BRANDYWINE REALTY TRUST
Form 10-K
February 19, 2015

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 EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014
OR

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

For the transition period from to

Commission file number 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
6.90% Series E 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 þ No o

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 o Non-accelerated filer þ 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, 2014, the aggregate market value of the Common Shares of Beneficial Interest held by non-affiliates of Brandywine Realty Trust was $2,416,656,732 based upon the last reported sale price of $15.60 per share on the New York Stock Exchange on June 30, 2014. An aggregate of 179,699,423 Common Shares of Beneficial Interest were outstanding as of February 17, 2015.

As of June 30, 2014 the aggregate market value of the 1,763,739 common units of limited partnership ("Units") held by non-affiliates of Brandywine Operating Partnership, L.P. was $27,514,328 based upon the last reported sale price of $15.60 per share on the New York Stock Exchange on June 30, 2014 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 2015 Annual Meeting of Shareholders of Brandywine Realty Trust are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2014 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, 2014, owned a 99.0% interest in the Operating Partnership. The remaining 1.0% 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.

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's operations on a consolidated basis and how management operates the Company.

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.

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.

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

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 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.

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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 Securities and Exchange Commission (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 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 modest global economic growth, which is having and may 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;
- the 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);
- 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 or environmental liabilities;
- actual or threatened terrorist attacks;
- the impact on workplace and tenant space demands driven by technology, employee culture and commuting patterns;
- demand for tenant services beyond those traditionally provided by landlords;
- liability and clean-up costs under environmental or other laws;
- failure or bankruptcy of real estate venture partners;
-

- inability of real estate venture partners to fund venture obligations or perform under our real estate venture development agreements;
- failure to manage effectively our growth into new product types within our real estate venture arrangements;
- failure of dispositions to close in a timely manner;
- 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; 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.

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, industrial, retail and mixed-use properties. As of December 31, 2014, we owned 200 properties that contain an aggregate of approximately 25.1 million net rentable square feet and consist of 167 office properties, 20 industrial facilities, five mixed-use properties, one retail property (193 core properties), two properties classified as held for sale, three development properties, one redevelopment property and one re-entitlement property (collectively, the "Properties"). In addition, as of December 31, 2014, we owned economic interests in 17 unconsolidated real estate ventures that own properties that contain approximately 6.7 million net rentable square feet (collectively, the "Real Estate Ventures"). As of December 31, 2014, we also owned 415 acres of undeveloped land, and held options to purchase approximately 63 additional acres of undeveloped land. As of December 31, 2014, the total potential development that these land parcels could support under current zoning, entitlements or combination thereof, amounted to 6.0 million square feet. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; Austin, Texas and Oakland, Concord, and Carlsbad, California. In addition to managing properties that we own, as of December 31, 2014, we were managing approximately 8.9 million net rentable square feet of office and industrial properties for third parties and Real Estate Ventures. Unless otherwise indicated, all references in this Form 10-K to square feet represent net rentable area. 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 2014 revenue.

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, 2014, the Parent Company owned a 99.0% interest in the Operating Partnership. The remaining 1.0% 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; McLean, 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.

2014 Transactions

Real Estate Acquisitions

On February 19, 2014, we acquired 54.1 acres of undeveloped land known as Encino Trace in Austin, Texas for $14.0 million. The land is fully entitled with a site plan and building permits in place allowing for the development of two four-story office buildings containing approximately 320,000 rentable square feet. The purchase price included an in-place lease for 75% of the first building. We capitalized $8.4 million in construction in progress, recorded $4.6 million in land inventory and recorded a deposit for a portion of the future development fee held in escrow of $1.0 million. We funded the acquisition with available corporate funds. See “Developments” below for further discussion of construction progress.

Real Estate Dispositions

On October 24, 2014, we sold the Valleybrooke Office Park, comprised of five properties consisting of 279,934 rentable square feet, located in Malvern, Pennsylvania for a sales price of $37.9 million. During the third quarter of 2014, we recognized a $1.8 million impairment loss on these properties. On October 24, 2014, we recorded a gain of $0.2 million upon settlement.

On September 30, 2014, we sold an office building, commonly known as “Campus Pointe,” containing 172,943 rentable square feet at 1880 Campus Commons Drive in Reston, Virginia for a sales price of $42.5 million, resulting in a gain on sale of $4.7 million after closing and other transaction related costs.

On April 16, 2014, we sold a 5.3 acre parcel of land located in Dallas, Texas for a sales price of $1.6 million resulting in a nominal gain on sale of undepreciated real estate after closing and other transaction related costs. The land parcel was undeveloped as of the date of sale.

On April 3, 2014, we contributed two three-story, Class A office buildings, commonly known as “Four Points Centre,” containing an aggregate of approximately 192,396 net rentable square feet in Austin, Texas to an existing real estate venture (the "Austin Venture") that we formed in 2013 with G&I VII Austin Office LLC, an investment vehicle advised by DRA Advisors LLC ("DRA"). We contributed the property to the Austin Venture at an agreed upon value of $41.5 million. In conjunction with the contribution: (i) the Austin Venture obtained a $29.0 million mortgage loan; (ii) DRA contributed $5.9 million in net cash to the capital of the Austin Venture; and (iii) the Austin Venture distributed $34.4 million to us and credited us with a $5.9 million capital contribution to the Austin Venture.

On March 27, 2014, we sold a 16.8 acre undeveloped parcel of land located in Austin, Texas for a sales price of $3.5 million, resulting in $1.2 million gain on sale of undepreciated real estate after closing and other transaction related costs. The land parcel was undeveloped as of the date of sale.

Held for Sale

On January 8, 2015, we sold two office properties, commonly known as "Atrium I," which includes 99,668 square feet of rentable space located in Mt Laurel, New Jersey and "Libertyview," which includes 121,737 square feet of rentable space located in Cherry Hill, New Jersey. As of December 31, 2014, we classified Atrium I and Libertyview as held for sale in accordance with applicable accounting standards for long lived assets.

The operating results of the property dispositions listed above remain classified within continuing operations for all periods presented.

Austin Venture - River Place

On October 17, 2014, the Austin Venture acquired River Place, comprised of seven Class A office buildings containing 591,000 rentable square feet located in Austin, Texas for $128.1 million. The transaction was funded through a combination of an $88.0 million short-term loan, secured by a mortgage, that we made to the Austin Venture and cash capital contributions of $18.9 million made by each of DRA and us to the Austin Venture. The loan agreement for our short-term loan had provided for financing from us through March 2015 at the following tiered interest rates; (i) 4.0% through December 31, 2014, (ii) 5.0% from January 1, 2015 through January 31, 2015, (iii) 7.0% from February 1, 2015 through February 28, 2015 and (iv) 9.0% from March 1, 2015 through March 31, 2015. On January 30, 2015, the Austin Venture closed on a mortgage loan with a non-affiliated institutional lender, and a portion of the proceeds of this loan was applied to repay in full our short-term loan.

Austin Venture - The Crossings

On July 31, 2014, the Austin Venture acquired the Crossings at Lakeline, comprised of two three-story buildings containing an aggregate of 232,274 rentable square feet located in the Far Northwest submarket of Austin, Texas for $48.2 million. The transaction was funded with $34.5 million of proceeds of a 3.87% fixed rate mortgage loan from a non-affiliated institutional lender and $12.8 million (net of $0.9 million in purchase adjustments) of cash capital contributions, with $6.4 million from each of DRA and us.

Austin Venture - Four Points Centre

See discussion of Four Points Centre in the Dispositions section of Note 3, "Real Estate Investments."

We continually assess our portfolio in light of our strategic and economic considerations to determine whether to sell properties in the portfolio. Sales of properties, and determinations to hold properties for sale, may result in an impairment or other loss, and such loss could be material to our statement of operations.

Developments

As of December 31, 2014, we owned 415 acres of undeveloped land, and held options to purchase approximately 63 additional acres of undeveloped land.

We are a party to a development agreement and related ground leases with the University of Pennsylvania covering two adjacent parcels of land. As described below under "evo at Cira Centre South Venture Development" (otherwise referred to as "evo at Cira"), on January 25, 2013, we contributed our development and ground lease rights in one of the land parcels to evo at Cira, a real estate venture, which has substantially completed construction of, and placed into service, a student housing tower on the parcel.

FMC Tower at Cira Centre South

As to the other land parcel, on October 31, 2013, we determined to proceed with development of the FMC Tower at Cira Centre South (the "FMC Tower") (formerly the Cira Walnut Tower), designed as a trophy class, mixed-use office tower at 30th and Walnut Streets in Philadelphia, Pennsylvania. We anticipate the project cost to total $385.0 million, of which $47.6 million had been funded through December 31, 2014. We intend to fund remaining development costs through a combination of potential sources, including existing cash balances, availability under our unsecured line of credit, capital raised through one or more joint venture formations, proceeds from asset sales or equity and debt financing. The costs to complete the project will be funded over the construction period, which commenced in the second quarter of 2014 and is scheduled to conclude during the second quarter of 2016.

As of December 31, 2014, we had pre-leased an aggregate of 60% of the office square feet of the FMC Tower. The anchor tenant for approximately 280,000 square feet of office space under a 16-year lease is FMC Corporation, a diversified chemical company serving agricultural, consumer and industrial markets globally. In addition, we have pre-leased 100,000 square feet of office space to the University of Pennsylvania under a 20-year lease.

Our ground leases with the University of Pennsylvania have a term through July 2097, with a variable rent that would provide the University of Pennsylvania with a percentage of the cash flow or proceeds of specified capital events subject to receipt of a priority return on eligible investments.

Encino Trace

See "Real Estate Acquisitions" above for our acquisition of Encino Trace on February 19, 2014. We commenced development of one of the buildings, which will contain 160,000 square feet, on the Encino Trace land during the first quarter 2014. As of December 31, 2014, the building was 75% pre-leased to an anchor tenant. During the second quarter 2014, we commenced construction of the second building that will contain 160,000 square feet. We anticipate completion of both buildings by the third quarter of 2015. Our total anticipated project costs for both buildings are approximately $87.4 million, of which $38.8 million had been funded as of December 31, 2014. We anticipate funding the remaining development costs from available corporate funds. We intend to contribute the properties to a real estate venture upon stabilization of the development.

Cira Green Roof

During 2014, we began developing the Cira Green Roof, a one acre elevated urban park situated on the top of Cira South parking garage located directly between the FMC Tower and Cira Centre South. We anticipate this project will be completed during the second quarter of 2015. Our total anticipated project costs are approximately $12.5 million with $10.8 million funded as of December 31, 2014.

660 West Germantown Pike

During June 2014, we placed into service a redevelopment office property known as 660 West Germantown Pike. This property contains 161,521 net rentable square feet and is located in Plymouth Meeting, Pennsylvania. We acquired this property in 2012 for $9.1 million. Our total redevelopment costs were $29.4 million (including the initial acquisition cost). This property was 100.0% leased as of December 31, 2014.

200 Radnor Chester Road

Also in June 2014, we placed into service a development retail and restaurant complex containing 17,884 rentable square feet located at 200 Radnor Chester Road, in Radnor, Pennsylvania. We commenced construction during April 2013. Total development costs were $7.5 million (including the land acquisition cost). This property was 100.0% leased at December 31, 2014.

1919 Market Street Venture

On January 20, 2011, we acquired a one acre parcel of land in Philadelphia, Pennsylvania for $9.3 million. We thereafter contributed the acquired land into a then newly-formed general partnership, referred to below as “1919 Ventures” in return for a 50.0% general partner interest, with the remaining 50.0% interest owned by an unaffiliated third party, who contributed cash in exchange for its interest. On October 15, 2014, we acquired the interest of the unaffiliated third party at fair value, which approximates carrying value. No remeasurement gain or loss on our previous investment was recorded at that time.

On October 21, 2014, we admitted an unaffiliated third party, LCOR/CalSTRS ("LCOR") into 1919 Ventures, for $8.2 million representing a 50% interest and, reflecting an agreed upon $16.4 million valuation of the land and improvements incurred by us on behalf of 1919 Ventures.

On October 27, 2014, 1919 Ventures announced a planned 29-story, 455,000 square foot contemporary glass tower development. The tower has been designed as a mixed-use development consisting of residential, retail and parking components. The residential component of the project will be comprised of 321 luxury apartments. The commercial space will consist of 24,000 square feet and is currently 90% pre-leased. The parking component will consist of a 215-car structured parking facility. Total project costs are estimated at $148.1 million. A portion of the costs are being funded with proceeds of an $88.9 million secured construction loan from an unaffiliated institutional lender, and the remaining $59.2 million is expected to be funded with equity contributions from each of us and LCOR. As of December 31, 2014, there was no outstanding balance on the construction loan and equity contributions totaled $13.4 million from each of us and LCOR.

4040 Wilson Venture Development

On July 31, 2013, we formed 4040 Wilson LLC Venture ("4040 Wilson"), as a joint venture between us and Ashton Park Associates LLC (“Ashton Park”), an unaffiliated third party. We and Ashton Park own a 50% interest in 4040 Wilson. 4040 Wilson expects to construct a 426,900 square foot office building representing the final phase of the eight building, mixed-use, Liberty Center complex developed by the parent company of Ashton Park in the Ballston submarket of Arlington, Virginia. 4040 Wilson expects to develop the office building on a 1.3 acre land parcel contributed by Ashton Park to 4040 Wilson at an agreed upon valuation of $36.0 million. The total estimated project costs are $194.6 million, which we expect will be financed through approximately $72.0 million of partner capital contributions (consisting of $36.0 million in cash from the Company, of which $26.8 million has been funded to date, and land with a value of $36.0 million from Ashton Park), with the remaining balance funded by debt financing through a construction lender that has not yet been determined. 4040 Wilson has begun construction of the garage structure at an estimated cost of $26.9 million. We expect groundbreaking on the building structure to commence upon achievement of certain pre-leasing levels, at which point 4040 Wilson expects to obtain debt financing for a portion of the project costs. Additional equity contributions (exclusive of the $61.3 million funded at December 31, 2014) are expected to total $9.2 million and will be funded by us over the remaining construction period.

The Parc at Plymouth Meeting Venture Development

Our 50%-owned unconsolidated real estate venture with Toll Brothers, Inc., a residential home builder, owns a 20-acre parcel of land located in Plymouth Meeting, Pennsylvania, which we contributed to the venture upon its formation in 2012 at a negotiated valuation of $15.5 million. This venture, known as “TB-BDN Plymouth Apartments, L.P.,” commenced construction of a 398-unit multi-family complex in 2013 and we expect this development to be completed in the fourth quarter of 2015. We expect the project will cost approximately $77.0 million, of which $50.5 million had been funded as of December 31, 2014 through capital contributions to the venture consisting of $15.5 million funded by us through our land contribution and $15.5 million funded by Toll Brothers in cash and net of a $3.0 million excess capital distribution made to each partner in December 2013. We expect to fund a substantial portion of the remaining costs through a $56.0 million secured construction loan, of which $29.5 million was funded as of December 31, 2014. The TB-BDN Plymouth Venture obtained this construction loan in December 2013. In addition to providing the lender a guaranty of 50% of costs overruns on the construction, we have provided the lender a payment guaranty on the loan covering $3.2 million.

evo at Cira Centre South Venture Development

During the third quarter of 2014, a real estate venture (referred to below as evo at Cira) that we formed with two unaffiliated parties (Campus Crest Properties, LLC "Campus Crest" and HSRE-Campus Crest IXA, LLC "HSRE"), placed into service a 33-story, 850-bed student housing tower, known as evo at Cira Centre South, located in the University City submarket of Philadelphia, Pennsylvania. We and Campus Crest each own a 30% interest in evo at Cira and HSRE owns a 40% interest. evo at Cira developed the project on a one-acre parcel of land held under a long-term ground lease with the University of Pennsylvania, as ground lessor. We contributed to evo at Cira our tenancy rights under the long-term ground lease, together with associated development rights, at an agreed-upon value of $8.5 million. The total estimated project costs are $158.5 million, which are being financed through partner capital contributions totaling $60.7 million, and through $97.8 million of secured debt construction financing provided by unaffiliated institutional lenders. We and Campus Crest have each provided, in addition to customary non-recourse carve-out guarantees, a completion and cost overrun guaranty, as well as a payment guaranty, on the construction financing (with the share of the payment guaranty for each of us and Campus Crest being approximately $24.7 million). As of December 31, 2014, we had funded 100.0% of our anticipated equity contributions.

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:

- concentrate on urban town centers and central business districts in selected regions, and be the best of class owner and developer in those markets;
- 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;
- increase the economic diversification of our tenant base while maximizing economies of scale; and
- selectively reduce our portfolio over time, in non-core suburban properties that are not located in our core regions.

We also consider the following to be important objectives:

- to acquire and develop high-quality office properties at attractive yields in markets that we expect will experience economic growth and where we can achieve operating efficiencies;
- to monetize or deploy our land inventory for development of high-quality office properties, or rezone from office/industrial to residential, retail and hotel to align with market and demand shifts as appropriate; and
- to capitalize on our redevelopment expertise to selectively develop, redevelop and reposition properties in desirable locations that other organizations may not have the resources to pursue.

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

We currently 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 multiple properties in the same market. We also 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, debt reduction, 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 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.

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 of Trustees 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 office 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 reduce our ownership in non-core markets, 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 additional common or preferred equity and debt securities through public offerings or private placements, utilizing availability under our credit facilities or incurring additional indebtedness through secured or unsecured borrowings. To qualify as a REIT, we must distribute to our shareholders each year at least 90% 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.

Guarantees

As of December 31, 2014, we have provided guarantees on behalf of certain of the real estate ventures, consisting of (i) a $24.7 million payment guaranty on the construction loan for the project being undertaken by evo at Cira; (ii) a $3.2 million payment guarantee on the construction loan for a project being undertaken by TB-BDN Plymouth Apartments; and (iii) a $0.5 million payment guarantee on a loan provided to PJP VII. In addition, during construction undertaken by real estate ventures we have provided and expect to continue to provide cost overrun and completion guarantees, with rights of contribution among partners in the venture, as well as customary environmental indemnities and guarantees of customary exceptions to nonrecourse provisions in loan agreements.

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 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 of the Operating Partnership (collectively, the "Management Companies"). As of December 31, 2014, the Management Companies were managing properties containing an aggregate of approximately 33.9 million net rentable square feet, of which approximately 25.0 million net rentable square feet related to properties owned by us and approximately 8.9 million net rentable square feet related to properties owned by third parties and unconsolidated Real Estate Ventures.

Geographic Segments

During the year ended December 31, 2014, 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 southern

Maryland. The New Jersey/Delaware segment includes properties in Burlington and Camden counties in New Jersey and New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and one property in Durham, North Carolina. The Austin, Texas segment includes properties in Austin. On April 3, 2014, we contributed Four Points Centre to the Austin Venture. After contributing this property, we do not wholly own any operating properties in Austin, Texas. The California segment includes properties in Oakland, Concord, and Carlsbad. 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. See Note 18, “Segment Information,” to our consolidated financial statements for information on selected assets and results of operations of our reportable segments for the three years ended December 31, 2014, 2013 and 2012.

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 and amenities 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, 2014, we had 424 full-time employees, including 21 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 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, "Summary of Significant Accounting Policies," 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.

Code of Conduct

We maintain a Code of Business Conduct and Ethics applicable to our Board of Trustees 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.

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, Brandywine Realty Trust, 555 East 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 business, financial condition, 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 (including shareholders in the Parent Company and units in the Operating Partnership) should consider the following risk factors before deciding to purchase our securities. This section contains forward-looking statements. Please refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 7.

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 global, national and local economic conditions. Our portfolio consists primarily of office buildings (as compared to real estate companies with portfolios of multiple asset classes). 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 security holders will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties and our performance generally:

- adverse changes in international, national or local economic and demographic conditions;
- increased vacancies or our inability to rent space on favorable terms, including market pressures to offer tenants rent abatements, increased tenant improvement packages, early termination rights, below market rental rates or below-market renewal options;
- significant job losses in the financial and professional services industries may occur, which may decrease demand for office space, causing market rental rates and property values to be negatively impacted;
- changes in interest rates, reduced availability of financing and reduced liquidity in the capital markets, which may adversely affect our ability or the ability of buyers and tenants of properties to obtain financing on favorable terms, or at all;
- reduced values of our properties would limit our ability to dispose of assets at attractive prices, limit our access to debt financing secured by our properties and reduce 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;
- 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;
- declines in the financial condition of our tenants which would impact our ability to collect rents from our tenants.
- competition from other commercial office, industrial, retail, and mixed-use properties and commercial buildings, and increased supply of such buildings;
- 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; and
- 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.

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

Our results of operations will be significantly influenced by the economies and other conditions of the office market in which we operate, particularly 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 ongoing 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 space, 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.

We face risks associated with the development of mixed-use commercial properties.

We operate, are currently developing, and may in the future develop, properties either alone or through joint ventures with other persons that are known as “mixed-use” developments. This means that in addition to the development of office space, the project may also include space for residential, retail, hotel or other commercial purposes. We have limited experience in developing and managing non-office real estate. As a result, if a development project includes a non-office or non-retail use, we may seek to develop that component ourselves, sell the rights to that component to a third-party developer with experience in that use or we may seek to partner with such a developer. If we do not sell the rights or partner with such a developer, or if we choose to develop the other component ourselves, we would be exposed not only to those risks typically associated with the development of commercial real estate generally, but also to specific risks associated with the development and ownership of non-office and non-retail real estate. In addition, even if we sell the rights to develop certain components or elect to participate in the development through a joint venture, we may be exposed to the risks associated with the failure of the other party to complete the development as expected. These include the risk that the other party would default on its obligations necessitating that we complete the other component ourselves (including providing any necessary financing). In the case of residential properties, these risks also include competition for prospective residents from other operators whose properties may be perceived to offer a better location or better amenities or whose rent may be perceived as a better value given the quality, location and amenities that the resident seeks. Because we have limited experience with residential properties, we expect to retain third parties to manage our residential properties. If we decide to not sell or participate in a joint venture and instead hire a third party manager, we would be dependent on them and their key personnel who provide services to us and we may not find a suitable replacement if the management agreement is terminated, or if key personnel leave or otherwise become unavailable to us.

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."

An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt or sell assets on favorable terms or at all.

Rising interest rates could limit our ability to refinance existing debt when it matures or significantly increase our future interest expense. From time to time, we enter into interest rate swap agreements and other interest rate hedging contracts. While these agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risk that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly-effective cash flow hedges under the applicable accounting guidance. In addition, an increase in interest rates could decrease the amounts third-parties are willing to pay for our assets, thereby limiting our ability to recycle capital and change our portfolio promptly in response to changes in economic or other conditions.

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

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 degree of leverage could also make us more vulnerable to a downturn in business or the economy in general.

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

Our credit facilities, term loans and the indenture governing our unsecured public debt securities contain (and any new or amended facility and term loans 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, the term loans 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 at unattractive terms. In addition, the mortgages on our properties, including mortgages encumbering our Real Estate Ventures, 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.

A downgrading of our debt could subject us to higher borrowing costs.

In the event that our unsecured debt is downgraded by Moody’s Investor Services and 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.

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, our tenant leases allow us to 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;
- dependence on the financial and professional 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.

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. 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 such acquisitions on favorable terms;
- if we fail to 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
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- the 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.

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, municipalities 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 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. 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. 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.

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, 2014, we held ownership interests in 17 unconsolidated Real Estate Ventures for an aggregate investment balance of $223.8 million, of which $225.0 million is included in net assets and $1.2 million is included in other liabilities and represents the negative investment balance of one real estate venture. 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.

Because real estate is illiquid, we may not be able to sell properties when in our best interest.

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 could be 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 the 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. 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 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;
- capital needs of our Real Estate Ventures; 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 tax rates and regulatory requirements 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. 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 cannot 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 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, however, that our insurance will be sufficient if there is a major earthquake.

Data security breaches may cause damage to our business and reputation.

In the ordinary course of our business we maintain sensitive data, including our proprietary business information and the information of our tenants and business partners, in our data centers and on our networks. Notwithstanding the security measures undertaken, our information technology may be vulnerable to attacks or breaches resulting in proprietary information being publicly disclosed, lost or stolen. There can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Protected information, networks, systems and facilities remain vulnerable because the techniques used in such attempted security breaches evolve and may not be recognized or detected until launched against a target. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures.
Data and security breaches could:

- disrupt the proper functioning of our networks and systems and therefore our operations and/or those of our client tenants;
- result in misstated financial reports, violations of loan covenants, missed reporting deadlines, and/or missed permitting deadlines;
- result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation, or release of proprietary, confidential, sensitive, or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive, or otherwise harmful purposes and outcomes;
- result in our inability to maintain the building systems relied upon by our client tenants for the efficient use of their leased space;
- require significant management attention and resources to remedy any damages that result;
- subject us to claims for breach of contract, damages, credits, penalties, or termination of leases or other agreements; and/or
- damage our reputation among our client tenants and investors generally.

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. 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.

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 Report 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 and joint ventures 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, 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 or joint venture) 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 or joint ventures for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership or joint venture 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, subsidiary partnership or joint venture 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 a 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 have undergone tax audits. There can be no assurance that future audits will not have a material adverse effect on our results of operations.

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. Shares construed as "control shares" means 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 (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 repealed, amended or eliminated by us at any time in the future.

Maryland Unsolicited Takeover Act. Subtitle 8 of Title 3 of the Maryland General Corporation Law permits our Board of Trustees, without shareholder approval, and regardless of what is currently in our charter or bylaws, to implement (i) a classified board; (ii) a two-thirds vote requirement for removing a trustee; (iii) a requirement that the number of trustees be fixed only by vote of the trustees; (iv) a requirement that a vacancy on the board be filled only by the remaining trustees and for the remainder of the full term of the class of trustees in which the vacancy occurred; and (v) a majority requirement for the calling by shareholders of a special meeting of shareholders. This 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.

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 the 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.

If we fail to maintain an effective system of integrated internal control over financial reporting, we may not be able to accurately report our financial results.

An effective system of internal control over financial reporting is necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. As part of our ongoing monitoring of internal controls, we may discover material weaknesses or significant deficiencies in our internal controls that we believe require remediation. If we discover such weaknesses, we will make efforts to improve our internal controls in a timely manner. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can only provide reasonable, not absolute, assurance that the objectives of the system are met. Any failure to maintain effective internal controls, or implement any necessary improvements in a timely manner, could have a materially adverse effect on our business and operating results, or cause us to not meet our reporting obligations, which could affect our ability to remain listed with the New York Stock Exchange. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our securities.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Property Acquisitions

On February 19, 2014, we acquired 54.1 acres of undeveloped land known as Encino Trace in Austin, Texas for $14.0 million. The land is fully entitled with a site plan and building permits in place allowing for the development of two four-story office buildings containing approximately 320,000 rentable square feet. The purchase price included an in-place lease for 75% of the first building.

As of December 31, 2014, each of the two office buildings at Encino Trace was in development, and we had funded through such date $38.8 million, inclusive of the $14.0 million acquisition cost. Additional project costs (exclusive of the $38.8 million funded at December 31, 2014) are expected to aggregate $48.6 million and will be funded over the remaining construction period using available corporate funds. We anticipate completion of both buildings by the third quarter of 2015. We intend to contribute the properties to a real estate venture upon stabilization of the development.

Development and Redevelopment Properties Placed in Service

We placed in service the following development and redevelopment properties during the year ended December 31, 2014:

Month Placed In Service	Activity Type	Property/Portfolio Name	Location	Number of Buildings	Square Footage	Budgeted Costs (in thousands)	Costs Incurred (in thousands)
Jun-14	Development	200 Radnor Chester Road	Radnor, PA	1	17,884	$ 7,400	$ 7,453
Jun-14	Redevelopment	660 West Germantown Pike	Plymouth Meeting, PA	1	161,521	29,000	29,418
		Total		2	179,405	$ 36,400	$ 36,871

As of December 31, 2014, the following development properties remain under construction in progress and we were proceeding on the following activity:

Construction Commencement Date	Expected Completion	Activity Type	Property/Portfolio Name	Location	Number of Buildings	Square Footage	Estimated Costs (in thousands)	Costs Incurred (in thousands)
Q1 2014	Q2 2015 (Phase I) Q3 2015 (Phase II)	Development	5707 Southwest Parkway (Encino Trace)	Austin, TX	2	320,000	$ 87,400	$ 38,800
Q2 2014	Q2 2016	Development	30th & Walnut Streets (FMC Tower at Cira Centre South)	Philadelphia, PA	1	870,000	385,000	47,600
Q2 2014	Q2 2015	Development	2930 Chestnut St. (Cira Green Roof)	Philadelphia, PA	N/A	one acre	12,500	10,800
			Total		3	1,190,000	$ 484,900	$ 97,200

As discussed above in Item 1 under the heading “2014 Transactions,” as of December 31, 2014, we were proceeding through four of our unconsolidated real estate ventures development projects at evo at Cira Centre South, the Parc at Plymouth Meeting, 1919 Market Street and 4040 Wilson.

Property Sales

We sold the following office properties during the year ended December 31, 2014:

Month of Sale	Property/Portfolio Name	Location	# of Properties	Rentable Square Feet	Property/Portfolio Occupancy % at Date of Sale		Net Proceeds on Sale (in thousands)	Net gain (loss) on Sale (in thousands) (a)	
Oct-14	100, 101, 200, 300 and 301 Lindenwood Drive (the Valleybrooke Properties) (b)	Malvern, PA	5	279,934	100.0	%	$ 37,156	$ 203	
Sept-14	1880 Campus Commons Drive (Campus Pointe)	Reston, VA	1	172,943	97.1	%	41,476	4,698	
Apr-14	11305 Four Points Drive (Four Points Centre) (c)	Austin, TX	2	192,396	99.2	%	34,392	(255	)
			8	645,273			$ 113,024	$ 4,646	

Total Office Properties Sold

(a) Includes closing and other transaction related costs.

(b) The total gain on property sales of $0.2 million in the table above does not include the $1.8 million loss on account of the provision for impairment on assets held for sale recorded during the twelve months ended December 31, 2014.

(c) Four Points Centre was contributed to the Austin Venture. The contribution, valued at $41.5 million, was exchanged for a 50% interest in the property.

We sold the following land parcels during the year ended December 31, 2014 (a):

Month of Sale	Property/Portfolio Name	Location	# of Parcels	Acres	Property/Portfolio Occupancy % at Date of Sale	Net Proceeds on Sale (in thousands)	Net gain on Sale (in thousands) (b)
Apr-14	Westpoint II Land	Dallas, TX	1	5.3	N/A	$1,505	$12
Mar-14	Rob Roy Land	Austin, TX	1	16.8	N/A	3,350	1,172
	Total Land Sold		2	22.1		$4,855	$1,184

(a) The above table does not include the contribution of the 1919 Market Land totaling one acre to 1919 Ventures on October 21, 2014. Net cash of $8.2 million was distributed to us upon contribution. See Item I - "Developments" for further information regarding this contribution.
(b) Includes closing and other transaction related costs.

Held for Sale
On January 8, 2015, we sold two office properties, commonly known as "Atrium I," which includes 99,668 square feet of rentable space located in Mt Laurel, New Jersey and "Libertyview," which includes 121,737 square feet of rentable space located in Cherry Hill, New Jersey. As of December 31, 2014, we categorized Atrium I and Libertyview as held for sale pursuant to the related requirements provided for the classification as held for sale in accordance with applicable accounting standards for long lived assets.

Properties

As of December 31, 2014,we owned 200 properties that contain an aggregate of approximately 25.1 million net rentable square feet and consist of 167 office properties, 20 industrial facilities, five mixed-use properties, one retail property (193 core properties), two properties classified as held for sale, three development properties, one redevelopment property and one re-entitlement property (collectively, the “Properties”). The properties are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; and Oakland, Concord, and Carlsbad, California. As of December 31, 2014, the properties were approximately 91.4% occupied by 1,381 tenants and had an average age of approximately 22.5 years. The office properties are a combination of urban, transit oriented and suburban office buildings containing an average of approximately 132,874 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, 2014:

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2014 (a)		Total Base Rent for the Twelve Months Ended December 31, 2014 (b) (000's)	Average Annualized Rental Rate as of December 31, 2014 (c)
PENNSYLVANIA SUBURBS SEGMENT									
150 Radnor Chester Road		Radnor	PA	1983	340,380	98.4	%	$10,153	$34.57
201 King of Prussia Road		Radnor	PA	2001	251,434	100.0	%	6,960	31.86
555 Lancaster Avenue		Radnor	PA	1973	241,687	100.0	%	6,693	32.49
401 Plymouth Road		Plymouth Meeting	PA	2001	204,186	92.3	%	5,673	31.72
One Radnor Corporate Center		Radnor	PA	1998	201,874	100.0	%	5,419	28.04
101 West Elm Street		W. Conshohocken	PA	1999	173,827	93.2	%	4,125	27.14
Five Radnor Corporate Center		Radnor	PA	1998	164,505	100.0	%	4,916	31.15
Four Radnor Corporate Center		Radnor	PA	1995	164,464	100.0	%	3,992	28.76
660 West Germantown Pike		Plymouth Meeting	PA	2014	161,521	100.0	%	4,018	24.52
751-761 Fifth Avenue		King Of Prussia	PA	1967	158,000	100.0	%	593	4.23
630 Allendale Road		King of Prussia	PA	2000	150,000	74.3	%	1,974	25.76
640 Freedom Business Center	(d)	King Of Prussia	PA	1991	132,000	98.7	%	2,075	16.03
52 Swedesford Square		East Whiteland Twp.	PA	1988	131,017	84.0	%	1,843	22.53
400 Berwyn Park		Berwyn	PA	1999	124,182	100.0	%	2,972	26.37
4000 Chemical Road		Plymouth Meeting	PA	2007	120,877	100.0	%	3,285	30.15
		Radnor	PA	1998	119,087	98.5	%	3,198	29.13

Three Radnor Corporate Center									
181 Washington Street		Conshohocken	PA	1999	116,174	94.5	%	2,957	25.89
300 Berwyn Park		Berwyn	PA	1989	107,702	100.0	%	2,275	23.76
Two Radnor Corporate Center		Radnor	PA	1998	97,576	100.0	%	2,656	31.36
1 West Elm Street		W. Conshohocken	PA	1999	97,737	100.0	%	2,672	22.12
555 Croton Road		King of Prussia	PA	1999	96,909	78.8	%	1,450	22.03
500 North Gulph Road		King Of Prussia	PA	1979	93,082	51.4	%	854	21.75
620 West Germantown Pike		Plymouth Meeting	PA	1990	90,183	83.6	%	1,643	25.66
610 West Germantown Pike		Plymouth Meeting	PA	1987	90,088	94.2	%	1,735	26.39
630 West Germantown Pike		Plymouth Meeting	PA	1988	89,870	88.5	%	2,158	28.80
600 West Germantown Pike		Plymouth Meeting	PA	1986	89,626	84.9	%	1,747	27.40
630 Freedom Business Center	(d)	King Of Prussia	PA	1989	86,683	88.6	%	1,536	12.57
1200 Swedesford Road		Berwyn	PA	1994	86,622	100.0	%	1,824	30.03
620 Freedom Business Center	(d)	King Of Prussia	PA	1986	86,570	100.0	%	1,704	25.18
595 East Swedesford Road		Wayne	PA	1998	81,890	100.0	%	1,672	23.28
1050 Westlakes Drive		Berwyn	PA	1984	80,000	100.0	%	2,143	28.54
One Progress Drive		Horsham	PA	1986	79,204	80.0	%	761	19.29
1060 First Avenue	(d)	King Of Prussia	PA	1987	77,718	100.0	%	1,682	22.28
741 First Avenue		King Of Prussia	PA	1966	77,184	100.0	%	376	6.37
1040 First Avenue	(d)	King Of Prussia	PA	1985	75,488	100.0	%	1,719	22.23
200 Berwyn Park		Berwyn	PA	1987	75,025	100.0	%	1,467	24.55
1020 First Avenue	(d)	King Of Prussia	PA	1984	74,556	100.0	%	1,846	21.78
1000 First Avenue	(d)	King Of Prussia	PA	1980	74,139	56.0	%	923	20.65

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2014 (a)		Total Base Rent for the Twelve Months Ended December 31, 2014 (b) (000's)	Average Annualized Rental Rate as of December 31, 2014 (c)
130 Radnor Chester Road		Radnor	PA	1983	71,349	100.0	%	2,150	34.75
14 Campus Boulevard		Newtown Square	PA	1998	69,542	100.0	%	1,815	28.24
170 Radnor Chester Road		Radnor	PA	1983	68,143	58.4	%	1,873	36.28
500 Enterprise Road		Horsham	PA	1990	66,751	100.0	%	823	20.13
575 East Swedesford Road		Wayne	PA	1985	66,265	67.5	%	900	29.21
610 Freedom Business Center	(d)	King Of Prussia	PA	1985	62,991	94.4	%	1,100	21.31
925 Harvest Drive		Blue Bell	PA	1990	62,957	96.8	%	969	21.51
980 Harvest Drive		Blue Bell	PA	1988	62,379	100.0	%	1,135	20.82
426 Lancaster Avenue		Devon	PA	1990	61,102	100.0	%	1,213	23.43
1180 Swedesford Road		Berwyn	PA	1987	60,371	72.6	%	914	22.59
1160 Swedesford Road		Berwyn	PA	1986	60,099	100.0	%	970	23.50
100 Berwyn Park		Berwyn	PA	1986	57,730	96.1	%	1,066	21.97
640 Allendale Road	(f)	King of Prussia	PA	2000	56,034	100.0	%	314	8.27
565 East Swedesford Road		Wayne	PA	1984	55,456	98.6	%	1,040	23.16
650 Park Avenue		King Of Prussia	PA	1968	54,338	100.0	%	888	18.42
910 Harvest Drive		Blue Bell	PA	1990	52,611	100.0	%	1,040	22.30
2240/50 Butler Pike		Plymouth Meeting	PA	1984	52,229	100.0	%	960	23.06
920 Harvest Drive		Blue Bell	PA	1990	51,875	100.0	%	986	22.21
660 Allendale Road	(f)	King of Prussia	PA	2011	50,635	100.0	%	677	17.41
620 Allendale Road		King Of Prussia	PA	1961	50,000	100.0	%	542	10.81
15 Campus Boulevard		Newtown Square	PA	2002	49,621	100.0	%	1,223	27.42
17 Campus Boulevard		Newtown Square	PA	2001	48,565	100.0	%	1,137	27.11
11 Campus Boulevard		Newtown Square	PA	1998	47,700	100.0	%	1,159	22.60
585 East Swedesford Road		Wayne	PA	1998	43,683	71.6	%	262	—
1100 Cassett Road		Berwyn	PA	1997	43,480	100.0	%	1,212	28.41
600 Park Avenue		King Of Prussia	PA	1964	39,000	100.0	%	234	6.00
18 Campus Boulevard		Newtown Square	PA	1990	37,374	83.7	%	324	10.60
2260 Butler Pike		Plymouth Meeting	PA	1984	31,892	100.0	%	540	8.19
			PA	1984	30,574	100.0	%	562	21.55

120 West Germantown Pike		Plymouth Meeting							
140 West Germantown Pike		Plymouth Meeting	PA	1984	25,357	100.0	%	527	19.21
200 Radnor Chester Road		Radnor	PA	2014	17,884	100.0	%	668	47.39
SUBTOTAL - PENNSYLVANIA SUBURBS SEGMENT					6,371,054	94.3	%	$134,912	$24.95
PHILADELPHIA CENTRAL BUSINESS DISTRICT SEGMENT									
1717 Arch Street		Philadelphia	PA	1990	1,029,413	99.6	%	$26,132	$26.48
Two Commerce Square		Philadelphia	PA	1992	953,276	91.2	%	16,969	27.87
One Commerce Square		Philadelphia	PA	1987	942,866	95.9	%	14,377	27.21
2970 Market Street		Philadelphia	PA	2010	862,692	100.0	%	19,543	31.51
2929 Arch Street	(d)	Philadelphia	PA	2005	730,187	100.0	%	26,020	37.03
100 North 18th Street	(e)	Philadelphia	PA	1988	708,844	91.6	%	16,606	30.06
130 North 18th Street		Philadelphia	PA	1989	595,041	97.5	%	12,678	28.31
101 - 103 Juniper Street	(i), (g)	Philadelphia	PA	2011	N/A	—	%	—	—
2930 Chestnut Street	(d), (g)	Philadelphia	PA	2010	553,421	100.0	%	207	11.78
3020 Market Street		Philadelphia	PA	2008	190,925	100.0	%	3,235	18.33
Philadelphia Marine Center	(d), (g)	Philadelphia	PA	Various	181,900	100.0	%	626	4.82
SUBTOTAL - PHILADELPHIA CENTRAL BUSINESS DISTRICT					6,748,565	97.0	%	$136,393	$27.04

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		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2014 (a)		Total Base Rent for the Twelve Months Ended December 31, 2014 (b) (000's)	Average Annualized Rental Rate as of December 31, 2014 (c)
METROPOLITAN WASHINGTON D.C. SEGMENT									
1676 International Drive		McLean	VA	1999	299,387	98.9	%	$10,893	$31.46
2340 Dulles Corner Boulevard		Herndon	VA	1987	264,405	100.0	%	7,994	34.37
2291 Wood Oak Drive		Herndon	VA	1999	230,389	100.0	%	7,837	34.59
1900 Gallows Road		Vienna	VA	1989	210,632	78.7	%	5,033	29.81
3141 Fairview Park Drive	(h)	Falls Church	VA	1988	183,618	98.5	%	4,900	28.69
2411 Dulles Corner Park		Herndon	VA	1990	179,045	47.6	%	1,966	15.26
2355 Dulles Corner Boulevard		Herndon	VA	1988	179,176	71.2	%	4,040	33.32
2121 Cooperative Way		Herndon	VA	2000	162,578	94.0	%	4,061	15.63
6600 Rockledge Drive	(d)	Bethesda	MD	1981	160,173	100.0	%	4,651	32.75
8260 Greensboro Drive		McLean	VA	1980	158,961	90.5	%	3,491	27.93
2251 Corporate Park Drive		Herndon	VA	2000	158,016	100.0	%	4,498	28.06
12015 Lee Jackson Memorial Highway		Fairfax	VA	1985	153,255	85.6	%	3,598	29.10
13880 Dulles Corner Lane		Herndon	VA	1997	151,853	86.8	%	2,987	23.63
8521 Leesburg Pike		Vienna	VA	1984	150,897	89.7	%	3,517	26.46
2273 Research Boulevard		Rockville	MD	1999	147,689	100.0	%	3,729	30.96
2275 Research Boulevard		Rockville	MD	1990	147,650	78.8	%	2,801	25.16
2201 Cooperative Way		Herndon	VA	1990	128,173	82.3	%	2,728	28.00
2277 Research Boulevard		Rockville	MD	1986	138,095	85.2	%	314	—
11781 Lee Jackson Memorial Highway		Fairfax	VA	1982	130,935	64.9	%	2,266	24.50
11720 Beltsville Drive		Beltsville	MD	1987	128,903	52.0	%	1,781	24.22
13825 Sunrise Valley Drive		Herndon	VA	1989	103,967	96.0	%	2,294	23.65
198 Van Buren Street		Herndon	VA	1996	98,934	100.0	%	2,514	27.23
196 Van Buren Street		Herndon	VA	1991	98,291	93.9	%	2,400	27.16
11700 Beltsville Drive		Beltsville	MD	1981	96,843	82.8	%	1,999	25.06
11710 Beltsville Drive		Beltsville	MD	1987	81,281	33.7	%	665	19.86
4401 Fair Lakes Court		Fairfax	VA	1988	55,972	87.7	%	1,368	29.64
11740 Beltsville Drive		Beltsville	MD	1987	6,783	100.0	%	132	24.18
SUBTOTAL - METROPOLITAN WASHINGTON D.C. SEGMENT					4,005,901	86.3	%	$94,457	$27.47
NEW JERSEY/DELAWARE									

SEGMENT									
300 Delaware Avenue		Wilmington	DE	1989	298,071	79.8	%	$2,793	$15.13
920 North King Street		Wilmington	DE	1989	203,328	96.7	%	4,146	28.25
10000 Midlantic Drive		Mt. Laurel	NJ	1990	186,908	94.9	%	1,958	20.81
400 Commerce Drive		Newark	DE	1997	154,086	84.1	%	1,952	18.98
457 Haddonfield Road		Cherry Hill	NJ	1990	121,737	94.5	%	1,787	21.68
2000 Midlantic Drive		Mt. Laurel	NJ	1989	121,658	95.1	%	1,106	18.80
700 East Gate Drive		Mt. Laurel	NJ	1984	119,272	90.0	%	1,772	20.72
1000 Howard Boulevard		Mt. Laurel	NJ	1988	105,312	100.0	%	1,452	21.07
One Righter Parkway	(d)	Wilmington	DE	1989	104,761	100.0	%	2,433	12.03
1000 Atrium Way		Mt. Laurel	NJ	1989	99,668	97.6	%	1,240	21.82
Two Righter Parkway	(d)	Wilmington	DE	1987	95,514	100.0	%	1,904	23.38
1120 Executive Boulevard		Mt. Laurel	NJ	1987	95,183	100.0	%	838	14.75
15000 Midlantic Drive		Mt. Laurel	NJ	1991	84,056	94.1	%	1,060	23.12
220 Lake Drive East		Cherry Hill	NJ	1988	78,509	86.3	%	745	21.51
200 Lake Drive East		Cherry Hill	NJ	1989	76,352	92.4	%	1,075	26.24
200 Commerce Drive		Newark	DE	1998	68,034	100.0	%	1,327	21.73
9000 Midlantic Drive		Mt. Laurel	NJ	1989	67,299	94.5	%	978	24.64
100 Commerce Drive		Newark	DE	1989	62,787	89.0	%	889	17.98
701 East Gate Drive		Mt. Laurel	NJ	1986	61,794	95.8	%	725	21.64

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2014 (a)		Total Base Rent for the Twelve Months Ended December 31, 2014 (b) (000's)	Average Annualized Rental Rate as of December 31, 2014 (c)
210 Lake Drive East		Cherry Hill	NJ	1986	60,604	96.6	%	554	15.20
308 Harper Drive		Moorestown	NJ	1976	59,500	72.2	%	548	23.39
305 Fellowship Drive		Mt. Laurel	NJ	1980	56,824	95.6	%	474	17.67
309 Fellowship Drive		Mt. Laurel	NJ	1982	55,911	92.8	%	684	22.32
307 Fellowship Drive		Mt. Laurel	NJ	1981	54,485	75.8	%	400	20.91
303 Fellowship Drive		Mt. Laurel	NJ	1979	53,768	72.1	%	433	21.53
1000 Bishops Gate		Mt. Laurel	NJ	2005	53,281	86.1	%	745	22.76
2 Foster Avenue	(f)	Gibbsboro	NJ	1974	50,761	100.0	%	203	3.43
4000 Midlantic Drive		Mt. Laurel	NJ	1998	46,945	—	%	360	—
Five Eves Drive		Marlton	NJ	1986	45,564	60.9	%	347	18.96
161 Gaither Drive		Mount Laurel	NJ	1987	44,739	93.2	%	478	22.08
Main Street - Piazza		Voorhees	NJ	1990	44,708	100.0	%	718	23.84
20 East Clementon Road		Gibbsboro	NJ	1986	38,260	80.9	%	427	19.68
Two Eves Drive		Marlton	NJ	1987	37,532	96.7	%	360	17.17
Main Street - Promenade		Voorhees	NJ	1988	31,445	97.1	%	278	14.04
Four B Eves Drive		Marlton	NJ	1987	27,011	83.3	%	360	18.67
815 East Gate Drive		Mt. Laurel	NJ	1986	25,500	66.7	%	292	18.57
817 East Gate Drive		Mt. Laurel	NJ	1986	25,351	100.0	%	233	8.84
Four A Eves Drive		Marlton	NJ	1987	24,687	77.2	%	168	13.66
1 Foster Avenue	(f)	Gibbsboro	NJ	1972	24,255	100.0	%	102	3.51
4 Foster Avenue	(f)	Gibbsboro	NJ	1974	23,372	100.0	%	161	7.35
7 Foster Avenue		Gibbsboro	NJ	1983	22,158	100.0	%	202	15.96
10 Foster Avenue		Gibbsboro	NJ	1983	18,651	93.2	%	211	13.70
5 U.S. Avenue	(f)	Gibbsboro	NJ	1987	5,000	100.0	%	32	6.18
50 East Clementon Road		Gibbsboro	NJ	1986	3,080	100.0	%	160	51.90
5 Foster Avenue		Gibbsboro	NJ	1968	2,000	100.0	%	—	—
Two Christina Centre	(g)	Wilmington	DE	N/A	—	—	%	—	—
SUBTOTAL - NEW JERSEY/DELAWARE SEGMENT					3,139,721	89.8	%	$39,110	$19.61
RICHMOND, VA SEGMENT									
300 Arboretum Place		Richmond	VA	1988	212,228	97.9	%	$2,072	$9.41
6800 Paragon Place		Richmond	VA	1986	145,647	92.9	%	2,043	17.68
6802 Paragon Place		Richmond	VA	1989	143,788	100.0	%	2,308	16.72
7501 Boulders View Drive		Richmond	VA	1990	136,654	99.5	%	2,126	17.19
2511 Brittons Hill Road	(f)	Richmond	VA	1987	132,548	100.0	%	649	6.76
2100-2116 West Laburnam Avenue		Richmond	VA	1976	128,337	97.0	%	1,794	15.73
7300 Beaufont Springs Drive		Richmond	VA	2000	120,665	100.0	%	1,646	20.69

1025 Boulders Parkway		Richmond	VA	1994	93,143	81.7	%	1,178	16.00
2201-2245 Tomlynn Street	(f)	Richmond	VA	1989	85,861	95.0	%	499	8.26
7401 Beaufont Springs Drive		Richmond	VA	1998	82,732	82.5	%	1,018	17.20
7325 Beaufont Springs Drive		Richmond	VA	1999	75,218	65.5	%	637	19.45
100 Gateway Centre Parkway		Richmond	VA	2001	74,991	77.3	%	620	14.68
6806 Paragon Place		Richmond	VA	2007	74,480	100.0	%	1,580	23.94
9011 Arboretum Parkway		Richmond	VA	1991	73,183	71.2	%	795	15.67
4870 Sadler Road		Glen Allen	VA	2000	63,832	100.0	%	929	13.78
4880 Sadler Road		Glen Allen	VA	1998	63,427	100.0	%	1,280	20.99
4805 Lake Brooke Drive		Glen Allen	VA	1996	60,867	85.0	%	640	12.51
9100 Arboretum Parkway		Richmond	VA	1988	58,446	95.9	%	854	15.92
2812 Emerywood Parkway		Henrico	VA	1980	56,984	90.6	%	740	16.58
4364 South Alston Avenue		Durham	NC	1985	56,601	95.6	%	642	11.25
2277 Dabney Road	(f)	Richmond	VA	1986	50,400	100.0	%	313	8.45
9200 Arboretum Parkway		Richmond	VA	1988	49,542	100.0	%	682	12.95
9210 Arboretum Parkway		Richmond	VA	1988	48,012	74.5	%	489	14.27
2212-2224 Tomlynn Street	(f)	Richmond	VA	1985	45,353	100.0	%	348	9.64

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2014 (a)		Total Base Rent for the Twelve Months Ended December 31, 2014 (b) (000's)	Average Annualized Rental Rate as of December 31, 2014 (c)
2221-2245 Dabney Road	(f)	Richmond	VA	1994	45,250	100.0	%	304	9.08
2251 Dabney Road	(f)	Richmond	VA	1983	42,000	80.2	%	221	7.09
2161-2179 Tomlynn Street	(f)	Richmond	VA	1985	41,550	100.0	%	249	8.22
2256 Dabney Road	(f)	Richmond	VA	1982	33,413	100.0	%	217	8.95
2246 Dabney Road	(f)	Richmond	VA	1987	33,271	100.0	%	277	10.35
2244 Dabney Road	(f)	Richmond	VA	1993	33,050	100.0	%	274	10.16
9211 Arboretum Parkway		Richmond	VA	1991	30,791	100.0	%	342	14.09
2248 Dabney Road	(f)	Richmond	VA	1989	30,184	100.0	%	233	9.74
2130-2146 Tomlynn Street	(f)	Richmond	VA	1988	29,700	100.0	%	204	9.27
2120 Tomlyn Street	(f)	Richmond	VA	1986	23,850	100.0	%	174	10.16
2240 Dabney Road	(f)	Richmond	VA	1984	15,389	100.0	%	127	15.00
SUBTOTAL - RICHMOND, VA SEGMENT					2,491,387	93.6	%	$ 28,504	$ 13.95
CALIFORNIA SEGMENT									
155 Grand Avenue		Oakland	CA	1990	204,336	86.4	%	$ 5,460	$ 32.69
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	25.94
1200 Concord Avenue		Concord	CA	1984	175,103	100.0	%	4,425	27.02
5900 & 5950 La Place Court		Carlsbad	CA	1988	80,506	84.9	%	1,295	20.97
5963 La Place Court		Carlsbad	CA	1987	61,587	93.6	%	929	19.7
2035 Corte Del Nogal		Carlsbad	CA	1991	53,982	80.0	%	703	14.58
SUBTOTAL - CALIFORNIA SEGMENT					750,667	92.7	%	$ 17,016	$ 26.28
TOTAL CORE PORTFOLIO					23,507,295	93.0	%	$ 450,392	$ 24.14

(a) Calculated by dividing net rentable square feet included in leases signed on or before December 31, 2014 at the property by the aggregate net rentable square feet of the property.

(b) “Total Base Rent” for the twelve months ended December 31, 2014 represents base rents earned during such period, excluding tenant reimbursements, parking income, tenant inducements and deferred market rent adjustments, calculated in accordance with accounting principles generally accepted in the U.S., determined on a straight-line basis.

(c) “Average Annualized Rental Rate” is calculated by taking the sum of the annualized current base rent as of December 31, 2014 plus the annualized current billable operating expense reimbursements excluding tenant electricity divided by the total square feet occupied as of December 31, 2014.

(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 - Philadelphia, Pennsylvania) through our ownership of second and third mortgages that are secured by this property and that are junior to a first mortgage held by a third party lender. 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 properties are mixed-use.

(h) We contributed this property to an unconsolidated real estate venture. However, we continue to consolidate this property due to our continuing involvement resulting from our ongoing lease of space, and our 50% ownership interest in the real estate venture.

(i) This is a 220-space parking garage facility.

The following table shows information regarding rental rates and lease expirations for the Properties at December 31, 2014 and assumes that none of the tenants exercises renewal options or termination rights, if any, at or prior to scheduled expirations:

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
2014 (b)	76	42,741	$646,606	$15.13	0.1 %	0.1 %
2015	231	1,539,558	30,820,885	20.02	5.2 %	5.3 %
2016	232	1,797,134	42,573,200	23.69	7.2 %	12.5 %
2017	269	2,737,812	70,351,481	25.70	11.9 %	24.4 %
2018	202	2,388,574	65,682,297	27.50	11.1 %	35.5 %
2019	196	1,888,616	57,987,401	30.70	9.8 %	45.3 %
2020	145	2,406,912	64,894,259	26.96	11.0 %	56.3 %
2021	72	1,145,206	32,151,204	28.07	5.4 %	61.7 %
2022	63	1,865,196	54,239,404	29.08	9.2 %	70.9 %
2023	45	649,419	19,250,946	29.64	3.3 %	74.2 %
2024	38	870,401	32,056,601	36.83	5.4 %	79.6 %
2025 and thereafter	61	4,155,530	119,865,621	28.84	20.4 %	100.0 %
	1,630	21,487,099	$590,519,905	$27.48	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, which converted to month-to-month tenancies until a written notice to vacate is provided by us or until a new lease agreement is agreed upon with the tenant.

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At December 31, 2014, our Properties were leased to 1,381 tenants that are engaged in a variety of businesses. The following table sets forth information regarding leases at the Properties with the 20 tenants having the largest amounts of space leased based upon Annualized Base Rent as of December 31, 2014:

Tenant Name (a)	Number of Leases	Weighted Average Remaining Lease Term Months	Aggregate Leased Square Feet	Aggregate Leased Square Feet		Annualized Base Rent (in 000) (b)	Percentage of Aggregate Annualized Base Rent	
General Services Administration — U.S. Govt.	14	157	1,545,318	7.2	%	$34,470	7.0	%
Pepper Hamilton LLP	2	127	339,923	1.6	%	11,524	2.3	%
Wells Fargo Bank, N.A.	10	31	423,028	2.0	%	11,304	2.3	%
Northrop Grumman Corporation	4	34	323,125	1.5	%	10,537	2.1	%
Comcast Corporation	3	54	368,853	1.7	%	8,078	1.6	%
Dechert LLP	1	58	218,565	1.0	%	7,722	1.6	%
Lincoln National Management Co.	1	67	215,240	1.0	%	7,472	1.5	%
KPMG LLP	2	114	175,423	0.8	%	6,529	1.3	%
Blank Rome LLP	1	85	236,903	1.1	%	6,084	1.2	%
Macquarie US	1	67	223,355	1.0	%	6,005	1.2	%
Deltek Systems, Inc.	1	92	157,900	0.7	%	5,647	1.1	%
PricewaterhouseCoopers LLP	1	127	237,221	1.1	%	5,564	1.1	%
Drinker Biddle & Reath LLP	1	178	157,989	0.7	%	5,295	1.1	%
Executive Health Resources, Inc.	4	24	197,618	0.9	%	5,180	1.1	%
Janney Montgomery Scott, LLC	3	153	160,544	0.7	%	4,539	0.9	%
Reliance Standard Life Insurance Company	2	82	143,518	0.7	%	4,212	0.9	%
CSL Behring LLC	3	163	191,654	0.9	%	4,201	0.9	%
VWR Management Services LLC	1	120	149,858	0.7	%	4,088	0.8	%
Verizon	4	29	148,081	0.7	%	3,883	0.8	%
Baker & Hostetler	1	84	109,323	0.5	%	3,807	0.8	%
Consolidated Total/Weighted Average	60	103	5,723,439	26.5	%	$156,141	31.6	%

(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, 2014 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, 2014, we held ownership interests in 17 unconsolidated Real Estate Ventures for an aggregate investment balance of $223.8 million, of which $225.0 million is included in net assets and $1.2 million is included in other liabilities and represents the negative investment balance of one real estate venture. We formed or acquired interests in these Real Estate Ventures with unaffiliated third parties to develop or manage office properties or to acquire land in anticipation of possible development of office or residential properties. As of December 31, 2014, 11 of the real estate ventures owned 65 office buildings that contain an aggregate of approximately 6.7 million net rentable square feet; one real estate ventures owned 3 acres of undeveloped parcels of land; four real estate ventures owned 22.6 acres of land under active development; one Real Estate Venture owned a residential tower that contains 345 apartment units 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. For further information regarding Real Estate Ventures, see Note 4, "Investment in Unconsolidated Ventures," of our consolidated financial statements.

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

Not applicable.

PART II

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

The common shares of Brandywine Realty Trust are traded on the New York Stock Exchange ("NYSE") under the symbol "BDN." There is no established trading market for units of partnership interests in the Operating Partnership. On February 17, 2015, there were 634 holders of record of our common shares and 31 holders of record (in addition to Brandywine Realty Trust) of Class A units of the Operating Partnership. On February 17, 2015, the last reported sales price of the common shares on the NYSE was $16.25. 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 2013	$14.85	$12.18	$0.15
Second Quarter 2013	$15.94	$12.61	$0.15
Third Quarter 2013	$14.56	$12.45	$0.15
Fourth Quarter 2013	$14.35	$12.67	$0.15
First Quarter 2014	$14.97	$13.77	$0.15
Second Quarter 2014	$15.77	$13.83	$0.15
Third Quarter 2014	$16.29	$14.07	$0.15
Fourth Quarter 2014	$16.08	$13.97	$0.15

For each quarter in 2014 and 2013, 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 and such other factors as our Board of Trustees deems relevant.

On December 9, 2014, our Board of Trustees declared a quarterly dividend distribution of $0.15 per common share that was paid on January 20, 2015. On December 10, 2013, our Board of Trustees declared a quarterly dividend distribution of $0.15 per common share that was paid on January 21, 2014. Our Board of Trustees has adopted a dividend policy designed such that our distributions are consistent with our normalized taxable income for 2015.

The following table provides information as of December 31, 2014, with respect to compensation plans (including individual compensation arrangements) under which our common shares 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)	2,684,795	$15.55	4,304,006
Equity compensation plans not approved by security holders	—	—	—
Total	2,684,795	$15.55	4,304,006

(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. Under the 1997 Plan, as amended, the number of common shares remaining available for awards under the 1997 Plan was 4,304,006 as of December 31, 2014. There were no common share repurchases under our repurchase program during the fiscal quarter ended December 31, 2014. The number of common shares remaining available for repurchase under our share repurchase program as of December 31, 2014 was 539,200.

SHARE PERFORMANCE GRAPH

The SEC 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, 2009 and ending December 31, 2014 and assumes an investment of $100, with reinvestment of all dividends, has been made in the common shares and in each index on December 31, 2009.

	Year Ended					
Index	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Brandywine Realty Trust	100.00	107.62	93.05	125.94	152.23	179.99
S&P 500	100.00	115.06	117.49	136.30	180.44	205.14
Russell 2000	100.00	126.86	121.56	141.43	196.34	205.95
NAREIT All Equity REIT Index	100.00	127.95	138.55	165.84	170.58	218.38
NAREIT Equity Office Index	100.00	118.41	117.51	134.14	114.62	178.24

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, 2010, which have been reclassified as discontinued operations for all periods presented in accordance with the accounting standard governing discontinued operations.

Brandywine Realty Trust

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

Years Ended December 31,	2014	2013	2012	2011	2010
Operating Results					
Total revenue	$596,982	$562,210	$535,679	$538,568	$516,280
Income (loss) from continuing operations	6,024	38,982	(37,309)	(24,556)	(43,000)
Net income (loss)	6,942	43,189	6,529	(4,715)	(17,606)
Income (loss) allocated to Common Shares	(274)	35,514	(8,238)	(12,996)	(25,578)
Income (loss) from continuing operations per Common Share					
Basic	$(0.01)	$0.20	$(0.36)	$(0.24)	$(0.38)
Diluted	$(0.01)	$0.20	$(0.36)	$(0.24)	$(0.38)
Earnings (loss) per Common Share					
Basic	$—	$0.23	$(0.06)	$(0.10)	$(0.19)
Diluted	$—	$0.23	$(0.06)	$(0.10)	$(0.19)
Cash distributions paid per Common Share	$0.60	$0.60	$0.60	$0.60	$0.60
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$3,827,826	$3,853,006	$3,922,893	$4,061,461	$4,201,410
Total assets	4,859,173	4,765,095	4,506,709	4,557,718	4,690,378
Total indebtedness	2,451,308	2,595,381	2,465,330	2,393,995	2,430,446
Total liabilities	2,699,847	2,843,660	2,733,193	2,668,022	2,712,604
Noncontrolling interest	18,499	21,215	21,238	33,105	128,272
Brandywine Realty Trust’s equity	2,140,827	1,900,220	1,752,278	1,856,591	1,849,502
Other Data					
Cash flows from:					
Operating activities	$188,999	$183,484	$159,110	$177,247	$185,127
Investing activities	(270,785)	104,708	(74,864)	(46,163)	(171,936)
Financing activities	76,081	(26,534)			