mailing documents to you. With electronic delivery, we will notify you by e-mail as soon as the annual report and proxy statement are available on the Internet, and you may easily submit your shareholder votes online. If you are a shareholder of record, you may enroll in the electronic delivery service at the time you vote by selecting electronic delivery if you vote on the Internet, or at any time in the future by going directly to www.proxyvote.com, selecting the request copy option, and following the enrollment instructions.

Important Notice Regarding the Availability of Proxy Materials

for the Shareholders Meeting to be Held on May 23, 2018

This proxy statement, the form of proxy and our 2017 annual report to

shareholders are available at www.proxyvote.com.

Table of Contents

Table of Contents

Business Highlights

During 2017, our CEO and executive team led us to achieve strong operational and financial results.*

* Please see Compensation Discussion and Analysis Discussion later in this proxy statement and Appendix B to this proxy statement for a discussion of non-GAAP financial measures and reconciliations to the most directly comparable GAAP financial measures.

Table of Contents

Table of Contents

Corporate Governance Snapshot

Our Board of Trustees directs management of the business and affairs of Brandywine on behalf of our shareholders to ensure that the long-term interests of Brandywine and its shareholders are being served, to monitor adherence to Brandywine standards and polices, and to promote the exercise of responsible corporate citizenship.

Governance Highlights

- All Trustees are independent other than our President and CEO.
- Our Audit, Compensation and Corporate Governance Committees are independent.
- Trustees are elected annually.
- Majority voting in uncontested elections.
- Resignation policy for any Trustee who does not receive majority support.
- Two Audit Committee members are audit committee financial experts.
- Regular executive sessions of independent Trustees.
- Separate Chairman and Chief Executive Officer.
- Robust role for Lead Independent Trustee, who Chairs the Board.
- Proxy access provisions in our Bylaws.

No poison pill.

Shareholders have the right to call a special meeting.

Active year-round shareholder outreach and engagement.
Open communication and effective working relationships among Trustees with regular access to management.

Robust trustee and officer share ownership requirements.

Anti-hedging policy and anti-pledging policy.

We have opted out of the Maryland Unsolicited Takeover Act (MUTA).

Our Board is seeking shareholder support for a simple majority of votes entitled to be cast to approve mergers requiring a shareholder vote. (See Proposal 4).

Our Board is seeking shareholder support for an opt-out from the Maryland Business Combination Act to take effect 18 months after the vote. (See Proposal 5).

Our Board is seeking shareholder support for shareholders to have the power to amend our Bylaws. (See Proposal 6).

Risk oversight by full Board and Committees.

Strong commitment to corporate social responsibility and sustainability.

Table of Contents

Information About the Meeting and Voting

What Am I Voting on?

Our Board of Trustees is soliciting your vote for:

- The election of eight Trustees, each to serve for a term expiring at the 2019 annual meeting of shareholders and until his or her successor is duly elected and qualified. Seven of the eight individuals nominated for election are currently serving on our Board.
- Ratification of the Audit Committee s appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for calendar year 2018.
- Approval of a non-binding, advisory resolution on executive compensation.
- Approval of an amendment and restatement of our Declaration of Trust to reduce the vote required to approve any merger of Brandywine that requires shareholder approval from two thirds of the votes entitled to be cast on the matter to a majority of all of the votes entitled to be cast on the matter, and to make certain non-substantive amendments, as further described in Proposal 4 in this Proxy Statement.
- Approval of an amendment to our Declaration of Trust to elect not to be governed by the Maryland Business Combination Act, effective 18 months after the vote.
- Approval of amendments to our Declaration of Trust to add to the matters on which Shareholders shall be entitled to vote, including on amendments to our Bylaws.

If any other matter should be properly presented at the Meeting or any postponement or adjournment of the Meeting for action by the shareholders, the persons named in the proxy card will vote the proxy in accordance with his or her discretion on such matter.

What Are the Board s Recommendations?

Our Board recommends that you vote:

- FOR the election to the Board of each of the eight nominees identified in this proxy statement, with each to serve as a Trustee for a term expiring at the 2019 annual meeting of shareholders and until his or her successor is duly elected and qualified.
- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for calendar year 2018.
- FOR the approval of a non-binding, advisory resolution on executive compensation.
- FOR the approval of the amendment and restatement of our Declaration of Trust to reduce the vote required to approve any merger of Brandywine that requires shareholder approval from two thirds of the votes entitled to be cast on the matter to a majority of all of the votes entitled to be cast on the matter, and to make certain non-substantive amendments, as further described in Proposal 4 in this Proxy Statement.
- FOR the approval of the amendment to our Declaration of Trust to elect not to be governed by the Maryland Business Combination Act, effective 18 months after the vote.
- FOR the approval of amendments to our Declaration of Trust to add to the matters on which shareholders shall be entitled to vote, including on amendments to our Bylaws.

Who Is Entitled to Vote?

Holders of common shares of beneficial interest, par value $0.01 per share, or common shares, of record as of the close of business on March 28, 2018 are entitled to notice of and to vote at the Meeting. Common shares may be voted only if the shareholder is present in person or is represented by proxy at the Meeting. As of the record date, 178,442,517 common shares were issued and outstanding and entitled to vote.

How Do I Vote?

Shareholders of Record. If you are a shareholder of record, there are several ways for you to vote your common shares at the Meeting:

Voting by Internet	You may vote your shares through the Internet by signing on to the website identified on the proxy card and following the procedures described on the website. Internet voting is available 24 hours a day, and the procedures are designed to authenticate votes cast by using a personal identification number located on the proxy card. The procedures allow you to authorize a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you vote through the

Internet, you should not return your proxy card.

Table of Contents

Voting by Mail

If you choose to vote by mail, simply complete the enclosed proxy card, date and sign it, and return it in the postage-paid envelope provided. If you sign your proxy card and return it without marking any voting instructions, your shares will be voted:

1. FOR the election to our Board of each of the eight nominees identified in this proxy statement, with each to serve as a Trustee for a term expiring at the 2019 annual meeting of shareholders and until his or her successor is duly elected and qualified;

2. FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for calendar year 2018;

3. FOR the approval of a non-binding, advisory resolution on our executive compensation;

4. FOR the approval of an amendment and restatement of our Declaration of Trust to reduce the vote required to approve any merger of Brandywine that requires shareholder approval from two thirds of the votes entitled to be cast on the matter to a majority of all of the votes entitled to be cast on the matter, and to make certain non-substantive amendments, as further described in Proposal 4 in this Proxy Statement;

5. FOR the approval of an amendment to our Declaration of Trust to elect not to be governed by the Maryland Business Combination Act, effective 18 months after the vote; and

6. FOR the approval of amendments to our Declaration of Trust to add to the matters on which shareholders shall be entitled to vote, including on amendments to our Bylaws.

Voting by Telephone

You may vote your shares by telephone by calling toll-free 1-800-690-6903. Telephone voting is available 24 hours a day, and the procedures are designed to authenticate votes cast by using a personal identification number located on the proxy card. The procedures allow you to authorize a proxy to vote your shares and to confirm that your instructions have been properly recorded. If you vote by telephone, you should not return your proxy card.

In Person Attendance	You may vote your shares in person at the Meeting. Even if you plan to attend the Meeting in person, we recommend that you submit your proxy card or voting instructions or vote by telephone or via the Internet by the applicable deadline so that your vote will be counted if you later decide not to attend the Meeting.

Beneficial Owners. If you are a shareholder whose shares are held in street name (i.e., in the name of a broker or other custodian), you may vote the shares in person at the Meeting only if you obtain a legal proxy from the broker or other custodian giving you the right to vote the shares. Alternatively, you may have your shares voted at the Meeting by following the voting instructions provided to you by your broker or custodian. Although most brokers offer voting by mail, telephone and via the Internet, availability and specific procedures will depend on their voting arrangements. If you do not provide voting instructions to your broker or other custodian, your shares are referred to as uninstructed shares. Under rules of the New York Stock Exchange, your broker or other custodian does not have discretion to vote uninstructed shares on non-routine matters, such as Proposals 1, 3, 4, 5 and 6, and, accordingly, may not vote uninstructed shares in the votes on such Proposals. However, your broker or other custodian has discretion to vote your shares on Proposal 2. See below What is a Broker Non-Vote?

How May I Revoke or Change My Vote

You may revoke your proxy at any time before it is voted at the Meeting by any of the following methods:

Submitting a later-dated proxy by mail, over the telephone or through the Internet.	Sending a written notice, including by telecopy, to our Secretary. You must send any written notice of a revocation of a proxy so as to be delivered before the closing of the vote at the Meeting to: *Brandywine Realty Trust 2929 Walnut Street, Suite 1700 Philadelphia, Pennsylvania 19104 Attention: Jennifer Matthews Rice, Senior Vice President, General Counsel and Secretary*	Attending the Meeting and voting in person. Your attendance at the Meeting will not in and of itself revoke any previously delivered proxy. You must also vote your shares at the Meeting.

What Constitutes a Quorum?

The holders of a majority of the outstanding common shares entitled to vote at the Meeting must be present in person or by proxy to constitute a quorum. Unless a quorum is present at the Meeting, no action may be taken at the Meeting except the adjournment thereof to a later time. All valid proxies returned will be included in the determination of whether a quorum is present at the Meeting. The shares of a shareholder whose ballot on any or all proposals is marked as abstain will be treated as present for quorum purposes. Broker non-votes, as discussed below, will be considered as present for determining a quorum.

What Is a Broker Non-Vote?

A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner returns a properly executed proxy but does not cast a vote on a particular proposal because the broker or nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

What Vote Is Required to Approve Each Proposal?

Voting Rights Generally. Each common share is entitled to one vote on each matter to be voted on at the Meeting. Shareholders have no cumulative voting rights. The advisory vote on Proposal 3 is non-binding, as provided by law.

However, our Board will review the results of the vote and, consistent with our record of shareowner engagement, will take it into account in making a determination concerning executive compensation.

Election of Trustees. Our Bylaws provide that, in an uncontested election, a nominee for Trustee is elected only if such nominee receives the affirmative vote of a majority of the total votes cast for and against such nominee. The majority voting standard would not apply in contested elections, and Trustees are elected by a plurality of the votes cast in a contested election.

The majority voting standard will apply to the election of Trustees at the Annual Meeting. Accordingly, a nominee for election to the Board will be elected if such nominee receives the affirmative vote of a majority of the total votes cast for and against such nominee. Broker non-votes, if any, and abstentions will not be treated as votes cast for the election of a Trustee and will have no effect on the results of the vote, although they will be considered present for the purpose of determining the presence of a quorum.

Our Bylaws provide that a Trustee nominated for re-election who fails to receive the required number of votes for re-election must tender his or her offer to resign to our Board of Trustees for its consideration. The Corporate Governance Committee will act on an expedited basis to determine whether it is advisable to accept the Trustee s resignation and will submit the recommendation for prompt consideration by our Board. Our Board will act on the tendered offer of resignation within 90 days following certification of the shareholder vote and will promptly and publicly disclose its decision. The Trustee whose offer of resignation is under consideration will abstain from participating in any decision regarding his or her offer of resignation. If the offer of resignation is not accepted, the Trustee will continue to serve until the next annual meeting of shareholders and until the Trustee s successor is duly elected and qualified or until the Trustee s earlier resignation or removal. The Corporate Governance Committee and our Board may consider any factors they deem relevant in deciding whether to accept a Trustee s offer of resignation.

Ratification of Appointment of Independent Registered Public Accounting Firm. Ratification of the Audit Committee s appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018 requires the affirmative vote of a majority of all of the votes cast on this Proposal. Abstentions and broker non-votes will therefore have no effect on the result of such vote.

Non-Binding, Advisory Vote on Executive Compensation. Approval, by non-binding vote, of our executive compensation requires the affirmative vote of a majority of all of the votes cast on this Proposal. Abstentions and broker non-votes will therefore have no effect on the result of such vote.

Amendment to Declaration of Trust to Reduce the Vote Required to Approve Certain Mergers of Brandywine and to Make Certain Non-Substantive Amendments. Approval of this Proposal requires the affirmative vote of holders of common shares entitled to cast a majority of all of the votes entitled to be cast as of the Record Date. Accordingly, abstentions and broker non-votes or the failure to vote will have the effect of a vote Against this Proposal.

Amendment to Declaration of Trust Relating to the Election of Brandywine not to be Governed by the Maryland Business Combination Act. Approval of this Proposal requires the affirmative vote of holders of common shares entitled to cast 80% of all of the votes entitled to be cast as of the Record Date. Accordingly, abstentions and broker non-votes or the failure to vote will have the effect of a vote Against this Proposal.

Amendments to Declaration of Trust Relating to Addition of Matters on which Shareholders shall be entitled to vote, including on Amendments to Bylaws. Approval of this Proposal requires the affirmative vote of holders of common shares entitled to cast a majority of all of the votes entitled to be cast as of the Record Date. Accordingly, abstentions and broker non-votes or the failure to vote will have the effect of a vote Against this Proposal.

BRANDYWINE REALTY TRUST

Who Counts the Votes?

We have engaged Broadridge Financial Solutions, Inc. as our independent agent to receive and tabulate votes. Broadridge will separately tabulate for and against votes, abstentions and broker non-votes. We have also retained an independent inspector of elections to certify the results, report on the existence of a quorum and the validity of proxies and ballots.

What Does it Mean if I Receive More Than One Proxy Card?

Some of your shares may be registered differently or are in more than one account. You should vote each of your accounts by telephone or the Internet or mail. If you mail proxy cards, please sign, date and return each proxy card to assure that all of your shares are voted. If you hold your shares in registered form and wish to combine your shareholder accounts in the future, you should contact our transfer agent, Computershare, at P.O. Box 30170, College Station, Texas 77845-3170, phone (888) 985-2061; outside the U.S., phone (781) 575-2724. Combining accounts reduces excess printing and mailing costs, resulting in savings for us that benefit you as a shareholder.

What if I Receive Only One Set of Proxy Materials Although

There Are Multiple Shareholders at My Address?

If you and other residents at your mailing address own common shares you may have received a notice that your household will receive only one annual report, proxy statement and Notice of Internet Availability of Proxy Materials. If you hold common shares in street name, you may have received this notice from your broker or other custodian and the notice may apply to each company in which you hold shares through that broker or custodian. This practice of sending only one copy of proxy materials is known as householding. The reason we do this is to attempt to conserve natural resources. If you did not respond to a timely notice that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, one copy of our annual report, proxy statement and Notice of Internet Availability of Proxy Materials has been sent to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm, and your account number to Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717, or by calling telephone number (800) 542-1061. The revocation of your consent to householding will be effective 30 days following its receipt. In any event, if you did not receive an individual copy of this proxy statement, our annual report and Notice of Internet Availability of Proxy Materials, we will send a copy to you, free of charge, if you address your written request to Brandywine Realty Trust, 2929 Walnut Street, Suite 1700, Philadelphia, PA 19104, Attention: Thomas E. Wirth or by calling Mr. Wirth at (610) 832-7434. If you are receiving multiple copies of our annual report, proxy statement and Notice of Internet Availability of Proxy Materials, you may request householding by contacting Mr. Wirth in the same manner.

Table of Contents

How Do I Submit a Shareholder Proposal for Next Year s Annual Meeting?

Shareholder proposals may be submitted for inclusion in the proxy statement for our 2019 annual meeting of shareholders in accordance with rules of the Securities and Exchange Commission (SEC). See Other Information Proposals Pursuant to Rule 14a-8 later in this proxy statement. In addition, eligible shareholders are entitled to nominate and include in our proxy statement for our 2019 annual meeting Trustee nominees, subject to limitations and requirements in our Bylaws. See Other Information Proxy Access Trustee Nominees later in this proxy statement. Any shareholder who wishes to propose any business at the 2019 annual meeting other than for inclusion in our proxy statement pursuant to Rule 14a-8 or nominees for election as Trustees pursuant to the proxy access provisions in our Bylaws must provide timely notice and satisfy the other requirements in our Bylaws. See Other Information Other Proposals and Nominees later in this proxy statement. Proposals should be sent via registered, certified, or express mail to Jennifer Matthews Rice, Senior Vice President, General Counsel and Secretary, Brandywine Realty Trust, 2929 Walnut Street, Suite 1700, Philadelphia, Pennsylvania 19104.

Will I Receive a Copy of the Annual Report and Form 10-K?

We have furnished our 2017 Annual Report with this proxy statement. The 2017 Annual Report includes our audited financial statements, along with other financial information about us. Our 2017 Annual Report is not part of the proxy solicitation materials.

You may obtain, free of charge, a copy of our Form 10-K, which also includes the audited financial statements of Brandywine Operating Partnership, L.P., our operating partnership subsidiary, by:

accessing our Internet site at www.brandywinerealty.com and clicking on the Investor Relations link;	writing to our Executive Vice President and Chief Financial Officer, Thomas E. Wirth, at 2929 Walnut Street, Suite 1700 Philadelphia, PA 19104; or	calling Mr. Wirth at: (610) 832-7434.

You may also obtain a copy of our Form 10-K and other periodic filings and current reports that we make with the SEC from the SEC s EDGAR database at www.sec.gov.

How Can I Access the Proxy Materials Electronically?

This proxy statement and our 2017 Annual Report are available on our website at www.proxyvote.com. Instead of receiving copies of future annual reports, proxy statements, proxy cards and, when applicable, Notices of Internet Availability of Proxy Materials, by mail, shareholders may elect to receive an email that will provide electronic links to our proxy materials and also will give you an electronic link to the proxy voting site. Choosing to receive your future proxy materials or Notices of Internet Availability of Proxy Materials online will save us the cost of producing and mailing documents to you and help conserve natural resources. You may sign up for electronic delivery by visiting www.proxyvote.com.

Proposal 1:

Election of Trustees

We first ask that you vote to elect to our Board each of the eight persons nominated by our Board of Trustees to serve for a term expiring at the 2019 annual meeting of shareholders and until his or her successor is duly elected and qualified. Seven of the eight nominees are currently Trustees. Each nominee has agreed to be named in this Proxy Statement and to serve if elected. All of the nominees are expected to attend the 2018 Annual Meeting. Each of the seven nominees who is currently a Trustee attended the 2017 Annual Meeting. One of our current Trustees, Carol G. Carroll, will be retiring from the Board at the end of her term at the Meeting.

We have no reason to believe that any of the nominees will be unable or unwilling for good cause to serve if elected. However, if any nominee should become unable for any reason or unwilling for good cause to serve, proxies may be voted for another person nominated as a substitute by the Board, or the Board may reduce the number of Trustees.

Trustee Criteria, Qualifications, Experience and Tenure

We are one of the largest publicly traded, full-service, integrated real estate companies in the United States with a core focus in the Philadelphia, Washington, D.C., and Austin markets. Organized as a real estate investment trust (REIT), we own, develop, lease and manage principally an urban, town center and transit-oriented portfolio comprising 185 properties and 25.3 million square feet as of December 31, 2017.

Our business and affairs are managed under the direction of our Board of Trustees. Our Corporate Governance Principles (addressed below under Corporate Governance) contain Board membership qualifications and our Board strives for a mix of skills, experience and perspectives that will help create a dynamic and effective Board. In selecting nominees, the Board and its Corporate Governance Committee assess the independence, character and acumen of candidates and endeavor to establish areas of core competency of the Board, including, among others, industry knowledge and experience; management, accounting and finance expertise; and demonstrated business judgment, leadership and strategic vision. Our Board values diversity of backgrounds, experience, perspectives and leadership in different fields when identifying nominees.

Our Board and its Corporate Governance Committee consider Trustee tenure in making Board nomination decisions and believe that it is desirable to maintain a mix of longer-tenured, experienced Trustees and newer Trustees with fresh perspectives. Our Board and its Corporate Governance Committee also believe that longer-tenured, experienced Trustees are a significant strength of the Board, given Brandywine s size and range of activities.

Below we identify the key experiences, qualifications and skills our Trustee nominees bring to the Board and that the Board considers important in light of our business and industry.

Table of Contents

Industry Knowledge and Experience. We seek to have Trustees with experience as executives, directors or other leadership positions, including in commercial real estate, finance and accounting, because our success depends on acquiring, developing and leasing attractive real estate for the communities in which we have a presence and raising and investing capital prudently to grow our portfolio with high-yielding assets. This experience is critical to the Board s ability to understand our portfolio and business, assess our competitive position within the commercial real estate markets in which we operate and the strengths and weaknesses of our competitors, maintain awareness of trends and innovations in commercial real estate and real estate capital markets, and evaluate potential acquisitions and our acquisition and growth strategy.

Management, Accounting and Finance Expertise. We believe that an understanding of management practices, finance and financial reporting processes is important for our Trustees. We value management experience in our Trustees as it provides a practical understanding of organizations, processes, strategies, risk management and the methods to drive change and growth that permit the Board to, among other things, identify and recommend improvements to our operations, leasing and marketing approaches and portfolio strategy. A strong understanding of accounting and finance is important for ensuring the integrity of our financial reporting and critically evaluating our performance. We currently have two Trustees who qualify as audit committee financial experts, and we expect all of our Trustees to be financially knowledgeable.

Business Judgment, Leadership and Strategic Vision. We believe that Trustees with experience in significant leadership positions are commonly required to demonstrate excellent business judgment, leadership skills and strategic vision. We seek Trustees with these characteristics as they bring special insights to Board deliberations and processes. We also believe that Trustees who have served as senior executives are in a position to challenge management and contribute practical insight into business strategy and operations. In addition, many of our Trustees have experience as directors or trustees of academic, research, nonprofit, and philanthropic institutions, and bring valuable perspectives from these experiences to the Board.

Governance Expertise. A deep understanding of a corporate board s duties and responsibilities enhances Board effectiveness and ensures independent oversight that is aligned with shareholder interests.

The Board and its Corporate Governance Committee evaluate the Board s own composition in the context of the diverse experiences and perspectives that the Trustees collectively bring to the boardroom. Their backgrounds provide the Board with vital insights in areas such as:

Commercial Real Estate	Accounting and Financial	Risk Management	Mergers and Acquisitions	Strategic Planning	
Governmental and Regulatory Affairs	Community and Government Experience	Capital Deployment and Capital Markets	Executive Leadership and Talent Development	Tenant and Customer Perspective	Corporate Governance

The experiences, qualifications and skills of each Trustee that the Board considered in his or her nomination are included below the Trustees individual biographies on the following pages. The Board concluded that each nominee should serve as a Trustee based on the specific experience and attributes listed below and the Board s knowledge of each nominee, including the insight and collegiality each nominee is expected to bring to the Board s functions and deliberations.

Annual Board Evaluation Process

The Board recognizes that a robust and constructive evaluation process is an essential part of good corporate governance and board effectiveness. The evaluation processes utilized by the Board are designed and implemented under the direction of the Corporate Governance Committee and aim to assess Board and committee effectiveness as well as individual Trustee performance and contribution levels. The Corporate Governance Committee and full Board consider the results of the annual evaluations in connection with their review of Trustee nominees to ensure the Board continues to operate effectively.

Each year our Trustees complete governance questionnaires and self-assessments. In addition, the Chair of the Corporate Governance Committee coordinates in-depth interviews with each of the Trustees to solicit their feedback. These questionnaires and assessments, and feedback from the interviews, facilitate a candid assessment of: (i) the Board s performance in areas such as business strategy, risk oversight, talent development and succession planning and corporate governance; (ii) the Board s structure, composition and culture; and (iii) the mix of skills, qualifications and experiences of our Trustees.

Trustees; Nominees

Our Board, upon the recommendation of its Corporate Governance Committee, has nominated each of the eight individuals identified in the following table for election at the Meeting and unanimously recommends that shareholders vote FOR the election of each of the nominees as Trustee. Each nominee (other than Ms. Herubin) is currently a Trustee and each nominee has agreed to serve if elected. The Trustees have no reason to believe that any of the nominees will be unable or unwilling to be a candidate for election at the time of the Meeting. If any nominee is unable or unwilling for good cause to serve on our Board, the persons named in the proxy will use their discretion in selecting and voting for a substitute candidate or the Board may reduce the number of Trustees. Each individual elected as a Trustee at the Meeting will serve for a term expiring at the next annual meeting of shareholders and until his or her successor is elected and qualified.

NAME	AGE	CURRENT POSITION
Michael J. Joyce	76	Non-Executive Chairman of the Board and Trustee
Anthony A. Nichols, Sr.	78	Chairman Emeritus and Trustee
Gerard H. Sweeney	61	President, Chief Executive Officer and Trustee
James C. Diggs	69	Trustee
Wyche Fowler	77	Trustee
H. Richard Haverstick, Jr.	65	Trustee
Charles P. Pizzi	67	Trustee

Terri A. Herubin	56	Nominee

Table of Contents

The following are biographical summaries of the individuals nominated for election at the Meeting.

Michael J. Joyce, Chairman of the Board and Trustee

Mr. Joyce was first elected a Trustee on June 1, 2004 and was appointed our non-executive Chairman of the Board on February 16, 2017. From 1995 until his retirement from Deloitte in May 2004, Mr. Joyce served as New England Managing Partner of Deloitte, an international accounting firm. Prior to that, he was, for ten years, Philadelphia Managing Partner of Deloitte. Mr. Joyce served on the board of Allegheny Technologies Incorporated until expiration of his term in May 2014. In addition, Mr. Joyce served on the board of A.C. Moore Arts and Crafts, Inc. and was Chair of the board when the company was sold in 2011.

Qualifications, Attributes, Skills and Experience: Financial expertise, including in financial reporting, accounting and controls; risk management; finance; executive leadership; and corporate and community experience.

Anthony A. Nichols, Sr., Chairman Emeritus and Trustee

Mr. Nichols was elected Executive Chairman of our Board on August 22, 1996. On March 25, 2004, Mr. Nichols became Chairman Emeritus of our Board. Mr. Nichols founded The Nichols Company, a private real estate development company, through a corporate joint venture with Safeguard Scientifics, Inc. and was President and Chief Executive Officer from 1982 through August 22, 1996. From 1968 to 1982, Mr. Nichols was Senior Vice President of Colonial Mortgage Service Company (now Berkadia Commercial Mortgage) and President of Colonial Advisors (the advisor to P.N.B. Mortgage and Realty Trust). Mr. Nichols has been a member of the National Association of Real Estate Investment Trusts (NAREIT) and former member of the Board of Governors of the Mortgage Banking Association and Chairman of the Income Loan Committee of the regional Mortgage Bankers Association and the Executive Committee of the Greater Philadelphia Chamber of Commerce. He was Vice Chairman, a member of the Executive Committee and a Trustee of Saint Joseph s University and also served as Chairman of the Development Committee. Mr. Nichols was a member of the Board of Directors of Fox Chase Bank, which was sold in 2016, as well as a member of the Fox Chase Board s risk management committee and audit committee.

Qualifications, Attributes, Skills and Experience: Real estate; finance; construction and development. Experience in all aspects of commercial real estate development and finance and extensive knowledge of the Company s business as former executive Chairman; executive leadership; and corporate and community experience.

Gerard H. Sweeney, President, Chief Executive Officer and Trustee

Mr. Sweeney has served as President, Chief Executive Officer and Trustee of Brandywine since the Company s founding in 1994. Mr. Sweeney has overseen the growth of Brandywine from four properties and a total market capitalization of less than $5 million to over 33 million square feet and a total market capitalization of approximately $5.0 billion. Prior to 1994, Mr. Sweeney served as Vice President of LCOR, Incorporated (LCOR), a real estate development firm. Mr. Sweeney was employed by the Linpro Company (a predecessor of LCOR) from 1983 to 1994 and served in several capacities, including Financial Vice President and General Partner. During this time, Mr. Sweeney was responsible for the marketing, management, construction, asset management and financial oversight of a diversified portfolio consisting of urban high-rise, mid-rise, flex, warehouse and distribution facilities, retail and apartment complexes. Mr. Sweeney holds a BS degree in Economics from West Chester University in West Chester, Pennsylvania. Mr. Sweeney is a member of the Real Estate Roundtable, the National Association of Real Estate Investment Trusts (NAREIT), Urban Land Institute (ULI), Chairman of the Schuylkill

River Development Corporation (SRDC), and Chairman of the board for the Philadelphia Regional Port Authority. Additionally, Mr. Sweeney serves on the boards of several other Philadelphia-based civic and non-profit organizations. Mr. Sweeney is also co-founder and co-CEO of Bonomo Turkish Taffy LLC.

Qualifications, Attributes, Skills and Experience: Senior executive, with ability to drive and oversee our business strategy; detailed knowledge and unique perspective regarding our strategic and operational opportunities and challenges and our competitive and financial positioning.

James C. Diggs, Trustee

Mr. Diggs was first elected a Trustee on March 21, 2011. From 1997 until his retirement in June 2010, Mr. Diggs served as Senior Vice President and General Counsel of PPG Industries, Inc., a producer of coatings and glass products. From 2004 to September 2009, Mr. Diggs also served as Corporate Secretary of PPG Industries, Inc. Mr. Diggs is a director of Allegheny Technologies Inc.

Qualifications, Attributes, Skills and Experience: Legal and risk oversight expertise; complex regulatory; environment, health and safety; financial reporting, accounting and controls; executive leadership; and corporate and community experience.

Wyche Fowler, Trustee

Mr. Fowler was first elected a Trustee on September 1, 2004. Mr. Fowler served as a member of the U.S. House of Representatives (1977-1986) and U.S. Senate (1987-1992) and as ambassador to Saudi Arabia (1996-2001). Mr. Fowler received an A.B. degree in English from North Carolina s Davidson College in 1962 and a J.D. from Emory University in 1969. Mr. Fowler serves on a number of corporate boards, including Shubert Theatres, NY and Ziopharm, Inc., and Mr. Fowler is Chair Emeritus of the Middle East Institute, a nonprofit research foundation in Washington, D.C.

Qualifications, Attributes, Skills and Experience: Deep understanding and experience in government; public policy and foreign policy expertise; complex regulatory; legal expertise; senior leadership; and corporate and community experience.

H. Richard Haverstick, Jr., Trustee

Mr. Haverstick was first elected a Trustee on December 6, 2016. Prior to his retirement in June 2013, Mr. Haverstick spent nearly 40 years with Ernst & Young LLP, where he served in many senior leadership roles (including Global Financial Services Partner, Managing Partner of the Philadelphia Office, Philadelphia Partner-In-Charge of Financial Services, Mid-Atlantic and Southeast Region Banking Industry Leader and Mid-Atlantic Region Partner-In-Charge of Human Resources). Presently, Mr. Haverstick is a director and chair of the Audit Committee of the BMT Multi Cap Fund sponsored by The Bryn Mawr Trust Company. From June 2016 until its NASDAQ delisting in February 2018 under a plan of dissolution, Mr. Haverstick was a director and a member of the Audit Committee of Actua Corporation. Mr. Haverstick has served as a Trustee of Thomas Jefferson University and Jefferson Health since July 2013. At Jefferson, Mr. Haverstick is chair of the Finance committee, vice chair of the Compensation and Human Capital Committee, a member of the Executive Committee and past chair of the Audit, Risk and Compliance

Committee. Mr. Haverstick has served in a variety of roles at civic and charitable organizations; he currently serves on the Dean s Council at the Temple University Fox School of Business and as the Chair of the Accounting Department Advisory Board at Temple University. Previously, Mr. Haverstick held board positions with The Greater Philadelphia Chamber of Commerce, The Greater Philadelphia CEO Council for Growth, the Philadelphia Bar Foundation, The Southeast Pennsylvania Chapter of the American Red Cross, The Philadelphia Arts and Business Council, the Penjerdel Council, the Greater Philadelphia First Corporation and Movement Theater International.

Qualifications, Attributes, Skills and Experience: Financial expertise, including in financial reporting, accounting and controls; risk management; finance; executive leadership; and corporate and community experience.

Charles P. Pizzi, Trustee

Mr. Pizzi was first elected a Trustee on August 22, 1996. Mr. Pizzi served as the President and Chief Executive Officer as well as a director of Tasty Baking Company from October 7, 2002 until the company s sale in May 2011. Mr. Pizzi served as President and Chief Executive officer of the Greater Philadelphia Chamber of Commerce from 1989 until October 4, 2002. Mr. Pizzi is a director of Pennsylvania Real Estate Investment Trust and serves on a variety of civic, educational, charitable and other boards, including the boards of Drexel University, Franklin Square Energy Fund and the Global Opportunity Fund, Philadelphia Belt Line Railroad, PHH Corporation and Independence Blue Cross. Mr. Pizzi served on the Board of Directors of the Federal Reserve Bank of Philadelphia from 2006 through 2011, including as Chairman from 2010 through 2011.

Qualifications, Attributes, Skills and Experience: Government and public policy; finance; financial reporting, accounting and controls; capital markets; risk management; extensive financial and risk oversight experience; executive leadership; and corporate and community experience.

Terri A. Herubin, Nominee

Ms. Herubin will join the Board upon her election at the Meeting. Ms. Herubin joined Angelo, Gordon, a private investment adviser, in 2017 as a Managing Director. She is the senior product specialist for the firm s global real estate portfolios. From 2012 until 2017, Ms. Herubin served as a Managing Director at Barings Real Estate, a private investment manager, where she was lead portfolio manager of the firm s core open-end fund and a member of its investment committee. She joined Barings from the Townsend Group, where, as a portfolio manager in the firm s investment management group between 2009 and 2012, she led the underwriting of U.S. commingled fund mandates. Prior to her tenure at Townsend, Ms. Herubin was a co-portfolio manager for the New York State Teachers Retirement System s equity real estate portfolio. She graduated from the University of Illinois at Urbana-Champaign with a B.A. in Urban Planning and holds a J.D. from Brooklyn Law School, where she was an editor of the Law Review. Ms. Herubin is a member of W/X, New York Women Executives in Real Estate, and of the Pension Real Estate Association, for which she has been a speaker at their bi-annual meetings and a past member of the PREA-IPD Advisory Board.

Qualifications, Attributes, Skills and Experience: Real estate; finance; capital markets; complex regulatory; risk management. Extensive experience in all aspects of commercial real estate investments and finance.

Table of Contents

Committees of the Board of Trustees

Our Board of Trustees has standing Audit, Corporate Governance, Compensation and Executive Committees.

The table below provides 2017 membership and meeting information for each of the Board Committees.

Current Trustees	Audit	Corporate Governance	Compensation	Executive
Michael J. Joyce				
Anthony A. Nichols, Sr.				
Gerard H. Sweeney				
Carol G. Carroll				
James C. Diggs				
Wyche Fowler				
H. Richard Haverstick, Jr.				
Charles P. Pizzi				
2017 Meetings	**9**	**4**	**8**	**3**

Committee Chairs

During 2016 and until February 16, 2017, Mr. Joyce served as Chair of the Audit Committee. Effective February 16, 2017, Mr. Haverstick became Chair of the Audit Committee. Mr. Diggs is Chair of the Compensation Committee and served in that role during 2017. Mr. Pizzi is Chair of the Corporate Governance Committee and served in that role during 2017. Mr. Sweeney is Chair of the Executive Committee and served in that role during 2017.

Audit Committee

Our Audit Committee assists our Board in overseeing:

- the quality and integrity of our financial statements;
- our compliance with legal and regulatory requirements;

our policies and practices for risk assessment and risk management, and steps taken by management to control these risks; and

related party transactions.

Table of Contents

Our Audit Committee has sole authority to appoint, compensate, oversee and replace the independent registered public accounting firm, reviews its internal quality-control procedures, assesses its independence and reviews all relationships between the independent registered public accounting firm and Brandywine.

Our Audit Committee:

- Approves the scope of the annual internal and external audit;
- Pre-approves all audit and non-audit services and the related fees;
- Reviews our consolidated financial statements and disclosures in our reports on Form 10-K and Form 10-Q;
- Monitors the system of internal controls over financial reporting and reviews the integrity of our financial reporting process;
- Establishes and oversees procedures for (a) complaints received by us regarding accounting, internal accounting controls or auditing matters, and (b) the confidential anonymous submission by our employees of concerns regarding questionable accounting or auditing matters; and
- Reviews disclosures from our independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independence of accountant s communications with the audit committee.

Our Audit Committee relies on the expertise and knowledge of management, our internal auditors, and the independent registered public accounting firm in carrying out its oversight responsibilities.

Our Audit Committee consists of Messrs. Haverstick (Chair), Diggs, Joyce and Pizzi. Each member of our Audit Committee is independent within the meaning of the SEC regulations, the listing standards and requirements of the New York Stock Exchange and our *Corporate Governance Principles* and each member of the Audit Committee is financially literate, knowledgeable and qualified to review financial statements. The charter of our Audit Committee requires such independence and financial literacy as a condition to continued membership on the Committee. Each of Mr. Haverstick and Mr. Joyce is qualified as an audit committee financial expert within the meaning of SEC regulations. Our Board reached its conclusion as to the qualifications of each of Mr. Haverstick and Mr. Joyce based on his education and experience in analyzing financial statements of a variety of companies.

Compensation Committee

Our Compensation Committee is responsible for:

- reviewing, evaluating and approving compensation plans and programs for our Trustees and senior executives;

annually reviewing and approving corporate goals and objectives relevant to compensation of our President and CEO and other senior executives and evaluating performance in light of these goals and objectives;

reviewing and discussing with the full Board whether our compensation programs for employees create incentives for employees to take inappropriate or excessive risk; and

Table of Contents

- retaining and terminating any consultant or outside advisor to the Committee (and the Committee has sole authority to approve any such consultant s or advisor s fees and other terms of engagement).

Since the fourth quarter of 2010, our Compensation Committee has retained Pay Governance LLC as its consultant. We describe the role of the Compensation Committee s consultant in the Compensation Discussion and Analysis later in this proxy statement.

Our Compensation Committee consists of Messrs. Diggs (Chair), Fowler, Joyce and Pizzi. Each member of our Compensation Committee meets the independence requirements of the New York Stock Exchange and our Corporate Governance Principles. The charter of our Compensation Committee requires such independence as a condition to continued membership on the Committee.

For information on the process and procedures of our Compensation Committee, please see Compensation Discussion and Analysis Decision Making.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is or has been an officer or employee of the Company. In addition, none of our executive officers serves as a member of the board of directors or compensation committee of any company that has an executive officer serving as a member of our Board.

Corporate Governance Committee

Our Corporate Governance Committee is responsible for:

- identifying individuals qualified to become Board members and recommending to our Board the nominees for election to the Board;
- recommending to our Board any changes in our *Corporate Governance Principles*;
- leading our Board in its annual review of Board performance, and making recommendations to the Board regarding Board organization, membership, function and effectiveness, as well as committee structure, membership, function and effectiveness;
- recommending to our Board Trustee nominees for each Board committee;
- reviewing our efforts to promote diversity among Trustees, officers, employees and contractors;

- arranging for an orientation for all Trustees; and

- assisting the Board in succession planning and talent development, including in identifying and evaluating potential successors to the President and Chief Executive Officer.

Our Corporate Governance Committee consists of Messrs. Pizzi (Chair), Fowler and Nichols and Ms. Carroll. Each member of the Corporate Governance Committee meets the independence requirements of the New York Stock Exchange and our *Corporate Governance Principles*. The charter of our Corporate Governance Committee requires such independence as a condition to continued membership on the Committee.

Table of Contents

Executive Committee

Our Executive Committee has authority to approve certain significant acquisitions, dispositions and other investments, subject to limitations set by the Board. Our Executive Committee currently consists of Messrs. Sweeney (Chair), Joyce and Pizzi.

Trustee Independence; Independence Determination

No Trustee qualifies as independent unless our Board affirmatively determines that the Trustee has no material relationship with us, directly or as a partner, share owner or officer of an organization that has a relationship with us.

Our Board has adopted standards that are set forth in our *Corporate Governance Principles*. These standards meet the listing standards of the New York Stock Exchange and assist our Board in its evaluation of each Trustee s independence. These standards provide that a Trustee who has any of the following relationships or arrangements will not qualify as independent:

- The Trustee is, or has been within the last three years, an employee of ours, or an immediate family member of the Trustee is, or has been within the last three years, an executive officer of ours.

- The Trustee has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from us (excluding compensation in the form of Board fees and Board committee fees and pension or other forms of deferred compensation not contingent on continued service).

- (A) The Trustee is a current partner or employee of a firm that is our internal or external auditor; (B) the Trustee has an immediate family member who is a current partner of such a firm; (C) the Trustee has an immediate family member who is a current employee of such a firm and personally works on the audit of our financial statements; or (D) the Trustee or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on our audit within that time.

- The Trustee or an immediate family member of the Trustee is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company s compensation committee.

- The Trustee is a current employee, or an immediate family member of the Trustee is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues.

In its assessment of Trustee independence, our Board considers all commercial, charitable and other transactions and relationships (including tenure of Board service) that any Trustee or member of his or her immediate family may have with us, with any of our affiliates or with any of our consultants or advisers. Our Board applies the same criteria for assessing independence for purposes of each of the Audit Committee, Corporate Governance Committee and

Compensation Committee. Furthermore, in its assessment of a Trustee s independence for service on the Compensation Committee, our Board considers all factors the Board believes specifically relevant to determining whether the Trustee has a relationship which is material to such Trustee s ability to be independent from management in connection with his or her duties as a member of the Compensation Committee, including but not limited to any compensation payable to such Trustee. In addition, no member of the Audit Committee or Compensation Committee may accept directly or indirectly any consulting, advisory or other compensatory fee from us (other than fees for service as a Trustee and member of Board committees) or be an affiliate of us.

Our Board has affirmatively determined that Ms. Carroll and each of Messrs. Diggs, Fowler, Joyce, Haverstick, Nichols and Pizzi is independent under the standards of the New York Stock Exchange and those set forth in our *Corporate Governance Principles* and that the Audit Committee, Corporate Governance Committee and Compensation Committee are comprised exclusively of independent Trustees. Our Board made the same affirmative determination of independence for Ms. Herubin.

Our Board did not determine Mr. Sweeney to be independent because of his position as our President and Chief Executive Officer.

Corporate Governance

Governance Compliance

Our policies and practices comply with the listing requirements of the New York Stock Exchange and the requirements of the Sarbanes-Oxley Act of 2002. Our Board and Corporate Governance Committee regularly evaluate our corporate governance policies and practices in light of changing regulatory requirements and evolving best practices.

- Our Board has adopted corporate governance policies as reflected in our *Corporate Governance Principles*.

- All Trustees, other than our President and CEO, are independent of us and our management, and all members of the Audit Committee, Compensation Committee and Corporate Governance Committee are independent.

- All Trustees are elected annually by a majority vote; we do not have a classified board; and we may not adopt a classified board without shareholder approval.

- The Chairman of our Board is independent.

- Two Audit Committee members are audit committee financial experts.

- Our non-management Trustees meet regularly without the presence of management.

We have proxy access provisions in our Bylaws.

We do not have a poison pill.

Shareholders have the right to call a special meeting.

We maintain robust trustee and officer share ownership requirements and anti-hedging and anti-pledging policies.

We have opted out of the Maryland Unsolicited Takeover Act (MUTA).

Table of Contents

Our Board is seeking shareholder support for a simple majority of votes entitled to be cast to approve mergers requiring a shareholder vote. (See Proposal 4).

Our Board is seeking shareholder support for an opt-out from the Maryland Business Combination Act to take effect 18 months after the vote. (See Proposal 5).

Our Board is seeking shareholder support for shareholders to have the power to amend our Bylaws. (See Proposal 6).

The charters of our Board committees clearly establish the respective roles and responsibilities of the committees.

Our Board has adopted a *Code of Business Conduct and Ethics* that applies to all of our Trustees, officers and employees.

We have a toll-free hotline available to all employees, and our Audit Committee has established procedures for the anonymous submission of any employee complaint, including those relating to accounting, internal controls or auditing matters.

Our Board and Board committees undertake an annual performance self-evaluation.

Additional information on our corporate governance is provided in the following paragraphs and elsewhere in this proxy statement.

Board Leadership Structure

Our Board believes that independent Board leadership is a critical component of our corporate governance. Mr. Joyce is Chairman of the Board and Mr. Sweeney is our President and Chief Executive Officer and a Trustee. As Chairman of the Board, Mr. Joyce presides at Board meetings and at executive sessions of non-management Trustees, oversees the agenda of Board meetings, provides guidance to our President and Chief Executive Officer as to Board views and perspectives, particularly on our strategic direction, and is available to shareholders and other parties interested in communicating with our non-management Trustees. As President and Chief Executive Officer, Mr. Sweeney is responsible for our day-to-day operations, engaging with shareholders and external constituents, developing our future leaders and executing our strategy. The Board believes that its leadership structure (i) achieves independent oversight and evaluation of our senior management; (ii) assures effective communication between the Board and senior management on corporate strategy; and (iii) fosters effective decision-making and accountability.

Talent Development; Succession Planning; Board Refreshment

Assisted by our Corporate Governance Committee, our Board assesses succession planning and talent development for key executives and company leadership. Assessments focus on succession in the event of the unexpected incapacity of our President and Chief Executive Officer as well as on talent development for key executives. Our *Corporate Governance Principles* provide that our President and Chief Executive Officer should at all times make available to the Board, on a confidential basis, his recommendations and evaluations of potential successors.

Fundamentally, the Board s executive succession planning is a continuous, interactive process that takes into account the Company s operating plans and strategic goals and that seeks to attract, develop and retain a talent-rich pool of executives. In addition, we thoughtfully plan for Trustee succession and Board refreshment. By developing and following a long-range succession plan, the Board has an ongoing opportunity to: (i) evaluate the depth and diversity of experience of our Board; (ii) expand and replace key skills, qualifications and experiences that support our strategies; (iii) build on our record of Board diversity; and (iv) maintain a balanced mix of tenures.

Prohibition on Classification of Board without Shareholder Approval Opt out of Classified Board Provision of Maryland s Unsolicited Takeovers Act

On February 28, 2018, our Board adopted a resolution prohibiting us from electing to be subject to the classified board provision of Title 3, Subtitle 8 of the MGCL without a shareholder vote. Title 3, Subtitle 8 of the MGCL is commonly referred to as the Maryland Unsolicited Takeovers Act, or MUTA. As a result of our opt-out, the Board is prohibited from becoming classified under Section 3-803 of the MGCL unless a proposal to repeal that prohibition is approved by the affirmative vote of at least a majority of the votes cast on the matter by our shareholders entitled to vote generally in the election of trustees.

Proxy Access

We provide for a right of proxy access in our Bylaws. This right enables eligible shareholders to include their nominees for election as trustees in our proxy statement for annual meetings. The proxy access provisions in our Bylaws permit up to 25 shareholders owning at least three percent of our common shares continuously for three years to nominate no less than two and no more than 25 percent of the number of Trustees then serving. The complete text of our By-laws, as amended, is available on our website (www.brandywinerealty.com).

Environmental and Sustainability Commitments

We are dedicated to designing, building and maintaining properties that reflect our commitment to excellence. Our commitment extends to establishing sustainable practices within our office environments to promote the health and productivity of our tenants and other occupants, while reducing environmental risks, lowering operating costs and identifying additional revenue opportunities. At the end of 2017 our portfolio of wholly-owned and joint venture properties included approximately 14.5 million rentable square feet of Energy Star Buildings and approximately 3.8 million rentable square feet of LEED certified buildings.

2017 Award of Green Star from GRESB (Global Real Estate Sustainability Benchmark),

which is the highest quadrant measured.

- 3.8 million rentable square feet of LEED Certified Buildings (16.3% of portfolio), including 810,700 rentable square feet of properties developed by Brandywine since LEED inception in 1994 (49% of the rentable square feet in such developed properties).

- 14.5 million rentable square feet of Energy Star Buildings (62.7% of portfolio).

We design our developments with sensitivity to their environmental and cultural context and we seek to maximize investment value through green building technologies that aim to foster healthy and high-performing work environments. We believe our environmental and sustainability commitments are the responsible thing to do and

Table of Contents

make good business sense. Energy efficient buildings with sustainable operating practices, including green cleaning supplies, recycling, sustainable chemical and supply chain management, cost less to run and are better for the health of tenants and other occupants and the environment. Further information may be found in the Brandywine Realty Trust 2017 Annual Sustainability Report posted on our website (www.brandywinerealty.com).

Corporate Social Responsibility

We are active in our communities, and through our corporate philanthropy and our focus on sustainability, we strive to create better places for our tenants, neighbors and employees to work and live. Our Trustees and executives serve on academic, research, nonprofit and philanthropic institutions and actively participate in community affairs and charitable initiatives. In support of our commitments we have implemented a Volunteer Time Off policy for our employees. This program provides employees up to three days of paid time-off each year to volunteer at a charitable non-profit organization of their choice. In addition, we match 50% of our employee contributions up to $1,000 per employee to charities that are classified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Further information on our corporate philanthropy and community service may be found under the Community Service tab on our website (www.brandywinerealty.com).

Shareholder Outreach and Engagement

We value the views of our shareholders and believe that forging positive relationships with our shareholders is important to our success. We regularly solicit input from shareholders throughout the year, including through meetings with members of our management, on topics such as portfolio strategy, capital allocation and corporate governance, including leadership skills and resources, executive compensation and corporate social responsibility. Our direct shareholder engagement is in addition to our customary participation at industry and investment community conferences, investor road shows, and analyst meetings. We also respond to individual shareholders who provide feedback about our business and we remain committed to robust engagement as a cornerstone of our corporate governance. In 2017, we met with approximately 109 institutional investors and 13 analysts, conducted 22 regional investor meetings and property tours, and attended multiple investor conferences.

Executive and Trustee Share Ownership Requirements

We maintain minimum share ownership requirements for our executives and Trustees. We have summarized these requirements later in this proxy statement under Compensation Discussion and Analysis Additional Compensation Information Share Ownership Requirements.

Prohibition on Hedging and Pledging of Shares

Our executives and Trustees are prohibited from hedging their ownership or offsetting any decline in the market value of our shares, including by trading in publicly-traded options, puts, calls or other derivative instruments related to our shares. They are also prohibited from pledging our shares as collateral for loans.

Code of Conduct

We maintain a *Code of Business Conduct and Ethics*, a copy of which is available on our website (www.brandywinerealty.com), applicable to our Trustees, officers and employees. The *Code of Business Conduct and Ethics* reflects and reinforces our commitment to integrity in the conduct of our business. Any amendments to or waivers of the Code for executive officers or Trustees may only be made by the Board or by the Audit Committee (which is composed solely of independent Trustees) and will be disclosed promptly as required by law or stock exchange regulation, and, in addition, amendments to or waivers of our Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions and that relate to any matter enumerated in Item 406(b) of Regulation S-K promulgated by the SEC will be disclosed on our website ((www.brandywinerealty.com). In addition to the strictures on our personnel included in our *Code of Business Conduct and Ethics*, we notify our vendors annually of our commitment to the highest ethical standards and the restrictions in our Code on improper payments and gratuities to our personnel.

Hotline Submissions

Our Audit Committee has established procedures, set forth in our *Code of Business Conduct and Ethics*, for the submission of complaints about our accounting or auditing matters. These procedures include a hotline for the anonymous submission of concerns regarding questionable accounting or auditing matters. Any matters reported through the hotline that involve accounting, internal controls over financial reporting or auditing matters, or any fraud involving management or persons who have a significant role in our internal controls over financial reporting, will be reported to the Chairman of our Audit Committee. Our current hotline number is (877) 888-0002.

Availability of Committee Charters; Corporate Governance Principles; and Code of Business Conduct and Ethics

Our Board has adopted, and annually reviews, charters for each of the Audit, Compensation, Corporate Governance and Executive Committees. These charters and our *Corporate Governance Principles* and our *Code of Business Conduct and Ethics* are available on our website (www.brandywinerealty.com) and we will also make available in print copies of these documents to any shareholder, without charge, upon request.

Table of Contents

Board s Role in Risk Oversight

Our Board as a whole has responsibility for risk oversight, with reviews of certain areas being conducted by the relevant Board Committees that report on their deliberations to the Board. The oversight responsibility of the Board and its Committees is enabled by management reporting processes that are designed to provide visibility to the Board about the identification, assessment and management of critical risks and management s risk mitigation strategies. These areas of focus include competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, compliance and reputational risks. The Board and its Committees oversee risks associated with their respective principal areas of focus, as summarized below.

Committee	Primary Areas of Risk Oversight
Audit Committee	Risks and exposures associated with financial matters, particularly financial reporting, tax (including compliance with REIT rules), accounting, disclosure, internal control over financial reporting, cybersecurity, financial policies, investment guidelines, development and leasing, and credit and liquidity matters.
Compensation Committee	Risks and exposures associated with executive compensation programs and arrangements, including incentive plans. See Compensation Discussion and Analysis Additional Compensation Information Compensation and Risks.
Corporate Governance Committee	Risks and exposures associated with leadership, succession planning and talent development; and corporate governance.

As part of our management reporting processes referred to above, we maintain an internal Disclosure Committee consisting of certain members of our executive management and senior employees. Our Disclosure Committee meets at least quarterly. The purpose of our Disclosure Committee is to bring together representatives from our core business lines and employees involved in the preparation of our financial statements so that the group may discuss any issues or matters of which the members are aware that should be considered for disclosure in our public SEC filings. Our Disclosure Committee reports to our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer.

Trustee Nominations

In making its recommendations as to nominees for election to our Board, the Corporate Governance Committee may consider, in its sole judgment, recommendations of our President and Chief Executive Officer, other Trustees, shareholders and third parties. The Corporate Governance Committee may also retain third-party search firms to identify candidates. Shareholders desiring to recommend nominees should submit their recommendations in writing to Michael J. Joyce, Chairman of the Board, c/o Brandywine Realty Trust, 2929 Walnut Street, Suite 1700, Philadelphia, Pennsylvania 19104. Recommendations from shareholders should include pertinent information as specified in our

Bylaws concerning the proposed nominee s background and experience.

Our Board s *Corporate Governance Principles* set forth qualifications for Trustee nominees. Qualifications include:

- personal ethics, integrity and values;
- inquiring and independent mind;

- practical wisdom and mature judgment;
- broad training and experience at the policy making level in business, government, education or technology;
- willingness to devote the required amount of time to fulfill the duties and responsibilities of Board membership;
- commitment to serve on the Board over a period of years in order to develop knowledge about our operations; and
- involvement in activities or interests that do not create a conflict with the nominee s responsibilities to us and our shareholders.

The Corporate Governance Committee also considers such other factors as it deems appropriate, including the current composition of the Board. The Committee and Board believe that Board membership should reflect diversity in its broadest sense, including persons diverse in skills, background, gender and ethnicity. The Committee has not adopted a formal policy for the consideration of diversity in identifying candidates for the Board. The Committee and Board also consider the bearing of each Trustee s tenure, and the tenure of the Board as a whole, on the Board s mix of skills and experience, independence and access to new and diverse perspectives. The Committee has not adopted different criteria for considering a candidate for nomination to the Board based on whether the party making nomination is a Trustee, shareholder or third party.

If the Committee decides, on the basis of its preliminary review of a candidate, to proceed with further consideration of the candidate, members of the Committee, as well as other members of the Board, interview the candidate. After completing its evaluation, the Committee makes a recommendation to the full Board, which makes the final determination whether to nominate or appoint the candidate as a new Trustee. Our President and Chief Executive Officer, as a Trustee, participates in the Board s determination.

As discussed above under Corporate Governance Proxy Access, our Bylaws provide for proxy access. Proxy access enables eligible shareholders to include their nominees for election as trustees in our proxy materials for annual meetings. The proxy access provisions of our Bylaws permit up to 25 shareholders owning at least three percent of our common shares continuously for three years to nominate no less than two and no more than 25 percent of the number of Trustees then serving. The complete text of our Bylaws is available on our website (www.brandywinerealty.com).

Communications with the Board

Shareholders and other parties interested in communicating directly with our lead independent Trustee and Chairman of the Board (Mr. Joyce), or with our non-management Trustees as a group, may do so by writing to Chairman of the Board of Trustees, Brandywine Realty Trust, 2929 Walnut Street, Suite 1700, Philadelphia, Pennsylvania 19104. In addition, any shareholder or interested party who wishes to communicate with our Board or any specific Trustee, may write to Board of Trustees, c/o Brandywine Realty Trust, at 2929 Walnut Street, Suite 1700, Philadelphia, Pennsylvania 19104. Depending on the subject matter, management will:

forward the communication to the Trustee or Trustees to whom it is addressed (for example, if the communication received deals with questions or complaints regarding accounting, it will be forwarded by management to the Chairman of our Audit Committee for review);

attempt to handle the inquiry directly (for example, where the communication is a request for information about us or our operations that does not appear to require direct attention by the Board or an individual Trustee); or

not forward the communication if it is primarily commercial in nature or relates to an improper or irrelevant topic.

At each meeting of the Board, the Chairman of the Board will present a summary of all communications (if any) received since the last meeting of the Board that were not forwarded and will make those communications available to any Trustee upon request.

Meetings of Trustees and Annual Meeting of Shareholders

Our Board of Trustees held seven meetings in 2017. In 2017, each incumbent Trustee attended at least 75% of the aggregate of the total number of meetings of the Board and meetings held by all committees on which he served. In addition, our Board holds informational sessions with our President and Chief Executive Officer. During 2017, the Board held 10 informational sessions. Our non-management Trustees also hold regular meetings without management. During 2017, our non-management Trustees held three such meetings. See also Committees of the Board of Trustees appearing earlier in this proxy statement.

It is our policy that all Trustees attend annual meetings of shareholders except where the failure to attend is due to unavoidable circumstances or conflicts. All Trustees attended our annual meeting of shareholders on May 18, 2017.

Trustee Compensation

The following table and footnotes provide information on the 2017 compensation of our Trustees (other than our President and Chief Executive Officer, who is not separately compensated for his service on the Board). In the paragraphs following the table and footnotes, we describe our standard compensation arrangements for service on the Board and Board committees.

Current Trustee Name	Fees Earned or Paid in Cash ($) (1)	Share Awards ($) (2)	All Other Compensation	Total ($)
Michael J. Joyce	$ 171,398	$ 70,000	0	$ 241,398
Anthony A. Nichols, Sr.	$ 85,500	$ 70,000	0	$ 155,500
Carol G. Carroll	$ 94,500	$ 70,000	0	$ 164,500
James Diggs	$ 126,000	$ 70,000	0	$ 196,000
Wyche Fowler	$ 94,500	$ 70,000	0	$ 164,500
H. Richard Haverstick, Jr.	$ 154,527	$ 70,000	0	$ 224,527
Charles P. Pizzi	$ 124,500	$ 70,000	0	$ 194,500

(1) Represents the aggregate amount of all fees earned or paid in cash for services as a Trustee (including services on committees of the Board) in 2017 and, in the case of the 2017 annual retainer fee, whether paid in shares or cash. Amounts

include the portion of fees that a Trustee elected to defer under our Deferred Compensation Plan, which we describe later in this proxy statement. See Compensation Discussion and Analysis Deferred Compensation Plan. Mr. Fowler deferred $56,609 of his 2017 cash compensation into his deferred share account under our Deferred Compensation Plan.

(2) Represents the grant date fair value of Share Awards computed in accordance with FASB ASC Topic 718. Share Awards consist of restricted common share rights awarded annually to our non-employee Trustees. On May 18, 2017, each non-employee Trustee received an award of restricted common share rights with a grant date fair value of $70,000. Common shares subject to these rights are delivered in three equal annual installments, subject to accelerated delivery upon death, disability, change of control or separation from service. Prior to the delivery of the underlying shares, each award entitles the holder to cash payments equivalent to any dividend or distribution that would otherwise have been payable on those shares. As of December 31, 2017, each of our non-employee Trustees owned 8,761 undelivered restricted common share rights, except for Mr. Haverstick, who owned 4,063 undelivered restricted common share rights as of such date.

In 2017 our Trustees (other than our President and Chief Executive Officer) received the following compensation for their service as Trustees:

- $45,000 annual fee payable in cash or common shares, at each Trustee s election;
- $70,000 annual award payable in restricted common share rights that are delivered in three equal annual installments (valued at the closing price of the common shares on the date of our annual meeting of shareholders);
- $1,500 fee payable in cash for participation in each meeting and informational session of the Board;
- $1,500 fee payable in cash for participation by a member of a Board committee in each meeting of the committee; and
- $50,000 annual fee payable in cash for the Chair of the Board; $20,000 annual fee payable in cash for the Chair of the Audit Committee; $15,000 annual fee payable in cash for the Chair of the Compensation Committee; and $15,000 annual fee payable in cash for the Chair of the Corporate Governance Committee.

Effective as of May 23, 2018, the dollar amount of the annual equity award will be increased from $70,000 to $95,000 and the common shares comprising the awards will be fully vested upon grant. In addition, effective as of May 23, 2018, the annual fee for service as Chair of the Board will be increased from $50,000 to $75,000.

Our Trustees are also reimbursed for expenses of attending Board and Board committee meetings. In addition, our *Corporate Governance Principles* encourage our Trustees to attend continuing education programs for directors and provide for reimbursement of the reasonable costs of attending such programs. Trustees may elect to defer the receipt of all or a portion of their $45,000 annual fee and $1,500 per Board meeting fee into our Deferred Compensation Plan.

Table of Contents

Executives and Executive Compensation

Current Executive Officers

The following are biographical summaries of our current executive officers who are not Trustees:

H. Jeffrey DeVuono (age 52) is our Executive Vice President and Senior Managing Director Pennsylvania Region. Mr. DeVuono joined us in January of 1997. Prior to joining us, Mr. DeVuono worked for LCOR, Inc., a private development company that had a previous association with us, where he held a variety of positions, all of which related to asset management. Prior to joining LCOR, Mr. DeVuono was a sales representative for Cushman & Wakefield of Philadelphia. Mr. DeVuono serves on the Board, and is a former Chairman, of the King of Prussia Business Improvement District and is a Board Member of the Center City District. He is also a member of CoreNet, NAREIT, NAIOP, the Sunday Breakfast Club, and the University of Pennsylvania s Wharton School Zell/Laurie Real Estate Center. He is a Trustee and Master Planning Committee Member of The Westtown School. Past Boards include the Economy League of Greater Philadelphia, University City District, Bartram s Garden, and The Center for Emerging Visual Artists. Mr. DeVuono is a graduate of LaSalle University.

George D. Johnstone (age 54) is our Executive Vice President, Operations. Mr. Johnstone joined us in November 1998. He works in conjunction with our regional managing directors in running our operations. Prior to his appointment on March 12, 2014 as our Executive Vice President, Operations, Mr. Johnstone served as our Senior Vice President, Operations & Asset Management. Prior to his service in that position, Mr. Johnstone served as our Vice President of Operations for our Pennsylvania Region (2004 2005) and for our New Jersey Region (2002 2004) and served as Director of Operations for our New Jersey Region from 1998 until 2002. Prior to joining us, Mr. Johnstone was the Regional Controller for Linpro/LCOR Inc., where he was responsible for strategic and tactical accounting processes and oversight and leadership of all accounting functions for that company. Mr. Johnstone earned his B.S. in Accounting from Albright College.

Daniel Palazzo (age 47) is our Vice President and Chief Accounting Officer. Mr. Palazzo assumed this position effective January 15, 2015. Mr. Palazzo joined us in 1999. Prior to his appointment as our Vice President and Chief Accounting Officer, Mr. Palazzo served as a Vice President of Asset Management in our Pennsylvania Region, a position he held since 2006. From 2004 until 2006, Mr. Palazzo served as the Director of Operations for our New Jersey Region. Mr. Palazzo served as our Corporate Controller from his arrival with us in 1999 until 2004. Prior to joining us, Mr. Palazzo received his CPA in Pennsylvania and worked for Arthur Andersen in its commercial audit division, where he concentrated on real estate, construction and financial services industries. Mr. Palazzo received a B.A. in Accounting from the University of Delaware.

William D. Redd (age 62) is our Executive Vice President and Senior Managing Director for the Austin and Metro DC Regions. He joined Brandywine in 1999 as Vice President of our Richmond operations and in 2008 was named Senior Vice President and Managing Director of our Richmond and Austin operations. Mr. Redd assumed his current position in 2015. Formerly, Mr. Redd was partner from 1988 until 1999 with Childress Klein Properties, a privately-held real estate firm headquartered in Charlotte, North Carolina. From 1985 until 1988, he was with the

Trammell Crow Company. Mr. Redd serves on the Austin Hill Country Conservancy Board of Directors, Opportunity Austin Economic Development Corporation Board and ULI Austin Advisory Board, and is a member of the Real Estate Council of Austin (RECA). He is also a member of the Virginia Commonwealth University Real Estate Circle of Excellence, Richmond Real Estate Group and Greater Richmond Association of Commercial Real Estate (GRACRE). Mr. Redd holds a law degree from the University of Virginia, a B.A. degree from Hampden-Sydney College, and Virginia law and real estate licenses.

Jennifer Matthews Rice (age 47) is our Senior Vice President, General Counsel and Secretary. Ms. Matthews Rice joined us in 2012 and assumed her current position in March 2017. Prior to her appointment as our Senior Vice President, General Counsel and Secretary, Ms. Matthews Rice served as our Vice President of Legal Affairs, Interim General Counsel and Secretary, a position she assumed in March 2016. Between March 2016 and her arrival in 2012, Ms. Matthews Rice served as Counsel in our legal department. Prior to joining us, Ms. Matthews Rice served as Fund Real Estate Counsel for Exeter Property Group (2008 until 2012), General Counsel for Preferred Real Estate Investments (2005 until 2008) and Associate Counsel for Preferred (2003 to 2005) and an associate attorney with the law firm Ballard Spahr LLP (2001 until 2003). Ms. Matthews Rice clerked for the Honorable Ronald D. Castille, the now-retired Chief Justice of the Pennsylvania Supreme Court. Ms. Matthews Rice is a member of NAREIT and NAIOP. Ms. Matthews Rice earned a B.A. degree from Franklin and Marshall College and a J.D. from Temple University School of Law.

Thomas E. Wirth (age 54) was appointed Executive Vice President and Chief Financial Officer on March 10, 2014. Prior to his appointment as our Executive Vice President and Chief Financial Officer, Mr. Wirth, who joined us in December 2009, served as our Executive Vice President, Portfolio Management and Investments. In that position, he directed portfolio management, acquisition and disposition activities and assisted in formulating our capital allocation tactics, including structuring joint ventures and construction financings. From 2004 until 2009, Mr. Wirth served as President (2007-2009) and Chief Financial Officer of Feldman Mall Properties. From 1997 to 2004, he served first as the Vice President of Finance and later as Chief Financial Officer of SL Green Realty Corporation. Mr. Wirth has also served as Vice President of Financial Reporting and Analysis for Greenwich, Connecticut-based United Waste System, Inc., and spent ten years with Ernst & Young LLP in various positions, including Senior Manager. Mr. Wirth earned his B.A. in Business Management and Accounting from Gettysburg College.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) describes our executive compensation programs, including the oversight of such programs by our Compensation Committee and the rationale and processes used to determine the 2017 compensation of our executive officers. Our discussion includes the objectives and specific elements of our compensation program, including cash compensation, equity compensation, and post-termination compensation. This CD&A, which may include forward-looking statements, should be read together with the compensation tables and related disclosures that follow this section. For ease of reference, a table of contents specific to this CD&A follows:

Table of Contents

CD&A Table of Contents

Executive Summary

2017 Accomplishments

- We completed sales of our wholly-owned and joint venture properties totaling \$430 million and land sales totaling an additional \$30 million.

- We increased our annual dividend by \$0.08 per share, or 12.5%, from \$0.64 to \$0.72 per share.

- We completed the redemption of our \$100 million 6.9% Series E preferred shares.

- We completed the repayment of our \$300 million 2017 unsecured 5.7% Guaranteed Notes.

- We completed the early redemption of our \$325 million 2018 unsecured 4.95% Guaranteed Notes.

- We Issued \$550 million of 3.95% Guaranteed Notes at a weighted-average yield of 3.92%.

- We strengthened our balance sheet through our successful sales program and our refinancing efforts, marked by (1) a 10% reduction in our net debt to EBITDA ratio to 6.2x at year-end, (2) a 10% reduction in our weighted average cost of debt to 4.03% at year-end, and (3) a 1.8 year, or 31%, increase to our weighted average debt maturities.

- We commenced our Schuylkill Yards development in Philadelphia, Pennsylvania which included purchasing One Drexel Plaza, 3000 Market Street and breaking ground on Drexel Square Park.

- We commenced a retail development at our Cira South Garage.

- We commenced the development of Four Points Centre, a fully leased 165,000 square foot development in Austin, Texas.

- We exceeded many of our 2017 operational goals, including tenant retention, cash rent growth, leasing capital costs and lease maturity term.

We achieved a 7.8% annual same store cash NOI growth in 2017.

Summary of Compensation Decisions for 2017

2017 Pay for Performance: Our annual incentive plan for our current named executive officers is tied to (i) corporate financial, operational and strategic goal achievement (80% for our President and Chief Executive Officer and between 50% and 30% for our other named executive officers); (ii) business/regional goal achievement (0% for our President and Chief Executive Officer and between 60% and 40% for our other named executive officers); and (iii) individual goal achievement (20% for our President and Chief Executive Officer and 10% for our other named executive officers). Our 2017 goals emphasized operations (20%), leasing (30%) and investments and balance sheet strength (50%) and we have presented below a summary of the components of our scorecard, which links our annual incentive awards to our performance against targets. Payments made for the individual goal achievement portion varied depending on the achievement of the stated goals. See Discussion Annual Incentive Awards below.

Compensation of President and Chief Executive Officer: Mr. Sweeney s annual salary was set at $700,000 effective March 1, 2015, and was not changed until 2018 when his salary was increased to $750,000, effective March 1, 2018. On March 1, 2017, Mr. Sweeney was awarded long-term incentive equity with an aggregate grant date fair value of $2,100,002. Two-thirds of this long-term incentive equity award (based on relative grant date fair values) consisted of performance units with a potential pay-out, after a three-year performance period, dependent on our total shareholder return measured relative to (i) companies in a broad REIT index (for 50% of the award) and (ii) to companies in our peer group (for 50% of the award). One-third of this long-term incentive equity award (based on relative grant date fair values) consisted of restricted common share rights that are generally subject to delivery on the third anniversary of the award date. Mr. Sweeney also received an annual incentive award for 2017 (awarded on February 28, 2018) of $1,820,000, reflecting the Committee s assessment of our performance, as measured against the metrics in our 2017 scorecard , as described below, as well as the Committee s assessment of Mr. Sweeney s individual performance and contributions. See Discussion 2017 President and Chief Executive Officer Annual Incentive Award.

Compensation of Other Named Executive Officers: The 2017 base salaries of our other named executive officers increased over 2016 levels by the following amounts: Mr. Wirth ($12,000); Mr. DeVuono ($10,000); Mr. Johnstone ($13,400); and Mr. Redd ($16,000). These other named executive officers received long-term incentive equity awards in 2017 with aggregate grant date fair values that reflected a 4.9% average increase over 2016 award levels, with the awards allocated two-thirds to performance units and one-third to restricted shares (based on relative grant date fair values). In addition, based on our 2017 performance scorecard as well as individual performance levels, our other named executive officers received annual incentive awards for 2017 that reflected a 2.6% average increase over 2016 annual incentive award levels. See discussions later in this proxy statement under Capsule Information: 2017 Annual Incentive Awards and Discussion Annual Incentive Awards.

119% Pay-out on 2015 Performance Units: Calendar year 2017 was the final performance year of the 2015 award of performance units and, as a result of our 28.7% total shareholder return during the three-year measurement period for these units, we paid out common shares at 119% of target. See Capsule Information Capsule Information: Settlement under 2015 Performance Units.

Other Highlights

Last Year s Say on Pay Vote; Pay for Performance Analysis Conducted Annually: As part of its commitment to pay-for-performance, our Compensation Committee considered the favorable shareholder vote on our executive compensation at the May 18, 2017 annual meeting of shareholders (approximately 92.8% of the votes cast were cast FOR our executive compensation). Our Compensation Committee also assessed our pay practices in light of published guidelines of ISS and evolving views on best pay practices. In seeking to link our compensation programs and practices with performance, our Compensation Committee evaluates a variety of data, including:

o *Relative Alignment:* The degree of alignment between our total shareholder return ranking and the pay ranking of our President and Chief Executive Officer (in each case measured against our peer group) over one and three-year periods.

- *Multiple of Median:* The multiple of our President and Chief Executive Officer s pay relative to the peer group median.

- *Pay-Total Shareholder Return Alignment:* The relative trends in our total shareholder returns over a five-year period and in the pay levels of our President and Chief Executive Officer during this period.

The Compensation Committee believes that the strong level of shareholder support, and the similarly strong levels of support received in prior periods, reflect broad shareholder agreement with the Company s executive compensation programs and Compensation Committee s decisions. The Compensation Committee will continue to consider shareholder feedback, and the results from this year s and future advisory votes on executive compensation, in performing its duties pertaining to the oversight of the Company s executive compensation program.

Restrictions on Hedging and Pledging: Our executives and Trustees are prohibited from hedging their ownership or offsetting any decline in the market value of our shares, including by trading in publicly-traded options, puts, calls or other derivative instruments related to our shares. They are also prohibited from pledging our shares as collateral for loans.

Clawback: Our clawback agreement with each of our executive officers provides that in the event of an accounting restatement due to material non-compliance with federal securities laws, and without regard to misconduct, we have the right to recover incentive-based compensation that was computed on the basis of erroneous data during the three-year period preceding the accounting restatement and that exceeded what should have been paid on the basis of the corrected data.

Double-Trigger: The time vested restricted common share rights awarded to our executives in February 2018 (consistent with the terms of 2017 and 2016 awards) provide for accelerated vesting upon a change of control only if the applicable executive s employment were to terminate within a specified period of up to one year following the change of control in a qualifying employment termination. See Equity-Based Long-Term Incentive Compensation Vesting and Forfeiture Provisions.

Stock Ownership Guidelines: We have share ownership requirements for executives and trustees that we believe align the financial interests of our executives and trustees with those of our shareholders. See Additional Compensation Information Share Ownership Requirements.

Overview and Philosophy

Our Compensation Committee sets and administers our executive compensation policies and practices. Through these policies and practices we seek to attract, retain and motivate high quality executives to advance our corporate goal of maximizing total returns to shareholders through quarterly dividends and share price appreciation. We believe that these policies and practices:

1. encourage the achievement of annual and longer-term business goals designed to build shareholder value;

2. provide compensation that is competitive with peer group companies;

3. enhance retention; and

4. encourage executives to achieve superior performance without excessive risk taking.

Our executive compensation program consists of three principal components: base salary, annual incentive awards and equity-based long-term incentives. We discuss each of these components separately below.

Base salaries provide a regular stream of income and financial security. Base salaries are reviewed annually against market data and may be adjusted to reflect changes in individual responsibilities, skills, experience and performance. See Discussion Base Salary.

Annual incentive awards are designed to reward executives who achieve annual performance goals that take into account and enhance our corporate performance. These performance goals fall within three general categories: corporate, business unit/regional and individual. These performance goals include both quantitative and non-quantitative performance measures. As we discuss in greater detail below, our Compensation Committee believes that a significant portion of each annual incentive award should be based on quantitative performance measures and also believes that more subjective elements are important in recognizing achievement and motivating officers. See Discussion Annual Incentive Awards.

Equity-based long-term incentives are awarded to motivate, reward and retain key employees over longer periods and to align their interests with those of our shareholders. Since 2012, our equity-based awards have consisted of (i) performance units and (ii) time vested restricted common share rights. An executive whose employment with us terminates before incentive awards have vested or been earned, either because the executive has not performed in accordance with our expectations or because the executive chooses to leave (other than upon a qualifying retirement), will normally forfeit the unvested portions of the awards (except as otherwise provided in an employment agreement and subject to exceptions if we were to undergo a change of control). See Vesting and Forfeiture Provisions.

Generally, as an executive s responsibilities increase, our Compensation Committee allocates a greater portion of the executive s total compensation to annual incentive awards and equity-based long-term incentive awards (variable compensation) as compared to base salary (fixed compensation). A significant percentage of the variable compensation of our senior executives is composed of performance units and restricted common shares because: (i) we believe that the interests of these executives should be closely aligned with the interests of our shareholders; (ii) we want these individuals to maintain a long-term focus for us; and (iii) these types of pay arrangements are generally consistent with the compensation practices of peer companies with which we compete for executive talent.

Each year our Compensation Committee, along with our President and Chief Executive Officer, establishes performance targets under our incentive plans that tie awards to achievement of financial and operational results. We provide quantitative detail on these targets and results for 2017 below. See Discussion Annual Incentive Awards Corporate Goals. Following the end of each year, our Compensation Committee determines compensation by assessing performance against these targets, as well as in light of our total shareholder return and our performance relative to our peers, measured against financial and non-financial metrics. Ultimately, the amount of compensation awarded to our executives is determined based on what our Compensation Committee believes is in the best interests of shareholders.

Consistent with our pay-for-performance philosophy and the significant percentage of total compensation of our President and Chief Executive Officer that consists of variable compensation, his annual base salary remained unchanged at $600,000 between February 9, 2007 and its increase to $700,000 effective March 1, 2015 and thereafter to $750,000, effective March 1, 2018, while his variable compensation has experienced significant year-over-year changes, as reflected in the following table and graph.

Variable Compensation								
Year		Annual Award (1)		Long-Term Incentive Award (2)			Total Variable Compensation	Year over Year % Change
2017	$	1,820,000	$	2,100,002	(3)	$	3,920,002	12%
2016	$	1,400,000	$	2,099,992	(4)	$	3,499,992	(1.4)%
2015	$	1,750,000	$	1,799,986	(5)	$	3,549,986	--

(1) *The amounts shown under the Annual Award column in the above table have been derived from and reflect the annual amounts presented under the Non-Equity Incentive Plan column in the Summary Compensation Tables in our annual proxy statements that relate to the applicable year.*

(2) *The amounts shown under the Long-Term Incentive Award column in the above table have been derived from and reflect the amounts presented under the Grant Date Fair Value of Share and Option Awards column in the Grants of Plan-Based Awards tables in our annual proxy statements that relate to the applicable year. For example, the 2016 amount ($2,099,992) was awarded on February 22, 2016.*

(3) *Consists of performance units ($1,407,005) and restricted common share rights ($692,997).*

(4) *Consists of performance units ($1,406,993) and restricted common share rights ($692,999).*

(5) *Consists of performance units ($1,205,992) and restricted common share rights ($593,994).*

Total Variable Compensation

(President and Chief Executive Officer)

The following pages of this Compensation Discussion and Analysis include:

A description of the roles of those responsible for overseeing and implementing our executive compensation;

A discussion of each of the principal components of our executive compensation program;

An explanation of how we set compensation targets, establish performance goals and determine amounts and forms of compensation; and

A summary of other key aspects of our executive compensation.

Decision Making

Committee Authority

Our Compensation Committee s responsibilities include:

- Approving the goals and objectives relating to our President and Chief Executive Officer s compensation, evaluating the performance of our President and Chief Executive Officer in light of such goals and objectives, and setting the compensation of our President and Chief Executive Officer based on this evaluation;

- Approving the salaries and annual incentive awards of our other executive officers either (i) with the title Executive Vice President, (ii) with the title Senior Vice President or Vice President, in either case who hold a position as Managing Director, Chief Financial Officer, General Counsel or Chief Administrative Officer or (iii) who report directly to our President and Chief Executive Officer, taking into account the recommendation of our President and Chief Executive Officer and such other information as the Committee believes appropriate;

- Administering our equity incentive plans, including authorizing restricted common shares, performance units, options and other equity-based awards under these plans;

- Retaining and terminating, in its sole discretion, third party consultants to assist in the evaluation of Trustee and executive compensation (with sole authority to approve any such consultant s fees and other terms of engagement); and

- Assessing the appropriate structure and amount of compensation for our Trustees.

Our Compensation Committee s charter does not authorize the Compensation Committee to delegate any of its responsibilities (including authority to award performance units, restricted common shares, options or other equity-based awards) to other persons, and the Compensation Committee has not delegated any of its responsibilities to other persons.

Compensation Consultants

Our Compensation Committee recognizes the importance of objective, independent expertise and advice in carrying out its responsibilities. For 2017, the Compensation Committee retained Pay Governance LLC as its consultant. Our Compensation Committee selected Pay Governance as consultants because of its expertise and reputation. Neither we nor our Trustees or executive officers have any affiliation with Pay Governance or its executives and the engagement and scope of services of Pay Governance have been solely through our Compensation Committee.

During 2017, our compensation consultants advised our Compensation Committee on executive compensation matters, plan design, industry trends and practices, and our pay-for performance alignment, including as measured relative to peers and relative to our total shareholder returns. As directed by the Committee, the consultants prepared analyses for the Committee relating to all aspects of the compensation of our executives. They advised the Committee on market practices regarding executive compensation, including annual incentive awards and long-term incentive pay, and reviewed our peer group and the market positioning of the compensation provided to our current named executive officers and other senior executives. The consultants meet privately with the Committee and individual Committee members from time to time to plan for Committee meetings and discuss executive compensation matters. Pay Governance does not provide other services to us.

Our Compensation Committee received a letter from Pay Governance regarding its independence and assessed the independence of Pay Governance under NYSE rules and concluded that Pay Governance s work for the Committee does not raise any conflict of interest. Factors considered by the Committee include: (i) whether other services are provided to us by Pay Governance or its representatives; (ii) the amount of fees received by Pay Governance from us as a percentage of Pay Governance s total revenue; (iii) policies of Pay Governance designed to prevent conflicts of interest; (iv) the absence of any business or personal relationship of representatives of Pay Governance or its representatives with a member of the Committee; (v) whether Pay Governance or its advisors to the Committee own any of our securities; and (vi) whether Pay Governance or its representatives have any business or personal relationship with any of our executive officers.

Role of Executives

Our Compensation Committee seeks the views of our President and Chief Executive Officer in setting and administering our executive compensation programs. In particular, at the beginning of each year, Mr. Sweeney oversees the development of corporate, business unit/regional and individual goals for purposes of annual and long-term compensation. These goals are derived from our corporate business plan and include both quantitative measurements and qualitative considerations selected to reinforce and enhance achievement of our operating and growth objectives. The Compensation Committee reviews these goals with Mr. Sweeney, adopts revisions it deems appropriate and determines the final goals for compensation.

Following the end of each year, Mr. Sweeney reviews with the Compensation Committee, at several meetings, the achievement of corporate, business unit/regional and individual goals and the performance of each other current named executive officer and presents his evaluation of such executive officer s performance to the Committee. Decisions about individual compensation elements and total compensation are made by the Committee, using its judgment, focusing primarily on each current named executive officer s performance against the officer s performance goals as well as our overall performance. With respect to the non-quantitative performance measures applicable to our executives, the Committee relies heavily on the views of Mr. Sweeney (other than as to himself). As President and Chief Executive Officer, Mr. Sweeney oversees the day to day performance of the other current named executive officers. As such, our Compensation Committee believes that he is well positioned to evaluate their performance and make recommendations as to their overall compensation.

In addition to the role played by our President and Chief Executive Officer, our other executive officers furnish such industry data and legal and financial analyses as the Committee requests from time to time.

Peer Group Data

Our Compensation Committee, in consultation with its compensation consultant, developed a peer group as a frame of reference for our executive compensation. Our Compensation Committee selects companies for inclusion in the peer group that acquire, sell, develop, lease and manage sizeable office real estate portfolios or own both office and industrial properties. In selecting companies, the Committee also considers their equity and total capitalization and geographic location as well as third party considerations (for example, where members of the financial community treat a particular company as being a Company peer). Our Compensation Committee has not selected or excluded companies from the peer group on account of their compensation practices. Our Compensation Committee believes that peer group data are an indicator of compensation opportunities at companies that might recruit our executives and the data therefore help the Committee set compensation at competitive levels. Our Compensation Committee also believes that peer group data provide perspective on performance measurement practices and linkages between pay and performance. The Committee does not set

Table of Contents

specific pay targets or otherwise engage in formal benchmarking of compensation of our executives against executives at peer group companies. The Committee does, however, attempt to set total compensation for each current named executive near the middle of the peer group data while allowing for the possibility of greater or lesser compensation based upon our corporate and individual performance.

Our Compensation Committee reviews our peer group at least annually. Following the completion of our annual peer group review for 2018, the Compensation Committee determined not to make any changes to the peer group used for 2017. Accordingly, our peer group is comprised of the following companies:

Columbia Property Trust, Inc.

Corporate Office Properties Trust Inc.

Cousins Properties Inc.

Douglas Emmett, Inc.

Empire State Realty Trust, Inc.

Equity Commonwealth

Highwoods Properties, Inc.

Hudson Pacific Properties, Inc.
Kilroy Realty Corp.

Liberty Property Trust

Mack-Cali Realty Corporation

Paramount Group

Piedmont Office Realty Trust Inc.

Tier REIT

Washington Real Estate Investment Trust

Timing

Our Compensation Committee makes final compensation determinations in the first quarter of each year. Annual incentive and equity-based long-term incentive awards and base salary adjustments are typically made in late February or early March. This timing provides the Compensation Committee with sufficient time to evaluate our executives against their individual performance goals and our corporate performance. See Additional Compensation Information Timing of Equity and other Awards. These performance goals are typically established during the first quarter of the prior year, following review and analysis by the Committee of that year s business plan, industry data and our compensation framework. On February 28, 2018, our Compensation Committee set 2018 base salaries, approved 2017 annual incentive awards and granted equity-based long-term incentive awards, as summarized in the following tables.

Capsule Information

Capsule Information: Base Salaries

The table below shows 2017 and 2018 base salary information for each named executive officer. Base salary adjustments became effective March 1, 2018.

Current Executive Name	2017 Base Salary	2018 Base Salary	% Increase
Gerard H. Sweeney	$ 700,000	$ 750,000	7.1%
Thomas E. Wirth	$ 412,000	$ 425,000	3.2%
H. Jeffrey DeVuono	$ 390,000	$ 400,000	2.6%
George D. Johnstone	$ 350,000	$ 358,750	2.5%
William D. Redd	$ 336,000	$ 346,000	3.0%

Capsule Information: 2017 Annual Incentive Awards

The table below shows the 2017 annual incentive targets for the named executive officers, expressed as a percentage of their 2017 base salaries and as dollar amounts, and the actual amounts earned by them and paid on February 28, 2018.

Current Executive Name	2017 Base Salary	2017 Annual Incentive Award Percentage Target	2017 Annual Incentive Award Opportunity at Target	Actual 2017 Annual Incentive Payout
Gerard H. Sweeney	$ 700,000	200%	$ 1,400,000	$ 1,820,000
Thomas E. Wirth	$ 412,000	100%	$ 412,000	$ 475,000
H. Jeffrey DeVuono	$ 390,000	100%	$ 390,000	$ 449,000
George D. Johnstone	$ 350,000	100%	$ 350,000	$ 402,500
William D. Redd	$ 336,000	100%	$ 336,000	$ 387,000

Capsule Information: 2017 and 2018 Equity-Based Long-Term Incentive Awards

Our Compensation Committee awards equity-based long-term incentives by reference to percentages of base salary of the applicable executives. The target percentages are subject to the sole discretion of the Committee and were as follows for the awards made on March 1, 2017 and February 28, 2018: Mr. Sweeney (300%); Mr. Wirth (150% for 2017 and 200% for 2018); Mr. DeVuono (150%); Mr. Johnstone (125%); and Mr. Redd (125%). The table below shows the equity-based long-term incentive awards granted to each of our named executive officers on March 1, 2017 and February 28, 2018.

	Awarded on March 1, 2017			Awarded on February 28, 2018		
Current Executive Name	Restricted Share Rights (#)	Performance Units (#)	Grant Date Fair Value of Share Awards(1)	Restricted Share Rights (#)	Performance Units (#)	Grant Date Fair Value of Share Awards(1)
Gerard H. Sweeney	41,299	65,871	$ 2,100,002	47,414	73,752	$ 2,250,000
Thomas E. Wirth	11,800	18,820	$ 599,999	17,912	27,862	$ 850,000
H. Jeffrey DeVuono	11,210	17,879	$ 569,999	12,644	19,667	$ 600,000
George D. Johnstone	8,275	13,198	$ 420,764	9,450	14,699	$ 448,438
William D. Redd	7,867	12,547	$ 400,012	9,114	14,177	$ 432,500

(1)

The amounts shown in this column represent the grant date fair value of awards granted on March 1, 2017 and February 28, 2018 and computed in accordance with FASB ASC Topic 718. Whether the current named executive officers ultimately realize any of the value of the equity awards consisting of performance units generally depends on our total shareholder return (i) relative to the total shareholder returns of the real estate investment trusts included in the S&P US REIT index (with respect to 50% of the units) and (ii) relative to the total shareholder returns of the companies in our peer group (with respect to the other 50% of the units).

Table of Contents

Capsule Information: Settlement of 2015 Performance Units

Calendar year 2017 was the final performance year under the three-year measurement period contained in the performance units awarded to our executives on February 23, 2015. Each of these performance units represented the right to earn common shares, with the number of common shares dependent on our total shareholder return during the measurement period compared to the total shareholder return for REITs included in the S&P US REIT index (for 50% of the performance units) and for REITs included in our peer group (for 50% of the performance units). Our 28.7% cumulative total shareholder return during this period, as computed under the performance units, placed us in the 60th percentile of the S&P US REIT index comparative group and placed us in the 49th percentile of our peer group, resulting in a formulaic payout of 119% of the target amount. The table below shows the number of performance units awarded in 2015 to our current named executive officers and the number of common shares earned on account of these units and delivered to the executives in the first quarter of 2018 (adjusted to reflect dividend equivalents on the earned portion).

Current Executive Name	2015 Performance Units (#)	Shares Issued (#)
Gerard H. Sweeney	57,156	76,118
Thomas E. Wirth	16,671	22,201
H. Jeffrey DeVuono	16,883	22,484
George D. Johnstone	13,098	17,443
William D. Redd	10,789	14,368

Capsule Information: Target Percentages for 2018 Annual Incentive Awards

The table below shows the 2018 annual incentive targets for each named executive officer, expressed as a percentage of their 2018 base salaries. The 2018 annual incentive percentage targets relate to annual incentive awards that would typically be paid, to the extent earned, in February or March 2019 (and reflected in the Summary Compensation Table as compensation for calendar year 2018).

Current Executive Name	2018 Base Salary	2018 Annual Incentive Award Percentage Target
Gerard H. Sweeney	$ 750,000	200%
Thomas E. Wirth	$ 425,000	100%
H. Jeffrey DeVuono	$ 400,000	100%
George D. Johnstone	$ 358,750	100%
William D. Redd	$ 346,000	100%

Discussion

The principal components of our executive compensation consist of:

- Base salary;
- Annual incentive awards; and
- Equity-based long-term incentives.

Other components of executive compensation include:

- Health and disability coverage, 401(k) matching contributions, life insurance, deferred compensation;
- An opportunity to participate in our employee share purchase plan; and
- Change-in-control benefits.

Each of the principal components of our executive compensation furthers one or more of our compensation objectives identified under Overview set forth above and:

- Aligns management and shareholder interests;
- Aligns pay programs with our business strategy;
- Provides retention and recruitment incentives; and
- Provides appropriate, market based equity ownership by officers.

Our Compensation Committee considers each component as part of a total compensation package and, therefore, evaluates the impact on each component on each of the other components in making compensation determinations.

Base Salary

Base salary represents the fixed portion of an executive s compensation and is paid on a bi-weekly basis. Accordingly, base salary provides a regular stream of income and financial security. In setting base salaries, our Compensation Committee considers the responsibilities, skills, experience and performance of the executives and relies heavily on the views of our President and Chief Executive Officer as to the impact, contribution and expertise of our executives (except in the case of himself and his compensation). In setting base salaries, our Compensation Committee also considers the linkage of base salaries to the elements of our compensation that are tied to base salaries (such as severance and change in control benefits and annual and long-term incentive targets that are computed as a multiple of base salary). As part of the annual compensation process, the Committee may adjust base salaries to reflect changes in market data or in an executive s responsibilities, skills, experience and performance. For 2018, the base salaries of our current named executive officers were adjusted as reflected in the table above presenting capsule information. See Capsule Information Capsule Information: Base Salaries.

Annual Incentive Awards

Annual incentive awards are designed to reward executives for achievement of annual performance goals linked to the achievement of our annual company goals. Each year our Compensation Committee establishes a target amount for annual incentive awards for each executive, with the target amount expressed as a percentage of the executive s base salary. The targeted amounts take into account all factors that the Committee deems relevant, including the input of Pay Governance LLC as to competitive compensation levels, the recommendation of our President and Chief Executive Officer (except with respect to his own target), responsibilities of the executives and the Committee s view of market conditions.

As described above under Capsule Information: 2017 Annual Incentive Awards and under Capsule Information: Target Percentages for 2018 Annual Incentive Awards, the 2017 and 2018 target percentages for annual incentive awards for named executive officers were: Mr. Sweeney (200%); Mr. Wirth (100%); Mr. DeVuono (100%); Mr. Johnstone (100%); and Mr. Redd (100%). As discussed below, actual annual incentive payouts may be higher or lower than target.

Annual incentive awards for 2017 (as well as for 2016 and 2015) were computed primarily on the basis of performance within three categories and reflected in a scorecard : corporate, business unit/regional and individual. The corporate and business unit/regional categories include performance measures that are derived from, or that seek to reinforce, our annual corporate business plan developed by our Board of Trustees and senior management. The individual category is tied to non-quantitative individual goals, including corporate initiatives, social/community activities (including participation on charitable and civic boards) and departmental leadership. Measurement of performance for this category is subjective.

Annual incentive awards for 2018, which will be payable during the first quarter of 2019 based on 2018 performance, will be computed based on a scorecard that includes the three categories identified above (corporate, business unit/regional and individual) used in 2017. See the discussion below under 2018 Annual Incentive Awards.

The table below sets forth the relative weightings of each of the corporate, business unit/regional and individual categories used in the scorecard for 2017 (and to be used in the scorecard for 2018). The weightings reflect the different roles and responsibilities of our current named executive officers. In particular, the relatively higher weighting of Business Unit/Regional for Messrs. DeVuono and Redd compared to the other current named executives reflects their operational role in specific geographic regions whereas the higher weightings of Corporate for Messrs. Sweeney, Wirth and Johnstone reflect their company-wide responsibilities.

		2017/2018	
Current Executive Name	**Corporate**	**Business Unit/Regional**	**Individual**
Gerard H. Sweeney	80%	0%	20%
Thomas E. Wirth	50%	40%	10%
H. Jeffrey DeVuono	30%	60%	10%
George D. Johnstone	40%	50%	10%
William D. Redd	30%	60%	10%

With respect to corporate and business unit/regional goals, the Committee sets a threshold (minimum), target and maximum payout shortly after the beginning of each year or as soon as practicable thereafter. If we or the executive were not to achieve the threshold (minimum) for the applicable component, then the executive would not receive any payout for that component. If we or the executive were to achieve the threshold (minimum), and no higher than the threshold for the applicable component, then the executive would receive 85% of the target payout for that component. If we or the executive were to achieve the target, and no higher than the target for the applicable component, then the executive would receive 100% of the target payout for that component. If we or the executive were to exceed target in a particular area, then the executive may be awarded up to 175% of the relevant component.

Accordingly, an executive s opportunity in respect of a given component ranges from zero (0) to 175% of target.

Following the end of each year, our President and Chief Executive Officer reviews with the Compensation Committee achievements relative to corporate, business unit/regional and individual performance objectives as well as our performance compared to our business plan for the prior year and submits recommendations for annual incentive awards based on his assessment of our overall and individual achievements. The Compensation Committee analyzes the recommendations and has unrestricted authority to modify them.

The Committee s framework for administering the corporate scorecard expressly affords the Committee the opportunity to adjust the results of the scorecard upward or downward by 25% to reflect strategic accomplishments as well as our performance with respect to metrics selected by the Committee relative to peer company performance with respect to these metrics. In determining whether to make any such adjustments, the Committee exercises judgment and discretion as to the strategic accomplishments and metrics and the weight assigned to any such accomplishments and metrics. The following diagram illustrates this framework:

Table of Contents

2017 Corporate Goals

Key 2017 corporate goals were tied to our operational performance and capital targets. The goals tied to operations, leasing and capital targets represented 20%, 30% and 50%, respectively, of the corporate component of our annual incentive award opportunity for 2017.

PERFORMANCE MEASURE		WEIGHTING
OPERATIONS		
The key operational goals for 2017 and their aggregate weighting were:		
Funds From Operations, as adjusted (FFO)[1]		
Cash Available for Distribution, as adjusted (CAD)[2]		
Year-End Occupancy		
Same Store NOI Growth[3]		
	Subtotal	**20%** [5]
LEASING		
The key leasing goals for 2017 and their individual weightings were:		
Speculative Revenue		10%
Year-End Leased		10%
Revenue Maintaining Capital[4]		10%
	Subtotal	**30%**
CAPITAL		
The key capital targets for 2017 and their aggregate weighting were:		

Core Sales/Joint Venture Activity

Acquisitions

Land Developments

Leverage Ratio

Indebtedness Strategy

	Subtotal	**50%** [5]
	TOTAL	**100%**

(1) We compute FFO in accordance with standards established by the National Association of Real Estate Investment Trusts (NAREIT), which may not be comparable to FFO reported by other REITs that do not compute FFO in accordance with the NAREIT definition, or that interpret the NAREIT definition differently than we do. NAREIT defines FFO as net income (loss) before non-controlling interests of unit holders (preferred and common) and excluding gains (losses) on sales of depreciable operating property, impairment losses on depreciable consolidated real estate, impairment losses on investments in unconsolidated real estate ventures and extraordinary items (computed in accordance with GAAP); plus real estate related depreciation and amortization (excluding amortization of deferred financing costs), and after similar adjustments for unconsolidated joint ventures. Net income, the GAAP measure that we believe to be most directly comparable to FFO, includes depreciation and amortization expenses, gains or losses on sales of depreciable operating property, impairment losses on depreciable consolidated real estate, impairment losses on investments in unconsolidated real estate ventures, extraordinary items and non-controlling interests. To facilitate a clear understanding of our historical operating results, FFO should be examined in conjunction with net income (determined in accordance with GAAP) as presented in the financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. FFO does not represent cash flow from operating activities (determined in accordance with GAAP) and should not be considered to be an alternative to net income (loss) (determined in accordance with GAAP) as an indication of our financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available for our cash needs, including our ability to make cash

distributions to shareholders. For purposes of the scorecard, our Compensation Committee adjusts FFO to reflect intra-year capital markets and other transaction activity not taken into account in the initial scorecard metric. Our FFO available to common shares and units in our operating partnership for the twelve months ended December 31, 2017 totaled $229.2 million, or $1.29 per diluted share. Our adjusted FFO used in the scorecard excludes (i) charges related to liability management totaling $3.9 million for early redemption of 2018 bonds, incremental interest totaling $0.8 million related to make-whole provisions on the 2018 bonds and $1.3 million related to property sales through a joint venture (ii) Net gains totaling $1.0 million related to sales of undepreciated real estate (land) and (iii) non-cash charge for redemption of our Series E preferred shares, reflecting adjusted FFO available to common shares and units in our operating partnership for the twelve months ended December 31, 2017 totaling $237.4 million, or $1.33 per diluted share. Refer to Appendix B to this proxy statement for a reconciliation of our 2017 adjusted FFO to 2017 unadjusted FFO and a reconciliation of 2017 unadjusted FFO to our 2017 net income per common share (diluted).

(2) Cash available for distribution, or CAD, is a non-GAAP financial measure that is not intended as an alternative to cash flow from operating activities as determined under GAAP. CAD is presented in our investor presentations solely as a supplemental disclosure with respect to liquidity because we believe it provides useful information regarding our ability to fund our distributions. Because other companies do not necessarily calculate CAD the same way as we do, our presentation of CAD may not be comparable to similarly titled measures provided by other companies. For purposes of the scorecard, our Compensation Committee adjusts CAD to reflect intra-year capital markets and other transaction activity not taken into account in the initial scorecard metric.

(3) NOI, or net operating income, is a non-GAAP financial measure equal to net income available to common shareholders, the most directly comparable GAAP financial measure, plus corporate general and administrative expense, depreciation and amortization, interest expense, non-controlling interests and losses from early extinguishment of debt, less interest income, development and management income, gains from property dispositions, gains on sale from discontinued operations, gains on early extinguishment of debt, income from discontinued operations, income from unconsolidated joint ventures and non-controlling interests. In some cases, we also present NOI on a cash basis, which is NOI after eliminating the effect of straight-lining of rent and deferred market intangible amortization. NOI presented by us may not be comparable to NOI reported by other REITs that define NOI differently. NOI should not be considered an alternative to net income as an indication of our performance, or as an alternative to cash flow from operating activities as a measure of our liquidity or ability to make cash distributions to shareholders. Our same store portfolio generally consists of those properties that we owned for the entirety of each of the periods being compared. Refer to Appendix B to this proxy statement for a reconciliation of our 2017 same store NOI to our 2017 net income available to common shareholders.

(4) Revenue maintaining capital expenditures are a component of our CAD calculation and represent the portion of capital expenditures required to maintain our current level of cash available for distribution. Revenue maintaining capital expenditures include current tenant improvement and allowance expenditures for all tenant spaces that have been owned for at least one year, and that were not vacant during the twelve-month period prior to the date that the tenant improvement or allowance expenditure was incurred. Revenue maintaining capital expenditures also include other expenditures intended to maintain our current revenue base. Accordingly, we exclude capital

expenditures related to development and redevelopment projects, as well as certain projects at our core properties that are intended to attract prospective tenants in order to increase revenues and/or occupancy rates.

(5) The weighting among components in the stated percentage reflects the Committee s exercise of discretion and judgment. As indicated in the immediately preceding diagram, the Compensation Committee may consider, among other metrics, our EBITDA improvement. EBITDA, a non-GAAP financial measure, represents net income before allocation to minority interest plus interest expense, federal income tax expense (if any), depreciation and amortization expense and is adjusted for capital market and other transactional items related to capital market and other transactions. EBITDA is not intended to represent cash flow for the period, is not presented as an alternative to operating income as an indicator of operating performance, should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP and is not indicative of operating income or cash provided by operating activities as determined under GAAP. We believe that net income is the financial measure calculated and presented in accordance with GAAP that is most directly comparable to EBITDA. Refer to Appendix B of this proxy statement for a reconciliation of our 2017 EBITDA, as adjusted, to our 2017 net income.

2017 Performance Targets

Based on our 2017 results, and the relative weightings and judgments applied to each component of the corporate scorecard, our Compensation Committee determined that we had an overall achievement of 123% under the corporate scorecard. We summarize below our actual performance of specific scorecard metrics against 2017

Table of Contents

targets for each such scorecard metric (with the achievement percentage shown for each metric expressed as the result of straight-line interpolation between the threshold achievement level (85%), target achievement level (100%) and maximum achievement level (175%):

Operations

Our adjusted FFO per diluted share target and actual adjusted FFO per diluted share for 2017 were $1.36 and $1.33, respectively, resulting in achievement at the 85% level.

Our actual adjusted CAD payout ratio in relation to our target adjusted CAD payout ratio for 2017 resulted in achievement at the 100% level.

Our year-end occupancy target for 2017 was 94.5% and our actual year-end occupancy was 92.9%, resulting in no credit for this metric.

Our same-store cash NOI growth target for 2017 was 7.0% and our actual same-store cash NOI growth for 2017 was 7.8%, resulting in achievement at the 160% level.

The Operations category of our scorecard represents 20% of the total award at target. The four Operations measures do not have explicit weightings used in the calculation of a final weighted payout amount for this scorecard category. Rather, actual performance versus goal is calculated and an overall average weighted payout is calculated for the scorecard category. The Committee then may apply its discretion to determine the final amount of weighted payout for the category. Based on performance against the four Operations criteria and the Committee s review of our performance in this area, a weighted payout of 17% (versus target of 20%) was determined for the Operations category.

Leasing

Speculative revenue achievement reflects lease activity against an internal target and is weighted at 10% of the total award target. Our 2017 target was $28.2 million and our actual result was $27.7 million, resulting in achievement at the 8.5% level (versus target of 10%).

Our **year-end leased goal** is weighted at 10% of the total award target. Our 2017 target was 95.5% and our actual result was 94.3%, resulting in no credit for this metric.

Our **revenue maintaining capital goal** is weighted at 10% of the total award target. Our 2017 target was $2.25 per square foot and our actual result was $1.89, resulting in achievement at the maximum level of 17.5% (versus target of 10%).

Capital

Sales/Joint Venture activity relates to assets sold or contributed into joint ventures for strategic purposes. Our 2017 target was $250 million and our actual result was $459 million of aggregate transactions, resulting in achievement at the 175% maximum level.

Acquisition activity relates to acquisitions of properties solely for our own account. For 2017, we completed $67 million in acquisitions of consolidated properties against our $75 million target, resulting in achievement at the 97% level.

We exceeded our 2017 target for **land development**, with three developments commenced in 2017, resulting in achievement at the maximum 175% level.

Our **leverage target** is a ratio of debt to gross asset values, excluding cash. Our 2017 target was 40.0% and our actual year-end ratio was 37.3%, resulting in achievement at the maximum 175% level.

For 2017 our **indebtedness strategy** was measured through a net debt to EBITDA ratio, with our target set at 6.5 and our year-end outcome at 6.2, resulting in achievement at the maximum 175% level.

The Capital category of our scorecard represents 50% of the total award at target. The five Capital measures do not have explicit weightings used in the calculation of a final weighted payout amount for this scorecard category. Rather, actual performance versus goal is calculated and an overall average weighted payout is calculated for the scorecard category. The Committee then may apply its discretion to determine the final amount of weighted payout for the category. Based on performance against the five Capital criteria and the Committee s review of our performance in this area, a weighted payout of 80% (versus target of 50%) was determined for the Capital category.

2017 Business Unit/Regional Goals

As noted above, four of our current named executive officers received annual incentive awards based in part upon the performance of their respective business units or regions. Because each of Messrs. DeVuono and Redd oversee specific geographic regions of our operations, the performance metrics for the business unit/regional portion of their scorecards include region-specific operational performance measures tied to leasing revenues, capital cost controls, same store net operating income, occupancy levels and lease renewals. The business unit/regional performance measures for our other two current named executive officers with business unit/regional goals are non-quantitative and the measurement of achievement involves judgment and subjectivity. The 2017 business unit performance measures for Mr. Johnstone, our Executive Vice President, Operations, related to quality and timeliness of our operational reporting system and oversight of our leasing and internal capital allocation processes. The 2017 business unit performance measures for Mr. Wirth, our Executive Vice President and Chief Financial Officer, were tied to (i) quality and timeliness of our financial reporting; (ii) operational efficiencies and process improvement; (iii) corporate controls and support of our internal audit group; and (iv) sourcing of new debt and equity capital.

2017 Individual Goals

Individual goals for our executive officers are tied to executive leadership and managerial performance and are evaluated on a subjective basis annually. These goals are intended to move our company and the individual executive s business unit or region forward in terms of organizational structure, improve on such practices as collaboration among business units or enterprise-wide thinking and address development of junior executives and succession planning. Individual performance for Mr. Sweeney is determined by the Compensation Committee. The Committee also determines individual performance for the other current named executive officers after receiving recommendations from Mr. Sweeney. None of the individual goals included quantitative measures, and our Compensation Committee assigned no specific weighting to any of these goals, but rather assessed overall achievement levels in determining annual incentive awards. Individual goals for Mr. Sweeney in 2017 included (i) providing ongoing strategic leadership; (ii) proactive management of sources and uses of capital, including oversight of our portfolio allocation goals; and (iii) active management of career development of high potential officers within our company.

Table of Contents

2017 President and Chief Executive Officer Annual Incentive Award

As discussed above, our Compensation Committee approves the performance goals for our President and Chief Executive Officer each year following review of our annual business plan and key objectives for that year. For 2017, 80% of the annual incentive award opportunity for Mr. Sweeney was tied to corporate performance measures (with the components and targets identified above) and 20% reflected the Compensation Committee s assessment of Mr. Sweeney s leadership of our company and strategic vision. After a review of overall performance, the Compensation Committee determined to award Mr. Sweeney his 2017 annual incentive at 130% of the target level.

We do not have policy differences with respect to the compensation of individual executive officers even though the level of compensation may differ based on scope of responsibilities and performance. The compensation disparity between our President and Chief Executive Officer and the other executive officers is primarily due to our President and Chief Executive Officer having significantly greater responsibilities for management and oversight of our business.

2018 Annual Incentive Awards

Our 2018 business plan reflects our continued focus on leasing of space at our existing portfolio and operating cost control and our longer-term strategy of growth through acquisition, ownership, management and development of office properties. Our corporate, business unit/regional and individual goals for annual incentives for 2018 include performance measures similar to those used in 2017, with operational and leasing metrics weighted 50% in aggregate and capital metrics weighted 50% in aggregate, and with such metrics calibrated to promote achievement of our 2018 business plan.

Equity-Based Long-Term Incentive Compensation.

Consistent with our compensation objectives, our equity-based long-term incentive program is designed to assist us in attracting and retaining high quality executives, while tying a significant portion of compensation to our financial performance, principally in the case of this program to our total shareholder return. Given the influence of our more senior executives on our overall performance, we have allocated a larger percentage of their compensation to the variable performance associated with equity-based awards.

The amounts presented in the Summary Compensation Table for Share Awards reflect the aggregate grant date fair values of share-based awards granted during the indicated years. We address directly below the methodology for the determination of these awards.

For the awards made in March 2017, and consistent with prior year practice, the Compensation Committee, after consultation with Pay Governance, determined a market based competitive target percentage and target value, expressed as a percentage of base salary, as set forth above. See Overview. The awards made in March 2017 were comprised of two components: performance units and time vested restricted common share rights, with the performance units representing two-thirds of the total and time vested restricted common share rights representing one-third of the total (based on relative grant date fair values). The Compensation Committee believes that these two components in combination create an effective link between ultimate value realizable by our executives and our longer-term performance and also enhance retention by conditioning payouts on continued service with us during the performance or vesting periods, subject to certain exceptions (such as death, disability or qualifying retirement).

The awards made on February 28, 2018 to our current named executive officers were designed and allocated in the same manner as those awarded in March 2017 (two-thirds to performance units and one-third to restricted common share rights).

Performance Units

Each performance unit awarded in March 2017 represents the right to earn common shares. The number of common shares, if any, deliverable to award recipients depends on our performance based on our total return to shareholders during the three year period Measurement Period that commenced on January 1, 2017 and that ends on the earlier of December 31, 2019 or the date of a change of control, as defined in our 2017-2019 Restricted Performance Share Unit Program (the Performance Unit Program) compared to (i) for fifty percent (50%) of the performance units awarded to each recipient, the total return to shareholders for the Measurement Period of the component members (excluding us) of the S&P US REIT Index (the Index Companies) and (ii) for the other fifty percent (50%) of the performance units awarded to each recipient, the total return to shareholders for the Measurement Period of each of the companies in a designated peer group (the Peer Group) contained in the Performance Units Program. If our total return to shareholders over the Measurement Period places us below the 25th percentile of the Index Companies or the components in the Peer Group, as applicable, then no shares will be earned under the related performance units. If our total return to shareholders over the Measurement Period places us at or above the 25th percentile of the Index Companies or the components in the Peer Group, as applicable, then a percentage of the awards ranging from 50% to 200% will be earned and settled in common shares. Dividends are deemed credited to the performance units accounts and are applied to acquire more performance units for the account of the unit holder at the price per common share on the dividend payment date. Participants in the program may elect to defer receipt of common shares earned into our Deferred Compensation Plan. In the event of the participant s death, disability or qualifying retirement, he will be eligible to receive shares (if any) under the program as if the Measurement Period ended on the last day of the month in which the termination occurred.

The performance units awarded in February 2018 have been designed in the same manner as the performance units awarded in March 2017, but with the scheduled Measurement Period being the three-year period that commenced January 1, 2018 and that ends December 31, 2020.

Time Vested Restricted Common Share Rights Awards

Each restricted common share right granted as part of the long-term incentive compensation component of our program has a value equal to one common share as of the close of the market on the day of grant. Restricted common share rights (sometimes also referred to as restricted common shares) awarded to our current named executives generally vest on the third anniversary of the award date and, upon vesting, each right is settled for one common share. Vesting would accelerate if the recipient of the award were to die or become disabled. Vesting would also accelerate if we were acquired or underwent a change in control and the recipient s employment were terminated in a qualifying employment termination. A qualifying employment termination would occur only if, prior to the first anniversary of the change of control, the executive were terminated without cause or the executive resigned for good reason on account of an adverse change in the executive s compensation, position or responsibilities. Upon attainment of eligibility for qualifying retirement (i.e., attainment of age 57 with at least 15 years of service), a grantee is fully vested in his or her restricted common shares, but the issuance of shares will not occur until the otherwise applicable vesting date (or, if sooner, the grantee s separation from service). We pay cash dividend equivalents on each restricted common share prior to actual delivery of shares.

Table of Contents

Vesting and Forfeiture Provisions

Restricted common shares and performance units that remain unvested upon the holder s termination of employment with us will vest or be forfeited depending on the reason for the termination. The table below, as supplemented by the notes to the table, summarizes these provisions:

Reason for Termination	Effect on Awards
Voluntary Termination by Executive not eligible for Qualifying Retirement (1)	Forfeit
Change in Control	Restricted common shares vest and shares are delivered, if a qualifying employment termination occurs within one year Early measurement for performance units
Death or Disability	Restricted common shares vest and shares are delivered Early measurement for performance units
Qualifying Retirement (1)	Shares underlying restricted common shares are delivered Early measurement for performance units

(1) Qualifying Retirement means an executive s voluntary termination of employment after reaching age 57 and accumulating at least 15 years of service with us. Two of our current named executive officers, Mr. Sweeney and Mr. Redd, have met conditions to elect a qualifying retirement as of the date of this proxy statement.

Deferred Compensation Plan

We offer a deferred compensation plan that enables our executives to defer a portion of their base salaries, annual incentive awards and equity awards. The amounts deferred are not included in the executive s current taxable income and, therefore, are not currently deductible by us. The executives select from a limited number of mutual funds and investment alternatives which serve as measurement funds, and the deferred amounts are increased or decreased to correspond to the market value of the selected investments. We do not consider any of the earnings credited under the deferred compensation plan to be above market. We generally do not provide any matching contribution to any executive officer who participates in this plan, other than a limited amount to make up for any loss of matching contributions under our Section 401(k) plan. However, an executive who defers more than 25% of his or her annual incentive award into the Company Share Fund under the deferred compensation plan will receive a 15% matching contribution on the excess amount, which matching contribution will itself be invested in the Company Share Fund. We maintain this plan to help ensure that our benefits are competitive. See Compensation Tables and Related Information Nonqualified Deferred Compensation.

Other Benefits

Our executives participate in company-sponsored benefit programs available generally to all our salaried employees, including our shareholder-approved non-qualified employee share purchase plan and our Section 401(k) plan. For 2017, our 401(k) plan provided a company matching contribution of 30% of the first 6% of eligible compensation contributed to the plan, up to a maximum company matching contribution of $4,860. Other benefits, such as health and dental plans, group term life insurance and short- and long-term disability insurance, are also available generally to all our salaried employees.

Perquisites

We do not provide perquisites to our executive officers.

Post-Termination Benefits; Qualifying Retirement

We provide post-employment benefits to our executive officers that vary based on the executive and the circumstances of the executive s termination. See Employment and Other Agreements and Potential Payments upon Termination of Employment or Change-in-Control.

Our equity-based long-term incentive awards provide for vesting of unvested awards upon a qualifying retirement. A qualifying retirement means the termination of employment, other than for cause, after the employee has reached age fifty seven (57) and worked for us for at least fifteen (15) years. Our Compensation Committee believes that this definition of retirement is appropriate and rewards long-term contributions of employees to us.

We have change of control severance agreements with our executive officers (other than our President and Chief Executive Officer) which condition the executive s entitlement to severance following a change of control upon a so-called double trigger. Under a double-trigger, the executive is entitled to severance only if, within a specified period following the change of control, the terms of his or her employment are adversely changed or he or she is terminated without cause. The entitlement of our President and Chief Executive Officer to severance following a change of control is not conditioned on an adverse change in his employment terms; rather he would be entitled to severance if he were to resign within six months following the change of control or his employment were terminated without cause. Our Compensation Committee believes that the severance protection that we provide is consistent with those maintained by our peer companies and is therefore important in enabling us to attract and retain high quality executives. We also believe it is in our best interest to have agreements with our senior executives that maintain their focus on, and commitment to, us notwithstanding a potential merger or other change of control transaction.

Additional Compensation Information

Timing of Equity and Other Awards

We do not have any process or practice to time the grant of equity awards in coordination with our release of earnings or other material non-public information. Historically, our Compensation Committee has approved annual incentive awards and equity-based long-term incentive awards after the completion of each fiscal year, following review of pertinent fiscal year information and industry data. The date on which the Committee has met has varied from year to year, primarily based on the schedules of Committee members and the timing of compilation of data requested by the Committee. We do not time the release of material information to affect the value of executive compensation.

Compensation Recovery; Clawback Agreements

We have entered into clawback agreements with each of our executive officers that provide that in the event of an accounting restatement due to material non-compliance with federal securities laws, and without regard to misconduct, we have the right to recover incentive-based compensation that was computed on the basis of erroneous data during the three-year period preceding the accounting restatement and that exceeded what should have been paid on the basis of the corrected data.

Table of Contents

Share Ownership Requirements

We maintain minimum share ownership requirements for our executives and Trustees. We include these requirements in our Corporate Governance Principles. Our executive officers are required to own, within five years of their election as an executive officer, the lesser of (x) 75% of the number of common shares or share equivalents awarded to such executive officer for no consideration (other than such officer s services) under an equity compensation program during the sixty-month period that precedes the testing date, less shares withheld for taxes and (y) common shares or share equivalents that have a market value (based on the average of the closing common share prices as reported on the New York Stock Exchange for the twelve-month period ending on June 30 of the calendar year that precedes the date of computation) at least equal to a multiple of the officers base salary. In the case of our President and Chief Executive Officer, the multiple is six, and in the case of our other executive officers, the multiple is four. Each of our non-employee Trustees is required to retain a number of common shares (or share equivalents), whether vested or not, at least equal to five (5) times the annual cash retainer (currently $45,000 per year) for service on the Board. Each of our executive officers and non-employee Trustees is in compliance with the share ownership requirements. If an officer were not to meet the requirements, the officer would be restricted from selling any common shares (or share equivalents) that have been or are thereafter awarded to him or her under any of our equity compensation programs until such officer met the requirements, except as required by law or upon the approval of the Board or the Compensation Committee or (except as to himself) the President and Chief Executive Officer.

Hedging Prohibition

Our executives and Trustees are prohibited from hedging their ownership or offsetting any decline in the market value of our shares, including by trading in publicly-traded options, puts, calls or other derivative instruments related to our shares.

Pledges and Transactions in Shares

Our executives and Trustees are prohibited from pledging our shares as collateral for loans.

Compensation and Risks

Our Compensation Committee believes that the risks material to our business are those that derive from broad-based economic trends and specific trends related to the types of real estate we own and operate in our relevant markets. We do not believe that these risks are materially affected by, or materially arise from, our compensation policies and practices. We believe that our compensation policies and practices support achievement of competitive performance without unnecessary and excessive risk taking. Our annual incentive awards and equity-based long-term incentive awards are based on a variety of indicators of performance, thus diversifying the risk associated with any single indicator of performance. See Discussion Corporate Goals set forth above. In addition, our share ownership requirements, encourage our executives to focus on sustained share price appreciation rather than short-term results. Furthermore, compliance and ethical behavior are integral factors considered in all performance assessments.

Accounting Considerations

Prior to implementation of a compensation program and awards under the program, we evaluate the cost of the program and awards in light of our current budget and anticipated budget. We also review the design of

compensation programs to assure that the recognition of expense for financial reporting purposes is consistent with our financial modeling. Under FASB ASC Topic 718, the compensation cost recognized for an award classified as an equity award is fixed for the particular award and, absent modification, is not revised with subsequent changes in market prices of our common shares or other assumptions used for purposes of the valuation.

Tax Considerations

Prior to implementation of a compensation program and awards under the program, we evaluate the federal income tax consequences, both to us and to our executives, of the program and awards. Before approving a program, our Compensation Committee receives an explanation from our outside professionals as to the expected tax treatment of the program and awards under the program.

Consideration of Prior Year Compensation

The primary focus of our Compensation Committee in setting executive compensation is the executive s current level of compensation, including recent awards of long-term incentives, in the context of current levels of compensation for similarly situated executives at peer companies, taking into account the executive s performance and our corporate performance. The Committee has not adopted a formulaic approach for considering amounts realized by an executive from prior equity-based awards.

Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion and Analysis with our management, which has the responsibility for preparing the Compensation Discussion and Analysis. Based upon this review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in our proxy statement for our 2018 annual meeting of shareholders.

Submitted by:

James C. Diggs (Chair)

Charles P. Pizzi

Wyche Fowler

Michael J. Joyce

Table of Contents

Compensation Tables and Related Information

The following tables and footnotes set forth information, for the three most recent fiscal years, concerning compensation awarded to, earned by or paid to: (i) our President and Chief Executive Officer, (ii) our Executive Vice President and Chief Financial Officer and (iii) each of our three other most highly compensated executive officers in 2017 who were serving as executive officers at December 31, 2017 (our named executive officers).

Summary Compensation Table

Current Executive Name and Principal Position	Year	Salary (1)	Share Awards (2)	Non-Equity Incentive Plan Compensation (3)	All Other Compensation (4)	Total
Gerard H. Sweeney	2017	$ 700,000	$ 2,100,002	$ 1,820,000	$ 14,639(5)	$ 4,634,641
President and Chief	2016	$ 700,000	$ 2,099,992	$ 1,400,000	$ 14,559	$ 4,214,551
Executive Officer	2015	$ 683,333	$ 1,799,986	$ 1,750,000	$ 14,567	$ 4,247,886
Thomas E. Wirth	2017	$ 410,000	$ 599,999	$ 475,000	$ 5,820(6)	$ 1,490,819
Executive Vice	2016	$ 395,833	$ 562,500	$ 400,000	$ 5,730	$ 1,364,063
President, Chief Financial Officer	2015	$ 370,833	$ 525,008	$ 468,750	$ 5,730	$ 1,370,321
H. Jeffrey DeVuono	2017	$ 388,333	$ 569,999	$ 449,000	$ 5,820(7)	$ 1,413,152
Executive Vice	2016	$ 377,218	$ 544,958	$ 500,000	$ 5,730	$ 1,427,906
President and Senior Managing Director	2015	$ 361,834	$ 531,677	$ 454,139	$ 5,730	$ 1,353,380
George D. Johnstone	2017	$ 347,767	$ 420,764	$ 402,500	$ 5,820(8)	$ 1,176,851
Executive Vice	2016	$ 336,600	$ 420,743	$ 394,000	$ 5,730	$ 1,157,073
President, Operations	2015	$ 335,500	$ 412,497	$ 348,381	$ 5,730	$ 1,102,108
William D. Redd	2017	$ 333,333	$ 400,012	$ 387,000	$ 5,820(9)	$ 1,126,165
Executive Vice	2016	$ 315,833	$ 368,758	$ 380,000	$ 5,730	$ 1,070,321
President and Senior Managing Director	2015	$ 291,138	$ 339,777	$ 313,438	$ 5,730	$ 950,083

(1) *Executives are eligible to defer a portion of their salaries under our Nonqualified Deferred Compensation Plan. The amounts shown in this column have not been reduced by any deferrals under the Nonqualified Deferred Compensation Plan. Amounts deferred in 2017 are shown in the Nonqualified Deferred Compensation table below.*

(2) *This column represents the grant date fair value of Share Awards computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. Share Awards consist of (i) restricted common share rights and (ii) awards of performance units. The grant date fair value of each restricted common share right awarded on March 1, 2017 was equal to the closing price on New York Stock Exchange on the award date ($16.78). The grant date fair value for the performance units awarded on March 1, 2017 was $21.36 (reflecting the average of the values for performance units measured against the S&P US REIT index ($22.63) and for performance units measured against the peer group ($20.09)) and was determined using a Monte Carlo*

simulation probabilistic valuation model. In the case of the performance units measured against the S&P US REIT index, we assumed volatility of 25.6%, which was calculated based on the volatility of our share price over the preceding six years, using weekly share price observations (average peer volatility over the same period was 23.7%). Our actual total shareholder return from the beginning of the performance period through the grant date was 8.7%, which was calculated using a 30-day average share price as the beginning share price and the share price on the grant date as the ending share price (average shareholder return for the index for the same period was 5.9%). In the case of the performance units measured against the peer group, we assumed volatility of 25.6%, which was calculated based on the volatility of our share price over the preceding six years, using weekly share price observations (average peer volatility over the same period was 22.0%). Our actual total shareholder return from the beginning of the performance period through the grant *date was 8.7%, which was calculated using a 30-day average share price as the beginning share price and the share price on the grant date as the ending share price (average peer shareholder return for the same period was 8.8%). The amounts listed in this column include: performance-based restricted share unit grants for Mr. Sweeney, 65,871 units; for Mr. Wirth, 18,820 units; for Mr. DeVuono, 17,879 units; for Mr. Johnstone, 13,198 units; and for Mr. Redd, 12,547 units. Per SEC rules, the values of these units are reported in this column based on their probable outcomes at the grant date. However, the terms of the units permit additional shares to be earned based on performance. The grant date value of the maximum number of common shares that may be earned under the units was $2,210,631 for Mr. Sweeney, $631,599 for Mr. Wirth, $600,019 for Mr. DeVuono, $442,925 for Mr. Johnstone, and $421,077 for Mr. Redd.*

(3) These amounts reflect annual incentives actually earned. Executives are eligible to defer a portion of the amounts earned into our Deferred Compensation Plan.

(4) Amounts in this column do not include dividends paid on unvested restricted common shares rights because the dollar value of dividends has been factored into the grant date fair value of the rights. Amounts shown for 2016 and 2015 have been revised from prior year presentations to conform to this methodology.

(5) Represents for 2017 (i) $4,860 in employer matching and profit sharing contributions to our 401(k) retirement and profit sharing plan and deferred compensation plan; (ii) $960 in life insurance premiums; and (iii) $8,819 from participation in the Employee Share Purchase Plan.

(6) Represents for 2017 (i) $4,860 in employer matching and profit sharing contributions to our 401(k) retirement and profit sharing plan and deferred compensation plan; and (ii) $960 in life insurance premiums.

(7) Represents for 2017 (i) $4,860 in employer matching and profit sharing contributions to our 401(k) retirement and profit sharing plan and deferred compensation plan; and (ii) $960 in life insurance premiums.

(8) Represents for 2017 (i) $4,860 in employer matching and profit sharing contributions to our 401(k) retirement and profit sharing plan and deferred compensation plan; and (ii) $960 in life insurance premiums.

(9) Represents for 2017 (i) $4,860 in employer matching and profit sharing contributions to our 401(k) retirement and profit sharing plan and deferred compensation plan; and (ii) $960 in life insurance premiums.

Table of Contents

Grants of Plan-Based Awards

Current Executive Name	Grant Type	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ($) (1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (#) (2)			All Other Share Awards: Number of Shares (#) (3)	Grant Date Fair Value of Share and Option Awards (4)
			Threshold	Target	Maximum	Threshold	Target	Maximum		
Gerard H. Sweeney	Annual Incentive	n/a	$ 0	$ 1,400,000	$ 2,450,000					
	Performance Units	3/1/17				32,936	65,871	131,742		$ 1,407,005
	Restricted Common Share Rights	3/1/17							41,299	$ 692,997
Thomas E. Wirth	Annual Incentive	n/a	$ 0	$ 412,000	$ 721,000					
	Performance Units	3/1/17				9,410	18,820	37,640		$ 401,995
	Restricted Common Share Rights									