BRANDYWINE REALTY TRUST
Form 10-K
February 24, 2012
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
(Mark One)

þ	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011
OR

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

For the transition period from to

Commission file number 001-9106 (Brandywine Realty Trust)
000-24407 (Brandywine Operating Partnership, L.P.)

Brandywine Realty Trust
Brandywine Operating Partnership, L.P.
(Exact name of registrant as specified in its charter)

MARYLAND (Brandywine Realty Trust)	23-2413352
DELAWARE (Brandywine Operating Partnership L.P.)	23-2862640
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

555 East Lancaster Avenue	
Radnor, Pennsylvania	19087
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (610) 325-5600
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares of Beneficial Interest, par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange
7.50% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange
7.375% Series D Cumulative Redeemable Preferred Shares of Beneficial Interest par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Units of General Partnership Interest (Brandywine Operating Partnership, L.P.)

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Brandywine Realty Trust	Yes þ No o
Brandywine Operating Partnership, L.P.	Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Brandywine Realty Trust	Yes o No þ
Brandywine Operating Partnership, L.P.	Yes o No þ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Brandywine Realty Trust	Yes þ No o
Brandywine Operating Partnership, L.P.	Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Brandywine Realty Trust	Yes þ No o
Brandywine Operating Partnership, L.P.	Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

Brandywine Realty Trust:

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o

Brandywine Operating Partnership, L.P.:

Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Brandywine Realty Trust	Yes o No þ
Brandywine Operating Partnership, L.P.	Yes o No þ

As of June 30, 2011, the aggregate market value of the Common Shares of Beneficial Interest held by non-affiliates of Brandywine Realty Trust was $1,550,583,606 based upon the last reported sale price of $11.59 per share on the New York Stock Exchange on June 30, 2011. An aggregate of 142,728,273 Common Shares of Beneficial Interest were outstanding as of February 23, 2012.

As of June 30, 2011, the aggregate market value of the 8,897,204 common units of limited partnership ("Units") held by non-affiliates of Brandywine Operating Partnership, L.P. was $103,118,592 million based upon the last reported sale price of $11.59 per share on the New York Stock Exchange on June 30, 2011 of the Common Shares of Beneficial Interest of Brandywine Realty Trust, the sole general partner of Brandywine Operating Partnership, L.P. (For this computation, the Registrant has excluded the market value of all Units beneficially owned by Brandywine Realty Trust.)

Documents Incorporated By Reference

Portions of the proxy statement for the 2011 Annual Meeting of Shareholders of Brandywine Realty Trust are incorporated by reference into Part III of this Form 10-K.

The exhibit index as required by Item 601(a) of Regulation S-K is included in Item 15 of Part IV of this report.

Table of Contents

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2011 of Brandywine Realty Trust (the "Parent Company") and Brandywine Operating Partnership, L.P. (the "Operating Partnership"). The Parent Company is a Maryland real estate investment trust, or REIT that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the "Company". In addition, terms such as "we", "us", or "our" used in this report may refer to the Company, the Parent Company or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and as of December 31, 2011, owned a 98.1% interest in the Operating Partnership. The remaining 1.9% interest consists of common units of limited partnership interest issued by the Operating Partnership to third parties in exchange for contributions of properties to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership's day-to-day operations and management.

The Company believes that combining the annual reports on Form 10-K of the Parent Company and the Operating Partnership into a single report will result in the following benefits:

- facilitate a better understanding by the investors of the Parent Company and the Operating Partnership by enabling them to view the business as a whole in the same manner as management views and operates the business;
- remove duplicative disclosures and provide a more straightforward presentation in light of the fact that a substantial portion of the disclosure applies to both the Parent Company and the Operating Partnership; and
- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one enterprise. The management of the Parent Company consists of the same members as the management of the Operating Partnership. These members are officers of both the Parent Company and of the Operating Partnership.

There are few differences between the Parent Company and the Operating Partnership, which are reflected in the footnote disclosures in this report. The Company believes it is important to understand the differences between the Parent Company and the Operating Partnership in the context of how these entities operate as an interrelated consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of the partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing the debt obligations of the Operating Partnership. The Operating Partnership holds substantially all the assets of the Company and directly or indirectly holds the ownership interests in the Company's real estate ventures. The Operating Partnership conducts the operations of the Company's business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company's business through the Operating Partnership's operations, by the Operating Partnership's direct or indirect incurrence of indebtedness or through the issuance of partnership units of the Operating Partnership or equity interests in subsidiaries of the Operating Partnership.

The equity and non-controlling interests in the Parent Company and the Operating Partnership's equity are the main areas of difference between the consolidated financial statements of the Parent Company and the Operating Partnership. The common units of limited partnership interest in the Operating Partnership are accounted for as partners' equity in the Operating Partnership's financial statements while the common units of limited partnership interests held by parties other than the Parent Company are presented as non-controlling interests in the Parent Company's financial statements. The differences between the Parent Company and the Operating Partnership's equity relate to the differences in the equity issued at the Parent Company and Operating Partnership levels.

To help investors understand the significant differences between the Parent Company and the Operating Partnership, this report presents the following as separate notes or sections for each of the Parent Company and the Operating Partnership:

- Consolidated Financial Statements;
- Parent Company’s and Operating Partnership’s Equity
- Liquidity and Capital Resources in the Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This report also includes separate Item 9A. (Controls and Procedures) disclosures and separate Exhibit 31 and 32 certifications for each of the Parent Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Parent Company and Operating Partnership are

Table of Contents

compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.

In order to highlight the differences between the Parent Company and the Operating Partnership, the separate sections in this report for the Parent Company and the Operating Partnership specifically refer to the Parent Company and the Operating Partnership. In the sections that combine disclosures of the Parent Company and the Operating Partnership, this report refers to such disclosures as those of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and real estate ventures and holds assets and debt, reference to the Company is appropriate because the business is one enterprise and the Parent Company operates the business through the Operating Partnership.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company operations on a consolidated basis and how management operates the Company.

Table of Contents

TABLE OF CONTENTS
FORM 10-K

Table of Contents

Filing Format

This combined Form 10-K is being filed separately by Brandywine Realty Trust (the "Parent Company") and Brandywine Operating Partnership, L.P. (the "Operating Partnership").

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This Annual Report on Form 10-K and other materials filed by us with the SEC (as well as information included in oral or other written statements made by us) contain statements that are forward-looking, including statements relating to business and real estate development activities, acquisitions, dispositions, future capital expenditures, financing sources, governmental regulation (including environmental regulation) and competition. We intend such forward-looking statements to be covered by the safe-harbor provisions of the 1995 Act. The words "anticipate," "believe," "estimate," "expect," "intend," "will," "should" and similar expressions, as they relate to us, are intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be achieved. As forward-looking statements, these statements involve important risks, uncertainties and other factors that could cause actual results to differ materially from the expected results and, accordingly, such results may differ from those expressed in any forward-looking statements made by us or on our behalf. Factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- the continuing impact of the global economic slowdown, which is having and may continue to have a negative effect on the following, among other things:
- the fundamentals of our business, including overall market occupancy, demand for office space and rental rates;
- the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties;
- availability of financing on attractive terms or at all, which may adversely impact our future interest expense and our ability to pursue acquisition and development opportunities and refinance existing debt; and
- a decline in real estate asset valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.
- changes in local real estate conditions (including changes in rental rates and the number of properties that compete with our properties);
- changes in the economic conditions affecting industries in which our principal tenants compete;
- the unavailability of equity and debt financing;
- our failure to lease unoccupied space in accordance with our projections;
- our failure to re-lease occupied space upon expiration of leases;
- tenant defaults and the bankruptcy of major tenants;
- increases in interest rates;
- failure of interest rate hedging contracts to perform as expected and the effectiveness of such arrangements;
- failure of acquisitions to perform as expected;
- unanticipated costs associated with the acquisition, integration and operation of our acquisitions;
- unanticipated costs to complete, lease-up and operate our developments and redevelopments;
- unanticipated costs associated with land development, including building moratoriums and inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals, construction cost increases or overruns and construction delays;
- impairment charges;
- increased costs for, or lack of availability of, adequate insurance, including for terrorist acts;
- actual or threatened terrorist attacks;
- demand for tenant services beyond those traditionally provided by landlords;
- liability under environmental or other laws;
- failure or bankruptcy of real estate venture partners;

- inability of real estate venture partners to fund venture obligations;
- failure of dispositions to close in a timely manner;
- failure of buyers of our properties to comply with terms of their financing agreements to us;
- earthquakes and other natural disasters;
- the unforeseen impact of climate change and compliance costs relating to laws and regulations governing climate change;
- risks associated with federal, state and local tax audits;
- complex regulations relating to our status as a REIT and the adverse consequences of our failure to qualify as a REIT;

Table of Contents

and

- the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results.

Given these uncertainties, and the other risks identified in the “Risk Factors” section and elsewhere in this Annual Report on Form 10-K, we caution readers not to place undue reliance on forward-looking statements. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

Table of Contents

PART I

Item 1. Business

Introduction

We are a self-administered and self-managed REIT that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, mixed-use and industrial properties. As of December 31, 2011, we owned and consolidated 232 properties (collectively, the "Properties") containing an aggregate of approximately 25.2 million net rentable square feet. The Properties include 207 office properties, 20 industrial properties and five mixed-use properties. As of December 31, 2011, we also owned interests in 18 unconsolidated real estate ventures (collectively, the "Real Estate Ventures") that own properties that contain approximately 6.7 million net rentable square feet. In addition, as of December 31, 2011, we owned 444 acres of undeveloped land, and held options to purchase approximately 52 additional acres of undeveloped land. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern and Central New Jersey; Richmond, Virginia; Wilmington, Delaware; Austin, Texas and Oakland, Concord, Carlsbad and Rancho Bernardo, California. In addition to managing properties that we own, as of December 31, 2011, we were managing approximately 7.4 million square feet of office and industrial properties for third parties and Real Estate Ventures. Unless otherwise indicated, all references to square feet represent net rentable area.

Organization

The Parent Company was organized and commenced its operations in 1986 as a Maryland REIT. The Parent Company owns its assets and conducts its operations through the Operating Partnership and subsidiaries of the Operating Partnership. The Operating Partnership was formed in 1996 as a Delaware limited partnership. The Parent Company controls the Operating Partnership as its sole general partner. As of December 31, 2011, the Parent Company owned a 98.1% interest in the Operating Partnership. The remaining 1.9% interest in the Operating Partnership consists of common units of limited partnership interest issued to the holders in exchange for contributions of properties to the Operating Partnership. Our structure as an "UPREIT" is designed, in part, to permit persons contributing properties to us to defer some or all of the tax liability they might otherwise incur in a sale of properties.Our executive offices are located at 555 East Lancaster Avenue, Suite 100, Radnor, Pennsylvania 19087 and our telephone number is (610) 325-5600. We have offices in Philadelphia, Pennsylvania; Falls Church, Virginia; Mount Laurel, New Jersey; Richmond, Virginia; Austin, Texas; and Carlsbad, California. We have an internet website at www.brandywinerealty.com. We are not incorporating by reference into this Annual Report on Form 10-K any material from our website. The reference to our website is an inactive textual reference to the uniform resource locator (URL) and is for your reference only.

2011 Transactions

Real Estate Acquisitions/Dispositions

On December 20, 2011, we formed a joint venture, Brandywine - AI Venture LLC (the "Venture"), with Current Creek Investments, LLC ("Current Creek"), a wholly-owned subsidiary of Allstate Insurance Company. We and Current Creek each own a 50% interest in the Venture. The Venture owns three office properties, which we contributed to the Venture upon its formation. The contributed office properties contain an aggregate of 587,317 net rentable square feet and consist of 3130 and 3141 Fairview Park Drive, both located in Falls Church, Virginia, and 7101 Wisconsin Avenue located in Bethesda, Maryland. As of December 31, 2011, these properties were 84.5%, 82.4% and 99.4% leased, respectively. Concurrent with our contribution of the three properties to the Venture, Current Creek contributed approximately $32.2 million (net of closing costs and customary prorations) to the capital of the Venture and the Venture closed on non-recourse fixed rate mortgage loans in the aggregate amount of $90.0 million, secured by mortgages on each of the three properties. The mortgage loans have a weighted-average maturity of 7.4 years and bear interest at a weighted average rate of 4.4%. We transferred the properties to the Venture based on a $156.0 million valuation. Upon formation of the Venture, we received $120.1 million of aggregate proceeds from these transactions net of $2.9 million of transaction and venture formation costs. We used the net proceeds to reduce outstanding indebtedness under our unsecured revolving credit facility and for general corporate purposes. We were engaged by the Venture to perform property management and leasing services at market rates.

On November 22, 2011, we sold 442 Creamery Way, a 104,500 net rentable square feet office property located in Exton, PA, for a sales price of $7.4 million. The property was 100.0% occupied as of the date of sale.

On October 28, 2011, we sold two office properties (Five Greentree and Lake Center II) containing a total of 206,243 net rentable square feet located in Marlton, NJ for an aggregate sales price of $22.8 million. Five Greentree and Lake Center II were 92.2% and 47.8% occupied, respectively, as of the date of sale.

Table of Contents

On October 14, 2011, we sold an undeveloped parcel of land in Dallas, Texas containing six acres of land for $0.6 million.

On August 12, 2011, we acquired an office property located in Philadelphia, Pennsylvania, together with related ground tenancy rights under a long-term ground lease, through the foreclosure of an $18.8 million note receivable secured by the property. We purchased the note receivable from a third party on August 2, 2011, which was funded through an advance under our unsecured revolving Credit Facility, and with available corporate funds. The office property contains 192,707 of net rentable square feet and was 57.2% leased as of December 31, 2011.

On June 27, 2011, we sold Three Greentree Center, a 69,300 net rentable square feet office property located in Marlton, New Jersey, for a sales price of $5.9 million. The property was 13.9% occupied as of the date of sale.

On March 28, 2011, we acquired two office properties containing a total of 126,496 net rentable square feet in Glen Allen, Virginia known as Overlook I and II for $12.6 million. The acquired properties were 100% leased as of December 31, 2011. We funded the acquisition through an advance under our unsecured revolving credit facility and with available corporate funds.

On January 20, 2011, we acquired a one acre parcel of land in Philadelphia, Pennsylvania for $9.3 million. We funded the cost of this acquisition through an advance under our unsecured credit facility and with available corporate funds. We thereafter contributed the acquired property into a newly formed real estate venture, known as Brandywine 1919 Market Ventures ("1919 Ventures"), in return for a 50% general partner interest in the venture, with the other partner contributing cash for general partner interest. 1919 Ventures is evaluating a mixed-use development at the parcel.

Developments and Redevelopments

During 2011, we placed in service a 220 space garage property that we redeveloped. At December 31, 2011, we were not proceeding on any development or redevelopment activity, although we were, in the ordinary course of business, evaluating development and redevelopment opportunities.

Unsecured Debt Activity and New Credit Facility

During the year ended December 31, 2011, we repurchased $106.2 million of our unsecured Notes as summarized in the table below (excluding accrued interest, in thousands):

Notes	Repurchase Amount	Principal	Loss	Deferred Financing Amortization
2011 3.875% Notes	$59,835	$59,835	$—	$—
2012 5.750% Notes	24,749	23,709	868	32
2015 7.500% Notes	25,140	22,671	2,396	120
	$109,724	$106,215	$3,264	$152

We funded these repurchases from a combination of proceeds from asset sales, cash flow from operations and borrowings under our Credit Facility (as defined below).

We use borrowings under our Credit Facility for general business purposes, including the acquisition, development and redevelopment of properties and the repayment of other debt.

On December 15, 2011, we entered into binding agreements for lender commitments related to a new $600.0 million four-year unsecured revolving credit facility (the "New Credit Facility") and three unsecured term loans in the aggregate amount of $600.0 million (collectively, the “New Term Loans”), consisting of a $150.0 million three-year loan, a $250.0 million four-year loan and a $200.0 million seven-year loan. We closed on the New Credit Facility and New Term Loans on February 1, 2012 and used the initial advances under the New Term Loans to repay all balances outstanding under, and concurrently terminate, our then existing $600.0 million unsecured revolving credit facility (the "Prior Credit Facility") and $183.0 million unsecured term loan (the "Prior Term Loan"), each of which had been scheduled to mature on June 29, 2012. When we use the term "Credit Facility" in this Form 10-K, we are referring to the Prior Credit Facility (for events and time periods prior to February 1, 2012) and to the New Credit Facility (for events and time period on or after February 1, 2012).

We have the option to increase the amounts available to be advanced under the New Credit Facility, the $150.0 million three-year term loan, and the $250.0 million four-year term loan by an aggregate of $200.0 million, subject to customary conditions and limitations, by obtaining additional commitments from the current lenders and other financial institutions. We also have the option to extend the maturity dates of each of the New Credit Facility, the $150.0 million three-year term loan and the $250.0 million four-year term loan by one year, subject to payment of an extension fee and other customary conditions and limitations. We can

Table of Contents

prepay the $150.0 million three-year term and the $250.0 million four-year term loans at any time without penalty. The $200.0 million seven-year term loan is subject to a declining prepayment penalty ranging from 3.00% a year after closing, 2.00% after two years, 1.00% after three years and without penalty thereafter.

The spread to LIBOR for LIBOR-based loans under the New Credit Facility and New Term Loans will depend on our unsecured senior debt credit rating. Based on our current credit rating, the spread for such loans will be 150, 175, 175 and 190 basis points under the New Credit Facility, the $150.0 million three-year term loan, the $250.0 million four-year term loan and the $200.0 million seven-year term loan, respectively. At our option, loans under the New Credit Facility and New Term Loans may also bear interest at a per annum floating rate equal to the higher of the prime rate or the federal funds rate plus 0.50% per annum. The New Credit Facility contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loans to us at a reduced rate. We executed hedging transactions that fix the rate on the $200.0 million seven-year term loan at a 3.623% average for its full term, the rate on $300.0 million of notional principal for the other loans at rates in a range of 2.470% to 2.910% for periods of three to five years. All hedges commenced on February 1, 2012 and the rates are inclusive of the LIBOR spread based on the current investment grade rating.

The New Credit Facility and New Term Loans, consistent with the Prior Credit Facility and Prior Term Loan, contain financial and operating covenants and restrictions, including covenants that relate to our incurrence of additional debt; granting liens; consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments; and the payment of dividends. The restriction on dividends permits us to pay dividends to the greater of (i) an amount required for us to retain our qualification as a REIT and (ii) 95% of our funds from operations. The New Credit Facility and New Term Loans include financial covenants that require us to maintain an interest coverage ratio, a fixed charge coverage ratio, an unsecured debt ratio and an unencumbered cash flow ratio above specified levels; to maintain a minimum net worth above an amount determined on a specified formula; and to maintain a leverage ratio and a secured debt ratio below certain maximum levels. Another financial covenant limits the ratio of our unsecured debt to the value of our unencumbered properties.

We were in compliance with all financial and non-financial covenants under the Credit Facility and our credit agreements as of December 31, 2011. We continuously monitor our compliance with all covenants. Certain covenants restrict our ability to obtain alternative sources of capital. While we believe that we will remain in compliance with our covenants, a continued slow-down in the economy and continued decrease in availability of debt financing could result in non-compliance with covenants.

On April 5, 2011, we sold $325.0 million of our 4.95% Guaranteed Notes Due April 15, 2018 (the “2018 Notes”). The net proceeds from the sale of the 2018 Notes, after the underwriters’ discount and offering expenses, amounted to $318.9 million, and were used to reduce outstanding borrowings under our Credit Facility and for general corporate purposes.

Secured Debt Activity

During the year ended December 31, 2011, we prepaid an aggregate of $210.5 million of our secured debt without penalty using a combination of proceeds from asset sales, cash flow from operations and borrowings under the Credit Facility. The prepayments are summarized as follows (excluding accrued interest, in thousands):

Mortgage Note	Payment Date	Amount
Concord Airport Plaza	Sep-11	$34,494
One Logan Square	Jul-11	60,000
Midlantic, Lenox, DCCI	Jun-11	56,514
Research Office Center	Jun-11	39,145
Arboretum I, II, III, & V	Apr-11	20,386
Total		$210,539

Additional Financing Activity

The Parent Company uses its continuous equity offering program (the “Offering Program”), under which it may sell up to an aggregate amount of 15,000,000 common shares until March 10, 2013. During the year ended December 31, 2011, the Parent Company sold 679,285 shares under this program at an average sales price of $12.18 per share resulting in net proceeds of $8.0 million. The Parent Company contributed the net proceeds from the sale of its shares to the Operating Partnership in exchange for the issuance of 679,285 common partnership units to the Parent Company. The Operating Partnership used the net proceeds contributed by the Parent Company to repay balances on our Credit Facility and for general corporate purposes. From the inception of the Offering Program in March 2010 through December 31, 2011, the Parent Company has sold 6,421,553 common shares under this program, leaving in 8,578,447 shares available for sale.

Table of Contents

Business Objective and Strategies for Growth

Our business objective is to deploy capital effectively to maximize our return on investment and thereby maximize our total return to shareholders. To accomplish this objective we seek to:

- maximize cash flow through leasing strategies designed to capture rental growth as rental rates increase and as leases are renewed;
- attain a high tenant retention rate by providing a full array of property management and maintenance services and tenant service programs responsive to the varying needs of our diverse tenant base;
- form joint venture opportunities with high-quality partners having attractive real estate holdings or significant financial resources;
- utilize our reputation as a full-service real estate development and management organization to identify acquisition and development opportunities that will expand our business and create long-term value; and
- increase the economic diversification of our tenant base while maximizing economies of scale.

We also consider the following to be important objectives:

- to acquire and develop high-quality office and industrial properties at attractive yields in markets that we expect will experience economic growth and where we can achieve operating efficiencies;
- to deploy our land inventory for development of high-quality office and industrial properties; and
- to capitalize on our redevelopment expertise to selectively develop, redevelop and reposition properties in desirable locations.

We expect to concentrate our real estate activities in markets where we believe that:

- current and projected market rents and absorption statistics justify construction activity;
- we can maximize market penetration by accumulating a critical mass of properties and thereby enhance operating efficiencies;
- barriers to entry (such as zoning restrictions, utility availability, infrastructure limitations, development moratoriums and limited developable land) will create supply constraints on office and industrial space; and
- there is potential for economic growth, particularly job growth and industry diversification.

Operating Strategy

In this current economic environment, we expect to continue to operate in markets where we have a concentration advantage due to economies of scale. We believe that where possible, it is best to operate with a strong base of properties in order to benefit from the personnel allocation and the market strength associated with managing several properties in the same market. However, we intend to selectively dispose of properties and redeploy capital if we determine a property cannot meet our long term earnings growth expectations. We believe that recycling capital is an important aspect of maintaining the overall quality of our portfolio.

Our broader strategy remains focused on continuing to enhance liquidity and strengthen our balance sheet through capital retention, targeted sales activity and management of our existing and prospective liabilities.

In the long term, we believe that we are well positioned in our current markets and have the expertise to take advantage of both development and acquisition opportunities, as warranted by market and economic conditions, in new markets that have healthy long-term fundamentals and strong growth projections. This capability, combined with what we believe is a conservative financial structure, should allow us to achieve disciplined growth. These abilities are integral to our strategy of having a geographically and physically diverse portfolio of assets, which will meet the needs of our tenants.

We use experienced on site construction superintendents, operating under the supervision of project managers and senior management, to control the construction process and mitigate the various risks associated with real estate development.

In order to fund developments, redevelopments and acquisitions, as well as refurbish and improve existing Properties, we must use excess cash from operations after satisfying our dividend and other requirements. The availability of funds for new investments and maintenance of existing Properties depends in large measure on capital markets and liquidity factors over which we can exert little control. Past events, including failures and near failures of a number of large financial service companies, have made the capital markets volatile. In addition, downgrades of our public debt ratings by Standard & Poor's and Moody's Investor Service could increase our cost of capital.

Table of Contents

Policies With Respect To Certain Activities

The following is a discussion of our investment, financing and other policies. These policies have been determined by our Board of Trustees and our Board may revise these policies without a vote of shareholders.

Investments in Real Estate or Interests in Real Estate

We may develop, purchase or lease income-producing properties for long-term investment, expand and improve the properties presently owned or other properties purchased, or sell such properties, in whole or in part, as circumstances warrant. Although there is no limitation on the types of development activities that we may undertake, we expect that our development activities will meet current market demand and will generally be on a build-to-suit basis for particular tenants where a significant portion of the building is pre-leased before construction begins. We continue to participate with other entities in property ownership through existing joint ventures or other types of co-ownership. Our equity investments may be subject to existing or future mortgage financing and other indebtedness that will have priority over our equity investments.

Securities of or Interests in Entities Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers. We may enter into joint ventures or partnerships for the purpose of obtaining an equity interest in a particular property. We do not currently intend to invest in the securities of other issuers except in connection with joint ventures or acquisitions of indirect interests in properties.

Investments in Real Estate Mortgages

While our current portfolio consists of, and our business objectives emphasize, equity investments in commercial real estate, we may, at the discretion of management or our Board of Trustees, invest in other types of equity real estate investments, mortgages and other real estate interests. We do not presently intend to invest to a significant extent in mortgages or deeds of trust, but may invest in participating mortgages if we conclude that we may benefit from the cash flow or any appreciation in the value of the property securing a mortgage. From time to time, we provide seller financing to buyers of our properties. We do this when the buyer requires additional funds for the purchase and provision of seller financing will be beneficial to us and the buyer compared to a mortgage loan from a third party lender.

Dispositions

Our disposition of properties is based upon management’s periodic review of our portfolio and the determination by management or our Board of Trustees that a disposition would be in our best interests. We intend to use selective dispositions to fund our capital and refinancing needs.

Financing Policies

A primary objective of our financing policy has been to manage our financial position to allow us to raise capital from a variety of sources at competitive rates. Our mortgages, credit facilities and unsecured debt securities contain restrictions on our ability to incur indebtedness. Our charter documents do not limit the indebtedness that we may incur. Our financing strategy is to maintain a strong and flexible financial position by limiting our debt to a prudent level and minimizing our variable interest rate exposure. We intend to finance future growth and future maturing debt with the most advantageous source of capital then available to us. These sources may include selling common or preferred equity and debt securities sold through public offerings or private placements, utilizing availability under the Credit Facility or incurring additional indebtedness through secured or unsecured borrowings. To qualify as a REIT, we must distribute to our shareholders each year at least ninety percent of our net taxable income, excluding any net capital gain. This distribution requirement limits our ability to fund future capital needs, including for acquisitions and developments, from income from operations. Therefore, we expect to continue to rely on third party sources of capital to fund future capital needs.

Working Capital Reserves

We maintain working capital reserves and access to borrowings in amounts that our management determines to be adequate to meet our normal contingencies.

Policies with Respect to Other Activities

We expect to issue additional common and preferred equity in the future and may authorize our Operating Partnership to issue additional common and preferred units of limited partnership interest, including to persons who contribute their interests in

Table of Contents

properties to us in exchange for such units. We have not engaged in trading, underwriting or agency distribution or sale of securities of unaffiliated issuers and we do not intend to do so. We intend to make investments consistent with our qualification as a REIT, unless because of circumstances or changes in the Internal Revenue Code of 1986, as amended (or the Treasury Regulations), our Board of Trustees determines that it is no longer in our best interests to qualify as a REIT. We may make loans to third parties, including to joint ventures in which we participate and to buyers of our real estate. We intend to make investments in such a way that we will not be treated as an investment company under the Investment Company Act of 1940.

Management Activities

We provide third-party real estate management services primarily through wholly-owned subsidiaries (collectively, the "Management Companies"). As of December 31, 2011, the Management Companies were managing properties containing an aggregate of approximately 32.6 million net rentable square feet, of which approximately 25.2 million net rentable square feet related to Properties owned by us and approximately 7.4 million net rentable square feet related to properties owned by third parties and unconsolidated Real Estate Ventures.

Geographic Segments

As of December 31, 2011, we were managing our portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington D.C, (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California. The Pennsylvania Suburbs segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and suburban Maryland. The New Jersey/Delaware segment includes properties in Burlington, Camden and Mercer counties and in New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and Durham, North Carolina. The Austin, Texas segment includes properties in Austin. The California segment includes properties in Oakland, Concord, Carlsbad and Rancho Bernardo. Our corporate group is responsible for cash and investment management, development of certain real estate properties during the construction period, and certain other general support functions.

Competition

The real estate business is highly competitive. Our Properties compete for tenants with similar properties primarily on the basis of location, total occupancy costs (including base rent and operating expenses), services provided, and the design and condition of the improvements. We also face competition when attempting to acquire or develop real estate, including competition from domestic and foreign financial institutions, other REITs, life insurance companies, pension funds, partnerships and individual investors. Additionally, our ability to compete depends upon trends in the economies of our markets, investment alternatives, financial condition and operating results of current and prospective tenants, availability and cost of capital, construction and renovation costs, land availability, our ability to obtain necessary construction approvals, taxes, governmental regulations, legislation and population trends.

Insurance

We maintain commercial general liability and "all risk" property insurance on our properties. We intend to obtain similar coverage for properties we acquire in the future. There are types of losses, generally of a catastrophic nature, such as losses from war, terrorism, environmental issues, floods, hurricanes and earthquakes that are subject to limitations in certain areas or which may be uninsurable risks. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it impractical to use insurance proceeds to fully replace or restore a property after it has been damaged or destroyed.

Employees

As of December 31, 2011, we had 402 full-time employees, including 20 union employees.

Government Regulations Relating to the Environment

Many laws and governmental regulations relating to the environment apply to us and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently and may adversely affect us. Existing conditions at some of our Properties. Independent environmental consultants have conducted Phase I or similar

Table of Contents

environmental site assessments on our Properties. We generally obtain these assessments prior to the acquisition of a Property and may later update them as required for subsequent financing of the property or as requested by a tenant. Site assessments are generally performed to ASTM standards then existing for Phase I site assessments, and typically include a historical review, a public records review, a visual inspection of the surveyed site, and the issuance of a written report. These assessments do not generally include any soil samplings or subsurface investigations. Depending on the age of the property, the Phase I may have included an assessment of asbestos-containing materials. For properties where asbestos-containing materials were identified or suspected, an operations and maintenance plan was generally prepared and implemented. See Note 2 to our consolidated financial statements for our evaluation in accordance with the accounting standard governing asset retirement obligations.

Historical operations at or near some of our properties, including the operation of underground storage tanks, may have caused soil or groundwater contamination. We are not aware of any such condition, liability or concern by any other means that would give rise to material, uninsured environmental liability. However, the assessments may have failed to reveal all environmental conditions, liabilities or compliance concerns; there may be material environmental conditions, liabilities or compliance concerns that a review failed to detect or which arose at a property after the review was completed; future laws, ordinances or regulations may impose material additional environmental liability; and current environmental conditions at our Properties may be affected in the future by tenants, third parties or the condition of land or operations near our Properties, such as the presence of underground storage tanks. We cannot be certain that costs of future environmental compliance will not affect our ability to make distributions to our shareholders.

Use of hazardous materials by some of our tenants. Some of our tenants handle hazardous substances and wastes on our properties as part of their routine operations. Environmental laws and regulations may subject these tenants, and potentially us, to liability resulting from such activities. We generally require our tenants, in their leases, to comply with these environmental laws and regulations and to indemnify us for any related liabilities. These tenants are primarily involved in the life sciences and the light industrial and warehouse businesses. We are not aware of any material noncompliance, liability or claim relating to hazardous or toxic substances or petroleum products in connection with any of our Properties, and we do not believe that on-going activities by our tenants will have a material adverse effect on our operations.

Costs related to government regulation and private litigation over environmental matters. Under environmental laws and regulations, we may be liable for the costs of removal, remediation or disposal of hazardous or toxic substances present or released on our Properties. These laws could impose liability without regard to whether we are responsible for, or knew of, the presence or release of the hazardous materials. Government investigations and remediation actions may entail substantial costs and the presence or release of hazardous substances on a property could result in governmental cleanup actions or personal injury or similar claims by private plaintiffs.

Potential environmental liabilities may exceed our environmental insurance coverage limits. We carry what we believe to be sufficient environmental insurance to cover potential liability for soil and groundwater contamination, mold impact, and the presence of asbestos-containing materials at the affected sites identified in our environmental site assessments. Our insurance policies are subject to conditions, qualifications and limitations. Therefore, we cannot provide any assurance that our insurance coverage will be sufficient to cover all liabilities for losses.

Potential environmental liabilities may adversely impact our ability to use or sell assets. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral.

Other

We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2011 revenue.

Code of Conduct

We maintain a Code of Business Conduct and Ethics applicable to our Board and all of our officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions. A copy of our Code of Business Conduct and Ethics is available on our website, www.brandywinerealty.com. In addition to being accessible through our website, copies of our Code of Business

Conduct and Ethics can be obtained, free of charge, upon written request to Investor Relations, 555 East Lancaster Avenue, Suite 100, Radnor, PA 19087. Any 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.

Table of Contents

Corporate Governance Principles and Board Committee Charters

Our Corporate Governance Principles and the charters of the Executive Committee, Audit Committee, Compensation Committee and Corporate Governance Committee of the Board of Trustees of Brandywine Realty Trust and additional information regarding our corporate governance are available on our website, www.brandywinerealty.com. In addition to being accessible through our website, copies of our Corporate Governance Principles and charters of our Board Committees can be obtained, free of charge, upon written request to Investor Relations, 555 Lancaster Avenue, Suite 100, Radnor, PA 19087.

Availability of SEC Reports

We file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and other information with the SEC. Members of the public may read and copy materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Members of the public may also obtain information on the Public Reference Room by calling the SEC at 1-800-732-0330. The SEC also maintains an Internet web site that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. The address of that site is http://www.sec.gov. Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and other information filed by us with the SEC are available, without charge, on our Internet web site, http://www.brandywinerealty.com as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available, free of charge, upon written request to Investor Relations, Brandywine Realty Trust, 555 East Lancaster Avenue, Suite 100, Radnor, PA 19087.

Item 1A. Risk Factors

Our results from operations and ability to make distributions on our equity and to pay debt service on our indebtedness may be affected by the risk factors set forth below. All investors should consider the following risk factors before deciding to purchase our securities.

Adverse economic and geopolitical conditions could have a material adverse effect on our results of operations, financial condition and our ability to pay distributions to you.

Our business is affected by the continued volatility in the financial and credit markets, the sluggish recovery in the global economy, and other market or economic challenges experienced by the U.S. economy or the real estate industry as a whole. While there are signs of recovery in the U.S. economy, the recovery rate has been much slower than anticipated. Our portfolio consists primarily of office buildings (as compared to a more diversified real estate portfolio); if economic conditions persist or again deteriorate, then our results of operations, financial condition, financial results and ability to service current debt and to pay distributions to our shareholders may be adversely affected by the following, among other potential conditions:

- significant job losses in the financial and professional services industries may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;
- our ability to borrow on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to complete development opportunities and refinance existing debt;
- reduced values of our properties may limit our ability to dispose of assets at attractive prices or to obtain debt financing secured by our properties and may reduce the availability of unsecured loans;
- the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors;
- reduced liquidity in debt markets and increased credit risk premiums for certain market participants may impair our ability to access capital; and
- one or more lenders under our line of credit could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.

These conditions, which could have a material adverse effect on our results of operations, financial condition and ability to pay distributions, may continue or worsen in the future.

Our performance is subject to risks associated with our properties and with the real estate industry.

Our economic performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our shareholders will be adversely affected. Events or conditions beyond our control that may adversely affect our operations or the value of our properties include:

Table of Contents

- downturns in the national, regional and local economic climate including increases in the unemployment rate and inflation;
- competition from other office, mixed use, industrial and commercial buildings;
- local real estate market conditions, such as oversupply or reduction in demand for office, industrial or commercial space;
- changes in interest rates and availability of financing;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance expense, utilities, real estate taxes, janitorial costs, state and local taxes, labor shortages and heightened security costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses;
- significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property; and
- declines in the financial condition of our tenants and our ability to collect rents from our tenants.

The disruption in the debt capital markets could adversely affect us.

Notwithstanding the recent improvement in capital and credit markets, these markets are still considered volatile and disruptions in these markets are still possible. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers’ underlying financial strength. These events have an adverse effect on the availability of credit, the terms on which credit can be sourced and the overall cost of debt capital. This could negatively affect us by:

- increasing our costs to finance our ongoing operations and fund our development and redevelopment activities;
- reducing the availability of potential bidders for, and the amounts offered for, any properties we may wish to sell; and
- preventing us from accessing necessary debt capital on a timely basis leading us to consider potentially more dilutive capital transactions such as undesirable sales of properties or equity securities.

We may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of our tenants.

The current economic conditions have caused some of our tenants to experience financial difficulties. If more of our tenants were to continue to experience financial difficulties, including bankruptcy, insolvency or a general downturn in their business, there could be an adverse effect on our financial performance and distributions to shareholders. We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar efforts by us to collect pre-bankruptcy debts from that tenant or lease guarantor, or its property, unless we receive an order permitting us to do so from the bankruptcy court. In addition, we cannot evict a tenant solely because of bankruptcy. The bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. If, however, a lease is rejected by a tenant in bankruptcy, we would have only a general, unsecured claim for damages. Any such unsecured claim would only be paid to the extent that funds are available and only in the same percentage as is paid to all other holders of general, unsecured claims. Restrictions under the bankruptcy laws further limit the amount of any other claims that we can make if a lease is rejected. As a result, it is likely that we would recover substantially less than the full value of the remaining rent during the term. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Influence Future Results of Operations - Tenant Credit Risk."

The terms and covenants relating to our indebtedness could adversely impact our economic performance.

Like other real estate companies which incur debt, we are subject to risks associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance existing indebtedness. If our debt cannot be paid, refinanced or extended at maturity, we may not be able to make distributions to shareholders at expected levels or at all. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any properties securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of properties foreclosed on, could threaten our continued viability.

Our Credit Facility, new term loans and the indenture governing our unsecured public debt securities contain (and any new or amended facility will contain) restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. Our ability to borrow under our credit facilities is subject to compliance with such financial and other covenants. In the event that we fail to satisfy these covenants, we would be in default under the credit facilities,

Table of Contents

the term loan and the indenture and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of capital may not be available to us, or may be available only on unattractive terms. In addition, the mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. If we breach covenants in our secured debt agreements, the lenders can declare a default and take possession of the property securing the defaulted loan.

Increases in interest rates on variable rate indebtedness will increase our interest expense, which could adversely affect our cash flow and ability to make distributions to shareholders. Rising interest rates could also restrict our ability to refinance existing debt when it matures. In addition, an increase in interest rates could decrease the amounts that third parties are willing to pay for our assets, thereby limiting our ability to alter our portfolio promptly in relation to economic or other conditions. We entered into and may, from time to time, enter into agreements such as interest rate hedges, swaps, floors, caps and other interest rate hedging contracts with respect to a portion of our variable rate debt. Although these agreements may lessen the impact of rising interest rates on us, they also expose us to the risk that other parties to the agreements will not perform or that we cannot enforce the agreements.

Our degree of leverage could limit our ability to obtain additional financing or affect the market price of our equity shares or debt securities.

Our degree of leverage could affect our ability to obtain additional financing for working capital expenditures, development, acquisitions or other general corporate purposes. In the event that our unsecured debt is downgraded by Moody's Investor Services or Standard & Poor's from the current ratings, we would likely incur higher borrowing costs and the market prices of our common shares and debt securities might decline. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy in general.

We may experience increased operating costs, which might reduce our profitability.

Our properties are subject to increases in operating expenses such as for cleaning, electricity, heating, ventilation and air conditioning, administrative costs and other costs associated with security, landscaping and repairs and maintenance of our properties. In general, under our leases with tenants, we pass through all or a portion of these costs to them. We cannot assure you, however, that tenants will actually bear the full burden of these higher costs, or that such increased costs will not lead them, or other prospective tenants, to seek office space elsewhere. If operating expenses increase, the availability of other comparable office space in our core geographic markets might limit our ability to increase rents; if operating expenses increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to shareholders.

Our investment in property development or redevelopment may be more costly or difficult to complete than we anticipate.

We intend to continue to develop properties where market conditions warrant such investment. Once made, these investments may not produce results in accordance with our expectations. Risks associated with our development and construction activities include:

- the unavailability of favorable financing alternatives in the private and public debt markets;
- having sufficient capital to pay development costs;
- unprecedented market volatility in the share price of REITs;
- dependence on the financial services sector as part of our tenant base;
- construction costs exceeding original estimates due to rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;
- construction and lease-up delays resulting in increased debt service, fixed expenses and construction or renovation costs;
- expenditure of funds and devotion of management's time to projects that we do not complete;
- the unavailability or scarcity of utilities;
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on

our investment;

- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits; and
- increased use restrictions by local zoning or planning authorities limiting our ability to develop and impacting the size of developments.

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Influence Future Results of Operations - Development Risk."

We face risks associated with property acquisitions.

Table of Contents

We have recently acquired properties, and may in the future continue to acquire, properties and portfolios of properties, including large portfolios that would increase our size and potentially alter our capital structure. Although we believe that the acquisitions that we have completed and that we expect to undertake in the future have, and will, enhance our future financial performance, the success of such transactions is subject to a number of factors, including the risks that:

- we may not be able to obtain financing for acquisitions on favorable terms;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and
- we may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into our organization and manage new properties in a way that allows us to realize cost savings and synergies.

We acquired in the past and in the future may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our Operating Partnership. This acquisition structure has the effect, among other factors, of reducing the amount of tax depreciation we can deduct over the tax life of the acquired properties, and typically requires that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. These restrictions on dispositions could limit our ability to sell an asset or pay down partnership debt during a specified time, or on terms, that would be favorable absent such restrictions.

Acquired properties may subject us to known and unknown liabilities.

Properties that we acquire may be subject to known and unknown liabilities for which we would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow. Unknown liabilities relating to acquired properties could include:

- liabilities for clean-up of pre-existing disclosed or undisclosed environmental contamination;
- claims by tenants, vendors or other persons arising on account of actions or omissions of the former owners of the properties; and
- liabilities incurred in the ordinary course of business.

We have agreed not to sell certain of our properties and to maintain indebtedness subject to guarantees.

We agreed not to sell some of our properties for varying periods of time, in transactions that would trigger taxable income to the former owners, and we may enter into similar arrangements as a part of future property acquisitions. These agreements generally provide that we may dispose of the subject properties only in transactions that qualify as tax-free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. Such transactions can be difficult to complete and can result in the property acquired in exchange for the disposed of property inheriting the tax attributes (including tax protection covenants) of the sold property. Violation of these tax protection agreements would impose significant costs on us. As a result, we are restricted with respect to decisions related to financing, encumbering, expanding or selling these properties.

We have also entered into agreements that provide prior owners of properties with the right to guarantee specific amounts of indebtedness and, in the event that the specific indebtedness that they guarantee is repaid or reduced, we would be required to provide substitute indebtedness for them to guarantee. These agreements may hinder actions that we may otherwise desire to take to repay or refinance guaranteed indebtedness because we would be required to make payments to the beneficiaries of such agreements if we violate these agreements.

We may be unable to renew leases or re-lease space as leases expire; certain leases may expire early.

If tenants do not renew their leases upon expiration, we may be unable to re-lease the space. Even if the tenants do renew their leases or if we can re-lease the space, the terms of renewal or re-leasing (including the cost of required renovations) may be less favorable than the current lease terms. Certain leases grant the tenants an early termination right upon payment of a termination penalty or if we fail to comply with certain material lease terms. Our inability to renew or release spaces and the early termination of certain leases could affect our ability to make distributions to shareholders. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Influence Future Results of Operations - Tenant Rollover Risk."

We face significant competition from other real estate developers.

We compete with real estate developers, operators and institutions for tenants and acquisition and development opportunities. Some of these competitors may have significantly greater financial resources than we have. Such competition may reduce the number of suitable investment opportunities available to us, may interfere with our ability to attract and retain tenants and may increase vacancies, which could result in increased supply and lower market rental rates, reducing our bargaining leverage and adversely affect our ability to improve our operating leverage. In addition, some of our competitors may be willing (e.g., because their properties may have vacancy rates higher than those for our properties) to make space available at lower rental rates or with higher tenant concession percentages than available space in our properties. We cannot assure you that this competition will not adversely affect our cash flow and our ability to make distributions to shareholders.

Property ownership through joint ventures may limit our ability to act exclusively in our interest.

We develop, acquire, and contribute properties in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. As of December 31, 2011, we had investments in 18 unconsolidated real estate ventures. Our net investments in the 18 unconsolidated real estate ventures aggregated approximately $115.8 million as of December 31, 2011. We could become engaged in a dispute with one or more of our joint venture partners that might affect our ability to operate a jointly-owned property. Moreover, our joint venture partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our joint venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our joint venture partners or the lenders to our joint ventures are inconsistent with our own objectives, we may not be able to act exclusively in our interests. Furthermore, if the current constrained credit conditions in the capital markets persist or deteriorate further, the value of our investments could deteriorate and we could be required to reduce the carrying value of our equity method investments if a loss in the carrying value of the investment is other than a temporary decline pursuant to the accounting standard governing the equity method of accounting.

Because real estate is illiquid, we may not be able to sell properties when appropriate.

Real estate investments generally, and in particular large office and industrial/flex properties like those that we own, often cannot be sold quickly. The capitalization rates at which properties may be sold are generally higher than historic rates, thereby reducing our potential proceeds from sale. Consequently, we may not be able to alter our portfolio promptly in response to changes in economic or other conditions. In addition, the Internal Revenue Code limits our ability to sell properties that we have held for fewer than two years without potential adverse consequences to our shareholders. Furthermore, properties that we have developed and have owned for a significant period of time or that we acquired in exchange for partnership interests in our operating partnership often have a low tax basis. If we were to dispose of any of these properties in a taxable transaction, we may be required under provisions of the Internal Revenue Code applicable to REITs to distribute a significant amount of the taxable gain to our shareholders and this could, in turn, impact our cash flow. In some cases, tax protection agreements with third parties will prevent us from selling certain properties in a taxable transaction without incurring substantial costs. In addition, purchase options and rights of first refusal held by tenants or partners in joint ventures may also limit our ability to sell certain properties. All of these factors reduce our ability to respond to changes in the performance of our investments and could adversely affect our cash flow and ability to make distributions to shareholders as well as the ability of someone to purchase us, even if a purchase were in our shareholders' best interests.

Some potential losses are not covered by insurance.

We currently carry comprehensive "all-risk" property, and rental loss insurance and commercial general liability coverage on all of our properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, types of losses, such as lease and other contract claims, biological, radiological and nuclear hazards and acts of war that generally are not insured. We cannot assure you that we will be able to renew insurance coverage in an adequate amount or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to earthquake, terrorist acts and mold, flood, or, if offered, these types of insurance may be prohibitively expensive. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our cash flow and ability to make distributions to shareholders. If one or more of our insurance providers were to fail to pay a claim as a result of insolvency, bankruptcy or otherwise, the nonpayment of such claims could have an adverse effect on our financial condition and results of operations. In addition, if one or more of our insurance providers were to become subject to insolvency, bankruptcy or other proceedings and our insurance policies with the provider were terminated or cancelled as a result

Table of Contents

of those proceedings, we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices. In such case, we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage.

Terrorist attacks and other acts of violence or war may adversely impact our performance and may affect the markets on which our securities are traded.

Terrorist attacks against our properties, or against the United States or our interests, may negatively impact our operations and the value of our securities. Attacks or armed conflicts could result in increased operating costs; for example, it might cost more in the future for building security, property and casualty insurance, and property maintenance. As a result of terrorist activities and other market conditions, the cost of insurance coverage for our properties could also increase. We might not be able to pass through the increased costs associated with such increased security measures and insurance to our tenants, which could reduce our profitability and cash flow. Furthermore, any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy. Such adverse economic conditions could affect the ability of our tenants to pay rent and our cost of capital, which could have a negative impact on our results.

Our ability to make distributions is subject to various risks.

Historically, we have paid quarterly distributions to our shareholders. Our ability to make distributions in the future will depend upon:

- the operational and financial performance of our properties;
- capital expenditures with respect to existing, developed and newly acquired properties;
- general and administrative costs associated with our operation as a publicly-held REIT;
- the amount of, and the interest rates on, our debt; and
- the absence of significant expenditures relating to environmental and other regulatory matters.

Certain of these matters are beyond our control and any significant difference between our expectations and actual results could have a material adverse effect on our cash flow and our ability to make distributions to shareholders.

Changes in the law may adversely affect our cash flow.

Because increases in income and service taxes are generally not passed through to tenants under leases, such increases may adversely affect our cash flow and ability to make expected distributions to shareholders. Our properties are also subject to various regulatory requirements, such as those relating to the environment, fire and safety. Our failure to comply with these requirements could result in the imposition of fines and damage awards and could result in a default under some of our tenant leases. Moreover, the costs to comply with any new or different regulations could adversely affect our cash flow and our ability to make distributions. Although we believe that our properties are in material compliance with all such requirements, we cannot assure you that these requirements will not change or that newly imposed requirements will not require significant expenditures in order to be compliant.

Potential liability for environmental contamination could result in substantial costs.

Under various federal, state and local laws, ordinances and regulations, we may be liable for the costs to investigate and remove or remediate hazardous or toxic substances on or in our properties, often regardless of whether we know of or are responsible for the presence of these substances. These costs may be substantial. While we do maintain environmental insurance, we can not be assured that our insurance coverage will be sufficient to protect us from all of the aforesaid remediation costs. Also, if hazardous or toxic substances are present on a property, or if we fail to properly remediate such substances, our ability to sell or rent the property or to borrow using that property as collateral may be adversely affected.

Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from our properties.

Additionally, we develop, manage, lease and/or operate various properties for third parties. Consequently, we may be considered

Table of Contents

to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances.

An earthquake or other natural disasters could adversely affect our business.

Some of our properties are located in California which is a high risk geographical area for earthquakes or other natural disasters. Depending upon its magnitude, an earthquake could severely damage our properties which would adversely affect our business. We maintain earthquake insurance for our California properties and the resulting business interruption. We cannot assure you that our insurance will be sufficient if there is a major earthquake.

Americans with Disabilities Act compliance could be costly.

The Americans with Disabilities Act of 1990, as amended (“ADA”) requires that all public accommodations and commercial facilities, including office buildings, meet certain federal requirements related to access and use by disabled persons. Compliance with ADA requirements could involve the removal of structural barriers from certain disabled persons’ entrances which could adversely affect our financial condition and results of operations. Other federal, state and local laws may require modifications to or restrict further renovations of our properties with respect to such accesses. Although we believe that our properties are in material compliance with present requirements, noncompliance with the ADA or similar or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us. In addition, changes to existing requirements or enactments of new requirements could require significant expenditures. Such costs may adversely affect our cash flow and ability to make distributions to shareholders.

Our status as a REIT (or any of our REIT subsidiaries) is dependent on compliance with federal income tax requirements.

If we (or any of our subsidiaries that elects to be taxable as a REIT) fail to qualify as a REIT, we or the affected REIT subsidiaries would be subject to federal income tax at regular corporate rates. Also, unless the IRS granted us or our affected REIT subsidiaries, as the case may be, relief under certain statutory provisions, we or it would remain disqualified as a REIT for four years following the year it first failed to qualify. If we or any of our REIT subsidiaries fails to qualify as a REIT, we or they would be required to pay significant income taxes and would, therefore, have less money available for investments or for distributions to shareholders. This would likely have a material adverse effect on the value of the combined company’s securities. In addition, we or our affected REIT subsidiaries would no longer be required to make any distributions to shareholders.

Failure of the Operating Partnership (or a subsidiary partnership) to be treated as a partnership would have serious adverse consequences to our shareholders. If the IRS were to successfully challenge the tax status of the Operating Partnership or any of its subsidiary partnerships for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership would be taxable as a corporation. In such event we would cease to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership or a subsidiary partnership would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders.

Even if we qualify as a REIT, we will be required to pay certain federal, state and local taxes on our income and properties. In addition, our taxable REIT subsidiaries will be subject to federal, state and local income tax at regular corporate rates on their net taxable income derived from management, leasing and related service business. If we have net income from a prohibited transaction, such income will be subject to a 100% tax.

Failure to qualify as a REIT would subject us to U.S. federal income tax which would reduce the cash available for distribution to our shareholders.

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Annual Report on Form 10-K are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income (excluding net capital gains). The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult,

Table of Contents

or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $50,000 or more for each such failure.

If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and likely would adversely affect the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders.

Failure of the Operating Partnership (or a subsidiary partnership) to be treated as a partnership would have serious adverse consequences to our shareholders. If the IRS were to successfully challenge the tax status of the Operating Partnership or any of its subsidiary partnerships for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership would be taxable as a corporation. In such event we would cease to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership or a subsidiary partnership would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders.

To maintain our REIT status, we may be forced to borrow funds on a short term basis during unfavorable market conditions.

As a REIT, we are subject to certain distribution requirements, including the requirement to distribute 90% of our REIT taxable income, that may result in our having to make distributions at disadvantageous time or to borrow funds at unfavorable rates. Compliance with this requirement may hinder our ability to operate solely on the basis of maximizing profits.

We will pay some taxes even if we qualify as a REIT, which will reduce the cash available for distribution to our shareholders.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income, including capital gains. Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. We cannot guarantee that sales of our properties would not be prohibited transactions unless we comply with certain statutory safe-harbor provisions.

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT's customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits. Although we believe that we have substantial arguments in favor of our positions in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. There can be no assurance that these or future audits will not have a material adverse effect on our results of operations. The Operating Partnership has been audited by the Internal Revenue Service for its 2004 tax year. The audit concerned the tax treatment of a transaction in September 2004 in which we acquired a portfolio of properties through the acquisition of a limited partnership. On December 17, 2010, the IRS

Table of Contents

proposed an adjustment to the allocation of recourse liabilities allocated to the contributor of the properties. The Operating Partnership has appealed the proposed adjustment. The proposed adjustment, if upheld, would not result in a material tax liability for us. However, an adjustment could raise a question as to whether a contributor of partnership interests in the 2004 transaction could assert a claim against us under the tax protection agreement entered into as part of the transaction.

Competition for skilled personnel could increase labor costs.

We compete with various other companies in attracting and retaining qualified and skilled personnel. We depend on our ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our company. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. We may not be able to offset such added costs by increasing the rates we charge our tenants. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be harmed.

We are dependent upon our key personnel.

We are dependent upon our key personnel whose continued service is not guaranteed. We are dependent on our executive officers for strategic business direction and real estate experience. Loss of their services could adversely affect our operations.

Although we have an employment agreement with Gerard H. Sweeney, our President and Chief Executive Officer, this agreement does not restrict his ability to become employed by a competitor following the termination of his employment. We do not have key man life insurance coverage on our executive officers.

Certain limitations will exist with respect to a third party’s ability to acquire us or effectuate a change in control.

Limitations imposed to protect our REIT status. In order to protect us against the loss of our REIT status, our Declaration of Trust limits any shareholder from owning more than 9.8% in value of our outstanding shares, subject to certain exceptions. The ownership limit may have the effect of precluding acquisition of control of us. If anyone acquires shares in excess of the ownership limit, we may:

- consider the transfer to be null and void;
- not reflect the transaction on our books;
- institute legal action to stop the transaction;
- not pay dividends or other distributions with respect to those shares;
- not recognize any voting rights for those shares; and
- consider the shares held in trust for the benefit of a person to whom such shares may be transferred.

Limitation due to our ability to issue preferred shares. Our Declaration of Trust authorizes our Board of Trustees to cause us to issue preferred shares, without limitation as to amount and without shareholder consent. Our Board of Trustees is able to establish the preferences and rights of any preferred shares issued and these shares could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our shareholders’ best interests.

Limitation imposed by the Maryland Business Combination Law. The Maryland General Corporation Law, as applicable to Maryland REITs, establishes special restrictions against “business combinations” between a Maryland REIT and “interested shareholders” or their affiliates unless an exemption is applicable. An interested shareholder includes a person, who beneficially owns, and an affiliate or associate of the trust who, at any time within the two-year period prior to the date in question, was the beneficial owner of, ten percent or more of the voting power of our then-outstanding voting shares. Among other things, Maryland law prohibits (for a period of five years) a merger and certain other transactions between a Maryland REIT and an interested shareholder unless the board of trustees had approved the transaction before the party became an interested shareholder. The five-year period runs from the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any such business combination must be recommended by the board of trustees and approved by two super-majority shareholder votes unless, among other conditions, the common shareholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for our shares or unless the board of trustees approved the transaction before the party in question became an interested shareholder.

The business combination statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if the acquisition would be in our shareholders' best interests.
Maryland Control Share Acquisition Act. Maryland law provides that "control shares" of a REIT acquired in a "control share acquisition" shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to be cast on the matter under the Maryland Control Share Acquisition Act. "Control Shares" means shares that, if aggregated with all other shares previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power

Table of Contents

(except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions. If voting rights or control shares acquired in a control share acquisition are not approved at a shareholder's meeting, then subject to certain conditions and limitations the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a shareholder's meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under our Bylaws are subject to the Maryland Control Share Acquisition Act. Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares. We cannot assure you that this provision will not be amended or eliminated at any time in the future.
Advance Notice Provisions for Shareholder Nominations and Proposals. Our bylaws require advance notice for shareholders to nominate persons for election as trustees at, or to bring other business before, any meeting of our shareholders. This bylaw provision limits the ability of shareholders to make nominations of persons for election as trustees or to introduce other proposals unless we are notified in a timely manner prior to the meeting.
Many factors can have an adverse effect on the market value of our securities.
A number of factors might adversely affect the price of our securities, many of which are beyond our control. These factors include:

- increases in market interest rates, relative to the dividend yield on our shares. If market interest rates go up, prospective purchasers of our securities may require a higher yield. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common shares to go down;
- anticipated benefit of an investment in our securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);
- perception by market professionals of REITs generally and REITs comparable to us in particular;
- level of institutional investor interest in our securities;
- relatively low trading volumes in securities of REITs;
- our results of operations and financial condition; and
- investor confidence in the stock market generally.

The market value of our common shares is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our common shares may trade at prices that are higher or lower than our net asset value per common share. If our future earnings or cash distributions are less than expected, it is likely that the market price of our common shares will diminish.
Additional issuances of equity securities may be dilutive to shareholders.
The interests of our shareholders could be diluted if we issue additional equity securities to finance future developments or acquisitions or to repay indebtedness. Our Board of Trustees may authorize the issuance of additional equity securities without shareholder approval. Our ability to execute our business strategy depends upon our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including the issuance of common and preferred equity.
The issuance of preferred securities may adversely affect the rights of holders of our common shares.
Because our Board of Trustees has the power to establish the preferences and rights of each class or series of preferred shares, we may afford the holders in any series or class of preferred shares preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common shares. Our Board of Trustees also has the power to establish the preferences and rights of each class or series of units in Brandywine Operating Partnership, and may afford the holders in any series or class of preferred units preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common units.

The acquisition of new properties or the development of new properties which lack operating history with us may give rise to difficulties in predicting revenue potential.

We may continue to acquire additional properties and may seek to develop our existing land holdings strategically as warranted by market conditions. These acquisitions and developments could fail to perform in accordance with expectations. If we fail to

Table of Contents

accurately estimate occupancy levels, operating costs or costs of improvements to bring an acquired property or a development property up to the standards established for our intended market position, the performance of the property may be below expectations. Acquired properties may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure you that the performance of properties acquired or developed by us will increase or be maintained under our management.

Our performance is dependent upon the economic conditions of the markets in which our properties are located.

Our properties are located in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, Texas, and California. Like other real estate markets, these commercial real estate markets have been impacted by the sluggish economic recovery from the recent recession, and any adverse changes in economic conditions in the future in any of these economies or real estate markets could negatively affect cash available for distribution. Our financial performance and ability to make distributions to our shareholders will be particularly sensitive to the economic conditions in these markets. The local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors, and local real estate conditions, such as oversupply of or reduced demand for office, industrial and other competing commercial properties, may affect revenues and the value of properties, including properties to be acquired or developed. We cannot assure you that these local economies will grow in the future.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Property Acquisitions

On August 12, 2011, we acquired an office property located in Philadelphia, Pennsylvania, together with related ground tenancy rights under a long-term ground lease, through the foreclosure of an $18.8 million note receivable secured by the property. We purchased the note receivable from a third party on August 2, 2011 which was funded through an advance under our unsecured revolving Credit Facility and with available corporate funds. The office property contains 192,707 of net rentable square feet and was 57.2% leased as of December 31, 2011.

On March 28, 2011, we acquired two office properties containing a total of 126,496 net rentable square feet in Glen Allen, Virginia known as Overlook I and II for $12.6 million. The acquired properties are 100% leased as of December 31, 2011. We funded the acquisition price through an advance under our Credit Facility and with available corporate funds.

On January 20, 2011, we acquired a one acre parcel of land in Philadelphia, Pennsylvania for $9.3 million. We funded the cost of this acquisition through an advance under our Credit Facility and with available corporate funds. We thereafter contributed the acquired property into a newly formed real estate venture known as 1919 Ventures in return for a 50% general partner interest in the venture, with the other partner contributing cash for general partner interest. 1919 Ventures is evaluating a mixed-use development at the parcel.

Development and Redevelopment Properties Placed in Service

During 2011, we placed in service a 220 space garage property that we redeveloped. At December 31, 2011, we were not proceeding on any development or redevelopment activity, although we were, in the ordinary course of business, evaluating development and redevelopment opportunities.

Property Sales

We sold the following office properties during the year ended December 31, 2011:

Table of Contents

Month of Sale	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet/ Acres	Property/Portfolio Occupancy % at Date of Sale		Sales Price (in thousands)
Dec-11	Brandywine AI Ventures	Various (1)	3	587,317	86.3	%	$156,000
Nov-11	442 Creamery Way	Exton, PA	1	104,500	100.0	%	7,425
Oct-11	Lake Center II	Marlton, NJ	1	40,287	47.8	%	2,216
Oct-11	Five Greentree Center	Marlton, NJ	1	165,956	92.2	%	20,584
Jun-11	Three Greentree Center	Marlton, NJ	1	69,300	13.9	%	5,891
	Total Office Properties Sold		7	967,360			$192,116

(1) Includes an office property with a net rentable square feet of 183,618 which we will continue to consolidate due to our continuing involvement in this property resulting from our ongoing lease for management space at this property and our 50% ownership interest in the newly formed unconsolidated real estate venture.

On October 14, 2011, we sold an undeveloped parcel of land in Dallas, Texas containing six acres of land for $0.6 million.

Properties

As of December 31, 2011, we owned 207 office properties, 20 industrial facilities and five mixed-use properties that contain an aggregate of approximately 25.2 million net rentable square feet. The properties are located in or near Philadelphia, Pennsylvania, Metropolitan Washington, D.C., Southern and Central New Jersey, Richmond, Virginia, Wilmington, Delaware, Austin, Texas, and Oakland, Concord, Carlsbad and Rancho Bernardo, California. As of December 31, 2011, the Properties were approximately 86.5% occupied by 1,390 tenants and had an average age of approximately 19.2 years. The office properties are primarily suburban office buildings containing an average of approximately 0.1 million net rentable square feet. The industrial and mixed-use properties accommodate a variety of tenant uses, including light manufacturing, assembly, distribution and warehousing. We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the properties, with policy specifications and insured limits which we believe are adequate.

The following table sets forth information with respect to our core properties at December 31, 2011:

	Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2011 (a)		Total Base Rent for the Twelve Months Ended December 31, 2011 (b) (000's)	Average Annualized Rental Rate as of December 31, 2011 (c)
PENNSYLVANIA SUBURBS SEGMENT								
150 Radnor Chester Road	Radnor	PA	1983	340,380	100.0	%	$9,312	$31.43
201 King of Prussia Road	Radnor	PA	2001	251,434	100.0	%	6,343	28.22
555 Lancaster Avenue	Radnor	PA	1973	241,687	98.6	%	6,334	28.45
401 Plymouth Road		PA	2001	202,252	96.0	%	5,015	22.88

		Plymouth Meeting							
One Radnor Corporate Center		Radnor	PA	1998	198,378	100.0	%	4,997	23.86
101 West Elm Street		W. Conshohocken	PA	1999	173,827	97.8	%	4,064	24.91
Five Radnor Corporate Center		Radnor	PA	1998	164,655	100.0	%	4,870	32.35
Four Radnor Corporate Center		Radnor	PA	1995	164,464	100.0	%	3,896	26.50
751-761 Fifth Avenue		King Of Prussia	PA	1967	158,000	100.0	%	732	3.96
630 Allendale Road		King of Prussia	PA	2000	150,000	76.0	%	2,466	25.11
640 Freedom Business Center	(d)	King Of Prussia	PA	1991	132,000	98.0	%	1,923	24.57
52 Swedesford Square		East Whiteland Twp.	PA	1988	131,017	35.1	%	—	—
400 Berwyn Park		Berwyn	PA	1999	124,182	95.6	%	2,892	25.42
4000 Chemical Road		Plymouth Meeting	PA	2007	120,877	100.0	%	2,970	27.99
Three Radnor Corporate Center		Radnor	PA	1998	119,087	100.0	%	2,866	27.26

Table of Contents

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2011 (a)		Total Base Rent for the Twelve Months Ended December 31, 2011 (b) (000's)	Average Annualized Rental Rate as of December 31, 2011 (c)
101 Lindenwood Drive		Malvern	PA	1988	118,121	97.1	%	1,734	13.27
300 Berwyn Park		Berwyn	PA	1989	108,619	96.0	%	2,050	24.17
Two Radnor Corporate Center		Radnor	PA	1998	97,936	72.9	%	1,493	28.96
301 Lindenwood Drive		Malvern	PA	1984	97,813	79.8	%	1,532	19.66
1 West Elm Street		W. Conshohocken	PA	1999	97,737	100.0	%	2,575	27.97
555 Croton Road		King of Prussia	PA	1999	96,909	95.4	%	2,365	30.03
500 North Gulph Road		King Of Prussia	PA	1979	93,082	74.3	%	1,227	20.01
620 West Germantown Pike		Plymouth Meeting	PA	1990	90,183	82.7	%	1,325	25.29
610 West Germantown Pike		Plymouth Meeting	PA	1987	90,088	90.7	%	1,184	14.33
630 West Germantown Pike		Plymouth Meeting	PA	1988	89,870	97.2	%	2,062	29.37
600 West Germantown Pike		Plymouth Meeting	PA	1986	89,626	93.8	%	1,369	22.32
630 Freedom Business Center	(d)	King Of Prussia	PA	1989	86,683	80.8	%	1,281	21.21
1200 Swedesford Road		Berwyn	PA	1994	86,622	93.1	%	1,556	26.10
620 Freedom Business Center	(d)	King Of Prussia	PA	1986	86,570	94.3	%	1,651	23.44
595 East Swedesford Road		Wayne	PA	1998	81,890	100.0	%	1,672	21.68
1050 Westlakes Drive		Berwyn	PA	1984	80,000	100.0	%	1,984	26.47
One Progress Drive		Horsham	PA	1986	79,204	80.0	%	823	6.95
1060 First Avenue	(d)	King Of Prussia	PA	1987	77,718	91.0	%	1,364	21.73
741 First Avenue		King Of Prussia	PA	1966	77,184	100.0	%	376	6.00
1040 First Avenue	(d)	King Of Prussia	PA	1985	75,488	70.4	%	1,066	24.91
200 Berwyn Park		Berwyn	PA	1987	75,025	100.0	%	1,507	21.83
1020 First Avenue	(d)	King Of Prussia	PA	1984	74,556	100.0	%	1,608	21.39
1000 First Avenue	(d)		PA	1980	74,139	100.0	%	1,343	21.83

436 Creamery Way		King Of Prussia Exton	PA	1991	72,300	100.0	%	462	13.37
130 Radnor Chester Road		Radnor	PA	1983	71,349	100.0	%	2,150	32.98
14 Campus Boulevard		Newtown Square	PA	1998	69,542	100.0	%	1,815	26.70
170 Radnor Chester Road		Radnor	PA	1983	68,143	100.0	%	1,668	29.33
500 Enterprise Road		Horsham	PA	1990	66,751	100.0	%	823	12.99
575 East Swedesford Road		Wayne	PA	1985	66,265	100.0	%	1,229	26.91
429 Creamery Way		Exton	PA	1996	63,420	83.9	%	564	14.52
610 Freedom Business Center	(d)	King Of Prussia	PA	1985	62,991	62.3	%	582	20.97
925 Harvest Drive		Blue Bell	PA	1990	62,957	85.9	%	954	18.54
980 Harvest Drive		Blue Bell	PA	1988	62,379	71.4	%	932	20.55
426 Lancaster Avenue		Devon	PA	1990	61,102	100.0	%	1,213	20.79
1180 Swedesford Road		Berwyn	PA	1987	60,371	100.0	%	1,844	26.49
1160 Swedesford Road		Berwyn	PA	1986	60,099	100.0	%	1,479	21.01
100 Berwyn Park		Berwyn	PA	1986	57,730	86.9	%	867	18.68
440 Creamery Way		Exton	PA	1991	57,218	100.0	%	855	16.89
640 Allendale Road	(f)	King of Prussia	PA	2000	56,034	100.0	%	316	7.17
565 East Swedesford Road		Wayne	PA	1984	55,456	100.0	%	940	20.58
650 Park Avenue		King Of Prussia	PA	1968	54,338	92.0	%	726	17.81
910 Harvest Drive		Blue Bell	PA	1990	52,611	100.0	%	1,040	21.12
2240/50 Butler Pike		Plymouth Meeting	PA	1984	52,229	100.0	%	978	22.54
920 Harvest Drive		Blue Bell	PA	1990	51,875	88.9	%	797	22.01
486 Thomas Jones Way		Exton	PA	1990	51,372	84.8	%	648	18.22
660 Allendale Road	(f)	King of Prussia	PA	2011	50,635	100.0	%	211	2.66
875 First Avenue		King Of Prussia	PA	1966	50,000	100.0	%	1,037	23.16
620 Allendale Road		King Of Prussia	PA	1961	50,000	100.0	%	559	12.35
15 Campus Boulevard		Newtown Square	PA	2002	49,621	100.0	%	1,223	26.35
17 Campus Boulevard		Newtown Square	PA	2001	48,565	100.0	%	1,137	26.43

26

Table of Contents

	Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2011 (a)		Total Base Rent for the Twelve Months Ended December 31, 2011 (b) (000's)	Average Annualized Rental Rate as of December 31, 2011 (c)
11 Campus Boulevard	Newtown Square	PA	1998	47,699	100.0	%	1,219	26.44
456 Creamery Way	Exton	PA	1987	47,604	100.0	%	407	9.51
585 East Swedesford Road	Wayne	PA	1998	43,683	100.0	%	771	28.23
1100 Cassett Road	Berwyn	PA	1997	43,480	100.0	%	1,106	32.57
467 Creamery Way	Exton	PA	1988	42,000	100.0	%	608	19.30
1336 Enterprise Drive	West Goshen	PA	1989	39,330	—	%	—	—
600 Park Avenue	King Of Prussia	PA	1964	39,000	100.0	%	418	6.00
412 Creamery Way	Exton	PA	1999	38,098	92.8	%	780	21.70
18 Campus Boulevard	Newtown Square	PA	1990	37,374	100.0	%	864	24.42
457 Creamery Way	Exton	PA	1990	36,019	100.0	%	389	16.19
100 Arrandale Boulevard	Exton	PA	1997	34,931	100.0	%	456	18.27
300 Lindenwood Drive	Malvern	PA	1991	33,000	100.0	%	794	24.48
2260 Butler Pike	Plymouth Meeting	PA	1984	31,892	30.9	%	486	22.22
120 West Germantown Pike	Plymouth Meeting	PA	1984	30,574	100.0	%	484	20.89
468 Thomas Jones Way	Exton	PA	1990	28,934	100.0	%	540	18.76
1700 Paoli Pike	Malvern	PA	2000	28,000	—	%	—	—
140 West Germantown Pike	Plymouth Meeting	PA	1984	25,357	100.0	%	416	20.78
481 John Young Way	Exton	PA	1997	19,275	100.0	%	483	27.32
100 Lindenwood Drive	Malvern	PA	1985	18,400	100.0	%	373	22.57
200 Lindenwood Drive	Malvern	PA	1984	12,600	100.0	%	129	8.02
111 Arrandale Road	Exton	PA	1996	10,479	100.0	%	199	21.92
SUBTOTAL - PENNSYLVANIA SUBURBS SEGMENT				6,970,385	92.7	%	131,798	22.94

PHILADELPHIA CENTRAL BUSINESS DISTRICT SEGMENT									
1717 Arch Street	(d)	Philadelphia	PA	1990	1,029,413	93.0	%	16,013	21.18
2970 Market Street		Philadelphia	PA	2010	862,692	100.0	%	19,543	31.03
2929 Arch Street	(d)	Philadelphia	PA	2005	730,187	100.0	%	24,629	35.67
100 North 18th Street	(e)	Philadelphia	PA	1988	708,844	97.0	%	20,175	32.42
130 North 18th Street		Philadelphia	PA	1989	595,041	100.0	%	12,789	29.51
101 - 103 Juniper Street	(g)	Philadelphia	PA	2011	N/A	—	%	—	—
2930 Chestnut Street	(d), (g)	Philadelphia	PA	2010	553,421	99.2	%	76	11.17
3020 Market Street		Philadelphia	PA	1959	192,707	57.2	%	905	21.23
Philadelphia Marine Center	(d), (g)	Philadelphia	PA	Various	181,900	100.0	%	1,216	4.94
SUBTOTAL - PHILADELPHIA CENTRAL BUSINESS DISTRICT					4,854,205	96.3	%	95,346	26.54
METROPOLITAN WASHINGTON D.C. SEGMENT									
1676 International Drive		McLean	VA	1999	299,387	93.8	%	8,712	33.71
13820 Sunrise Valley Drive		Herndon	VA	2007	268,240	100.0	%	9,084	32.59
2340 Dulles Corner Boulevard		Herndon	VA	1987	264,405	100.0	%	8,017	31.50
2291 Wood Oak Drive		Herndon	VA	1999	230,389	98.9	%	2,988	21.82
1900 Gallows Road		Vienna	VA	1989	210,632	67.1	%	3,283	29.49
3141 Fairview Park Drive	(h)	Falls Church	VA	1988	183,618	82.4	%	4,328	28.85

Table of Contents

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2411 Dulles Corner Park		Herndon	VA	1990	180,510	78.4	%	5,181	32.92
2355 Dulles Corner Boulevard		Herndon	VA	1988	179,176	70.8	%	4,648	32.30
1880 Campus Commons Drive		Reston	VA	1985	172,943	86.7	%	1,721	12.97
2121 Cooperative Way		Herndon	VA	2000	161,275	80.8	%	3,471	21.29
6600 Rockledge Drive	(d)	Bethesda	MD	1981	160,173	91.3	%	3,684	24.26
8260 Greensboro Drive		McLean	VA	1980	158,961	77.4	%	3,224	21.52
2251 Corporate Park Drive		Herndon	VA	2000	158,016	100.0	%	5,128	34.61
12015 Lee Jackson Memorial Highway		Fairfax	VA	1985	153,255	94.8	%	4,095	26.37
13880 Dulles Corner Lane		Herndon	VA	1997	151,853	46.4	%	4,101	33.72
8521 Leesburg Pike		Vienna	VA	1984	150,897	61.3	%	2,328	23.85
2273 Research Boulevard		Rockville	MD	1999	147,689	95.7	%	4,057	29.20
2275 Research Boulevard		Rockville	MD	1990	147,650	100.0	%	4,065	30.51
2201 Cooperative Way		Herndon	VA	1990	138,806	34.9	%	3,062	16.09
2277 Research Boulevard		Rockville	MD	1986	137,045	100.0	%	3,360	29.67
11781 Lee Jackson Memorial Highway		Fairfax	VA	1982	130,935	98.2	%	3,264	27.34
11720 Beltsville Drive		Beltsville	MD	1987	128,903	58.8	%	1,755	23.72
13825 Sunrise Valley Drive		Herndon	VA	1989	104,150	12.4	%	304	25.32
198 Van Buren Street		Herndon	VA	1996	98,934	100.0	%	3,018	34.95
196 Van Buren Street		Herndon	VA	1991	97,781	47.1	%	1,819	28.20
11700 Beltsville Drive		Beltsville	MD	1981	96,843	96.3	%	2,356	25.56
11710 Beltsville Drive		Beltsville	MD	1987	81,281	100.0	%	1,570	20.11
4401 Fair Lakes Court		Fairfax	VA	1988	55,972	96.6	%	1,533	27.05
11740 Beltsville Drive		Beltsville	MD	1987	6,783	100.0	%	140	29.18
SUBTOTAL - METROPOLITAN WASHINGTON D.C. SEGMENT					4,456,502	82.8	%	104,296	27.73

NEW JERSEY/DELAWARE SEGMENT									
300 Delaware Avenue		Wilmington	DE	1989	298,071	86.0	%	2,954	15.89
920 North King Street		Wilmington	DE	1989	203,328	96.7	%	4,232	27.46
10000 Midlantic Drive		Mt. Laurel	NJ	1990	183,147	52.6	%	1,300	26.33
1009 Lenox Drive		Lawrenceville	NJ	1989	180,734	83.7	%	4,136	27.70
Main Street - Plaza 1000		Voorhees	NJ	1988	162,364	31.1	%	784	20.46
400 Commerce Drive		Newark	DE	1997	154,086	100.0	%	2,321	17.20
457 Haddonfield Road		Cherry Hill	NJ	1990	121,737	92.2	%	1,899	22.55
2000 Midlantic Drive		Mt. Laurel	NJ	1989	121,658	92.4	%	1,246	22.75
2000 Lenox Drive		Lawrenceville	NJ	2000	119,731	100.0	%	2,644	26.91
700 East Gate Drive		Mt. Laurel	NJ	1984	119,272	94.9	%	1,769	24.66
989 Lenox Drive		Lawrenceville	NJ	1984	112,055	53.2	%	1,440	21.98
993 Lenox Drive		Lawrenceville	NJ	1985	111,124	100.0	%	2,907	20.74
1000 Howard Boulevard		Mt. Laurel	NJ	1988	105,312	46.5	%	743	20.60
One Righter Parkway	(d)	Wilmington	DE	1989	104,761	82.3	%	1,915	23.56
1000 Atrium Way		Mt. Laurel	NJ	1989	99,668	76.8	%	1,044	23.74
997 Lenox Drive		Lawrenceville	NJ	1987	97,277	81.5	%	1,941	23.67
Two Righter Parkway	(d)	Wilmington	DE	1987	95,514	72.0	%	1,190	21.37
1120 Executive Boulevard		Mt. Laurel	NJ	1987	95,183	60.6	%	611	22.91
15000 Midlantic Drive		Mt. Laurel	NJ	1991	84,056	92.9	%	898	20.48

28

Table of Contents

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2011 (a)		Total Base Rent for the Twelve Months Ended December 31, 2011 (b) (000's)	Average Annualized Rental Rate as of December 31, 2011 (c)
220 Lake Drive East		Cherry Hill	NJ	1988	78,509	84.6	%	887	19.57
1200 Lenox Drive		Lawrenceville	NJ	2007	76,419	100.0	%	2,077	28.81
200 Lake Drive East		Cherry Hill	NJ	1989	76,352	86.5	%	1,143	22.47
200 Commerce Drive		Newark	DE	1998	68,034	100.0	%	1,327	20.90
9000 Midlantic Drive		Mt. Laurel	NJ	1989	67,299	74.2	%	409	22.58
6 East Clementon Road		Gibbsboro	NJ	1980	66,236	28.6	%	265	17.04
100 Commerce Drive		Newark	DE	1989	62,787	54.3	%	883	20.44
701 East Gate Drive		Mt. Laurel	NJ	1986	61,794	93.1	%	560	16.19
210 Lake Drive East		Cherry Hill	NJ	1986	60,604	68.9	%	723	24.73
308 Harper Drive		Moorestown	NJ	1976	59,500	83.3	%	542	18.96
305 Fellowship Drive		Mt. Laurel	NJ	1980	56,824	88.3	%	789	23.23
309 Fellowship Drive		Mt. Laurel	NJ	1982	55,911	74.7	%	571	20.31
307 Fellowship Drive		Mt. Laurel	NJ	1981	54,485	92.6	%	660	20.13
303 Fellowship Drive		Mt. Laurel	NJ	1979	53,768	66.8	%	468	21.62
1000 Bishops Gate		Mt. Laurel	NJ	2005	53,281	100.0	%	1,015	24.20
1000 Lenox Drive		Lawrenceville	NJ	1982	52,264	100.0	%	1,329	30.97
100 Lenox Drive		Lawrenceville	NJ	1991	50,942	100.0	%	972	23.09
2 Foster Avenue	(f)	Gibbsboro	NJ	1974	50,761	94.6	%	220	4.65
4000 Midlantic Drive		Mt. Laurel	NJ	1998	46,945	100.0	%	575	22.13
Five Eves Drive		Marlton	NJ	1986	45,564	95.0	%	687	16.98
161 Gaither Drive		Mount Laurel	NJ	1987	44,739	100.0	%	655	24.24
Main Street - Piazza		Voorhees	NJ	1990	44,708	100.0	%	494	21.91
20 East Clementon Road		Gibbsboro	NJ	1986	38,260	84.7	%	358	17.06
Two Eves Drive		Marlton	NJ	1987	37,532	96.6	%	396	16.39
304 Harper Drive		Moorestown	NJ	1975	32,978	97.4	%	450	22.38
Main Street - Promenade		Voorhees	NJ	1988	31,445	83.8	%	225	10.85
Four B Eves Drive		Marlton	NJ	1987	27,011	100.0	%	406	17.14
815 East Gate Drive		Mt. Laurel	NJ	1986	25,500	65.1	%	184	18.44
817 East Gate Drive		Mt. Laurel	NJ	1986	25,351	100.0	%	268	15.25
Four A Eves Drive		Marlton	NJ	1987	24,687	82.2	%	313	16.76
1 Foster Avenue	(f)	Gibbsboro	NJ	1972	24,255	100.0	%	111	4.58
4 Foster Avenue	(f)	Gibbsboro	NJ	1974	23,372	100.0	%	162	7.79
7 Foster Avenue		Gibbsboro	NJ	1983	22,158	70.5	%	189	17.80
10 Foster Avenue		Gibbsboro	NJ	1983	18,651	88.9	%	162	18.02
5 U.S. Avenue	(f)	Gibbsboro	NJ	1987	5,000	100.0	%	24	5.00
50 East Clementon Road		Gibbsboro	NJ	1986	3,080	100.0	%	174	56.41
5 Foster Avenue		Gibbsboro	NJ	1968	2,000	100.0	%	—	—

SUBTOTAL - NEW JERSEY/DELAWARE SEGMENT					4,198,084	81.6	%	56,647	21.49
RICHMOND, VA SEGMENT									
300 Arboretum Place		Richmond	VA	1988	212,228	95.2	%	3,622	18.61
6800 Paragon Place		Richmond	VA	1986	144,813	78.6	%	2,216	19.18
6802 Paragon Place		Richmond	VA	1989	143,784	89.3	%	2,202	12.83
7501 Boulders View Drive		Richmond	VA	1990	136,641	91.7	%	1,977	11.28
2511 Brittons Hill Road	(f)	Richmond	VA	1987	132,548	100.0	%	678	6.66
2100-2116 West Laburnam Avenue		Richmond	VA	1976	128,337	100.0	%	1,804	15.26
7300 Beaufont Springs Drive		Richmond	VA	2000	120,665	100.0	%	1,953	16.38

29

Table of Contents

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1025 Boulders Parkway		Richmond	VA	1994	93,143	68.3	%	1,485	18.71
2201-2245 Tomlynn Street	(f)	Richmond	VA	1989	85,860	89.9	%	395	6.75
7401 Beaufont Springs Drive		Richmond	VA	1998	82,706	66.2	%	883	8.56
7325 Beaufont Springs Drive		Richmond	VA	1999	75,218	100.0	%	1,396	21.14
100 Gateway Centre Parkway		Richmond	VA	2001	74,991	72.0	%	568	17.23
6806 Paragon Place		Richmond	VA	2007	74,480	100.0	%	1,755	25.85
9011 Arboretum Parkway		Richmond	VA	1991	73,183	79.4	%	886	18.76
4870 Sadler Road		Glen Allen	VA	2000	63,832	100.0	%	1,061	20.99
4880 Sadler Road		Glen Allen	VA	1998	62,664	100.0	%	958	20.28
4805 Lake Brooke Drive		Glen Allen	VA	1996	60,867	100.0	%	730	19.80
9100 Arboretum Parkway		Richmond	VA	1988	58,445	74.6	%	777	18.34
2812 Emerywood Parkway		Henrico	VA	1980	56,984	100.0	%	878	11.63
4364 South Alston Avenue		Durham	NC	1985	56,601	62.6	%	902	15.95
2277 Dabney Road	(f)	Richmond	VA	1986	50,400	100.0	%	308	8.00
9200 Arboretum Parkway		Richmond	VA	1988	49,542	100.0	%	737	16.49
9210 Arboretum Parkway		Richmond	VA	1988	48,012	64.0	%	571	13.90
2212-2224 Tomlynn Street	(f)	Richmond	VA	1985	45,353	94.7	%	319	9.22
2221-2245 Dabney Road	(f)	Richmond	VA	1994	45,250	100.0	%	273	8.08
2251 Dabney Road	(f)	Richmond	VA	1983	42,000	89.8	%	186	7.61
2161-2179 Tomlynn Street	(f)	Richmond	VA	1985	41,550	70.8	%	210	8.01
2256 Dabney Road	(f)	Richmond	VA	1982	33,413	100.0	%	232	8.85
2246 Dabney Road	(f)	Richmond	VA	1987	33,271	100.0	%	284	9.72
2244 Dabney Road	(f)	Richmond	VA	1993	33,050	100.0	%	286	9.52
9211 Arboretum Parkway		Richmond	VA	1991	30,791	83.0	%	86	11.47
2248 Dabney Road	(f)	Richmond	VA	1989	30,184	100.0	%	190	8.63

2130-2146 Tomlynn Street	(f)	Richmond	VA	1988	29,700	100.0	%	186	9.35
2120 Tomlyn Street	(f)	Richmond	VA	1986	23,850	100.0	%	132	8.29
2240 Dabney Road	(f)	Richmond	VA	1984	15,389	100.0	%	133	9.61
SUBTOTAL - RICHMOND, VA SEGMENT					2,489,745	90.1	%	31,259	14.45
AUSTIN, TX									
1250 Capital of Texas Highway South		Austin	TX	1984	270,711	98.4	%	3,278	22.81
1301 Mopac Expressway		Austin	TX	2001	222,580	100.0	%	4,091	28.53
3711 South Mopac Expressway		Austin	TX	2007	205,195	100.0	%	3,720	29.1
1601 Mopac Expressway		Austin	TX	2000	195,639	100.0	%	2,657	19.56
1501 South Mopac Expressway		Austin	TX	1999	195,324	100.0	%	2,581	23.79
1221 Mopac Expressway		Austin	TX	2001	173,302	100.0	%	2,947	11.19
SUBTOTAL - AUSTIN, TX					1,262,751	99.7	%	19,274	23.00
CALIFORNIA									
155 Grand Avenue		Oakland	CA	1990	200,996	75.9	%	4,736	36.25
2 Kaiser Land	(g)	Oakland	CA	N/A	—	—	%	—	—
Oakland Lot B	(g)	Oakland	CA	N/A	—	—	%	—	—
1220 Concord Avenue		Concord	CA	1984	175,153	100.0	%	4,204	23.26
1200 Concord Avenue		Concord	CA	1984	175,103	99.6	%	4,436	24.71

Table of Contents

	Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2011 (a)		Total Base Rent for the Twelve Months Ended December 31, 2011 (b) (000's)	Average Annualized Rental Rate as of December 31, 2011 (c)
5780 & 5790 Fleet Street	Carlsbad	CA	1999	121,381	81.4	%	2,485	26.13
5900 & 5950 La Place Court	Carlsbad	CA	1988	80,506	38.4	%	643	18.1
16870 West Bernardo Drive	Rancho Bernardo	CA	2002	68,708	96.1	%	1,447	29.33
5963 La Place Court	Carlsbad	CA	1987	61,587	68.0	%	650	13.75
2035 Corte Del Nogal	Carlsbad	CA	1991	53,982	76.5	%	760	19.01
5973 Avenida Encinas	Carlsbad	CA	1986	51,695	88.3	%	1,046	23.6
SUBTOTAL - CALIFORNIA				989,111	83.6	%	20,407	25.93
TOTAL CORE PORTFOLIO				25,220,783	89.5	%	$459,027	$23.46

(a) Calculated by dividing net rentable square feet included in leases signed on or before December 31, 2011 at the property by the aggregate net rentable square feet of the property.

(b) "Total Base Rent" for the twelve months ended December 31, 2011 represents base rents earned during such period, excluding tenant reimbursements and deferred market rent adjustments, calculated in accordance with generally accepted accounting principles (GAAP) determined on a straight-line basis.

(c) "Average Annualized Rental Rate" is calculated by taking: (i) for office leases written on a triple net basis, the sum of the annualized base rent utilizing contractual rental rates pursuant to executed leases as of December 31, 2011 exclusive of concessions and abatements plus the prorata 2011 budgeted operating expense reimbursements excluding tenant electricity; and (ii) for office leases written on a full service basis, the annualized base rent utilizing contractual rental rates pursuant to executed leases as of December 31, 2011 exclusive of concessions and abatements, and dividing the sum of such amounts by the total square footage occupied as of December 31, 2011.

(d) These properties are subject to a ground lease with a third party.

(e) We hold our interest in Two Logan Square (100 North 18th Street) through our ownership of second and third mortgages that are secured by this property and that are junior to a first mortgage with a third party. Our ownership of these two mortgages currently provides us with all of the cash flows from Two Logan Square after the payment of operating expenses and debt service on the first mortgage.

(f) These properties are industrial facilities.

(g) These are mixed-use properties.

(h) We contributed this property to an unconsolidated real estate venture, however, we will continue to consolidate this property due to our continuing involvement resulting from our ongoing lease of space, and our 50% ownership interest in the venture. Please see Note 3 to the consolidated financial financial statements for additional information.

The following table shows information regarding rental rates and lease expirations for the Properties at December 31, 2011 and assumes that none of the tenants exercises renewal options or termination rights, if any, at or prior to scheduled expirations:

Table of Contents

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year	Rentable Square Footage Subject to Expiring Leases	Final Annualized Base Rent Under Expiring Leases (a)	Final Annualized Base Rent Per Square Foot Expiring Leases	Percentage of Total Final Annualized Base Rent Under Expiring Leases	Cumulative Total
2011 (b)	81	159,562	$3,025,094	$18.96	0.5 %	0.5 %
2012	281	2,035,560	51,922,219	25.51	8.9 %	9.4 %
2013	249	2,193,966	50,830,854	23.17	8.8 %	18.2 %
2014	219	2,453,387	63,231,149	25.77	10.9 %	29.1 %
2015	197	2,460,559	61,163,813	24.86	10.5 %	39.6 %
2016	206	1,930,564	50,764,099	26.29	8.7 %	48.3 %
2017	167	2,713,200	76,061,255	28.03	13.1 %	61.4 %
2018	81	1,545,754	46,396,684	30.02	8.0 %	69.4 %
2019	58	1,122,558	38,259,447	34.08	6.6 %	76.0 %
2020	30	866,007	22,231,381	25.67	3.8 %	79.8 %
2021	37	1,137,800	29,508,128	25.93	5.1 %	84.9 %
2022 and thereafter	46	3,199,520	86,770,054	27.12	15.0 %	100.0 %
	1,652	21,818,437	$580,164,177	$26.59	100.0 %	

(a) "Final Annualized Base Rent" for each lease scheduled to expire represents the cash rental rate of base rents, excluding tenant reimbursements, in the final month prior to expiration multiplied by 12. Tenant reimbursements generally include payment of a portion of real estate taxes, operating expenses and common area maintenance and utility charges.

(b) Relates to existing month-to-month tenancy leases and to expired leases that we executed, which converted to month-to-month tenancies until a written notice to vacate is provided by us or a new lease agreement is agreed upon with the tenant.

At December 31, 2011, our Properties were leased to 1,390 tenants that are engaged in a variety of businesses. The following table sets forth information regarding leases at the Properties with the 20 tenants with the largest amounts leased based upon Annualized Base Rent as of December 31, 2011:

Table of Contents

Tenant Name (a)	Number of Leases	Weighted Average Remaining Lease Term Months	Aggregate Leased Square Feet	Aggregate Leased Square Square Feet		Annualized Base Rent (in 000) (b)	Percentage of Aggregate Annualized Base Rent	
General Services Administration — U.S. Govt.	17	192	1,547,532	7.1	%	$34,371	6.9	%
Northrop Grumman Corporation	5	48	471,005	2.2	%	14,887	3.0	%
Pepper Hamilton LLP	2	36	312,336	1.4	%	11,971	2.4	%
Lockheed Martin	9	22	556,584	2.6	%	10,366	2.1	%
Wells Fargo Bank, N.A.	11	63	439,687	2.0	%	10,260	2.1	%
Time Warner Cable, Inc.	1	91	266,899	1.2	%	8,709	1.8	%
KPMG, LLP	2	33	241,828	1.1	%	7,715	1.6	%
Dechert LLP	1	94	218,565	1.0	%	7,468	1.5	%
Lincoln National Management Co.	1	103	193,626	0.9	%	6,315	1.3	%
Drinker Biddle & Reath LLP	1	30	209,584	1.0	%	6,034	1.2	%
Blank Rome LLP	1	121	236,903	1.1	%	6,012	1.2	%
Marsh & McLennan Companies, Inc.	3	16	177,199	0.8	%	5,331	1.1	%
Deltek Systems, Inc.	1	128	157,911	0.7	%	4,974	1.0	%
Hewlett Packard	2	54	141,339	0.6	%	4,128	0.8	%
Freescale Semiconductor, Inc.	1	20	144,438	0.7	%	3,826	0.8	%
Intel Corporation	1	13	164,061	0.8	%	3,782	0.8	%
Woodcock Washburn, LLP	1	120	109,323	0.5	%	3,736	0.8	%
Computer Sciences	4	31	202,992	0.9	%	3,715	0.8	%
VWR Management Services LLC	1	156	149,858	0.7	%	3,708	0.7	%
AT&T	3	90	108,583	0.5	%	3,361	0.7	%
Consolidated Total/Weighted Average	68	94	6,050,253	27.8	%	$160,669	32.6	%

(a) The identified tenant includes affiliates in certain circumstances.

(b) Annualized Base Rent represents the monthly Base Rent, excluding tenant reimbursements, for each lease in effect at December 31, 2011 multiplied by 12. Tenant reimbursements generally include payment of a portion of real estate taxes, operating expenses and common area maintenance and utility charges.

Real Estate Ventures

As of December 31, 2011, we had an aggregate investment (net of returns of investment) of approximately $115.8 million in 18 unconsolidated Real Estate Ventures. We formed these ventures with unaffiliated third parties to develop or manage office properties or to acquire land in anticipation of possible development of office properties. As of December 31, 2011, 15 of the Real Estate Ventures owned 52 office buildings that contain an aggregate of approximately 6.7 million net rentable square feet, two Real Estate Ventures owned four acres of undeveloped land, and one Real Estate Venture developed a hotel property that contains 137 rooms in Conshohocken, PA.

We account for our investments in these Real Estate Ventures using the equity method. Our ownership interests range from 20% to 65%, subject to specified priority allocations in certain of the Real Estate Ventures. Our investments, initially recorded at cost, are subsequently adjusted for our share of the Real Estate Ventures' income or loss and contributions to capital and distributions, unless we have no intent or obligation to fund losses in which case our investment would not go below zero.

On January 20, 2011, we acquired a one acre parcel of land in Philadelphia, Pennsylvania for $9.3 million. We funded the cost of this acquisition through an advance under our unsecured credit facility and with available corporate funds. We thereafter contributed the acquired property into 1919 Ventures in return for a 50% general partner interest in the venture. Our general partner contributed cash for general partner interest. 1919 Ventures is evaluating a mixed-use development at the parcel.

Table of Contents

On December 20, 2011, we formed a joint venture with Current Creek, a wholly-owned subsidiary of Allstate Insurance Company. We and Current Creek each own a 50% interest in the Venture. The Venture owns three office properties, which we contributed to the Venture upon its formation. The contributed office properties contain an aggregate of 587,317 net rentable square feet and consist of 3130 and 3141 Fairview Park Drive, both located in Falls Church, Virginia, and 7101 Wisconsin Avenue located in Bethesda, Maryland.

As of December 31, 2011, we had guaranteed repayment of approximately $0.7 million of loans on behalf of the Real Estate Ventures. We also provide customary environmental indemnities and completion guarantees in connection with construction and permanent financing both for our own account and on behalf of the Real Estate Ventures.

Item 3. Legal Proceedings

We are involved from time to time in legal proceedings, including tenant disputes, employee disputes, disputes arising out of agreements to purchase or sell properties and disputes relating to state and local taxes. We generally consider these disputes to be routine to the conduct of our business and management believes that the final outcome of such proceedings will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 4. Mine Safety Disclosures

None.

Table of Contents

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common shares are traded on the New York Stock Exchange ("NYSE") under the symbol "BDN." There is no established trading market for the Class A units of the Operating Partnership, nor was there a trading market for the Class F (2010) units of the Operating Partnership, which were outstanding between August 5, 2010 and December 23, 2011, and were held by a single holder during this period. On February 17, 2012, there were 736 holders of record of our common shares and 39 holders of record of the Class A units (in addition to Brandywine Realty Trust). On February 23, 2012, the last reported sales price of the common shares on the NYSE was $11.02. The following table sets forth the quarterly high and low sales price per common share reported on the NYSE for the indicated periods and the distributions paid by us with respect to each such period.

	Share Price High	Share Price Low	Distributions Paid During Quarter
First Quarter 2010	$12.90	$10.29	$0.15
Second Quarter 2010	$13.36	$10.75	$0.15
Third Quarter 2010	$12.62	$10.00	$0.15
Fourth Quarter 2010	$12.99	$10.22	$0.15
First Quarter 2011	$12.32	$11.09	$0.15
Second Quarter 2011	$12.76	$11.06	$0.15
Third Quarter 2011	$12.34	$7.88	$0.15
Fourth Quarter 2011	$9.63	$7.09	$0.15

For each quarter in 2011 and 2010, the Operating Partnership paid a cash distribution per Class A unit in an amount equal to the dividend paid on a common share for each such quarter.

In order to maintain the status of Brandywine Realty Trust as a REIT, we must make annual distributions to shareholders of at least 90% of our taxable income (not including net capital gains). Future distributions will be declared at the discretion of our Board of Trustees and will depend on our actual cash flow, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code of 1986 and such other factors as our Board deems relevant.

On December 13, 2011, our Board of Trustees declared a quarterly dividend distribution of $0.15 per common share that was paid on January 19, 2012. Our Board of Trustees has adopted a dividend policy designed to match our distributions to our projected, normalized taxable income for 2012.

On June 30, 2011, we filed with the NYSE our annual CEO Certification and Annual Written Affirmation pursuant to Section 303A.12 of the NYSE Listed Company Manual, each certifying that we were in compliance with all of the listing standards of the NYSE.

The following table provides information as of December 31, 2011 with respect to compensation plans under which our equity securities are authorized for issuance:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	3,599,672	$14.50	5,789,202

Equity compensation plans not approved by security holders	—	—	—
Total	3,599,672	$ 14.50	5,789,202

35

Table of Contents

(1) Relates to our Amended and Restated 1997 Long-Term Incentive Plan (the "1997 Plan") and 46,667 options awarded prior to adoption of the 1997 Plan. In June 2010, our shareholders approved amendments to the 1997 Plan. The amendments, among other things, increased the number of common shares available for awards under the 1997 Plan by 6,000,000 (of which 3,600,000 were made available solely for awards of options and share appreciation rights).

The following table presents information related to our common share repurchases during the year ended December 31, 2011:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Shares that May Yet Be Purchased Under the Plans or Programs (a)
				(in thousands)
January 1 to January 31	10,485	(b)	$11.53	539,200
February 1 to February 28	—			539,200
March 1 to March 31	27,083	(b)	11.81	539,200
April 1 to April 31	47,999	(b)	11.82	539,200
May 1 to May 31	—			539,200
June 1 to June 30	—			539,200
July 1 to July 31	—			539,200
August 1 to August 31	—			539,200
September 1 to September 31	—			539,200
October 1 to October 31	—			539,200
November 1 to November 31	—			539,200
December 1 to December 31	—			539,200
Total	85,567			

(a) Relates to the remaining share repurchase availability under the Parent Company's share repurchase program. There is no expiration date on the share repurchase program. The Parent Company's Board of Trustees initially authorized this program in 1998 and has periodically replenished capacity under the program.

(b) Represents common shares cancelled by the Parent Company upon vesting of restricted common shares previously awarded to Company employees in satisfaction of tax withholding obligations. Such shares do not reduce the total number of shares that remain available to be purchased under the share repurchase program.

Table of Contents

SHARE PERFORMANCE GRAPH

The Securities and Exchange Commission requires us to present a chart comparing the cumulative total shareholder return on the common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the cumulative total shareholder return for the common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index (ii) the Russell 2000 and (iii) the NAREIT ALL-REIT Total Return Index as provided by NAREIT for the period beginning December 31, 2006 and ending December 31, 2011.

	Year Ended					
Index	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011
Brandywine Realty Trust	100.00	57.23	27.38	44.63	48.03	41.53
S&P 500	100.00	105.49	66.46	84.05	96.71	98.76
Russell 2000	100.00	98.43	65.18	82.89	105.14	100.75
NAREIT All Equity REIT Index	100.00	84.31	52.50	67.20	85.98	93.10

Item 6. Selected Financial Data

The following table sets forth selected financial and operating data and should be read in conjunction with the financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Annual Report on Form 10-K. The selected data have been revised to reflect disposition of all properties since January 1, 2007, which have been reclassified as discontinued operations for all periods presented in accordance with the accounting standard governing discontinued operations.

Table of Contents

Brandywine Realty Trust
(in thousands, except per common share data and number of properties)

Year Ended December 31,	2011 (a,b)	2010 (b)	2009 (a,b)	2008 (a,b)	2007 (b)
Operating Results					
Total revenue	$581,805	$559,956	$567,920	$573,596	$588,768
Income (loss) from continuing operations	(13,232)	(31,276)	3,588	(2,465)	5,243
Net income (loss)	(4,715)	(17,606)	8,089	38,525	55,335
Income (loss) allocated to Common Shares	(12,996)	(25,578)	(245)	28,462	44,124
Loss from continuing operations per Common Share					
Basic	$(0.16)	$(0.29)	$(0.04)	$(0.13)	$(0.05)
Diluted	$(0.16)	$(0.29)	$(0.04)	$(0.13)	$(0.05)
Earnings (loss) per Common Share					
Basic	$(0.10)	$(0.19)	$—	$0.32	$0.50
Diluted	$(0.10)	$(0.19)	$—	$0.32	$0.50
Cash distributions paid per Common Share	$0.60	$0.60	$0.60	$1.76	$1.76
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$4,061,461	$4,201,410	$4,164,992	$4,191,367	$4,657,333
Total assets	4,557,718	4,690,378	4,663,750	4,742,619	5,213,968
Total indebtedness	2,393,995	2,430,446	2,454,577	2,741,495	3,081,949
Total liabilities	2,668,022	2,712,604	2,742,010	3,020,121	3,363,759
Noncontrolling interest	33,105	128,272	38,308	52,961	84,076
Brandywine Realty Trust's equity	1,856,591	1,849,502	1,883,432	1,669,537	1,766,133
Other Data					
Cash flows from:					
Operating activities	179,015	185,127	220,405	233,867	224,805
Investing activities	(47,931)	(171,936)	(102,549)	164,046	39,162
Financing activities	(147,239)	1,807	(120,213)	(399,589)	(283,746)
Property Data					
Number of properties owned at year end	232	233	245	248	257
Net rentable square feet owned at year end	25,221	25,633	25,563	26,257	28,888

(a) During 2011, we recorded additional income of $0.5 million related to electricity charges in prior years that were under-billed to a certain tenant. This resulted in the overstatement of total revenue by $0.5 million during the current year and in the understatement of total revenue by $0.3 million and $0.2 million for the years ended December 31, 2009 and 2008, respectively. Because this error was not material to prior years' consolidated financial statements and the impact of recording the error in the current year is not material to our consolidated financial statements, we recorded the related adjustment in the current year.

(b) The consolidated statement of operations during 2011 also contained an out of period depreciation and amortization expense adjustment of $4.7 million relating to intangible assets representing tenant relationships and in-place leases that should have been written off in prior periods. Our recognition of this expense in 2011 resulted in the overstatement of depreciation and amortization expense by $4.7 million million in 2011. During the year ended December 31, 2010, depreciation and amortization expense was overstated by $1.7 million and was understated by $1.4 million, $1.8 million, $1.7 million and $1.5 million during the years ended December 31, 2009, 2008, 2007, and 2006, respectively. As this error was not material to prior years' consolidated financial statements and that the impact of recording the error in the current year is not material to our consolidated financial statements, we recorded the related adjustment during the current year.

Table of Contents

Brandywine Operating Partnership, L.P.
(in thousands, except per common partnership unit data and number of properties)

Year Ended December 31,	2011 (a,b)	2010 (b)	2009 (a,b)	2008 (a,b)	2007 (b)
Operating Results					
Total revenue	$581,805	$559,956	$567,920	$573,596	$588,768
Income (loss) from continuing operations	(13,232)	(31,276)	3,588	(2,465)	5,243
Net income (loss)	(4,715)	(17,606)	8,089	38,525	55,335
Loss from continuing operations per Common Partnership Unit					
Basic	$(0.15)	$(0.29)	$(0.04)	$(0.13)	$(0.05)
Diluted	$(0.15)	$(0.29)	$(0.04)	$(0.13)	$(0.05)
Earnings (loss) per Common Partnership Units					
Basic	$(0.09)	$(0.19)	$—	$0.32	$0.50
Diluted	$(0.09)	$(0.19)	$—	$0.32	$0.50
Cash distributions paid per Common Partnership Unit	$0.60	$0.60	$0.60	$1.76	$1.76
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$4,061,461	$4,201,410	$4,164,992	$4,191,367	$4,657,333
Total assets	4,557,718	4,690,378	4,663,750	4,742,619	5,213,968
Total indebtedness	2,393,995	2,430,446	2,454,577	2,741,495	3,081,949
Total liabilities	2,668,022	2,712,604	2,742,010	3,020,121	3,363,759
Redeemable limited partnership units	38,370	132,855	44,620	54,166	90,151
Non-controlling interest	—	—	65	—	28
Brandywine Operating Partnership's equity	1,851,326	1,844,919	1,877,055	1,668,332	1,760,030
Other Data					
Cash flows from:					
Operating activities	179,015	185,127	220,405	233,867	