BRANDYWINE REALTY TRUST
Form 10-K
March 01, 2010

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from __________ to __________

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

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

MARYLAND (Brandywine Realty Trust)	**23-2413352**
DELAWARE (Brandywine Operating Partnership L.P.)	**23-2862640**
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)
555 East Lancaster Avenue Radnor, Pennsylvania	**19087**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code **(610) 325-5600**

Securities registered pursuant to Section 12(b) of the Act:

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

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

(Title of class)

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

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

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

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

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

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

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

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

The aggregate market value of the Common Shares of Beneficial Interest held by non-affiliates of Brandywine Realty Trust as of the last day of the registrant s most recently completed second fiscal quarter was $924.5 million. The aggregate market value has been computed by reference to the closing price of the Common Shares of Beneficial Interest on the New York Stock Exchange on such date. An aggregate of 128,647,297 Common Shares of Beneficial Interest were outstanding as of February 23, 2010.

As of June 30, 2009, the aggregate market value of the 1,896,552 common units of limited partnership (Units) held by non-affiliates of Brandywine Operating Partnership, L.P. was $14.1 million based upon the last reported sale price of $7.45 per share on the New York Stock Exchange on June 30, 2009 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 2010 Annual Meeting of Shareholders of Brandywine Realty Trust are incorporated by reference into Part III of this Form 10-K.
The exhibit index as required by Item 601(a) of Regulation S-K is included in Item 15 of Part IV of this report.

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PART IV

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Filing Format

This combined Form 10-K is being filed separately by Brandywine Realty Trust and Brandywine Operating Partnership, L.P.

Forward-Looking Statements

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

- the continuing impact of the recent credit crisis and global economic slowdown, which is having and may continue to have negative effect on the following, among other things:
  - the fundamentals of our business, including overall market occupancy, demand for office space and rental rates;
  - the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties;
  - availability of financing on attractive terms or at all, which may adversely impact our future interest expense and our ability to pursue acquisition and development opportunities and refinance existing debt; and
  - a decline in real estate asset valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.
- changes in local real estate conditions (including changes in rental rates and the number of properties that compete with our properties);
- changes in the economic conditions affecting industries in which our principal tenants compete;
- the unavailability of equity and debt financing, particularly in light of the current economic environment;
- 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;
- changes in prevailing interest rates;
- risks associated with interest rate hedging contracts 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;

impairment charges;

increased costs for, or lack of availability of, adequate insurance, including for terrorist acts;

risks associated with actual or threatened terrorist attacks;

demand for tenant services beyond those traditionally provided by landlords;

potential liability under environmental or other laws;

failure or bankruptcy of real estate venture partners;

inability of real estate venture partners to fund venture obligations;

failure of dispositions to close in a timely manner;

failure of buyers of properties from us to comply with terms of their financing or other agreements with us;

earthquakes and other natural disasters;

risks associated with the unforeseen impact of climate change including existing and pending laws and regulations governing climate changes to our business operations and tenants;

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.

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PART I

Item 1. Business

Introduction

The terms we, us, our or the Company refer to Brandywine Realty Trust, a Maryland real estate investment trust, individually or together with its consolidated subsidiaries, including Brandywine Operating Partnership, L.P. (the Operating Partnership), a Delaware limited partnership.

We are a self-administered and self-managed real estate investment trust, or REIT, that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, mixed-use and industrial properties. As of December 31, 2009, we owned 212 office properties, 22 industrial facilities and three mixed-use properties (collectively, the Properties) containing an aggregate of approximately 23.3 million net rentable square feet. We also have two properties under development and three properties under redevelopment containing an aggregate of 1.9 million net rentable square feet. As of December 31, 2009, we consolidated three office properties owned by real estate ventures containing 0.4 million net rentable square feet. Therefore, as of December 31, 2009 we own and consolidated 245 properties with an aggregate of 25.6 million net rentable square feet. As of December 31, 2009, we owned economic interests in 11 unconsolidated real estate ventures that contain approximately 4.2 million net rentable square feet (collectively, the Real Estate Ventures). In addition, as of December 31, 2009, we owned approximately 479 acres of undeveloped land. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania, Metropolitan Washington, D.C., Southern and Central New Jersey, Richmond, Virginia, Wilmington, Delaware, Austin, Texas and Oakland, Carlsbad and Rancho Bernardo, California. In addition to managing properties that we own and consolidated, as of December 31, 2009, we were managing approximately 8.9 million square feet of office and industrial properties for third parties and Real Estate Ventures. Unless otherwise indicated, all references to square feet represent net rentable area.

Organization

Brandywine Realty Trust was organized and commenced its operations in 1986 as a Maryland REIT. Brandywine Realty Trust owns its assets and conducts its operations through the Operating Partnership and subsidiaries of the Operating Partnership. Brandywine Realty Trust controls the Operating Partnership as its sole general partner and as of December 31, 2009 owned a 97.9% interest in the Operating Partnership. The holders of the remaining interests in the Operating Partnership, consisting of Class A units of limited partnership interest, have the right to require redemption of their units at any time. At our option, we may satisfy the redemption either for an amount, per unit, of cash equal to the then market price of one Brandywine common share (based on the prior ten-day trading average) or for one Brandywine common share. Our structure as an UPREIT is designed, in part, to permit persons contributing properties to us to defer some or all of the tax liability they might otherwise incur in a sale of properties.

Our executive offices are located at 555 East Lancaster Avenue, Suite 100, Radnor, Pennsylvania 19087 and our telephone number is (610) 325-5600. We have offices in Philadelphia, Pennsylvania; Falls Church, Virginia; Mount Laurel, New Jersey; Richmond, Virginia; Austin, Texas; Oakland, California; 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.

2009 Transactions

Real Estate Acquisitions/Dispositions

On October 13, 2009, we sold a condominium unit consisting of 40,508 square feet and an undivided interest in an office building in Lawrenceville, New Jersey, for a sales price of $7.9 million.

On October 1, 2009, we sold two office properties, totaling 473,658 net rentable square feet in Trenton, New Jersey for a stated sales price of $85.0 million. We provided to the buyer a $22.5 million seven-year, approximately 6.00% cash pay/7.64% accrual second mortgage loan.

On April 29, 2009, we sold 7735 Old Georgetown Road, a 122,543 net rentable square feet office property located in Bethesda, Maryland, for a sales price of $26.5 million.

On March 16, 2009, we sold 305 Harper Drive, a 14,980 net rentable square feet office property located in Moorestown, New Jersey, for a sales price of $1.1 million.

On February 4, 2009, we sold two office properties, totaling 66,664 net rentable square feet in Exton, Pennsylvania, for an aggregate sales price of $9.0 million.

Developments and Redevelopments

In 2009, we placed in service four office properties that we developed or redeveloped and that contain an aggregate of 0.4 million net rentable square feet. We place a property in service at the earlier of (i) the date the property reaches 95% occupancy and (ii) one year from the project completion date. At December 31, 2009, we had five properties under development or redevelopment that contain an aggregate of 1.9 million net rentable square feet at an estimated total development and redevelopment cost (including estimated tenant improvements) of $396.0 million. We expect to place these projects in service at dates between the first quarter of 2010 and the second quarter of 2011.

Current Economic Climate

Deteriorating economic conditions have resulted in a reduction of the availability of financing and higher borrowing costs. These factors, coupled with a slowing economy, have reduced the volume of real estate transactions and created credit stresses on most businesses. We believe that vacancy rates may increase through 2010 and possibly beyond as the current economic climate negatively impacts tenants in our Properties.

We expect that the impact of the current state of the economy, including rising unemployment and the unprecedented volatility and illiquidity in the financial and credit markets, will continue to have a dampening effect on the fundamentals of our business, including increases in past due accounts, tenant defaults, lower occupancy and reduced effective rents. These conditions would negatively affect our future net income and cash flows and could have a material adverse effect on our financial condition. We believe that the quality of our assets and our strong balance sheet will enable us to raise secured and unsecured debt capital from banks, pension funds and life insurance companies, although these sources are lending fewer dollars, under stricter terms and at higher interest rates, and there can be no assurance that we will be able to borrow funds on terms that are economically attractive or at all.

Unsecured Debt Activity

During the year ended December 31, 2009, we repurchased $444.7 million of our unsecured Notes in a series of transactions which are summarized in the table below:

Notes	Repurchase Amount	Principal	Gain	Deferred Financing Amortization
2009 4.500% Notes	$ 92,736	$ 94,130	$ 1,377	$ 88
2010 5.625% Notes	71,414	76,999	5,565	215
2012 5.750% Notes	109,104	112,175	2,610	361
2014 5.400% Notes	6,329	7,319	961	28
3.875% Notes	136,880	154,070	12,664	1,289

$	416,463	$	444,693	$	23,177	$	1,981

We funded these repurchases from a combination of proceeds from asset sales, cash flow from operations and borrowings under our unsecured revolving credit facility.

On September 25, 2009, we consummated a registered public offering of $250.0 million in aggregate principal amount of our 7.50% senior unsecured notes due 2015. The notes were priced at 99.412% of their face amount with a yield to maturity of 7.625%, representing a spread at the time of pricing of 5.162% to the yield on the August 2014 Treasury note. The notes have been reflected net of discount of $1.4 million in the consolidated balance sheet as of December 31, 2009. The net proceeds which amounted to $247.0 million after deducting underwriting discounts and offering expenses were used to repay our indebtedness under our $600.0 million unsecured revolving credit facility (the Credit Facility) and for general corporate purposes.

We also continue to utilize our Credit Facility for general corporate purposes, including the acquisitions, developments and redevelopments of properties and repayment of other debt, including the Notes shown in the table above. The Credit Facility matures on June 29, 2011 (subject to a one year extension right, at our option, upon our payment of an extension fee equal to 15 basis points of the committed amount under the Credit Facility). The per annum variable interest rate on outstanding balances is LIBOR plus 0.725% and the quarterly facility fee is set at 17.5 basis points per annum. The interest rate and facility fee are subject to adjustment upon a change in our unsecured debt ratings. In addition, the capitalization rate used in the calculation of several of the financial covenants in the Credit Facility is 7.50% and our swing loan availability under the Credit Facility is at $60 million. We are allowed four competitive bid loan requests in any 30 day period. Borrowings are available to the extent of borrowing capacity at the stated rates; however, the competitive bid feature allows banks that are part of the lender consortium under the Credit Facility to bid to make loans to us at a reduced LIBOR rate. We have the option to increase the Credit Facility to $800.0 million subject to the absence of any defaults and our ability to acquire additional commitments from our existing lenders and new lenders.

The Credit Facility contains financial and non-financial covenants, including covenants that relate to our incurrence of additional debt; the granting of liens; consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments; and the payment of dividends. The restriction on dividends permits us to pay dividends to the greater of (i) an amount required for us to retain our qualification as a REIT and (ii) 95% of our funds from operations. The Credit Facility includes financial covenants that require us to maintain an interest coverage ratio, a fixed charge coverage ratio, an unsecured debt ratio and an unencumbered cash flow ratio above specified levels; to maintain net worth above an amount determined on a specified formula; and to maintain a leverage ratio and a secured debt ratio below certain maximum levels. Another financial covenant limits the ratio of unsecured debt to unencumbered properties. We were in compliance with all financial and non-financial covenants as of December 31, 2009. We continuously monitor our compliance with all covenants. Certain covenants restrict our ability to obtain alternative sources of capital. While we believe that we will remain in compliance with our covenants, a continued slow-down in the economy and continued decrease in availability of debt financing could result in non-compliance with covenants and an event of default under the loan.

On April 18, 2008, we exercised the accordion feature on our $150.0 million unsecured term loan that we entered into on October 15, 2007 and funded an additional $33.0 million, bringing our total outstanding balance to $183.0 million. All outstanding borrowings under the term loan bear interest at a periodic rate of LIBOR plus 80 basis points. We used the net proceeds of the term loan increase to reduce indebtedness under our unsecured revolving Credit Facility.

In April 2007, we entered into a $20.0 million Sweep Agreement (the Sweep Agreement) to be used for cash management purposes. Borrowings under the Sweep Agreement bear interest at one-month LIBOR plus 0.75%. The Sweep Agreement terminated in April 2009.

Secured Debt Activity

On April 1, 2009, we closed on an $89.8 million first mortgage financing on our Two Logan Square property located in Philadelphia, PA. This loan bears interest at 7.57% per annum and has a seven-year term with three years of interest only payments with principal payments based on a thirty-year amortization schedule. We used $68.5 million in net proceeds to repay without penalty the balance of the former Two Logan Square first mortgage loan and $21.3 million for general corporate purposes including the repayment of existing indebtedness.

On June 29, 2009, we entered into a forward financing commitment to borrow up to $256.5 million under two separate loans at a per annum interest rate of 5.93%. The loans, when funded, will be secured by mortgages on the 30th Street Post Office (the Post Office project), the Cira South Garage (the garage project) projects and by the leases of space at these facilities upon the completion of these projects. Of the total borrowings, $209.7 million and $46.8 million will be allocated to the Post Office project and to the garage project, respectively. In order for funding to occur we need to meet conditions which primarily relate to the completion of the projects and the commencement of the rental payments from the respective leases on these properties.

On July 7, 2009, we closed on a $60.0 million first mortgage financing on our One Logan Square property located in Philadelphia, PA. The new loan bears interest at a floating rate of LIBOR plus 350 basis points (subject to a LIBOR floor) and has a seven-year term with three years of interest only payments with principal payments based on a thirty-year amortization schedule at a 7.5% rate. We used the loan proceeds for general corporate purposes including repayment of existing indebtedness.

Additional Financing Activity

In June 2009, we sold 40,250,000 common shares for net proceeds of approximately $242.3 million. We used the net proceeds to reduce indebtedness under our Credit Facility and for general corporate purposes

In December 2009, we received the second contribution under the historic tax credit transaction that we entered into in 2008 with US Bancorp amounting to $23.8 million.

Business Objective and Strategies for Growth

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

- maximize cash flow through leasing strategies designed to capture rental growth as rental rates increase and as above and below-market 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 opportunities that will expand our business and create long-term value; and
- increase the economic diversification of our tenant base while maximizing economies of scale.

Based on the current economic environment we consider the following to be important objectives, however, such objectives may be considered more long term in nature than they have been previously:

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

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

- current and projected market rents and absorption statistics justify construction activity;
- we can maximize market penetration by accumulating a critical mass of properties and thereby enhance operating efficiencies;

barriers to entry (such as zoning restrictions, utility availability, infrastructure limitations, development moratoriums and limited developable land) will create supply constraints on office and industrial space; and

there is potential for economic growth, particularly job growth and industry diversification.

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Operating Strategy

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

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

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

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

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

Policies With Respect To Certain Activities

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

Investments in Real Estate or Interests in Real Estate

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

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

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

Investments in Real Estate Mortgages

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

Dispositions

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

Financing Policies

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

Working Capital Reserves

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

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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 (collectively, the Management Companies). As of December 31, 2009, the Management Companies were managing properties containing an aggregate of approximately 34.0 million net rentable square feet, of which approximately 25.2 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

As of December 31, 2009, we were managing our portfolio within six segments: (1) Pennsylvania, (2) Metropolitan Washington D.C, (3) New Jersey/Delaware, (4) Richmond, Virginia, (5) Austin, TX and (6) California. The Pennsylvania segment includes properties in Chester, Delaware, Bucks and Montgomery counties in the Philadelphia suburbs and the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and suburban Maryland. The New Jersey/Delaware segment includes properties in Burlington, Camden and Mercer counties and counties in the southern and central part of New Jersey and in New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and Durham, North Carolina. The Austin, Texas segment includes properties in Coppell and Austin. The California segment includes properties in Oakland, Concord, Carlsbad and Rancho Bernardo. Our corporate group is responsible for cash and investment management, development of real estate properties during the construction period and general support functions.

Competition

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

Insurance

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

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Employees

As of December 31, 2009, we had 402 full-time employees, including 25 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 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.

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Other

We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2009 revenue.

Code of Conduct

We maintain a Code of Business Conduct and Ethics applicable to our Board and all of our officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions. A copy of our Code of Business Conduct and Ethics is available on our website, www.brandywinerealty.com. In addition to being accessible through our website, copies of our Code of Business Conduct and Ethics can be obtained, free of charge, upon written request to Investor Relations, 555 East Lancaster Avenue, Suite 100, Radnor, PA 19087. Any amendments to or waivers of our Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions and that relate to any matter enumerated in Item 406(b) of Regulation S-K promulgated by the SEC will be disclosed on our website.

Corporate Governance Principles and Board Committee Charters

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

Availability of SEC Reports

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

Item 1A. Risk Factors

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

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

Our business is affected by the unprecedented volatility and illiquidity in the financial and credit markets, the general global economic recession, and other market or economic challenges experienced by the U.S. economy or the real estate industry as a whole. Our portfolio consists primarily of office buildings (as compared to a more diversified real estate portfolio). If economic conditions persist or deteriorate, then our results of operations, financial condition, financial results and ability to service current debt and to pay distributions to our shareholders may be adversely affected by the following, among other potential conditions:

- significant job losses in the financial and professional services industries may occur, which may decrease demand for our office space, causing market rental rates and property values to be negatively impacted;

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

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

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

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

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

declines in the financial condition of our tenants and our ability to collect rents from our tenants.

The disruption in the debt capital markets could adversely affect us.
The capital and credit markets have experienced significant volatility and disruption, particularly in the latter half of 2008 and in the first quarter of 2009. In some cases, the markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers underlying financial strength. This resulted in a deterioration in the credit markets affecting the availability of credit, the terms on which it can be sourced and the overall cost of debt capital. This could negatively affect us by:

- increasing our costs to finance our ongoing operations and fund our development and redevelopment activities;

- reducing the availability of potential bidders for, and the amounts offered for, any properties we may wish to sell; and

- preventing us from accessing necessary debt capital on a timely basis leading us to consider potentially more dilutive capital transactions such as undesirable sales of properties or equity securities.

We may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of our tenants.
The current economic conditions have caused some of our tenants to experience financial difficulties. If more of our tenants were to 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.

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

Our credit facilities, term loan and the indenture governing our unsecured public debt securities contain (and any new or amended facility will contain) restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. Our ability to borrow under our credit facilities is subject to compliance with such financial and other covenants. In the event that we fail to satisfy these covenants, we would be in default under the credit facilities, the term loan and the indenture and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of capital may not be available to us, or may be available only on unattractive terms. In addition, the mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. If we breach covenants in our secured debt agreements, the lenders can declare a default and take possession of the property securing the defaulted loan.

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

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

Our degree of leverage could affect our ability to obtain additional financing for working capital expenditures, development, acquisitions or other general corporate purposes. Our senior unsecured debt is currently rated BB+ by Fitch Ratings, Baa3 by Moody s Investor Services and BBB- by Standard & Poor s. We cannot, however, assure you that we will be able to maintain this rating. In the event that our unsecured debt is downgraded from the current rating, we would likely incur higher borrowing costs and the market prices of our common shares and debt securities might decline. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy generally.

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

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

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

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

- the unavailability of favorable financing alternatives in the private and public debt markets;
- having sufficient capital to pay development costs;
- unprecedented market volatility in the share price of REITs;
- dependence on the financial services sector as part of our tenant base;
- construction costs exceeding original estimates due to rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;
- construction and lease-up delays resulting in increased debt service, fixed expenses and construction or renovation costs;
- expenditure of funds and devotion of management s time to projects that we do not complete;
- the unavailability or scarcity of utilities;

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- 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.

We face risks associated with property acquisitions.

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

- we may not be able to obtain financing for acquisitions on favorable terms;

- acquired properties may fail to perform as expected;

- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;

- acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and

- we may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into our organization and manage new properties in a way that allows us to realize cost savings and synergies.

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

Acquired properties may subject us to known and unknown liabilities.

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

- liabilities for clean-up of pre-existing disclosed or undisclosed environmental contamination;

- claims by tenants, vendors or other persons arising on account of actions or omissions of the former owners of the properties; and

- liabilities incurred in the ordinary course of business.

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

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

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

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

If tenants do not renew their leases upon expiration, we may be unable to re-lease the space. Even if the tenants do renew their leases or if we can re-lease the space, the terms of renewal or re-leasing (including the cost of required renovations) may be less favorable than 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 expiration of certain leases could affect our ability to make distributions to shareholders.

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 and acquire properties in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. As of December 31, 2009, we had investments in 11 unconsolidated real estate ventures and three additional real estate ventures that are consolidated in our financial statements. Our net investments in the 11 unconsolidated real estate ventures aggregated approximately $75.5 million as of December 31, 2009. We could become engaged in a dispute with one or more of our joint venture partners that might affect our ability to operate a jointly-owned property. Moreover, our joint venture partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our joint venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our joint venture partners or the lenders to our joint ventures are inconsistent with our own objectives, we may not be able to act exclusively in our interests. Furthermore, if the current constrained credit conditions in the capital markets persist or deteriorate further, the value of our investments could deteriorate and we could be required to reduce the carrying value of our equity method investments if a loss in the carrying value of the investment is other than a temporary decline pursuant to the accounting standard governing the equity method of accounting for investments in common stock.

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

Some potential losses are not covered by insurance.
We currently carry comprehensive all-risk property, rental loss insurance and commercial general liability coverage on all of our properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, types of losses, such as lease and other contract claims, biological, radiological and nuclear hazards and acts of war that generally are not insured. We cannot assure you that we will be able to renew insurance coverage in an adequate amount or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to earthquake, terrorist acts and mold, 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;

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general and administrative costs associated with our operation as a publicly-held REIT;

the amount of, and the interest rates on, our debt; and

the absence of significant expenditures relating to environmental and other regulatory matters.

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

Changes in the law may adversely affect our cash flow.

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

Potential liability for environmental contamination could result in substantial costs.

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

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

Additionally, we develop, manage, lease and/or operate various properties for third parties. Consequently, we may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances.

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

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

Americans with Disabilities Act compliance could be costly.

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

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

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

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

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

We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate either have undergone, or are currently undergoing, tax audits. Although we believe that we have substantial arguments in favor of our positions in the ongoing audits, in some instances there is no controlling precedent or interpretive guidance on the specific point at issue. There can be no assurance that these or future audits will not have a material adverse effect on our results of operations. We are currently being audited by the Internal Revenue Service for our 2004 tax year. The audit concerns the tax treatment of a transaction in September 2004 in which we acquired a portfolio of properties through the acquisition of a limited partnership. At this time it does not appear that an adjustment would result in a material tax liability for us. However, an adjustment could raise a question as to whether a contributor of partnership interests in the 2004 transaction could assert a claim against us under the tax protection agreement entered into as part of the transaction.

Competition for skilled personnel could increase labor costs.

We compete with various other companies in attracting and retaining qualified and skilled personnel. We depend on our ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our company. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. We may not be able to offset such added costs by increasing the rates we charge 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.

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Although we have an employment agreement with Gerard H. Sweeney, our President and Chief Executive Officer, for a term extending to February 9, 2011, this agreement does not restrict his ability to become employed by a competitor following the termination of his employment. We do not have key man life insurance coverage on our executive officers.

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

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

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

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

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

Maryland Control Share Acquisition Act. Maryland law provides that control shares of a REIT acquired in a control share acquisition shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to be cast on the matter under the Maryland Control Share Acquisition Act. Control Shares means shares that, if aggregated with all other shares previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions. If voting rights or control shares acquired in a control share acquisition are not approved at a shareholder s meeting, then subject to certain conditions and limitations the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a shareholder s meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under our Bylaws are subject to the Maryland Control Share Acquisition Act. Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares. We cannot assure you that this provision will not be amended or eliminated at any time in the future.

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*Advance Notice Provisions for Shareholder Nominations and Proposals***.** Our bylaws require advance notice for shareholders to nominate persons for election as trustees at, or to bring other business before, any meeting of our shareholders. This bylaw provision limits the ability of shareholders to make nominations of persons for election as trustees or to introduce other proposals unless we are notified in a timely manner prior to the meeting.

Many factors can have an adverse effect on the market value of our securities.

A number of factors might adversely affect the price of our securities, many of which are beyond our control. These factors include:

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

The market value of our common shares is based primarily upon the market s perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our common shares may trade at prices that are higher or lower than our net asset value per common share. If our future earnings or cash distributions are less than expected, it is likely that the market price of our common shares will diminish.

Additional issuances of equity securities may be dilutive to shareholders.

The interests of our shareholders could be diluted if we issue additional equity securities to finance future developments or acquisitions or to repay indebtedness. Our Board of Trustees may authorize the issuance of additional equity securities without shareholder approval. Our ability to execute our business strategy depends upon our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including the issuance of common and preferred equity.

The issuance of preferred securities may adversely affect the rights of holders of our common shares.

Because our Board of Trustees has the power to establish the preferences and rights of each class or series of preferred shares, we may afford the holders in any series or class of preferred shares preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common shares. Our Board of Trustees also has the power to establish the preferences and rights of each class or series of units in Brandywine Operating Partnership, and may afford the holders in any series or class of preferred units preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common units.

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

We may continue to acquire additional properties and may seek to develop our existing land holdings strategically as warranted by market conditions. These acquisitions and developments could fail to perform in accordance with expectations. If we fail to accurately estimate occupancy levels, operating costs or costs of improvements to bring an acquired property or a development property up to the standards established for our intended market position, the performance of the property may be below expectations. Acquired properties may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. We cannot assure you that the performance of properties acquired or developed by us will increase or be maintained under our management.

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

Our properties are located in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, Texas, and California. Like other real estate markets, these commercial real estate markets have been impacted by the recent economic downturns, and future declines in 2010 in any of these economies or real estate markets could adversely affect cash available for distribution. Our financial performance and ability to make distributions to our shareholders will be particularly sensitive to the economic conditions in these markets. The local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors, and local real estate conditions, such as oversupply of or reduced demand for office, industrial and other competing commercial properties, may affect revenues and the value of properties, including properties to be acquired or developed. We cannot assure you that these local economies will grow in the future.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Property Acquisitions

We did not acquire any properties during the year ended December 31, 2009.

Development and Redevelopment Properties Placed in Service

We placed in service the following office properties during the year ended December 31, 2009:

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Month Placed in Service	Property/Portfolio Name	Location	# of Buildings	Rentable Square Feet
Jul-09	One Rockledge Associates	Bethesda, MD	1	160,173
Jul-09	Delaware Corporate Center II	Wilmington, DE	1	95,514
Jul-09	Atrium I	Mount Laurel, NJ	1	99,668
Oct-09	100 Lenox Drive	Lawrenceville, NJ	1	50,942
	Total Properties Placed in Service		**4**	**406,297**

We place a property under development in service on the date the property reaches 95% occupancy.

Property Sales

We sold the following office properties during the year ended December 31, 2009:

Month of Sale	Property/Portfolio Name	Location	# of Bldgs.	Rentable Square Feet/ Acres	Sales Price (in 000 s)
Feb-09	748 and 855 Springdale Drive	Exton, PA	2	66,664	$ 8,950
Mar-09	305 Harper Drive	Moorestown, NJ	1	14,980	1,100
Apr-09	7735 Georgetown Road	Bethesda, MD	1	122,543	26,500
Oct-09	Trenton Office Properties	Trenton, NJ	2	473,658	85,000(b)
Oct-09	100 Lenox Drive (a)	Lawrenceville, NJ	1	40,508	7,900
	Total Office Properties Sold		**7**	**718,353**	**$ 129,450**

(a)- Pertains to the sale of a condominium interest in an office building.

(b)- Recorded in accordance with the installment sales method of accounting.

Properties

As of December 31, 2009, we owned 212 office properties, 22 industrial facilities and three mixed-use properties that contain an aggregate of approximately 23.3 million net rentable square feet. We also have two properties under development and three properties under redevelopment containing an aggregate 1.9 million net rentable square feet. As of December 31, 2009, we consolidated three office properties owned by real estate ventures containing 0.4 million net rentable square feet. The properties are located in and surrounding Philadelphia, PA, Metropolitan Washington, D.C., Southern and Central New Jersey, Richmond, VA, Wilmington, DE, Austin, TX, and Oakland, Concord, Carlsbad and Rancho Bernardo, CA. As of December 31, 2009, the Properties were approximately 88.2% occupied by 1,357 tenants and had an average age of approximately 18.5 years. The office properties are primarily suburban office buildings containing an average of approximately 0.1 million net rentable square feet. The industrial 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.

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We had the following projects in development or redevelopment as of December 31, 2009:

Project Name	Location	Rentable Square Feet	% Leased as of 12/31/09	Stabilization Date (a)
Under Development:				
Post Office/IRS	Philadelphia, PA	862,692	100.0%	Q3 10
Cira South Garage	Philadelphia, PA	553,421	92.6%	Q3 10
		1,416,113		
Under Redevelopment:				
Radnor Corporate Center I	Radnor, PA	190,219	89.7%	Q1 10
300 Delaware Avenue	Wilmington, DE	298,071	71.9%	Q2 10
Juniper Street (b)	Philadelphia, PA		N/A	Q2 11
		488,290		
		1,904,403		

(a) Projected stabilization date represents the date the property reaches 95% occupancy.

(b) This pertains to the redevelopment of a 220 space parking garage.

As of December 31, 2009, the above five projects accounted for $239.9 million of the $272.0 million of construction in progress shown on our consolidated balance sheet.

As of December 31, 2009, we expect our development and redevelopment costs, including estimated tenant improvements, for these five projects to aggregate $396.0 million.

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The following table sets forth information with respect to our core properties at December 31, 2009:

Property Name		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2009 (a)	Total Base Rent for the Twelve Months Ended December 31, 2009 (b) (000 s)	Average Annualized Rental Rate as of December 31, 2009 (c)
PENNSYLVANIA SEGMENT								
2929 Arch Street	(d)	Philadelphia	PA	2005	729,897	100.0%	$ 24,315	$ 35.11
100 North 18th Street	(e)	Philadelphia	PA	1988	703,386	96.3%	20,546	31.40
130 North 18th Street		Philadelphia	PA	1983	594,755	100.0%	12,492	28.50
150 Radnor Chester Road		Radnor	PA	2004	340,262	100.0%	9,572	29.41
201 King of Prussia Road		Radnor	PA	2001	251,372	86.5%	6,119	28.68
555 Lancaster Avenue		Radnor	PA	1973	242,099	99.9%	6,381	28.41
401 Plymouth Road		Plymouth Meeting	PA	2001	201,883	100.0%	6,122	32.83
Philadelphia Marine Center	(d)	Philadelphia	PA	Various	181,900	100.0%	1,243	5.51
101 West Elm Street		W. Conshohocken	PA	1999	175,009	85.4%	4,026	26.53
Four Radnor Corporate Center		Radnor	PA	1995	165,138	89.3%	3,058	25.30
Five Radnor Corporate Center		Radnor	PA	1998	164,577	90.5%	4,372	32.37
751-761 Fifth Avenue		King Of Prussia	PA	1967	158,000	100.0%	574	3.64
630 Allendale Road		King of Prussia	PA	2000	150,000	100.0%	3,722	27.03
640 Freedom Business Center	(d)	King Of Prussia	PA	1991	132,000	86.7%	2,187	24.31

52 Swedesford Square		East Whiteland Twp.	PA	1988	131,017	100.0%	2,972	24.01
400 Berwyn Park		Berwyn	PA	1999	124,182	100.0%	3,276	28.98
4000 Chemical Road		Plymouth Meeting	PA	2007	120,877	74.8%	1,345	18.48
Three Radnor Corporate Center		Radnor	PA	1998	119,463	89.3%	2,715	25.07
101 Lindenwood Drive		Malvern	PA	1988	118,121	44.6%	1,609	21.24
181 Washington Street	(h)	Conshohocken	PA	1999	115,122	68.5%	2,904	28.23
300 Berwyn Park		Berwyn	PA	1989	108,619	44.3%	1,204	21.23
442 Creamery Way	(f)	Exton	PA	1991	104,500	100.0%	598	6.79
Two Radnor Corporate Center		Radnor	PA	1998	100,973	56.4%	1,572	21.85
301 Lindenwood Drive		Malvern	PA	1984	97,813	93.7%	1,856	17.40
1 West Elm Street		W. Conshohocken	PA	1999	97,737	79.7%	2,080	27.06
555 Croton Road		King of Prussia	PA	1999	96,909	90.3%	2,264	29.40
500 North Gulph Road		King Of Prussia	PA	1979	93,082	90.3%	1,402	18.99
620 West Germantown Pike		Plymouth Meeting	PA	1990	90,183	74.2%	1,399	24.44
610 West Germantown Pike		Plymouth Meeting	PA	1987	90,152	76.2%	1,610	27.47
630 West Germantown Pike		Plymouth Meeting	PA	1988	89,925	97.2%	1,969	27.51
600 West Germantown Pike		Plymouth Meeting	PA	1986	89,681	83.4%	1,482	25.18
630 Freedom Business Center	(d)	King Of Prussia	PA	1989	86,683	92.1%	1,660	24.25
1200 Swedesford Road		Berwyn	PA	1994	86,622	76.5%	1,366	29.20
620 Freedom Business Center	(d)		PA	1986	86,570	100.0%	1,748	24.02

		King Of Prussia						
200 Barr Harbour Drive	(h)	Conshohocken	PA	1998	86,021	100.0%	2,484	30.35
595 East Swedesford Road		Wayne	PA	1998	81,890	100.0%	1,750	23.01
1050 Westlakes Drive		Berwyn	PA	1984	80,000	100.0%	1,984	25.00
One Progress Drive		Horsham	PA	1986	79,204	100.0%	845	13.45
1060 First Avenue	(e)	King Of Prussia	PA	1987	77,718	100.0%	1,061	21.47
741 First Avenue		King Of Prussia	PA	1966	77,184	100.0%	580	9.10
1040 First Avenue	(e)	King Of Prussia	PA	1985	75,488	84.8%	1,287	23.18
200 Berwyn Park		Berwyn	PA	1987	75,025	100.0%	1,296	19.20
1020 First Avenue	(e)	King Of Prussia	PA	1984	74,556	100.0%	1,608	20.25
1000 First Avenue	(e)	King Of Prussia	PA	1980	74,139	86.7%	1,367	22.93
436 Creamery Way		Exton	PA	1991	72,300	96.2%	726	14.53

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Property Name		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2009 (a)	Total Base Rent for the Twelve Months Ended December 31, 2009 (b) (000 s)	Average Annualized Rental Rate as of December 31, 2009 (c)
130 Radnor Chester Road		Radnor	PA	2004	71,349	100.0%	2,150	31.35
170 Radnor Chester Road		Radnor	PA	2004	69,787	92.6%	1,597	25.21
14 Campus Boulevard		Newtown Square	PA	1998	69,542	100.0%	1,815	25.00
500 Enterprise Road		Horsham	PA	1990	66,751	0.0%		
575 East Swedesford Road		Wayne	PA	1985	66,265	100.0%	1,235	28.53
429 Creamery Way		Exton	PA	1996	63,420	100.0%	790	16.72
610 Freedom Business Center	(d)	King Of Prussia	PA	1985	62,991	88.9%	720	23.43
925 Harvest Drive		Blue Bell	PA	1990	62,957	96.7%	1,032	21.23
980 Harvest Drive		Blue Bell	PA	1988	62,379	100.0%	1,383	24.16
426 Lancaster Avenue		Devon	PA	1990	61,102	100.0%	1,213	19.90
1180 Swedesford Road		Berwyn	PA	1987	60,371	100.0%	1,880	33.08
1160 Swedesford Road		Berwyn	PA	1986	60,099	100.0%	1,493	26.04
100 Berwyn Park		Berwyn	PA	1986	57,731	42.7%	735	21.99
440 Creamery Way		Exton	PA	1991	57,218	88.8%	790	16.85
640 Allendale Road	(f)	King of Prussia	PA	2000	56,034	100.0%	350	8.60
565 East Swedesford Road		Wayne	PA	1984	55,979	83.4%	818	22.64
650 Park Avenue		King Of Prussia	PA	1968	54,338	100.0%	822	17.10

910 Harvest Drive		Blue Bell	PA	1990	52,611	100.0%	1,040	20.23
680 Allendale Road		King Of Prussia	PA	1962	52,528	0.0%		
2240/50 Butler Pike		Plymouth Meeting	PA	1984	52,229	100.0%	1,102	22.59
920 Harvest Drive		Blue Bell	PA	1990	51,875	100.0%	1,009	21.19
486 Thomas Jones Way		Exton	PA	1990	51,372	69.1%	619	21.09
660 Allendale Road	(f)	King of Prussia	PA	1962	50,635	0.0%	93	
875 First Avenue		King Of Prussia	PA	1966	50,000	100.0%	1,037	22.00
630 Clark Avenue		King Of Prussia	PA	1960	50,000	100.0%	301	8.19
620 Allendale Road		King Of Prussia	PA	1961	50,000	67.0%	536	16.06
15 Campus Boulevard		Newtown Square	PA	2002	49,621	100.0%	1,018	25.62
479 Thomas Jones Way		Exton	PA	1988	49,264	63.0%	556	18.04
17 Campus Boulevard		Newtown Square	PA	2001	48,565	100.0%	1,202	30.39
11 Campus Boulevard		Newtown Square	PA	1998	47,699	100.0%	1,111	25.75
456 Creamery Way		Exton	PA	1987	47,604	100.0%	372	6.68
585 East Swedesford Road		Wayne	PA	1998	43,683	100.0%	771	27.01
1100 Cassett Road		Berwyn	PA	1997	43,480	100.0%	1,106	32.09
467 Creamery Way		Exton	PA	1988	42,000	100.0%	568	19.31
1336 Enterprise Drive		West Goshen	PA	1989	39,330	100.0%	796	24.10
600 Park Avenue		King Of Prussia	PA	1964	39,000	100.0%	545	16.17
412 Creamery Way		Exton	PA	1999	38,098	86.0%	591	17.71

18 Campus Boulevard	Newtown Square	PA	1990	37,374	85.3%	702	20.62
457 Creamery Way	Exton	PA	1990	36,019	100.0%	285	
100 Arrandale Boulevard	Exton	PA	1997	34,931	100.0%	456	17.43
300 Lindenwood Drive	Malvern	PA	1991	33,000	100.0%	794	23.41
2260 Butler Pike	Plymouth Meeting	PA	1984	31,892	100.0%	658	22.02
120 West Germantown Pike	Plymouth Meeting	PA	1984	30,574	100.0%	528	19.75
468 Thomas Jones Way	Exton	PA	1990	28,934	100.0%	550	19.50
1700 Paoli Pike	Malvern	PA	2000	28,000	0.0%	378	
140 West Germantown Pike	Plymouth Meeting	PA	1984	25,357	76.0%	383	25.12

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Property Name	Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2009 (a)	Total Base Rent for the Twelve Months Ended December 31, 2009 (b) (000 s)	Average Annualized Rental Rate as of December 31, 2009 (c)
481 John Young Way	Exton	PA	1997	19,275	100.0%	510	26.07
100 Lindenwood Drive	Malvern	PA	1985	18,400	100.0%	357	20.03
200 Lindenwood Drive	Malvern	PA	1984	12,600	0.0%	99	
111 Arrandale Road	Exton	PA	1996	10,479	100.0%	198	18.74
SUBTOTAL/WEIGHTED AVG PENNSYLVANIA SEGMENT				9,446,776	90.6%	195,842	21.06
METROPOLITAN WASHINGTON D.C. SEGMENT							
1676 International Drive	McLean	VA	1999	299,387	93.8%	8,877	30.87
13820 Sunrise Valley Drive	Herndon	VA	2007	268,240	100.0%	4,676	27.76
2340 Dulles Corner Boulevard	Herndon	VA	1987	264,405	100.0%	8,077	31.18
2291 Wood Oak Drive	Herndon	VA	1999	227,574	100.0%	5,332	30.16
7101 Wisconsin Avenue	Bethesda	MD	1975	223,054	98.0%	6,848	33.33
1900 Gallows Road	Vienna	VA	1989	210,632	64.8%	3,957	26.04
3130 Fairview Park Drive	Falls Church	VA	1999	180,645	78.6%	5,055	32.81
3141 Fairview Park Drive	Falls Church	VA	1988	180,611	90.4%	4,209	28.33
2355 Dulles Corner Boulevard	Herndon	VA	1988	179,176	84.0%	4,918	32.48
2411 Dulles Corner Park	Herndon	VA	1990	176,618	100.0%	5,697	32.24

1880 Campus Commons Drive		Reston	VA	1985	172,448	100.0%	3,112	22.18
2121 Cooperative Way		Herndon	VA	2000	161,275	83.5%	4,024	31.86
6600 Rockledge Drive	(d)	Bethesda	MD	1981	160,173	57.7%	2,960	30.55
8260 Greensboro Drive		McLean	VA	1980	158,961	76.7%	3,230	26.27
2251 Corporate Park Drive		Herndon	VA	2000	158,016	100.0%	5,190	34.40
12015 Lee Jackson Memorial Highway		Fairfax	VA	1985	153,255	100.0%	3,756	27.50
13880 Dulles Corner Lane		Herndon	VA	1997	151,747	100.0%	4,686	36.65
8521 Leesburg Pike		Vienna	VA	1984	150,897	71.0%	3,548	28.68
2273 Research Boulevard		Rockville	MD	1999	147,689	98.4%	4,348	33.88
2275 Research Boulevard		Rockville	MD	1990	147,650	100.0%	3,716	30.56
2201 Cooperative Way		Herndon	VA	1990	138,806	85.7%	3,896	34.95
2277 Research Boulevard		Rockville	MD	1986	137,045	100.0%	3,360	29.78
11781 Lee Jackson Memorial Highway		Fairfax	VA	1982	130,935	97.8%	3,193	26.29
11720 Beltsville Drive		Beltsville	MD	1987	128,903	71.6%	2,320	24.54
13825 Sunrise Valley Drive		Herndon	VA	1989	104,150	12.4%	651	25.61
198 Van Buren Street		Herndon	VA	1996	98,934	93.5%	2,957	33.80
196 Van Buren Street		Herndon	VA	1991	97,781	57.9%	2,019	32.27
11700 Beltsville Drive		Beltsville	MD	1981	96,843	98.2%	2,104	22.81
11710 Beltsville Drive		Beltsville	MD	1987	81,281	100.0%	1,864	26.01
4401 Fair Lakes Court		Fairfax	VA	1988	55,972	100.0%	1,377	27.97
11740 Beltsville Drive		Beltsville	MD	1987	6,783	100.0%	140	25.81
SUBTOTAL/WEIGHTED AVG METROPOLITAN WASHINGTON D.C. SEGMENT					4,849,886	88.5%	120,097	29.60

NEW JERSEY/DELAWARE SEGMENT							
920 North King Street	Wilmington	DE	1989	203,328	96.7%	4,583	27.32
10000 Midlantic Drive	Mt. Laurel	NJ	1990	183,147	97.5%	2,577	26.42
1009 Lenox Drive	Lawrenceville	NJ	1989	180,734	92.4%	4,273	28.37
525 Lincoln Drive West	Marlton	NJ	1986	165,956	90.2%	2,866	24.72
Main Street Plaza 1000	Voorhees	NJ	1988	162,364	71.2%	2,733	27.28

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Property Name		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2009 (a)	Total Base Rent for the Twelve Months Ended December 31, 2009 (b) (000 s)	Average Annualized Rental Rate as of December 31, 2009 (c)
400 Commerce Drive		Newark	DE	1997	154,086	100.0%	2,321	16.10
457 Haddonfield Road		Cherry Hill	NJ	1990	121,737	89.7%	2,536	22.82
2000 Midlantic Drive		Mt. Laurel	NJ	1989	121,658	61.3%	1,036	25.32
700 East Gate Drive		Mt. Laurel	NJ	1984	119,272	84.8%	1,805	22.24
2000 Lenox Drive		Lawrenceville	NJ	2000	119,114	100.0%	3,230	30.73
989 Lenox Drive		Lawrenceville	NJ	1984	112,055	52.2%	2,155	29.93
993 Lenox Drive		Lawrenceville	NJ	1985	111,124	100.0%	2,889	28.83
1000 Howard Boulevard		Mt. Laurel	NJ	1988	105,312	95.7%	1,845	23.90
One Righter Parkway	(d)	Wilmington	DE	1989	104,761	97.0%	2,359	24.74
1000 Atrium Way		Mt. Laurel	NJ	1989	99,668	96.2%	1,412	23.63
997 Lenox Drive		Lawrenceville	NJ	1987	97,277	79.7%	2,226	27.25
Two Righter Parkway	(d)	Wilmington	DE	1987	95,514	80.9%	1,780	25.10
1120 Executive Boulevard		Mt. Laurel	NJ	1987	95,278	100.0%	1,592	27.94
15000 Midlantic Drive		Mt. Laurel	NJ	1991	84,056	77.8%	879	22.43
220 Lake Drive East		Cherry Hill	NJ	1988	78,509	69.8%	1,200	22.37

10 Lake Center Drive	Marlton	NJ	1989	76,359	90.6%	1,186	21.19
200 Lake Drive East	Cherry Hill	NJ	1989	76,352	83.2%	1,506	25.47
1200 Lenox Drive	Lawrenceville	NJ	2007	75,000	61.0%	1,055	24.59
Three Greentree Centre	Marlton	NJ	1984	69,300	98.6%	1,331	24.86
200 Commerce Drive	Newark	DE	1998	68,034	100.0%	1,327	20.07
9000 Midlantic Drive	Mt. Laurel	NJ	1989	67,299	100.0%	836	26.85
6 East Clementon Road	Gibbsboro	NJ	1980	66,236	96.5%	979	29.92
100 Commerce Drive	Newark	DE	1989	62,787	92.6%	1,094	21.04
701 East Gate Drive	Mt. Laurel	NJ	1986	61,794	75.8%	708	22.95
210 Lake Drive East	Cherry Hill	NJ	1986	60,604	89.2%	924	23.41
308 Harper Drive	Moorestown	NJ	1976	59,500	56.8%	508	22.96
305 Fellowship Drive	Mt. Laurel	NJ	1980	56,824	100.0%	1,101	24.08
Two Greentree Centre	Marlton	NJ	1983	56,075	76.1%	448	22.01
309 Fellowship Drive	Mt. Laurel	NJ	1982	55,911	82.1%	846	25.79
One Greentree Centre	Marlton	NJ	1982	55,838	65.8%	684	22.08
8000 Lincoln Drive	Marlton	NJ	1997	54,923	100.0%	1,040	13.63
307 Fellowship Drive	Mt. Laurel	NJ	1981	54,485	60.3%	704	26.61
303 Fellowship Drive	Mt. Laurel	NJ	1979	53,768	70.7%	637	22.72
1000 Bishops Gate	Mt. Laurel	NJ	2005	53,281	100.0%	1,208	25.02

1000 Lenox Drive		Lawrenceville	NJ	1982	52,264	100.0%	1,329	29.52
100 Lenox Drive		Lawrenceville	NJ	1991	50,942	100.0%	681	16.51
2 Foster Avenue	(f)	Gibbsboro	NJ	1974	50,761	94.6%	195	4.58
4000 Midlantic Drive		Mt. Laurel	NJ	1998	46,945	100.0%	657	24.48
Five Eves Drive		Marlton	NJ	1986	45,564	100.0%	730	22.35
161 Gaither Drive		Mount Laurel	NJ	1987	44,739	96.4%	603	21.82
Main Street Piazza		Voorhees	NJ	1990	44,708	89.6%	663	19.27
30 Lake Center Drive		Marlton	NJ	1986	40,287	91.3%	652	19.46
20 East Clementon Road		Gibbsboro	NJ	1986	38,260	74.7%	359	19.86
Two Eves Drive		Marlton	NJ	1987	37,532	62.0%	416	18.94
304 Harper Drive		Moorestown	NJ	1975	32,978	83.6%	512	24.30
Main Street Promenade		Voorhees	NJ	1988	31,445	80.0%	355	14.94
Four B Eves Drive		Marlton	NJ	1987	27,011	100.0%	408	17.40
815 East Gate Drive		Mt. Laurel	NJ	1986	25,500	65.1%	296	17.94
817 East Gate Drive		Mt. Laurel	NJ	1986	25,351	100.0%	268	13.88

Property Name		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2009 (a)	Total Base Rent for the Twelve Months Ended December 31, 2009 (b) (000 s)	Average Annualized Rental Rate as of December 31, 2009 (c)
Four A Eves Drive		Marlton	NJ	1987	24,687	100.0%	311	16.81
1 Foster Avenue	(f)	Gibbsboro	NJ	1972	24,255	100.0%	95	4.58
4 Foster Avenue	(f)	Gibbsboro	NJ	1974	23,372	100.0%	159	7.78
7 Foster Avenue		Gibbsboro	NJ	1983	22,158	61.8%	300	21.37
10 Foster Avenue		Gibbsboro	NJ	1983	18,651	90.4%	194	18.47
5 U.S. Avenue	(f)	Gibbsboro	NJ	1987	5,000	100.0%	24	5.00
50 East Clementon Road		Gibbsboro	NJ	1986	3,080	100.0%	174	56.41
5 Foster Avenue		Gibbsboro	NJ	1968	2,000	100.0%		
SUBTOTAL/WEIGHTED AVG NEW JERSEY/DELAWARE SEGMENT					4,416,810	87.3%	73,800	22.07
RICHMOND, VA SEGMENT								
300 Arboretum Place		Richmond	VA	1988	212,698	94.5%	3,378	18.05
6800 Paragon Place		Richmond	VA	1986	144,722	85.5%	2,571	20.64
6802 Paragon Place		Richmond	VA	1989	143,567	89.4%	2,262	18.23
7501 Boulders View Drive		Richmond	VA	1990	137,283	62.7%	1,980	17.65
2511 Brittons Hill Road	(f)	Richmond	VA	1987	132,548	100.0%	678	6.65
2100-2116 West Laburnam Avenue		Richmond	VA	1976	127,929	89.3%	1,568	14.51

1957 Westmoreland Street	(g)	Richmond	VA	1975	121,815	0.0%	184	
7300 Beaufont Springs Drive		Richmond	VA	2000	120,665	100.0%	2,573	22.03
1025 Boulders Parkway		Richmond	VA	1994	93,143	98.8%	1,826	20.43
2201-2245 Tomlynn Street	(f)	Richmond	VA	1989	85,860	91.9%	473	8.33
7401 Beaufont Springs Drive		Richmond	VA	1998	82,639	73.4%	1,311	20.62
7325 Beaufont Springs Drive		Richmond	VA	1999	75,218	100.0%	1,554	22.29
100 Gateway Centre Parkway		Richmond	VA	2001	74,991	67.2%	520	16.81
6806 Paragon Place		Richmond	VA	2007	74,480	100.0%	1,754	24.61
9011 Arboretum Parkway		Richmond	VA	1991	73,183	93.0%	1,292	18.72
4805 Lake Brooke Drive		Glen Allen	VA	1996	60,867	100.0%	1,057	19.02
9100 Arboretum Parkway		Richmond	VA	1988	57,974	93.7%	864	16.24
2812 Emerywood Parkway		Henrico	VA	1980	56,984	87.4%	857	15.46
4364 South Alston Avenue		Durham	NC	1985	56,601	100.0%	1,132	21.37
2277 Dabney Road	(f)	Richmond	VA	1986	50,400	100.0%	267	7.40
9200 Arboretum Parkway		Richmond	VA	1988	49,542	100.0%	467	17.04
9210 Arboretum Parkway		Richmond	VA	1988	48,012	89.5%	563	14.85
2212-2224 Tomlynn Street	(f)	Richmond	VA	1985	45,353	100.0%	230	7.55
2221-2245 Dabney Road	(f)	Richmond	VA	1994	45,250	86.2%	234	7.80
2251 Dabney Road	(f)	Richmond	VA	1983	42,000	100.0%	209	6.77
2161-2179 Tomlynn Street	(f)	Richmond	VA	1985	41,550	100.0%	273	8.45
2256 Dabney Road	(f)	Richmond	VA	1982	33,413	100.0%	232	8.84
2246 Dabney Road	(f)	Richmond	VA	1987	33,271	100.0%	287	11.11
2244 Dabney Road	(f)	Richmond	VA	1993	33,050	100.0%	297	11.52
9211 Arboretum Parkway		Richmond	VA	1991	30,791	63.1%	330	13.87
2248 Dabney Road	(f)	Richmond	VA	1989	30,184	100.0%	194	9.03

2130-2146 Tomlynn Street	(f)	Richmond	VA	1988	29,700	57.6%	179	11.75
2120 Tomlyn Street	(f)	Richmond	VA	1986	23,850	100.0%	133	7.67
2240 Dabney Road	(f)	Richmond	VA	1984	15,389	100.0%	138	11.85
SUBTOTAL/WEIGHTED AVG RICHMOND, VA SEGMENT					2,484,922	86.3%	31,867	14.03

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Property Name	Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2009 (a)	Total Base Rent for the Twelve Months Ended December 31, 2009 (b) (000 s)	Average Annualized Rental Rate as of December 31, 2009 (c)
CALIFORNIA							
155 Grand Avenue	Oakland	CA	1990	200,996	71.7%	4,128	36.10
1220 Concord Avenue	Concord	CA	1984	175,153	100.0%	2,944	22.46
1200 Concord Avenue	Concord	CA	1984	175,103	100.0%	4,161	26.44
5780 & 5790 Fleet Street	Carlsbad	CA	1999	121,381	68.3%	2,834	33.25
5900 & 5950 La Place Court	Carlsbad	CA	1988	80,506	80.5%	1,727	25.38
16870 West Bernardo Drive	Rancho Bernardo	CA	2002	68,708	69.6%	1,331	31.25
5963 La Place Court	Carlsbad	CA	1987	61,587	54.0%	804	24.19
2035 Corte Del Nogal	Carlsbad	CA	1991	53,982	53.7%	698	14.25
5973 Avendia Encinas	Carlsbad	CA	1986	51,695	79.6%	1,132	28.59
SUBTOTAL/WEIGHTED AVG CALIFORNIA				989,111	80.2%	19,759	26.88
AUSTIN, TX							
1250 Capital of Texas Highway South	Austin	TX	1984	270,711	82.3%	3,360	24.13
1301 Mopac Expressway	Austin	TX	2001	222,580	99.8%	4,320	31.54
3711 South Mopac Expressway	Austin	TX	2007	205,195	93.5%	2,230	17.03
1601 Mopac Expressway	Austin	TX	2000	195,639	100.0%	2,966	27.23
1501 South Mopac Expressway	Austin	TX	1999	195,324	94.5%	2,609	26.89
1221 Mopac Expressway	Austin	TX	2001	173,302	93.0%	3,127	32.64

1177 East Belt Line Road	(h)	Coppell	TX	1998	150,000	100.0%	1,833	14.87
1801 Mopac Expressway		Austin	TX	1999	58,576	100.0%	975	28.23
SUBTOTAL/WEIGHTED AVG AUSTIN, TX					1,471,327	94.3%	21,420	25.32
SUBTOTAL FULLY OWNED PROPERTIES / WEIGHTED AVG.					23,658,832	88.9%	462,785	21.79
2970 Market Street		Philadelphia	PA	N/A	862,692	100.0%		
2930 Chestnut Street		Philadelphia	PA	N/A	553,421	92.6%		
300 Delaware Avenue		Wilmington	DE	1989	298,071	71.9%	2,967	17.94
One Radnor Corporate Center		Radnor	PA	1998	190,219	89.7%	3,839	21.98
Juniper Street		Philadelphia	PA	N/A				
SUBTOTAL DEVELOPMENT/REDEVELOPMENT PROPERTIES / WEIGHTED AVG.					1,904,403	92.4%	6,806	7.98
TOTAL CORE PORTFOLIO					25,563,235	89.2%	469,591	

(a) Calculated by dividing net rentable square feet included in leases signed on or before December 31, 2009 at the property by the aggregate net rentable square feet of the property.

(b) Total Base Rent for the twelve months ended December 31, 2009 represents base rents earned during such period, excluding tenant reimbursements, calculated in accordance with generally accepted accounting principles (GAAP) determined on a straight-line basis.

(c) Average Annualized Rental Rate is calculated as follows: (i) for office leases written on a triple net basis, the sum of the annualized contracted base rental rates payable for all space leased as of December 31, 2009 plus the prorata 2009 budgeted operating expense recoveries excluding tenant electricity; and (ii) for office leases written on a full service basis, the annualized contracted base rent payable for all space leased as of December 31, 2009. In both cases, the annualized rental rate is divided by the total square footage leased as of December 31, 2009 without giving effect to free rent or scheduled rent increases that would be taken into account under GAAP.

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

(f) These properties are industrial facilities.

(g) Property sold on January 14, 2010.

(h) Property owned by consolidated real estate venture.

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The following table shows information regarding rental rates and lease expirations for the Properties at December 31, 2009 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 Under Expiring Leases	Percentage of Total Final Annualized Base Rent Under Expiring Leases	Cumulative Total
2010	390	2,978,553	61,524,591	20.66	12.1%	12.1%
2011	299	3,201,307	70,464,819	22.01	13.8%	25.9%
2012	230	2,479,141	60,450,938	24.38	11.9%	37.7%
2013	172	2,261,892	46,619,815	20.61	9.1%	46.9%
2014	175	2,409,842	54,612,455	22.66	10.7%	57.6%
2015	108	1,950,515	49,022,957	25.13	9.6%	67.2%
2016	73	1,129,774	28,292,757	25.04	5.5%	72.8%
2017	57	1,394,958	38,941,266	27.92	7.6%	80.4%
2018	36	1,014,518	29,958,725	29.53	5.9%	86.3%
2019	34	927,351	32,733,953	35.30	6.4%	92.7%
2020 and thereafter	32	1,413,069	37,181,075	26.31	7.4%	100.0%
	1,606	21,160,920	$ 509,803,351	$ 24.09	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.

At December 31, 2009, our Properties were leased to 1,357 tenants that are engaged in a variety of businesses. The following table sets forth information regarding leases at the Properties with the 20 tenants with the largest amounts leased based upon Annualized Base Rent as of December 31, 2009:

Tenant Name (a)	Number of Leases	Weighted Average Remaining Lease Term in Months	Aggregate Leased Square Feet	Percentage of Aggregate Leased Square Feet	Annualized Base Rent (in 000) (b)	Percentage of Aggregate Annualized Base Rent
Northrop Grumman Corporation	6	73	469,116	2.2%	$ 13,787	3.0%
Pepper Hamilton LLP	2	59	309,042	1.5%	10,604	2.3%
Wells Fargo Bank, N.A.	15	20	475,326	2.2%	10,336	2.2%
Lockheed Martin	9	32	577,251	2.7%	9,594	2.1%
Time Warner Cable, Inc.	1	115	266,899	1.3%	8,307	1.8%
Dechert LLP	1	118	218,565	1.0%	7,213	1.6%
KPMG, LLP	2	55	245,828	1.2%	7,047	1.5%
Verizon	4	15	302,087	1.4%	5,995	1.3%
Lincoln National Management Co.	1	127	193,626	0.9%	5,952	1.3%
Computer Associates International	1	112	227,574	1.1%	5,604	1.2%
Blank Rome LLP	1	145	239,236	1.1%	5,529	1.2%
Computer Sciences	6	44	276,410	1.3%	4,811	1.0%
AT&T	5	87	144,451	0.7%	4,067	0.9%
General Services Administration U.S. Govt.	12	58	169,128	0.8%	3,925	0.8%
Omnicare Clinical Research	1	7	150,000	0.7%	3,899	0.8%
Marsh USA, Inc.	2	43	128,589	0.6%	3,839	0.8%
Hewlett Packard	2	78	141,339	0.7%	3,803	0.8%
Deltek Systems, Inc.	3	27	116,172	0.5%	3,696	0.8%
Woodcock Washburn, LLC	1	144	109,323	0.5%	3,608	0.8%
National Rural Utilities Cooperative	1	22	107,228	0.6%	3,438	0.8%
Consolidated Total/Weighted Average	76	60	4,867,190	23.0%	$ 125,054	27.0%

(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, 2009 multiplied by 12. Tenant reimbursements generally include payment of a portion of real estate taxes, operating expenses and common area maintenance and utility charges.

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Real Estate Ventures

As of December 31, 2009, we had investments in three real estate ventures that are considered to be variable interest entities under the accounting standard for consolidation and of which we are the primary beneficiary. We consolidate these three real estate ventures into our financial statements.

As of December 31, 2009, we also had an aggregate investment of approximately $75.5 million in our 11 actively operating unconsolidated Real Estate Ventures (net of returns of investment). We entered into these ventures with unaffiliated third parties to develop office properties or to acquire land in anticipation of possible development of office properties. Ten of the Real Estate Ventures own 45 office buildings that contain an aggregate of approximately 4.2 million net rentable square feet and one Real Estate Venture developed a hotel property that contains 137 rooms in Conshohocken, PA.

We account for our investments in these Real Estate Ventures using the equity method. Our ownership interests range from 3% to 50%, subject to specified priority allocations in certain of the Real Estate Ventures. Our investments, initially recorded at cost, are subsequently adjusted for our share of the Real Estate Ventures income or loss and contributions to capital and distributions, unless we have no intent or obligation to fund losses in which case our investment would not go below zero.

As of December 31, 2009, we had guaranteed repayment of approximately $2.1 million of loans for the Real Estate Ventures. We also provide customary environmental indemnities and completion guarantees in connection with construction and permanent financing both for our own account and on behalf of the Real Estate Ventures.

Item 3. Legal Proceedings

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

Item 4. Submission of Matters to a Vote of Security Holders

We did not submit any matters to a vote of our shareholders during the fourth quarter of the year ended December 31, 2009.

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PART II

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

Our common shares are traded on the New York Stock Exchange (NYSE) under the symbol BDN. There is no established trading market for the Class A units of the Operating Partnership. On February 23, 2010, there were 713 holders of record of our common shares and 43 holders of record of the Class A units (in addition to Brandywine Realty Trust). On February 23, 2010, the last reported sales price of the common shares on the NYSE was $11.09. 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 2008	$ 19.39	$ 15.70	$ 0.44
Second Quarter 2008	$ 19.86	$ 15.76	$ 0.44
Third Quarter 2008	$ 18.30	$ 13.48	$ 0.44
Fourth Quarter 2008	$ 15.22	$ 3.73	$ 0.44
First Quarter 2009	$ 7.36	$ 2.52	$ 0.30
Second Quarter 2009	$ 7.45	$ 2.91	$ 0.10
Third Quarter 2009	$ 11.46	$ 6.61	$ 0.10
Fourth Quarter 2009	$ 11.85	$ 9.48	$ 0.10

For each quarter in 2009 and 2008, the Operating Partnership paid a cash distribution per Class A unit in an amount equal to the dividend paid on a common share for each such quarter.

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

On December 8, 2009, our Board of Trustees declared a quarterly dividend distribution of $0.15 per common share that was paid on January 20, 2010. Our Board of Trustees has adopted a dividend policy designed to match our distributions to our projected, normalized taxable income for 2010.

We will continue to evaluate the potential of paying such dividends in stock versus cash. Our Board of Trustees has made no determination on our future dividend composition.

On June 24, 2009, we filed with the NYSE our annual CEO Certification and Annual Written Affirmation pursuant to Section 303A.12 of the NYSE Listed Company Manual, each certifying that we were in compliance with all of the listing standards of the NYSE.

The following table provides information as of December 31, 2009 with respect to compensation plans under which our equity securities are authorized for issuance:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	*2,404,566*	*$ 15.48*	*1,828,124*
Equity compensation plans not approved by security holders			
Total	*2,404,566*	*$ 15.48*	*1,828,124*

(1) Relates to our Amended and Restated 1997 Long-Term Incentive Plan. In May 2007, our shareholders approved an amendment to our Amended and Restated 1997 Long-Term Incentive Plan (the 1997 Plan). The amendment provided for the merger of the Prentiss Properties Trust 2005 Share Incentive Plan (the Prentiss 2005 Plan) with and into the 1997 Plan,

thereby transferring into the 1997 Plan all of the shares that remained available for award under the Prentiss 2005 Plan. We had previously assumed the Prentiss 2005 Plan, together with other Prentiss incentive plans, as part of our January 2006 acquisition of Prentiss Properties Trust (Prentiss). The 1997 Plan reserves 500,000 common shares solely for awards under options and share appreciation rights that have an exercise or strike price at least equal to the market price of the common shares on the date of award and the remaining shares under the 1997 Plan are available for any type of award, including restricted share and performance share awards and options. Incentive stock options may not be granted with an exercise price below the market price of the common shares on the grant date. To date we have awarded incentive stock options and non-qualified stock options that generally have a ten year term and vest over a one to three year period.

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The following table presents information related to our share repurchases during the year ended December. 31, 2009:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Purchased as Part of Publicly Announced Plans or Programs	Shares that May Yet Be Purchased Under the Plans or Programs (a) (in thousands)
January 2009	25,755(b)	$ 6.96		539,200
February 2009				539,200
March 2009	5,008(b)	2.52		539,200
April 2009				539,200
May 2009				539,200
June 2009				539,200
July 2009				539,200
August 2009				539,200
September 2009				539,200
October 2009				539,200
November 2009				539,200
December 2009				539,200
Total	30,763			

(a) On May 2, 2006, our Board of Trustees authorized an increase in the number of common shares that we may repurchase, whether in open-market or privately negotiated transactions. The Board authorized us to purchase up to an aggregate of 3,500,000 common shares (inclusive of remaining share repurchase availability under the Board s prior authorization from September 2001). There is no expiration date on the share repurchase program and the Board can cancel this program at any time.

(b) Represents Common Shares cancelled by the Company upon vesting of restricted Common Shares previously awarded to Company employees in satisfaction of tax withholding obligations. Such shares do not impact the total number of shares that may yet be purchased under the share repurchase program.

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SHARE PERFORMANCE GRAPH

The Securities and Exchange Commission requires us to present a chart comparing the cumulative total shareholder return on the common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the cumulative total shareholder return for the common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index (ii) the Russell 2000 and (iii) the NAREIT ALL-REIT Total Return Index as provided by NAREIT for the period beginning December 31, 2004 and ending December 31, 2009.

			Period Ending			
Index	**12/31/04**	**12/31/05**	**12/31/06**	**12/31/07**	**12/31/08**	**12/31/09**
Brandywine Realty Trust	100.00	101.06	125.40	71.76	34.33	55.96
S&P 500	100.00	104.91	121.48	128.16	80.74	102.11
Russell 2000	100.00	104.55	123.76	121.82	80.66	102.58
NAREIT All Equity REIT Index	100.00	112.16	151.49	127.72	79.53	101.79

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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, 2005, which have been reclassified as discontinued operations for all periods presented in accordance with the accounting standard governing discontinued operations. The selected financial data have also been revised to reflect the impact of the retrospective adoption of the accounting standard for convertible debt, non-controlling interest and the accounting standard for earnings per share disclosures related to non-forfeitable dividend rights for unvested shares. Please refer to Note 2 of the Consolidated Financial Statements of each registrant for additional information.

Brandywine Realty Trust

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

Year Ended December 31,	**2009**	**2008 (a)**	**2007 (a)**	**2006 (a)**	**2005 (a)**
Operating Results					
Total revenue	$ 582,219	$ 589,421	$ 604,811	$ 551,367	$ 340,190
Income (loss) from continuing operations	5,648	1,422	9,333	(37,420)	23,849
Net income	8,089	38,525	55,335	10,949	43,550
Income allocated to Common Shares	(245)	28,462	44,124	332	33,626
Income (loss) from continuing operations per Common Share					
Basic	$ (0.02)	$ (0.08)	$	$ (0.51)	$ 0.26
Diluted	$ (0.02)	$ (0.08)	$	$ (0.51)	$ 0.26
Earnings per Common Share					
Basic	$	$ 0.33	$ 0.50	$	$ 0.60
Diluted	$	$ 0.33	$ 0.50	$	$ 0.60
Cash distributions paid per Common Share	$ 0.60	$ 1.76	$ 1.76	$ 1.76	$ 1.78(b)
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$ 4,164,992	$ 4,191,367	$ 4,657,333	$ 4,739,726	$ 2,541,486
Total assets	4,663,750	4,742,619	5,213,968	5,508,479	2,805,745
Total indebtedness	2,454,577	2,741,495	3,081,949	3,133,934	1,521,384
Total liabilities	2,742,010	3,020,121	3,363,759	3,462,272	1,662,844
Noncontrolling interest	38,308	52,961	84,076	123,630	37,749
Brandywine Realty Trust s equity	1,883,432	1,669,537	1,766,133	1,922,577	1,105,152
Other Data					
Cash flows from:					
Operating activities	$ 220,405	$ 233,867	$ 224,805	$ 238,299	$ 125,147
Investing activities	(102,549)	164,046	39,162	(912,813)	(252,417)
Financing activities	(120,213)	(399,589)	(283,746)	692,719	119,098
Property Data					
	245	248	257	313	251

Number of properties owned at year end					
Net rentable square feet owned at year end	25,563	26,257	28,888	31,764	19,600

(a) Net income has been increased/(reduced) by $(5.0) million, $(1.4) million, $1.1 million and $1.2 million for the years ended December 31, 2008, 2007, 2006 and 2005, respectively, related to the retrospective adoption of the standards for convertibe debt and non-controlling interest discussed in Note 2 of the Consolidated Financial Statements. Total assets as of December 31, 2008, 2007, 2006 have also been increased/(reduced) by $0.3 million, $(0.1) million, and $(0.5) million, respectively. as a result of the retrospective adoption of the accounting standard for convertible debt. Total liabilities as of December 31, 2008, 2007 and 2006 have also been increased/(reduced) by $(12.2) million, $(19.0) million and $(23.4) million, respectively as a result of the retrospective adoption of the accounting standard for convertible debt. Accordingly, total equity as of December 31, 2008, 2007, 2006 and 2005 have been increased/(reduced) by $65.7 million, $102.9 million, $146.9 million and $37.7 million, respectively as result of these retrospective adjustments for convertible debt and noncontrolling interests. The debt impacted by the adoption of the accounting standard for convertible debt was issued in October 2006. We reclassified tenant reimbursements that are payable to tenants of $4.7 million to accounts payable and accrued expenses from accounts receivable, net at December 31, 2008.

(b) Includes $0.02 special distribution declared in December 2006 for shareholders of record for the period January 1, 2006 through January 4, 2006 (pre-Prentiss merger period).

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

Year Ended December 31,	2009	2008 (a)	2007 (a)	2006 (a)	2005 (a)
Operating Results					
Total revenue	$ 582,219	$ 589,421	$ 604,811	$ 551,367	$ 340,190
Income (loss) from continuing operations	5,648	1,422	9,333	(37,420)	23,849
Net income	8,089	38,525	55,335	10,949	43,550
Income from continuing operations per Common Partnership Unit					
Basic	$ (0.02)	$ (0.08)	$ 0.01	$ (0.49)	$ 0.26
Diluted	$ (0.02)	$ (0.08)	$ 0.01	$ (0.49)	$ 0.26
Earnings per Common Partnership Units					
Basic	$	$ 0.33	$ 0.49	$ 0.03	$ 0.60
Diluted	$	$ 0.33	$ 0.49	$ 0.03	$ 0.60
Cash distributions paid per Common Partnership Unit	$ 0.60	$ 1.76	$ 1.76	$ 1.76	$ 1.78(b)
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$ 4,164,992	$ 4,191,367	$ 4,657,333	$ 4,739,726	$ 2,541,486
Total assets	4,663,750	4,742,619	5,213,968	5,508,479	2,805,745
Total indebtedness	2,454,577	2,741,495	3,081,949	3,133,935	1,521,384
Total liabilities	2,742,010	3,020,121	3,363,759	3,462,272	1,662,844
Redeemable limited partnership units	44,620	54,166	90,151	96,544	85,694
Non-controlling interest	65		28	34,414	
Brandywine Operating Partnership s equity	1,877,055	1,668,332	1,760,030	1,915,249	1,057,207
Other Data					
Cash flows from:					
Operating activities	$ 220,405	$ 233,867	$ 224,805	$ 238,299	$ 125,147
Investing activities	(102,549)	164,046	39,162	(912,813)	(252,417)
Financing activities	(120,213)	(399,589)	(283,746)	692,719	119,098
Property Data					
Number of properties owned at year end	245	248	257	313	251
Net rentable square feet owned at year end	25,563	26,257	28,888	31,764	19,600

(a) Net income has been

increased/(reduced) by $(6.3) million, $(3.5) million, and $1.0 million for the years ended December 31, 2008, 2007, and 2006 respectively, related to the retrospective adoption of the accounting standards for convertibe debt and non-controlling interest discussed in Note 2 of the Consolidated Financial Statements. Total assets as of December 31, 2008, 2007, 2006 have also been increased/(reduced) by $0.3 million, $(0.1) million, and $(0.5) million, respectively. as a result of the retrospective adoption of the accounting standard for convertible debt. Total liabilities as of December 31, 2008, 2007 and 2006 have also been increased/(reduced) by $(12.2) million, $(19.0) million and $(23.4) million, respectively as a result of the retrospective adoption of the accounting standard for convertible debt. Redeemable limited partnership units as of December 31, 2008, 2007, 2006 and 2005 have also been increased/(reduced) by $32.5 million, $21.3 million, $(35.2) million and $31.4 million, respectively, as a result of the restrospective adoption of the accounting standard for the classification and measurement of redeemable securities which also became effective upon the adoption of the accounting standard for noncontrolling interest. Accordingly, total equity as of December 31, 2008, 2007, 2006 and 2005 have been increased/(reduced) by $(20.0) million, $(2.3) million, $92.1 million and $(31.4) million, respectively as a result of these retrospective adjustments. The debt impacted by the adoption of the accounting standard for convertible debt was obtained in October 2006. We reclassified tenant reimbursements that are payable to tenants of $4.7 million to accounts payable and accrued expenses from accounts receivable, net at December 31, 2008.

(b) Includes $0.02 special distribution declared in December 2006 for shareholders of record for the period January 1, 2006 through January 4, 2006 (pre-Prentiss merger period).

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements appearing elsewhere herein and is based primarily on our consolidated financial statements for the years ended December 31, 2009, 2008 and 2007.

OVERVIEW

As of December 31, 2009, we managed our portfolio within six geographic segments: (1) Pennsylvania, (2) Metropolitan Washington D.C, (3) New Jersey/Delaware, (4) Richmond, Virginia, (5) Austin, Texas and (6) California. The Pennsylvania segment includes properties in Chester, Delaware, Bucks, and Montgomery counties in the Philadelphia suburbs and the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and suburban Maryland. The New Jersey/Delaware segment includes properties in Burlington, Camden and Mercer counties and counties in the southern and central part of New Jersey and in New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and Durham, North Carolina. The California segment includes properties in Oakland, Concord, Carlsbad and Rancho Bernardo. The Austin, Texas segment includes properties in Austin and Coppell.

We generate cash and revenue from leases of space at our properties and, to a lesser extent, from the management of properties owned by third parties and from investments in the Real Estate Ventures. Factors that we evaluate when leasing space include rental rates, costs of tenant improvements, tenant creditworthiness, current and expected operating costs, the length of the lease, vacancy levels and demand for office and industrial space. We also generate cash through sales of assets, including assets that we do not view as core to our portfolio, either because of location or expected growth potential, and assets that are commanding premium prices from third party investors.

Factors that May Influence Future Results of Operations

Global Market and Economic Conditions

In the U.S., recent market and economic conditions have been unprecedented and challenging with tighter credit conditions and slower growth. As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers. Continued turbulence in the U.S. and international markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. If these market conditions continue, they may limit our ability and the ability of our tenants, to timely refinance maturing liabilities and access the capital markets to meet liquidity needs.

Real Estate Asset Valuation

General economic conditions and the resulting impact on market conditions or a downturn in tenants businesses may adversely affect the value of our assets. Periods of economic slowdown or recession in the U.S., declining demand for leased office, mixed use, or industrial properties and/or a decrease in market rental rates and/or market values of real estate assets in our submarkets could have a negative impact on the value of our assets, including the value of our properties and related tenant improvements. If we were required under GAAP to write down the carrying value of any of our properties to the lower of cost or fair value due to impairment, or if as a result of an early lease termination we were required to remove or dispose of material amounts of tenant improvements that are not reusable to another tenant, our financial condition and results of operations would be negatively affected.

Leasing Activity and Rental Rates

The amount of net rental income generated by our properties depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space, newly developed or redeveloped properties and space available from unscheduled lease terminations. The amount of rental income we generate also depends on our ability to maintain or increase rental rates in our submarkets. Negative trends in one or more of these factors could adversely affect our rental income in future periods.

Development and Redevelopment Programs

Historically, a significant portion of our growth has come from our development and redevelopment efforts. We have a proactive planning process by which we continually evaluate the size, timing, costs and scope of our development and redevelopment programs and, as necessary, scale activity to reflect the economic conditions and the real estate fundamentals that exist in our strategic submarkets. Given the economic conditions, we do not intend to commence new development or redevelopment projects in the near future. We believe that our current capital plan allows for us to continue the development and redevelopment projects that are currently underway.

We believe that a portion of our future potential growth will continue to come from our newly developed or redeveloped properties once current economic conditions normalize. However, we anticipate that the general economic conditions and the resulting impact on conditions in our core markets will delay timing and reduce the scope of our development program in the near future, which will further impact the average development and redevelopment asset balances qualifying for interest and other carry cost capitalization. We cease capitalizing such costs once a project does not qualify for interest and other carry cost capitalization under GAAP.

In addition, we may be unable to lease committed development or redevelopment properties at expected rental rates or within projected timeframes or complete development or redevelopment properties on schedule or within budgeted amounts, which could adversely affect our financial condition, results of operations and cash flow.

Financial and Operating Performance

Our financial and operating performance is dependent upon the demand for office, industrial and other commercial space in our markets, our leasing results, our acquisition, disposition and development activity, our financing activity, our cash requirements and economic and market conditions, including prevailing interest rates.

In seeking to increase revenue through our operating, financing and investment activities, we also seek to minimize operating risks, including (i) tenant rollover risk, (ii) tenant credit risk and (iii) development risk.

Tenant Rollover Risk:

We are subject to the risk that tenant leases, upon expiration, are not renewed, that space may not be relet, or that the terms of renewal or reletting (including the cost of renovations) may be less favorable to us than the current lease terms. Leases accounting for approximately 12.1% of our aggregate final annualized base rents as of December 31, 2009 (representing approximately 11.7% of the net rentable square feet of the Properties) expire without penalty in 2010. We maintain an active dialogue with our tenants in an effort to maximize lease renewals. Our retention rate for leases that were scheduled to expire in 2009 was 66.9%. If we are unable to renew leases or relet space under expiring leases, at anticipated rental rates, or if tenants terminate their leases early, our cash flow would be adversely impacted.

Tenant Credit Risk:

In the event of a tenant default, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment. Our management regularly evaluates our accounts receivable reserve policy in light of our tenant base and general and local economic conditions. Our accounts receivable allowance was $16.4 million or 14.29% of total receivables (including accrued rent receivable) as of December 31, 2009 compared to $15.5 million or 13.09% of total receivables (including accrued rent receivable) as of December 31, 2008.

If economic conditions persist or deteriorate further, we may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents. This condition would negatively affect our future net income and cash flows and could have a material adverse effect on our financial condition.

Development Risk:

At December 31, 2009, we were proceeding on two developments and three redevelopments sites aggregating 1.9 million square feet with total projected costs of $396.0 million of which $142.6 million remained to be funded. These amounts include $355.5 million of total project costs for the combined 30th Street Post Office (100% pre-leased to the Internal Revenue Service) and Cira South Garage (92.6% pre-leased to the Internal Revenue Service) in Philadelphia, Pennsylvania of which $128.5 million remained to be funded at December 31, 2009. We are also finishing the lease-up of eight recently completed developments for which we expect to spend an additional $8.8 million in 2010. We are actively marketing space at these projects to prospective tenants but can provide no assurance as to the timing or terms of any leases of space at these projects.

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As of December 31, 2009, we owned approximately 479 acres of undeveloped land. When the market recovers, we will look to opportunistically dispose of those parcels that we do not anticipate developing. For the parcels of land that we ultimately develop, we would be subject to risks associated with development of this land including construction cost increases or overruns and construction delays, insufficient occupancy rates, building moratoriums and inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management s Discussion and Analysis of Financial Condition and Results of Operations discuss our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting periods. Certain accounting policies are considered to be critical accounting policies, as they require management to make assumptions about matters that are highly uncertain at the time the estimate is made and changes in the accounting estimate are reasonably likely to occur from period to period. Management believes the following critical accounting policies reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For a summary of all of our significant accounting policies, see Note 2 to our consolidated financial statements included elsewhere in this report.

Revenue Recognition

We recognize rental revenue on the straight-line basis from the later of the date of the commencement of the lease or the date of acquisition of the property subject to existing leases, which averages minimum rents over the terms of the leases. Lease incentives, which are included as reductions of rental revenue are recognized on a straight-line basis over the term of the lease. Certain lease agreements contain provisions that require tenants to reimburse a pro rata share of real estate taxes and common area maintenance costs. For certain leases in the portfolio, there are significant assumptions and judgments made by management in determining the lease term such as when termination options are provided to the tenant. The lease term impacts the period over which minimum rents are determined and recorded and also considers the period over which lease related costs are amortized. In addition, our rental revenue is impacted by our determination of whether the improvements made by us or the tenant are landlord assets. The determination of whether an asset is a landlord asset requires judgment and principally considers whether improvements would be utilizable by another tenant upon move out by the existing tenant. To the extent they are determined not to be landlord assets, and we fund them, they are considered as lease incentives. To the extent the tenant funds the improvements that we consider to be landlord assets, we treat them as deferred revenue which is amortized to revenue over the lease term.

Real Estate Investments

Real estate investments are carried at cost. We record acquisition of real estate investments under the purchase method of accounting and allocate the purchase price to land, buildings and intangible assets on a relative fair value basis. Depreciation is computed using the straight-line method over the useful lives of buildings and capital improvements (5 to 55 years) and over the shorter of the lease term or the life of the asset for tenant improvements. Direct construction costs related to the development of Properties and land holdings are capitalized as incurred. Capitalized costs include pre-construction costs essential to the development of the property, development and constructions costs, interest, property taxes, insurance, salaries and other project costs during the period of development. Estimates and judgments are required in determining when capitalization of certain costs such as interest should commence and cease. We expense routine repair and maintenance expenditures and capitalize those items that extend the useful lives of the underlying assets.

Real Estate Ventures

When we obtain an economic interest in an entity, we evaluate the entity to determine if the entity is deemed a variable interest entity (VIE), and if we are deemed to be the primary beneficiary, in accordance with the accounting standard for the consolidation of variable interest entities. This accounting standard requires significant use of judgments and estimates in determining its application. If the entity is not deemed to be a VIE, and we serve as the general partner within the entity, we evaluate to determine if our presumed control as the general partner is overcome by the kick out rights and other substantive participating rights of the limited partners in accordance with same accounting standard.

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We consolidate (i) entities that are VIEs and of which we are deemed to be the primary beneficiary and (ii) entities that are non-VIEs which we control. Entities that we account for under the equity method (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions) include (i) entities that are VIEs and of which we are not deemed the primary beneficiary and (ii) entities that are non-VIEs which we do not control, but over which we have the ability to exercise significant influence. We will reconsider our determination of whether an entity is a VIE and who the primary beneficiary is if events occur that are likely to cause a change in the original determinations.

On a periodic basis, management assesses whether there are any indicators that the value of our investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management s estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment. Our estimates of value for each investment (particularly in commercial real estate joint ventures) are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and operating costs. As these factors are difficult to predict and are subject to future events that may alter management s assumptions; accordingly, the values estimated by management in its impairment analyses may not be realized.

Impairment of Long-Lived Assets

We review long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review of recoverability is based on an estimate of the future undiscounted cash flows (excluding interest charges) expected to result from the long-lived asset s use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a long-lived asset, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair-value of the property. We are required to make subjective assessments as to whether there are impairments in the values of the investments in long-lived assets. These assessments have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. There were also operating properties evaluated as they have been identified for potential sale. No impairment was determined; however, if actual cashflows or the estimated holding periods change, an impairment could be recorded in the future and it could be material. Although our strategy is generally to hold our properties over the long-term, we will dispose of properties to meet our liquidity needs or for other strategic needs. If our strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized to reduce the property to the lower of the carrying amount or fair value less costs to sell, and such loss could be material. If we determine that impairment has occurred, the affected assets must be reduced to their fair-value.

Where properties have been identified as having a potential for sale, additional judgments are required related to the determination as to the appropriate period over which the undiscounted cash flows should include the operating cash flows and the amount included as the estimated residual value. Management determines the amounts to be included based on a probability weighted cash flow. This requires significant judgment. In some cases, the results of whether an impairment is indicated are sensitive to changes in assumptions input into the estimates, including the hold period until expected sale. At December 31, 2009, we performed an impairment assessment of our land holdings as management determined that a sale scenario was the most likely source of future cash flows for certain of the land parcels aggregating to total cost of $15.7 million which is included in land inventory. This impairment assessment required management to estimate the expected proceeds from sale at some point in the future, to determine whether an impairment was indicated. This estimate requires significant judgment. If our expectations as to the expected sales proceeds, or timing of the anticipated sale change based on market conditions or otherwise, our evaluation of impairment could be different and such differences could be material.

During the first quarter of 2009, we determined that one of our properties, during our testing for impairment under the held and used model, had a historical cost greater than the probability weighted undiscounted cash flows.

Accordingly, an impairment on the property of $3.7 million was recorded to reduce its carrying value to an amount based on management s estimate of the current fair value. This property was sold in the second quarter. We also recorded an impairment on properties designated as held for sale at June 30, 2008 of $6.85 million; these properties were sold during the last quarter of 2008. During our impairment review for the remaining part of 2009, it was determined that no additional impairment charges were necessary.

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Income Taxes

We have elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code). In addition, we have several subsidiary REITs. In order to maintain our qualification as a REIT, we and each of our REIT subsidiaries are required to, among other things, distribute at least 90% of our REIT taxable income to our stockholders and meet certain tests regarding the nature of its income and assets. As REITs, we and our REIT subsidiaries are not subject to federal income tax with respect to the portion of our income that meets certain criteria and is distributed annually to the stockholders. Accordingly, no provision for federal income taxes is included in the accompanying consolidated financial statements with respect to the operations of these REITs. We and our REIT subsidiaries intend to continue to operate in a manner that allows us to continue to meet the requirements for taxation as REITs. Many of these requirements, however, are highly technical and complex. If we or one of our REIT subsidiaries were to fail to meet these requirements, we would be subject to federal income tax.

We may elect to treat one or more of our subsidiaries as a taxable REIT subsidiary (TRS). In general, a TRS may perform additional services for our tenants and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, of rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. We have elected to treat certain of our corporate subsidiaries as TRSs; these entities provide third party property management services and certain services to tenants that could not otherwise be provided.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts that represents an estimate of losses that may be incurred from the inability of tenants to make required payments. The allowance is an estimate based on two calculations that are combined to determine the total amount reserved. First, we evaluate specific accounts where we have determined that a tenant may have an inability to meet its financial obligations. In these situations, we use our judgment, based on the facts and circumstances, and record a specific reserve for that tenant against amounts due to reduce the receivable to the amount that we expect to collect. These reserves are re-evaluated and adjusted as additional information becomes available. Second, a reserve is established for all tenants based on a range of percentages applied to receivable aging categories. If the financial condition of our tenants were to deteriorate, additional allowances may be required.

Deferred Costs

We incur direct costs related to the financing, development and leasing of our properties. Management exercises judgment in determining whether such costs, particularly internal costs, meet the criteria for capitalization or must be expensed. Capitalized financing fees are amortized over the related loan term and capitalized leasing costs are amortized over the related lease term. Management re-evaluates the remaining useful lives of leasing costs as the creditworthiness of our tenants and economic and market conditions change.

Purchase Price Allocation

We allocate the purchase price of properties to net tangible and identified intangible assets acquired based on fair values. Above-market and below-market in-place lease values for acquired properties are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) our estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancellable term of the lease. Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancellable terms of the respective leases. Capitalized below-market lease values are amortized as an increase of rental income over the remaining non-cancellable terms of the respective leases, including any fixed-rate renewal periods.

Other intangible assets also include amounts representing the value of tenant relationships and in-place leases based on our evaluation of the specific characteristics of each tenant s lease and our overall relationship with the respective tenant. We estimate the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, include leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases. We estimate fair value through methods similar to those used by independent appraisers or by using independent appraisals. Factors that we consider in our analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from three to twelve months. Characteristics that we consider in allocating value to our tenant relationships include the nature and extent of our business relationship with the tenant, growth prospects for developing new business with the tenant, the tenant s credit quality and expectations of lease renewals. The value of tenant relationship intangibles is amortized over the remaining initial lease term and expected renewals, but in no event longer than the remaining depreciable life of the building. The value of in-place leases is amortized over the remaining non-cancellable term of the respective leases and any fixed-rate renewal periods.

In the event that a tenant terminates its lease, the unamortized portion of each intangible, including market rate adjustments, in-place lease values and tenant relationship values, would be charged to expense.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2009 to the Year Ended December 31, 2008

The table below shows selected operating information for the Same Store Property Portfolio and the Total Portfolio. The Same Store Property Portfolio consists of 232 properties containing an aggregate of approximately 22.6 million net rentable square feet that we owned for the entire twelve-month periods ended December 31, 2009 and 2008. This table also includes a reconciliation from the Same Store Property Portfolio to the Total Portfolio net income (i.e., all properties owned by us during the twelve-month periods ended December 31, 2009 and 2008) by providing information for the properties which were acquired, under development (including lease-up assets) or placed into service and administrative/elimination information for the twelve-month periods ended December 31, 2009 and 2008 (in thousands).

The Total Portfolio net income presented in the table is equal to the net income of Brandywine Realty Trust. The only difference between the reported net income of Brandywine Realty Trust and Brandywine Operating Partnership is the allocation of the non-controlling interest attributable to continuing and discontinued operations for limited partnership units that is on the statement of operations for Brandywine Realty Trust.

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Comparison of twelve-months ended December 31, 2009 to the twelve-months ended December 31, 2008

	Same Store Property Portfolio			Acquired/Completed Properties		Development/Redevelopment Properties (a)		Other/ (Eliminations) (b)		Total Portfolio	
thousands)	2009	2008	Increase/ (Decrease)	2009	2008	2009	2008	2009	2008	2009	2008
	$ 445,370	$ 450,291	$ (4,921)	$ 6,739	$ 902	$ 13,187	$ 12,156	$ (2,413)	$ (2,940)	$ 462,883	$ 460,409
ne rents	5,471	14,102	$ (8,631)	2,567	322	664	1,123			8,702	15,547
ow market ization	6,514	5,914	$ 600			129	1,342			6,643	7,256
	457,355	470,307	(12,952)	9,306	1,224	13,980	14,621	(2,413)	(2,940)	478,228	483,212
nents	75,390	73,831	1,559	1,351	376	2,754	3,198	301	685	79,796	78,090
on fees	2,385	4,800	(2,415)			1,216				3,601	4,800
/ nt fees, oursement g								17,151	20,401	17,151	20,401
	2,019	1,831	188	1		314	(6)	1,109	1,093	3,443	2,918
nue	537,149	550,769	(13,620)	10,658	1,600	18,264	17,813	16,148	19,239	582,219	589,421
perating	163,138	159,236	3,902	3,626	(737)	7,740	8,100	(6,345)	(5,829)	168,159	160,770
taxes	53,621	54,601	(980)	2,056	1,712	1,761	1,753	792	583	58,230	58,649
/ nt expenses								7,996	8,965	7,996	8,965
	320,390	336,932	(16,542)	4,976	625	8,763	7,960	13,705	15,520	347,834	361,037
tive								20,821	23,002	20,821	23,002
on and on	189,020	190,584	(1,564)	5,145	872	11,198	6,680	3,227	3,853	208,590	202,043
Income	$ 131,370	$ 146,348	$ (14,978)	$ (169)	$ (247)	$ (2,435)	$ 1,280	$ (10,343)	$ (11,335)	$ 118,423	$ 135,992
properties	232	232		4	4	9	9			245	245
t	22,583	22,583		669	669	2,311	2,311			25,563	25,563
me											

come	2,500	1,839
pense	(135,740)	(146,646)
pense nancing	(5,864)	(5,450)
d hedge	(916)	
ncome of ventures	4,069	8,447
gain on of ted assets		(24)
for t on land		(10,841)
rly ment of	23,176	18,105
ss) from operations	5,648	1,422
om ed	2,441	37,103
e	$ 8,089	$ 38,525
er common	$	$ 0.33

EXPLANATORY NOTES

(a) - Results include: two developments and three redevelopment properties.

(b) - Represents certain revenues and expenses at the corporate level as well as various intercompany costs that are eliminated in consolidation and

third-party
management fees.

Total Revenue

Cash rents from the Total Portfolio increased by $2.5 million from 2008 to 2009, primarily reflecting:

1) An additional $5.8 million from four development/redevelopment properties that we completed and placed in service subsequent to 2008.
2) An additional $1.0 million of rental income due to increased occupancy at nine development/redevelopment properties in 2009 in comparison to 2008.
3) The increase was offset by the decrease of $4.9 million of rental income at our Same Store properties from 2008 to 2009 due to a decrease in occupancy of 380 basis points.

Straight-line rents at the Total Portfolio decreased by $6.8 million primarily due to free rent converting to cash rent during 2009.

Tenant reimbursements increased by $1.7 million from 2008 to 2009 primarily due to the increase in property operating expenses at our Same Store Portfolio. Tenant reimbursements increased by $1.6 million at our same store portfolio and the property operating expenses including real estate taxes at those properties increased by $2.9 million.

The decrease in termination fees of $1.2 million from 2008 to 2009 is mainly due to the recognition of a $3.1 million termination fee from one tenant during 2008 in comparison to a $1.2 million termination fee received from one tenant at one of redevelopment properties and a $0.6 million termination fee received from one tenant at one of our same store properties in 2009.

Third party management fees, labor reimbursement and leasing decreased by $3.3 million from 2008 to 2009 as a result of the termination of the management fee contract on March 31, 2008 that we entered into when we sold the 10 office properties located in Reading and Harrisburg, PA. As the contract was terminated early, approximately $0.8 million of unamortized deferred management fees were taken into income during 2008. The decrease also resulted from the termination of other third party management contracts totaling 4.3 million square feet subsequent to 2008.

Property Operating Expenses

Property operating expenses, including real estate taxes, at the Total Portfolio increased by $7.0 million due to increased repairs and maintenance expenses along with increased snow removal expenses during 2009 compared to 2008. We also incurred an additional $4.7 million of expenses from four properties that we completed and placed in service subsequent to 2008. These increases were offset by a decrease in the bad debt expense of $1.4 million from 2008 to 2009.

General & Administrative Expenses

General & administrative expenses decreased by $2.2 million from 2008 to 2009 mainly due to the severance costs of $2.4 million in 2008 that we did not have in 2009.

Depreciation and Amortization Expense

Depreciation and amortization increased by $6.5 million from 2008 to 2009, primarily due to $4.3 million of depreciation and amortization expense recorded on the four properties completed and placed in service subsequent to 2008. An additional $4.3 million of depreciation and amortization expense was recorded on portions of the nine development properties that were placed in service subsequent to 2008. The increase was offset by the decrease of $1.6 million at the Same Store Portfolio for asset write-offs related to early move-outs and fully amortized assets when comparing 2009 to 2008.

Interest Income/ Expense

Interest income increased by approximately $0.7 million mainly due to the accretion of the $40.0 million interest free note receivable from the sale of the five Northern California properties in the fourth quarter of 2008. The note receivable was recorded at its present value on the date of sale of $37.1 million. During 2009, we recognized $1.6 million of interest income related to this note receivable and $0.2 million of interest income related to the $22.5 million note receivable from the sale of the two Trenton properties during the fourth quarter of 2009. During 2008, we recognized $0.4 million of interest income related to the note receivable from the sale of the five Northern California properties and $0.5 million of interest income received from a certificate of deposit investment.

The decrease in interest expense of $10.9 million is mainly due to the following:

- decrease of $4.9 million resulting from the payoff at maturity of our $113.0 million private placement notes in December 2008.
- decrease of $3.4 million resulting from a lower average Credit Facility balance at the end of 2009 and a lower weighted average interest rate on such borrowings in 2009 compared to December 31, 2008.
- decrease of $6.9 million resulting from lower weighted average interest rates on our $183.0 million Bank Term Loan and our three Preferred Trust borrowings. Such borrowings have variable interest rates and a portion of such borrowings are swapped to fixed rate debt through our hedging program. This decrease is offset by an increase of $5.7 million paid under these hedges since the variable interest rates on such debt is lower than the swapped fixed rate on the hedges assigned to these borrowings.
- decrease of $17.5 million resulting from our buybacks of unsecured notes in 2009. The details of the repurchases completed during the twelve months ended December 31, 2009 and 2008 are noted in the *Gain on early extinguishment of debt* section below. This decrease is offset by an increase of $5.1 million of interest on issuance of new notes.

The above explained net decrease of $21.9 million is offset by a decrease in capitalized interest of $7.9 million as a result of the decrease in the average balance, on open development and redevelopment projects, $0.3 million of interest expense related to our tax credit transactions, and an increase of $2.6 million from a higher outstanding mortgage notes payable balance as of December 31, 2009 compared to December 31, 2008.

Amortization of deferred financing costs increased by $0.4 million due to the acceleration of such expenses incurred in the debt repurchase activities of 2009.

Provision for impairment on land inventory

As part of our review of long-lived assets in accordance with the accounting standard for long-lived assets, during the quarter ending December 31, 2008, management determined that certain of the parcels in our land inventory considered at that time more likely to be sold had historical carrying values in excess of the current estimate of their fair value. Our impairment was recorded based on management s estimate of the current fair value of the land inventory at that time.

Provision for Impairment on Real Estate

During the quarter ended March 31, 2009 impairment review, we determined that one of the properties tested for impairment under the held and used model had a historical cost greater than the probability weighted undiscounted cash flows. Accordingly, the recorded amount was reduced to an amount based on management s estimate of the current fair value. During the nine months period ended September 30, 2008, we recorded a provision of $6.85 million for impairment relating to the sale of the five Northern California properties classifies as held for sale.

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Where properties have been identified as having a potential for sale, additional judgments are required related to the determination as to the appropriate period over which the undiscounted cash flows should include the operating cash flows and the amount included as the estimated residual value. Management determines the amounts to be included based on a probability weighted cash flow. This requires significant judgment. In some cases, the results of whether an impairment is indicated are sensitive to changes in assumptions input into the estimates, including the hold period until expected sale.

Recognized hedge activity

During 2009, we recorded a $1.1 million mark to market adjustment relating to two of our swaps that were applied to our offering of $250.0 million 7.50% senior unsecured notes due 2015 completed in September 2009. The swaps no longer qualified for hedge accounting upon completion of this offering as the hedging relationship was terminated. Accordingly, the changes in the fair value of the swaps were reflected in our statement of operations until they were cash settled in December 2009. We paid $5.1 million to terminate these swaps. During the year, we also recorded a net $0.1 million of income related to the write-off of AOCI and the ineffective portion of certain of our hedges.

Equity in income of real estate ventures

The decrease in equity in income of real estate venture from 2008 to 2009 was mainly due to a payout of $3.2 million that we received for our interest in a real estate venture that was sold during the fourth quarter of 2008. The remainder of the decrease is primarily attributable to lower net income at the real estate venture properties.

Gain on early extinguishment of debt

During 2009, we repurchased $154.1 million of our $345.0 million 3.875% Exchangeable Notes, $94.1 million of our $275.0 million 4.500% Guaranteed Notes due 2009, $77.0 million of our $300.0 million 5.625% Guaranteed Notes due 2010, $112.2 million of our $300.0 million 5.750% Guaranteed Notes due 2012 and $7.3 million of our $250.0 million 5.400% Guaranteed Notes due 2014 which resulted in a net gain on early extinguishment of debt of $23.2 million. The gain on early extinguishment of debt is inclusive of adjustments made to reflect our adoption of the new accounting standard for convertible debt instruments.

During 2008, we repurchased $63.0 million of our $345.0 million 3.875% Guaranteed Exchangeable Notes, $78.3 million of our $275.0 million 4.500% Guaranteed Notes due 2009 and $24.5 million of our $300.0 million 5.625% Guaranteed Notes due 2010 which resulted in an $18.1 million gain that we reported for the early extinguishment of debt. The gain on extinguishment of debt has been retrospectively adjusted to reflect our adoption of the new accounting standard for convertible debt instruments.

Discontinued Operations

During the twelve month period ended December 31, 2009, we sold two properties in Exton, PA, one property in Moorestown, NJ, one property in Bethesda, MD, two properties in Trenton, NJ and a condominium unit and an undivided interest in an office building in Lawrenceville, NJ. These properties had total revenue of $13.5 million, operating expenses of $6.4 million, depreciation and amortization expenses of $2.2 million and gain on sale of $1.2 million. We determined that the sale of the two properties in Trenton, NJ should be accounted for using the Installment Sale Method. As a result, we deferred the portion of the gain which exceeded the calculated gain following the installment sale method. These amounts will decrease in proportion with the paydown of the principal balance on our note receivable from the buyer of the properties. The buyer is not obligated to make any principal payments over the next seven years. If they do make principal payments in advance, a portion of these amounts that are deferred will be recognized as a gain on sale in the period that we receive the cash for the principal payments. We also recorded a $3.7 million loss provision during the first quarter of 2009 in connection with the property in Bethesda, MD sold during the second quarter of 2009 which reduced our income from discontinued operations.

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The December 31, 2008 amounts are reclassified to include the operations of the properties sold during the twelve months period ended December 31, 2009, as well as all properties that were sold through the year ended December 31, 2008. Therefore, the discontinued operations amount for the twelve months period ended December 31, 2008 includes total revenue of $60.8 million, operating expenses of $27.3 million, depreciation and amortization expense of $13.4 million, interest expense of $4.6 million and gains on sale of $28.5 million. We also recorded a $6.85 million loss provision in connection with the five Northern California properties classified as held for sale during the second quarter of 2008 which reduced our income from discontinued operations.

Net Income

Net income decreased by $30.4 million from the twelve-month period ended December 31, 2008 as a result of the factors described above. Net income is significantly impacted by depreciation of operating properties and amortization of acquired intangibles. These non-cash charges do not directly affect our ability to pay dividends. Such charges can be expected to continue until lease intangibles are fully amortized. These intangibles are amortizing over the related lease terms or estimated duration of the tenant relationship.

Earnings per Common Share

Loss per share (basic and diluted) were $0.00 for the twelve-month period ended December 31, 2009 as compared to earnings per share of $0.33 for the twelve-month period ended December 31, 2008 as a result of the factors described above and an increase in the average number of common shares outstanding. The increase in the average number of common shares outstanding is primarily the result of a $242.3 million public equity offering of 40,250,000 shares during the second quarter of 2009.

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RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2008 to the Year Ended December 31, 2007

The table below shows selected operating information for the Same Store Property Portfolio and the Total Portfolio. The Same Store Property Portfolio consists of 224 properties containing an aggregate of approximately 21.5 million net rentable square feet that we owned for the entire twelve-month periods ended December 31, 2008 and 2007. This table also includes a reconciliation from the Same Store Property Portfolio to the Total Portfolio net income (i.e., all properties owned by us during the twelve-month periods ended December 31, 2008 and 2007) by providing information for the properties which were acquired, under development (including lease-up assets) or placed into service and administrative/elimination information for the twelve-month periods ended December 31, 2008 and 2007 (in thousands).

We have a significant, continuing involvement in the G&I Interchange Office LLC joint venture through our 20% ownership interest and the management and leasing services we provide for the venture. Accordingly, under the accounting standard for reporting discontinued operations, we have determined that the operations of the properties owned by the joint venture (the G&I properties) should not be included in discontinued operations. This determination is reflected in the income statement comparisons below as we recognized revenue and expenses during the twelve-months ended December 31, 2007 for our 100% ownership interest through the date of sale on December 21, 2007 and such information related to the G&I properties is included in the Other (Eliminations) column.

The Total Portfolio net income presented in the table is equal to the net income of Brandywine Realty Trust. The only difference between the reported net income of Brandywine Realty Trust and Brandywine Operating Partnership is the allocation of the minority interest attributable to continuing and discontinued operations for limited partnership units that is on the statement of operations for Brandywine Realty Trust.

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Comparison of twelve-months ended December 31, 2008 to the twelve-months ended December 31, 2007

	Same Store Properties			Acquired/Completed Properties		Development/Redevelopment Properties (a)		Other/ (Eliminations) (b)		Total Portfolio		
thousands)	2008	2007	Increase/ (Decrease)	2008	2007	2008	2007	2008	2007	2008	2007	(
	$ 423,112	$ 414,696	$ 8,416	$ 39,280	$ 25,416	$ 12,387	$ 8,738	$ (2,224)	$ 20,992	$ 472,555	$ 469,842	
ne rents	10,432	17,855	(7,423)	4,375	7,286	1,169	966		627	$ 15,976	$ 26,734	
ow market zation	6,065	8,761	(2,696)	(89)	(289)	1,342	978			$ 7,318	$ 9,450	
	439,609	441,312	(1,703)	43,566	32,413	14,898	10,682	(2,224)	21,619	495,849	506,026	
ments	75,828	71,156	4,672	4,332	3,187	3,283	2,907	686	3,916	84,129	81,166	
on fees	4,700	9,950	(5,250)	100			50		53	4,800	10,053	
/ nt fees, oursement g								20,401	19,691	20,401	19,691	
	1,746	2,610	(864)	99	39	(6)	2	1,093	3,310	2,932	5,961	
nue	521,883	525,028	(3,145)	48,097	35,639	18,175	13,641	19,956	48,589	608,111	622,897	
Expenses: perating	152,177	149,484	2,693	12,229	10,653	8,228	6,337	(5,601)	2,070	167,033	168,544	
taxes	52,167	50,149	2,018	6,389	4,190	1,773	1,702	768	3,822	61,097	59,863	
/ nt expenses								8,965	10,361	8,965	10,361	
	317,539	325,395	(7,856)	29,479	20,796	8,174	5,602	15,824	32,336	371,016	384,129	
d tive								23,002	27,938	23,002	27,938	
on and on	176,056	181,232	(5,176)	19,286	16,813	6,708	8,689	3,855	16,493	205,905	223,227	
Income	$ 141,483	$ 144,163	$ (2,680)	$ 10,193	$ 3,983	$ 1,466	$ (3,087)	$ (11,033)	$ (12,095)	$ 142,109	$ 132,964	
properties	224			16		8				248		
t (in	21,490			2,440		2,337				26,267		
me												

come	1,839	4,014
pense	(146,646)	(161,150)
pense nancing	(5,450)	(4,496)
d hedge		(3,698)
ncome of ventures	8,447	6,955
n of d real estate	(24)	40,919
for t on land	(10,841)	
rly ment of	18,105	
ss) from operations	7,539	15,508
ss) from ed	30,986	39,827
e (loss)	$ 38,525	$ 55,335
er common	$ 0.33	$ 0.50

ATORY

(a)- Results include: two developments and six redevelopment properties.

(b)- Represents certain revenues and expenses at the corporate level as well as various intercompany costs that are eliminated in consolidation and third-party management fees. Also included are revenues and expenses from the 29 G&I properties.

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Total Revenue

Cash rents from the Total Portfolio increased by $2.7 million from 2007 to 2008, primarily reflecting:

1) An additional $8.4 million at the Same Store Portfolio from increased rents received on lease renewals and free rent periods converting to cash rent. This free rent conversion is the primary reason for the decrease in Total Portfolio straight-line rental income.
2) An additional $13.9 million from six properties that we acquired and ten development/redevelopment properties that we completed and placed in service subsequent to 2007.
3) An additional $3.6 million of rental income due to increased occupancy at eight development/redevelopment properties in 2008 in comparison to 2007.
4) The increase was offset by the decrease of $25.1 million of rental income earned from our G&I properties during 2007.

Tenant reimbursements increased by $3.0 million from 2007 to 2008 primarily due to the increase in property operating expenses at our Same Store Portfolio. Tenant reimbursements increased by $4.7 million at our same store portfolio and the property operating expenses at those properties increased by $4.7 million. These increases are offset by the activity of the G&I properties during 2007.

Third party management fees, labor reimbursement and leasing increased by $0.7 million from 2007 to 2008 as a result of a greater number of properties that we are managing for third parties. The 29 G&I properties make up a significant portion of the increase in the number of properties that we manage for third parties.

Property Operating Expenses

Property operating expenses, including real estate taxes and third party management expenses, at the Total Portfolio decreased by $1.7 million from 2007 to 2008, primarily due to $11.9 million of such expenses for the G&I properties in 2007. The decrease was offset by $3.8 million of property operating expenses and real estate taxes from six properties that we acquired and ten development/redevelopment properties that we completed and placed in service subsequent to 2007. Property operating expenses and real estate taxes at our Same Store Portfolio and our eight development/redevelopment properties also increased by $4.7 million and $2.0 million, respectively, from 2007 to 2008.

Depreciation and Amortization Expense

Depreciation and amortization decreased by $17.3 million from 2007 to 2008, primarily due to $11.3 million of depreciation and amortization expense recorded on the G&I properties during 2007. In addition, depreciation and amortization decreased by $5.2 million at our Same Store Portfolio due to assets within the Same Store Portfolio being fully amortized subsequent to 2007.

General & Administrative Expenses

General & administrative expenses decreased by $4.9 million from 2007 to 2008 of which approximately $2.3 million was a result of the final determination of 2007 bonus awards to our executive management, thereby resulting in a reduction to the estimated payout that was accrued during 2007. We incurred $2.4 million of severance costs in 2008 and $1.9 million of severance costs in 2007. These measures and other corporate level cost saving strategies resulted in the remainder of the decrease from the prior year.

Interest Income/ Expense

The decrease in interest income by approximately $2.2 million is due to lower cash balances during the period ended December 31, 2008.

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Interest expense decreased by $14.5 million primarily due to lower mortgage notes payable outstanding during the year ending December 31, 2008 in comparison to December 31, 2007 as a result of certain mortgage notes payable being paid off subsequent to 2007. The decrease is also the result of a lower outstanding balance and lower weighted average interest rate on Credit Facility borrowings during 2008 in comparison to 2007.

Loss on Settlement of Treasury Lock Agreements

In July 2007, in anticipation of an expected debt offering, we entered into four treasury lock agreements. The treasury lock agreements were designated as cash flow hedges on interest rate risk and qualified for hedge accounting. The agreements were settled on September 21, 2007, the original termination date of each agreement, at a total cost of $3.7 million. During the fourth quarter of 2007, we determined that the planned debt issuance was remote and recorded $3.7 million as an expense for the residual balance of $3.7 million. No such settlement occurred during the year ending December 31, 2008.

Provision for impairment on land inventory

As part of our review of long-lived assets in accordance with the related requirements provided under the accounting standard for long lived assets, during the quarter ending December 31, 2008, management determined that certain of the parcels in our land inventory had historical carrying values in excess of the current estimate of their fair value. Our impairment was recorded based on management s estimate of the current fair value of the land inventory.

Gain on early extinguishment of debt

During the year-ended December 31, 2008, we repurchased $63.0 million of our $345.0 million 3.875% Guaranteed Exchangeable Notes, $78.3 million of our $275.0 million 4.500% Guaranteed Notes due 2009 and $24.5 million of our $300.0 million 5.625% Guaranteed Notes due 2010 which resulted in a $18.1 million gain that we reported for the early extinguishment of debt on our consolidated statement of operations. In addition, we accelerated amortization of the related deferred financing costs of $1.1 million. We also reduced gain on early extinguishment of debt by $2.6 million resulting from the retrospective adoption of the accounting standard for convertible debt.

Discontinued Operations

During the twelve-month period ended December 31, 2008, we sold one property in Allentown, PA, one property in Mount Laurel, NJ, one property in Newtown, PA, five properties in Oakland, CA and one property in Richmond, VA. These properties had total revenue of $42.1 million, operating expenses of $18.6 million, depreciation and amortization expenses of $9.6 million and minority interest attributable to discontinued operations of $1.2 million. We also recorded a $6.85 million provision for impairment in connection with the five properties in Oakland, CA which reduced our income from discontinued operations.

The December 31, 2007 amount is reclassified to include the operations of the properties sold during the twelve-month period ended December 31, 2008, as well as the 20 properties that were sold during the year ended December 31, 2007. Therefore, the discontinued operations amount for the twelve-month period ended December 31, 2007 includes 29 sold properties with total revenue of $75.7 million, operating expenses of $32.3 million, depreciation and amortization expense of $23.8 million and minority interest attributable to discontinued operations of $1.7 million.

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Net Income

Net income decreased by $16.8 million from the twelve-month period ended December 31, 2007 as a result of the factors described above. Net income is significantly impacted by depreciation of operating properties and amortization of acquired intangibles. These non-cash charges do not directly affect our ability to pay dividends. Such charges can be expected to continue until the lease intangibles are fully amortized. These intangibles are amortizing over the related lease terms or estimated duration of the tenant relationship.

Earnings per Common Share

Earnings per share (basic and diluted) were $0.33 for the twelve-month period ended December 31, 2008 as compared to $0.50 for the twelve-month period ended December 31, 2007 as a result of the factors described above and an increase in the average number of common shares outstanding. The increase in the average number of common shares outstanding is the result of a partnership unit conversion to common shares during 2008 and the issuance of common shares upon the vesting of restricted common shares.

LIQUIDITY AND CAPITAL RESOURCES

General

Our principal liquidity needs for the next twelve months are as follows:

- fund normal recurring expenses,
- fund capital expenditures, including capital and tenant improvements and leasing costs,
- fund repayment of certain debt instruments when they mature,
- fund current development and redevelopment costs, and
- fund distributions declared by our Board of Trustees.

We believe that with the general downturn in the economy, it is reasonably likely that vacancy rates may continue to increase, effective rental rates on new and renewed leases may continue to decrease and tenant installation costs, including concessions, may continue to increase in most or all of our markets in 2010 and possibly beyond. As a result of the potential negative effects on our revenue from the overall reduced demand for office space, our cash flow could be insufficient to cover increased tenant installation costs over the short-term. If this situation were to occur, we expect that we would finance any shortfalls through borrowings under our Credit Facility and other debt and equity financings.

We believe that our liquidity needs will be satisfied through cash flows generated by operations, financing activities and selective Property sales. Rental revenue, expense recoveries from tenants, and other income from operations are our principal sources of cash that we use to pay operating expenses, debt service, recurring capital expenditures and the minimum distributions required to maintain our REIT qualification. We seek to increase cash flows from our properties by maintaining quality standards for our properties that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. Our revenue also includes third-party fees generated by our property management, leasing, developments and construction businesses. We believe our revenue, together with proceeds from property sales and secured debt financings, will continue to provide funds for our short-term liquidity needs. However, material changes in our operating or financing activities may adversely affect our net cash flows. Such changes, in turn, would adversely affect our ability to fund distributions, debt service payments and tenant improvements. In addition, a material adverse change in our cash provided by operations would affect the financial performance covenants under our unsecured credit facility and unsecured notes.

Financial markets have experienced unusual volatility and uncertainty. Liquidity has generally tightened in all financial markets, including the debt and equity markets. Our liquidity management remains a top priority. Our ability to fund development projects, as well as our ability to repay or refinance debt maturities could be adversely affected by an inability to secure financing at reasonable terms beyond those already completed in 2009. It is possible, in these unusual and uncertain times that one or more lenders in our revolving credit facility could fail to fund a borrowing request. Such an event could adversely affect our ability to access funds from its revolving credit facility when needed.

We pursued new financing opportunities to ensure an appropriate balance sheet position through 2010. As a result of these efforts, we are comfortable with our ability to meet future debt maturities and development funding needs. We believe that our current balance sheet and outlook for 2010 are in an adequate position at the date of this filing, despite the ongoing disruption in the credit markets. The following are our significant activities during 2009 affecting our liquidity management:

- On April 1, 2009, we closed on an $89.8 million first mortgage financing on our Two Logan Square property. The new loan bears interest at 7.57% per annum and has a seven-year term with three years of interest only payments with principal payments based on a thirty-year amortization schedule. We used $68.5 million in net proceeds to repay without penalty the balance of the former Two Logan Square first mortgage loan and $21.3 million for general corporate purposes including the repayment of existing indebtedness.

On June 2, 2009, we completed the public offering of 40,250,000 of our common shares, par value $0.01 per share. The common shares were issued and sold to the underwriters at a public offering price of $6.30 per common share in accordance with an underwriting agreement. The common shares sold include 5,250,000 shares issued and sold pursuant to the underwriters exercise in full of their over-allotment option under the underwriting agreement. We received net proceeds of approximately $242.3 million from the offering net of underwriting discounts, commissions and expenses. We used the net proceeds from the offering to repay our $600 million unsecured revolving credit facility and for general corporate purposes.

On June 29, 2009, we entered into a forward financing commitment to borrow up to $256.5 million under two separate loans at a per annum interest rate of 5.93%. The loans, when funded, will be secured by mortgages on the 30th Street Post Office (the Post Office project), the Cira South Garage (the garage project) projects and by the leases of space at these facilities upon the completion of these projects. Of the total borrowings, $209.7 million and $46.8 million will be allocated to the Post Office project and to the garage project, respectively. In order for funding to occur we need to meet certain conditions which primarily relate to the completion of the projects and the commencement of the rental payments from the respective leases on these properties.

On July 7, 2009, we closed on a $60.0 million first mortgage financing on our One Logan Square property. The new loan bears interest at a floating rate of LIBOR plus 350 basis points (subject to a LIBOR floor) and has a seven-year term with three years of interest only payments with principal payments based on a thirty-year amortization schedule at a 7.5% rate. We used the loan proceeds for general corporate purposes including repayment of existing indebtedness.

On September 25, 2009, we consummated a registered public offering of $250.0 million in aggregate principal amount of our 7.50% senior unsecured notes due 2015. The notes were priced at 99.412% of their face amount with a yield to maturity of 7.625%, representing a spread at the time of pricing of 5.162% to the yield on the August 2014 Treasury note. The notes have been reflected net of discount of $1.4 million in the consolidated balance sheet as of December 31, 2009. The net proceeds which amounted to $247.0 million after deducting underwriting discounts and offering expenses will be used to repay our indebtedness under our existing unsecured revolving credit facility and for general corporate purposes.

In December 2009, we received the second contribution under the historic tax credit transaction that we entered into in 2008 with US Bancorp amounting to $23.8 million.

During 2009, we sold seven properties containing 0.7 million in net rentable square feet for net cash proceeds of $101.3 million.

We will also consider other properties within our portfolio where it may be in our best interest to obtain a secured mortgage.

We draw on multiple financing sources to fund our long-term capital needs. We use our credit facility for general business purposes, including the acquisition, development and redevelopment of properties and the repayment of other debt.

Our ability to incur additional debt is dependent upon a number of factors, including our credit ratings, the value of our unencumbered assets, our degree of leverage and borrowing restrictions imposed by our current lenders. If more than one rating agency were to downgrade our credit rating, our access to capital in the unsecured debt market would be more limited and the interest rate under our existing credit facility and term loan would increase.

Our ability to sell common and preferred shares is dependent on, among other things, general market conditions for REITs, market perceptions about our company and the current trading price of our shares. We regularly analyze which source of capital is most advantageous to us at any particular point in time.

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We will also consider sales of selected Properties as another source of managing our liquidity. Asset sales during 2009 and 2008 have been a source of cash. Since mid-2007, we have used proceeds from asset sales to repay existing indebtedness, provide capital for our development activities and strengthen our financial condition. There is no guarantee that we will be able to raise similar or even lesser amounts of capital from future asset sales.

Cash Flows

The following summary discussion of our cash flows is based on the consolidated statement of cash flows included in our consolidated financial statements and is not meant to be an all-inclusive discussion of the changes in our cash flows for the periods presented.

As of December 31, 2009 and 2008, we maintained cash and cash equivalents of $1.6 million and $3.9 million, respectively. This $2.3 million decrease was the result of the following changes in cash flow from our various activities:

Activity	**2009**	**2008**	**2007**
Operating	$ 220,405	$ 233,867	$ 224,805
Investing	(102,549)	164,046	39,162
Financing	(120,213)	(399,589)	(283,746)
Net cash flows	$ (2,357)	$ (1,676)	$ (19,779)

Our principal source of cash flows is from the operation of our properties. We do not restate our cash flow for discontinued operations.

The net decrease in cash flows from operating activities is primarily the result of the following:

- Decrease in average occupancy from 92.1% during the year ended December 31, 2008 to 88.7% during the year ended December 31, 2009;
- Decrease in the number of operating properties due to dispositions. We sold a total of seven properties during the year ended December 31, 2009;
- These decreases are offset by the receipt of the second contribution under the historic tax credit transaction that we entered into in 2008 with US Bancorp amounting to $23.8 million; and
- Timing of cash receipts from our tenants and cash expenditures in the normal course of operations.

The cash flows used in investing activities is primarily attributable to the following:

- Our capital expenditures for tenant and building improvements and leasing commissions increased by $57.3 million during the year ended December 31, 2009 when compared to the year ended December 31, 2008;
- Net proceeds from sales of properties during the year ended December 31,2009 decreased by $268.8 million when compared to the year ended December 31, 2008; and
- Receipt of funds placed in escrow during the last quarter of 2008 related to the Cira garage project amounting to $31.4 million which was also used to finance the project this year.

The net decrease in cash used in financing activities is mainly due to the following:

- Net proceeds received from the public offering of common shares amounting to $242.3 million.
- Decrease in our distributions paid to shareholders and non-controlling interests from $169.3 million during the year ended December 31, 2008 to $70.6 million during the year ended December 31, 2009.

During the year ended December 31, 2009, we also obtained a total of $149.8 million first mortgage financings on our One Logan and Two Logan Square office properties located in Philadelphia, Pennsylvania.
Completion of a registered public offering of $250.0 million in aggregate principal amount of our 7.50% senior unsecured notes due 2015. We received $247.0 million in net proceeds from this offering after deducting underwriting discounts and offering expenses.
Increase in the net activity of our credit facility and unsecured notes of $370.2 million during the year ended December 31, 2009 when compared to the year ended December 31, 2008.
Repayments of mortgage notes payable also increased from $25.1 million during year ended December 31, 2008 to $84.1 million during the year ended December 31, 2009.
In addition, deferred financing costs paid also increased during the year ended December 31, 2009 by $24.4 million when compared to the year ended December 31, 2008 and primarily relate to the payment of a $17.7 million forward financing commitment fee, the remainder relates to costs incurred for other borrowings closed during the year.

Capitalization

Indebtedness

During the year ended December 31, 2009, we repurchased $444.7 million of our unsecured Notes in a series of transactions which are summarized in the table below:

Notes	Repurchase Amount	Principal	Gain	Deferred Financing Amortization
2009 4.500% Notes	$ 92,736	$ 94,130	$ 1,377	$ 88
2010 5.625% Notes	71,414	76,999	5,565	215
2012 5.750% Notes	109,104	112,175	2,610	361
2014 5.400% Notes	6,329	7,319	961	28
3.875% Notes	136,880	154,070	12,664	1,289
	$ 416,463	$ 444,693	$ 23,177	$ 1,981

The Operating Partnership is the issuer of our unsecured notes and Brandywine Realty Trust has fully and unconditionally guaranteed the payment of principal and interest on the notes.

On September 25, 2009, we consummated a registered public offering of $250.0 million in aggregate principal amount of our 7.50% senior unsecured notes due 2015. The notes were priced at 99.412% of their face amount with a yield to maturity of 7.625%, representing a spread at the time of pricing of 5.162% to the yield on the August 2014 Treasury note. The notes have been reflected net of discount of $1.4 million in the consolidated balance sheet as of December 31, 2009. The net proceeds which amounted to $247.0 million after deducting underwriting discounts and offering expenses will be used to repay our indebtedness under our existing unsecured revolving credit facility and for general corporate purposes.

On July 7, 2009, we closed on a $60.0 million first mortgage financing on our One Logan Square property. The new loan bears interest at a floating rate of LIBOR plus 350 basis points (subject to a LIBOR floor) and has a seven-year term with three years of interest only payments with principal payments based on a thirty-year amortization schedule at a 7.5% rate. We used the loan proceeds for general corporate purposes including repayment of existing indebtedness.

On April 1, 2009, we closed on an $89.8 million first mortgage financing on our Two Logan Square property. The new loan bears interest at 7.57% per annum and has a seven-year term with three years of interest only payments with principal payments based on a thirty-year amortization schedule. We used $68.5 million in net proceeds to repay without penalty the balance of the former Two Logan Square first mortgage loan and $21.3 million for general corporate purposes including the repayment of existing indebtedness.

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On April 18, 2008, we exercised the accordion feature on our $150.0 million unsecured term loan which we entered into in October 2007 and borrowed an additional $33.0 million, bringing our total outstanding balance to $183.0 million. All outstanding borrowings under the term loan bear interest at a periodic rate of LIBOR plus 80 basis points. The net proceeds of the term loan increase were used to reduce indebtedness under our unsecured revolving credit facility. The term loan matures on October 18, 2010 and may be extended at our option for two one-year periods but not beyond the maturity date of our revolving credit facility.

On June 29, 2007, we amended our $600.0 million unsecured revolving credit facility (the Credit Facility). The amendment extended the maturity date of the Credit Facility from December 22, 2009 to June 29, 2011 (subject to an extension of one year, at our option, upon our payment of an extension fee equal to 15 basis points of the committed amount under the Credit Facility). The amendment also reduced the per annum variable interest rate on outstanding balances from LIBOR plus 0.80% to LIBOR plus 0.725% per annum. In addition, the amendment reduced the quarterly facility fee from 20 basis points to 17.5 basis points per annum. The interest rate and facility fee are subject to adjustment upon a change in our unsecured debt ratings. The amendment also lowered to 7.50% from 8.50% the capitalization rate used in the calculation of several of the financial covenants; increased our swing loan availability from $50.0 million to $60.0 million; and increased the number of competitive bid loan requests available to us from two to four in any 30 day period. Borrowings are always available to the extent of borrowing capacity at the stated rates; however, the competitive bid feature allows banks that are part of the lender consortium under the Credit Facility to bid to make loans to us at a reduced Eurodollar rate. We have the option to increase the Credit Facility to $800.0 million subject to the absence of any defaults and our ability to acquire additional commitments from our existing lenders or new lenders.

On April 30, 2007, we consummated the public offering of $300.0 million aggregate principal amount of unsecured 5.70% Guaranteed Notes due 2017 and used the net proceeds from this offering to reduce borrowings under the Credit Facility.

In April 2007, the entered into a $20.0 million Sweep Agreement (the Sweep Agreement) to be used for cash management purposes. Borrowings under the Sweep Agreement bear interest at one-month LIBOR plus 0.75%. The Sweep Agreement ended in April 2009 at which point the agreement was not renewed.

As of December 31, 2009, we had approximately $2.5 billion of outstanding indebtedness. The table below summarizes our mortgage notes payable, our unsecured notes and our revolving Credit Facility (net of discounts) at December 31, 2009 and 2008:

	December 31, 2009	December 31, 2008
	(dollars in thousands)	
Balance:		
Fixed rate (includes variable swapped to fixed)	$ 2,299,741	$ 2,505,659
Variable rate unhedged	154,836	235,836
Total	$ 2,454,577	$ 2,741,495
Percent of Total Debt:		
Fixed rate (includes variable swapped to fixed)	93.7%	91.4%
Variable rate unhedged	6.3%	8.6%
Total	100%	100%
Weighted-average interest rate at period end:		
Fixed rate (includes variable swapped to fixed)	5.9%	5.6%
Variable rate unhedged	1.8%	2.1%
Total	5.6%	5.1%

The variable rate debt shown above generally bears interest based on various spreads ranging from 0.73% to 1.6% over a LIBOR term periodically selected by us.

We use Credit Facility borrowings for general business purposes, including the acquisition, development and redevelopment of properties and the repayment of other debt. We have an option to increase the maximum borrowings under the Credit Facility to $800.0 million subject to the absence of any defaults and our ability to obtain additional commitments from our existing or new lenders.

Our interest rate incurred under our revolving Credit Facility and term loan is subject to modification depending on our rating status with qualified agencies.

As of December 31, 2009, we had $92.0 million of borrowings, $13.9 million of letters of credit outstanding under the Credit Facility, and a $51.0 million holdback in connection with our historic tax credit transaction leaving $443.1 million of unused availability. For the years ended December 31, 2009 and 2008, our weighted average interest rates, including the effects of interest rate hedges discussed in Note 7 to the consolidated financial statements included herein, and including both the new Credit Facility and prior credit facility, were 2.08% and 4.35% per annum, respectively.

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

Company s compliance with and anticipated compliance with the covenants. Certain of the covenants restrict management s ability to obtain alternative sources of capital. We were in compliance with all covenants as of December 31, 2009.

The indenture under which we issued our unsecured Notes including those issued in September 2009 contain (or contained) financial covenants, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 40%, (3) a debt service coverage ratio of greater than 1.5 to 1.0 and (4) an unencumbered asset value of not less than 150% of unsecured debt. We were in compliance with all covenants as of December 31, 2009.

We have mortgage loans that are collateralized by certain of our Properties. Payments on mortgage loans are generally due in monthly installments of principal and interest, or interest only. We intend to refinance or repay our mortgage loans as they mature through the use of proceeds from selective Property sales and secured or unsecured borrowings. However, in the current and future economic environment one or more of these sources may not be available on attractive terms or at all.

Our charter documents do not limit the amount or form of indebtedness that we may incur, and our policies on debt incurrence are solely within the discretion of our Board, subject to financial covenants in the Credit Facility, indenture and other credit agreements.

As of December 31, 2009, we had guaranteed repayment of approximately $2.1 million of loans on behalf of certain Real Estate Ventures. See Item 2. Properties Real Estate Ventures. We also provide customary environmental indemnities and completion guarantees in connection with construction and permanent financing both for our own account and on behalf of certain of the Real Estate Ventures.

Share Repurchases

We maintain a share repurchase program under which our Board has authorized us to repurchase our common shares from time to time. Our Board initially authorized this program in 1998 and has periodically replenished capacity under the program, including, most recently, on May 2, 2006 when our Board restored capacity to 3.5 million common shares. We did not repurchase any shares during 2009 under this plan. As of December 31, 2009, we may repurchase an additional 0.5 million shares under the plan. Our Board has not limited the duration of the program; however, it may be terminated at any time.

Off-Balance Sheet Arrangements

We are not dependent on any off-balance sheet financing arrangements for liquidity. Our off-balance sheet arrangements are discussed in Note 4 to the financial statements, Investment in Unconsolidated Real Estate Ventures . Additional information about the debt of our unconsolidated Real Estate Ventures is included in Item 2 Properties .

Short- and Long-Term Liquidity

We believe that our cash flow from operations is adequate to fund our short-term liquidity requirements, excluding principal payments under our debt obligations. Cash flow from operations is generated primarily from rental revenues and operating expense reimbursements from tenants and management services income from providing services to third parties. We intend to use these funds to meet short-term liquidity needs, which are to fund operating expenses, recurring capital expenditures, tenant allowances, leasing commissions, interest expense and the minimum distributions required to maintain our REIT qualification under the Internal Revenue Code. We expect to meet short-term scheduled debt maturities through borrowings under the Credit Facility and proceeds from selective asset dispositions. As of December 31, 2009, we had $1,902.9 million of unsecured debt and $551.7 million of mortgage debt of which $198.5 million and $51.3 million, respectively, are scheduled to mature through December 2010. We expect to extend our term loan of $183.0 million, we expect to have sufficient capacity under our Credit Facility and for the remaining debt maturities, and we will also continue to look to the other listed sources to fund these maturities.

We expect to meet our long-term liquidity requirements, such as for property acquisitions, development, investments in real estate ventures, scheduled debt maturities, major renovations, expansions and other significant capital improvements, through cash from operations, borrowings under the Credit Facility, additional secured and unsecured indebtedness, the issuance of equity securities, contributions from joint venture investors and proceeds from asset dispositions.

Many commercial real estate lenders have substantially tightened underwriting standards or have withdrawn from the lending marketplace. Also, spreads in the investment grade bond market have substantially widened. These circumstances have materially impacted liquidity in the debt markets, making financing terms less attractive, and in certain cases have resulted in the unavailability of certain types of debt financing. As a result, we expect debt financings will be more difficult to obtain and that borrowing costs on new and refinanced debt will be more expensive. Moreover, the recent volatility in the financial markets, in general, will make it more difficult or costly, or even impossible, for us to raise capital through the issuance of common stock, preferred stock or other equity instruments or through public issuances of debt securities from our shelf registration statements as we have been able to do in the past. Such conditions would also limit our ability to raise capital through asset dispositions at attractive prices or at all.

Inflation

A majority of our leases provide for reimbursement of real estate taxes and operating expenses either on a triple net basis or over a base amount. In addition, many of our office leases provide for fixed base rent increases. We believe that inflationary increases in expenses will be partially offset by expense reimbursement and contractual rent increases. There were also reductions in our rental rates on some of our new leases and renewals due to the current operating environment.

Commitments and Contingencies

The following table outlines the timing of payment requirements related to our contractual commitments as of December 31, 2009.

	Payments by Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Mortgage notes payable (a)	$ 550,590	$ 51,258	$ 243,666	$ 94,884	$ 160,782
Revolving credit facility	92,000		92,000		
Unsecured term loan	183,000	183,000			
Unsecured debt (a)	1,635,621	198,545	187,825	492,681	756,570
Ground leases (b)	297,594	2,318	6,955	7,226	281,095
Interest expense	687,806	134,019	206,322	233,911	113,554
Development contracts (c)	77,418	77,418			
Other liabilities	7,162				7,162
	$ 3,531,191	$ 646,558	$ 736,768	$ 828,702	$ 1,319,163

(a) Amounts do not include unamortized discounts and/or premiums.

(b) Future minimum rental payments under the terms of all non-cancelable ground leases under which we are the lessee are expensed on a straight-line basis regardless of when payments are due.

(c) Represents contractual obligations for certain development projects and does not contemplate all costs expected to be incurred.

As part of the TRC acquisition, we acquired our interest in Two Logan Square, a 703,386 square foot office building in Philadelphia, primarily through our ownership of a second and third mortgage secured by this property. This property is consolidated as the borrower is a variable interest entity and we, through our ownership of the second and third mortgages are the primary beneficiary. We currently do not expect to take title to Two Logan Square until, at the earliest, September 2019. If we take fee title to Two Logan Square upon a foreclosure of our mortgage, we have agreed to pay an unaffiliated third party that holds a residual interest in the fee owner of this property an amount equal to $0.6 million (if we must pay a state and local transfer upon taking title) and $2.9 million (if no transfer tax is payable upon the transfer).

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We are currently being audited by the Internal Revenue Service for our 2004 tax year. The audit concerns the tax treatment of the transaction in September 2004 in which we acquired a portfolio of properties through the acquisition of a limited partnership. At this time it does not appear that an adjustment would result in a material tax liability for us. However, an adjustment could raise a question as to whether a contributor of partnership interests in the 2004 transaction could assert a claim against us under the tax protection agreement entered into as part of the transaction.
As part of our 2006 acquisition of Prentiss Properties Trust, the TRC acquisition in 2004 and several of our other transactions, we agreed not to sell certain of the properties we acquired in transactions that would trigger taxable income to the former owners. In the case of the TRC acquisition, we agreed not to sell acquired properties for periods up to 15 years from the date of the TRC acquisition date as follows at December 31, 2009: One Rodney Square and 130/150/170 Radnor Financial Center (January 2015); and One Logan Square, Two Logan Square and Radnor Corporate Center (January 2020). In the Prentiss acquisition, we assumed the obligation of Prentiss not to sell Concord Airport Plaza before March 2018. Our 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. If we were to sell a restricted property before expiration of the restricted period in a non-exempt transaction, we would be required to make significant payments to the parties who sold us the applicable property on account of tax liabilities triggered to them.
In connection with our development of the PO Box/IRS and Cira Garage projects, during 2008, we entered into a historic tax credit and new markets tax credit arrangement, respectively. We are required to be in compliance with various laws, regulations and contractual provisions that apply to our historic and new market tax credit arrangements. Non-compliance with applicable requirements could result in projected tax benefits not being realized and therefore, require a refund to USB or reduction of investor capital contributions, which are reported as deferred income in our consolidated balance sheet, until such time as our obligation to deliver tax benefits is relieved. The remaining compliance periods for our tax credit arrangements run through 2015. We do not anticipate that any material refunds or reductions of investor capital contributions will be required in connection with these arrangements.
On June 29, 2009, we entered into a forward financing commitment to borrow up to $256.5 million under two separate loans which are secured by mortgages on the 30th Street Post Office (the Post Office project), the Cira South Garage (the garage project) projects and by the leases of space at these facilities upon the completion of these projects (See Note 7). In order for funding to occur we need to meet certain conditions which primarily relate to the completion of the projects and the commencement of the rental payments from the respective leases on these properties. The expected funding date is scheduled on August 26, 2010 which is also the anticipated completion date of the projects. In the event the said conditions were not met, we have the right to extend the funding date by paying an extension fee amounting to $1.8 million for each 30 day extension within the allowed two year extension period. In addition, we can also voluntarily elect to terminate the loans during the forward period including the extension period by paying a termination fee. We are also subject to the termination fee if the conditions were not met on the final advance date. The termination fee is calculated as the greater of the 0.5% of the total available principal to be funded or the present value of the scheduled interest and principal payments (based on the principal amount to be funded and the then 20 year treasury rate plus 50 basis points) from the funding date through the loans maturity date and the amount to be funded. In addition, deferred financing costs related to these loans will be accelerated if we chose to terminate the forward financing commitment.
We invest in our properties and regularly incur capital expenditures in the ordinary course to maintain the properties. We believe that such expenditures enhance our competitiveness. We also enter into construction, utility and service contracts in the ordinary course of business which may extend beyond one year. These contracts typically provide for cancellation with insignificant or no cancellation penalties.

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Interest Rate Risk and Sensitivity Analysis

The analysis below presents the sensitivity of the market value of our financial instruments to selected changes in market rates. The range of changes chosen reflects our view of changes which are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market rates chosen.

Our financial instruments consist of both fixed and variable rate debt. As of December 31, 2009, our consolidated debt consisted of $551.7 million in fixed rate mortgages, $92.0 million borrowings under our Credit Facility, $183.0 million borrowings in an unsecured, term loan and $1.6 billion in unsecured notes (net of discounts) of which $1,575.0 million are fixed rate borrowings and $52.8 million are variable rate borrowings. All financial instruments were entered into for other than trading purposes and the net market value of these financial instruments is referred to as the net financial position. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position, but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial instrument position.

As of December 31, 2009, based on prevailing interest rates and credit spreads, the fair value of our unsecured notes was $1.5 billion. For sensitivity purposes, a 100 basis point change in the discount rate equates to a change in the total fair value of our debt, including the Notes, of approximately $15.5 million at December 31, 2009.

We use derivative instruments to manage interest rate risk exposures and not for speculative purposes. As of December 31, 2009 we effectively hedged debt with a notional amount of $198.8 million through four interest rate swap agreements. These instruments have an aggregate fair value of $7.3 million at December 31, 2009.

In December 2009, we settled in cash two of our interest swaps with a notional amount of $50.0 million, which we have applied in the registered offering of our unsecured notes on September 21, 2009. The related interest swaps no longer qualify for hedge accounting upon the completion of the offering as the hedging relationship was terminated. Accordingly, changes in the fair value of these interest rate swaps were charged to our consolidated statements of operations until their cash settlement date. We also recognized $0.1 million gain from the ineffectiveness of the hedges during the twelve months ended December 31, 2009.

The total carrying value of our variable rate debt was approximately $353.6 million and $414.6 million at December 31, 2009 and December 31, 2008, respectively. The total fair value of our debt, excluding the Notes, was approximately $341.2 million and $398.7 million at December 31, 2009 and December 31, 2008, respectively. For sensitivity purposes, a 100 basis point change in the discount rate equates to a change in the total fair value of our debt, excluding the Notes, of approximately $1.5 million at December 31, 2009, and a 100 basis point change in the discount rate equates to a change in the total fair value of our debt of approximately $2.4 million at December 31, 2008.

If market rates of interest increase by 1%, the fair value of our outstanding fixed-rate mortgage debt would decrease by approximately $16.1 million. If market rates of interest decrease by 1%, the fair value of our outstanding fixed-rate mortgage debt would increase by approximately $16.9 million.

At December 31, 2009, our outstanding variable rate debt based on LIBOR totaled approximately $353.6 million. At December 31, 2009, the interest rate on our variable rate debt was approximately 1.17%. If market interest rates on our variable rate debt change by 100 basis points, total interest expense would change by approximately $0.4 million for the quarter ended December 31, 2009.

These amounts were determined solely by considering the impact of hypothetical interest rates on our financial instruments. Due to the uncertainty of specific actions we may undertake to minimize possible effects of market interest rate increases, this analysis assumes no changes in our financial structure.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

See discussion in Management s Discussion and Analysis included in Item 7 herein.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary financial data of Brandywine Realty Trust and Brandywine Operating Partnership, L.P. and the reports thereon of PricewaterhouseCoopers LLP, an independent registered public accounting firm, with respect thereto are listed under Item 15(a) and filed as part of this Annual Report on Form 10-K. See Item 15.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of each registrant s management, including its principal executive officer and principal financial officer, each registrant s management conducted an evaluation of the registrant s disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, the principal executive officer and the principal financial officer of each registrant concluded that each registrant s disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management s Report on Internal Control Over Financial Reporting

The management of each registrant is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f).

Under the supervision and with the participation of each registrant s management, including its principal executive officer and principal financial officer, each registrant s management conducted an evaluation of the effectiveness of the registrant s internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation under the framework in *Internal Control Integrated Framework*, each registrant s management concluded that the registrant s internal control over financial reporting was effective as of December 31, 2009.

Management of each registrant has excluded our investments in Four and Six Tower Bridge Associates from its evaluation of the effectiveness of internal control over financial reporting as of December 31, 2009 because we do not have the right or authority to assess the internal controls of the individual entities and we also lack the ability, in practice, to make the assessment. Four and Six Tower Bridge Associates are two real estate partnerships, created prior to December 15, 2003, which we consolidate under the accounting standard for the consolidation of variable interest entities. The total assets and total revenue of Four and Six Tower Bridge Associates represent, in the aggregate, less than 1% of our consolidated total assets and consolidated total revenue as of and for the year ended December 31, 2009.

The effectiveness of each registrant s internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their reports which are included herein.

Changes in Internal Control over Financial Reporting.

There have not been any changes in either registrant s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, either registrant s internal control over financial reporting.

Item 9B. Other Information

On February 23, 2010 our Board provided RREEF America LLC, a registered investment advisor, a waiver from the 9.8% share ownership limit in our Declaration of Trust. The waiver permits RREEF to hold, on behalf of its advisory clients, up to 14,750,000 common shares. The waiver does not permit any of RREEF s advisory clients to own (directly or through RREEF) shares above the 9.8% ownership limit, nor does the waiver permit RREEF to own shares for its own account above the 9.8% ownership limit. We have attached as an exhibit to this Form 10-K a copy of the waiver and RREEF s certificate of representations, warranties and agreements .

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated herein by reference to the Company s definitive proxy statement to be filed with respect to its 2010 Annual Meeting of Shareholders.

Item 11. Executive Compensation

Incorporated herein by reference to the Company s definitive proxy statement to be filed with respect to its 2010 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Incorporated herein by reference to the Company s definitive proxy statement to be filed with respect to its 2010 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated herein by reference to the Company s definitive proxy statement to be filed with respect to its 2010 Annual Meeting of Shareholders.

Item 14. Principal Accounting Fees and Services

Incorporated herein by reference to the Company s definitive proxy statement to be filed with respect to its 2010 Annual Meeting of Shareholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) 1. and 2. Financial Statements and Schedules

The financial statements and schedules of Brandywine Realty Trust and Brandywine Operating Partnership listed below are filed as part of this annual report on the pages indicated.

Index to Financial Statements and Schedules

BRANDYWINE REALTY TRUST

BRANDYWINE OPERATING PARTNERSHIP, L.P.

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3. ***Exhibits***

Exhibits No.	*Description*
3.1.1	Amended and Restated Declaration of Trust of Brandywine Realty Trust (amended and restated as of May 12, 1997) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated June 9, 1997 and incorporated herein by reference)
3.1.2	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (September 4, 1997) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated September 10, 1997 and incorporated herein by reference)
3.1.3	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated June 3, 1998 and incorporated herein by reference)
3.1.4	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (September 28, 1998) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.1.5	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (March 19, 1999) (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 1998 and incorporated herein by reference)
3.1.6	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (April 19, 1999) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 26, 1999 and incorporated herein by reference)
3.1.7	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (December 30, 2003) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-A dated December 29, 2003 and incorporated herein by reference)
3.1.8	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (February 5, 2004) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-A dated February 5, 2004 and incorporated herein by reference)
3.1.9	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (October 3, 2005) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 4, 2005 and incorporated herein by reference)
3.1.10	Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (the Operating Partnership) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated December 17, 1997 and incorporated herein by reference)
3.1.11	First Amendment to Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated December 17, 1997 and incorporated herein by reference)
3.1.12	Second Amendment to the Amended and Restated Agreement of Limited Partnership Agreement of Brandywine Operating Partnership, L.P.** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 13, 1998 and incorporated herein by reference)
3.1.13	Third Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated May 14, 1998 and incorporated herein by reference)
3.1.14	Fourth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.1.15	Fifth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 13, 1998 and incorporated herein by reference)

3.1.16	Sixth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.1.17	Seventh Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.18	Eighth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.19	Ninth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.20	Tenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.21	Eleventh Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.22	Twelfth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)

Exhibits No.	*Description*
3.1.23	Thirteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated September 21, 2004 and incorporated herein by reference)
3.1.24	Fourteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated January 10, 2006 and incorporated herein by reference)
3.1.25	Fifteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated August 18, 2006 and incorporated herein by reference)
3.1.26	List of partners of Brandywine Operating Partnership, L.P.
3.2	Amended and Restated Bylaws of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 14, 2003 and incorporated herein by reference)
4.1	Form of 7.50% Series C Cumulative Redeemable Preferred Share Certificate (previously filed as an exhibit to Brandywine Realty Trust s Form 8-A dated December 29, 2003 and incorporated herein by reference)
4.2	Form of 7.375% Series D Cumulative Redeemable Preferred Share Certificate (previously filed as an exhibit to Brandywine Realty Trust s Form 8-A dated February 5, 2004 and incorporated herein by reference)
4.3.1	Indenture dated October 22, 2004 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust, certain subsidiaries of Brandywine Operating Partnership, L.P. named therein and The Bank of New York, as Trustee (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 22, 2004 and incorporated herein by reference)
4.3.2	First Supplemental Indenture dated as of May 25, 2005 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust, certain subsidiaries of Brandywine Operating Partnership, L.P. named therein and The Bank of New York, as Trustee (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated May 26, 2005 and incorporated herein by reference)
4.3.3	Second Supplemental Indenture dated as of October 4, 2006 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust and the Bank of New York, as Trustee (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 4, 2006 and incorporated herein by reference)
4.4	Form of $250,000,000 5.40% Guaranteed Note due 2014 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 22, 2004 and incorporated herein by reference)
4.5	Form of $300,000,000 5.625% Guaranteed Note due 2010 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated December 20, 2005 and incorporated herein by reference)
4.6	Form of $300,000,000 aggregate principal amount of 5.75% Guaranteed Note due 2012 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated March 28, 2006 and incorporated herein by reference).
4.7	Form of $250,000,000 aggregate principal amount of 6.00% Guaranteed Note due 2016 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated March 28, 2006 and incorporated herein by reference).
4.8	Form of 3.875% Exchangeable Guaranteed Notes due 2026 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 4, 2006 and incorporated herein by

	reference)
4.9	Form of $300,000,000 aggregate principal amount of 5.70% Guaranteed Notes due 2017 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 30, 2007 and incorporated herein by reference)
4.10	Form of $250,000,000 aggregate principal amount of 7.50% Guaranteed Notes due 2015 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated September 25, 2009 and incorporated herein by reference)
10.1	Second Amended and Restated Revolving Credit Agreement dated as of June 29, 2007 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated June 29, 2007 and incorporated herein by reference)
10.2	Term Loan Agreement dated as of October 15, 2007 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 16, 2007 and incorporated herein by reference)
10.3	Contribution Agreement dated as of July 10, 1998 (with Donald E. Axinn) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated July 30, 1998 and incorporated herein by reference)
10.4	First Amendment to Contribution Agreement (with Donald E. Axinn) (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 13, 1998 and incorporated herein by reference)
10.5	Modification Agreement dated as of June 20, 2005 between Brandywine Operating Partnership, L.P. and Donald E. Axinn (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated June 21, 2005 and incorporated herein by reference)
10.6	Contribution Agreement dated August 18, 2004 with TRC Realty, Inc.-GP, TRC-LB LLC and TRC Associates Limited Partnership (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated August 19, 2004 and incorporated herein by reference)
10.7	Registration Rights Agreement (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated September 21, 2004 and incorporated herein by reference)
10.8	Tax Protection Agreement (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated September 21, 2004 and incorporated herein by reference)
10.9	Registration Rights Agreement dated as of October 3, 2005 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 4, 2005 and incorporated herein by reference)
10.10	Letter to Cohen & Steers Capital Management, Inc. relating to waiver of share ownership limit (previously filed as an exhibit to Brandywine Realty Trust s Form 10-Q for the quarter ended June 30, 2003 and incorporated herein by reference)
10.11	Registration Rights Agreement dated as of October 4, 2006 relating to 3.875% Exchangeable Guaranteed Notes due 2026 (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 4, 2006 and incorporated herein by reference)

Exhibits No.	*Description*
10.12	Common Share Delivery Agreement (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated October 4, 2006 and incorporated herein by reference)
10.13	2006 Amended and Restated Agreement dated as of January 5, 2006 with Anthony A. Nichols, Sr.** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated January 10, 2006 and incorporated herein by reference)
10.14	Consulting Letter Agreement with Anthony A. Nichols, Sr.** (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2008 and incorporated herein by reference)
10.15	Amended and Restated Employment Agreement dated as of February 9, 2007 of Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated February 14, 2007 and incorporated herein by reference)
10.16	Amended and Restated 1997 Long-Term Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust s Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference)
10.17	Amended and Restated Executive Deferred Compensation Plan effective March 25, 2004** (previously filed as an exhibit to Brandywine Realty Trust s Form 10-Q for the quarter ended March 31, 2004 and incorporated herein by reference)
10.18	Amended and Restated Executive Deferred Compensation Plan effective January 1, 2009** (previously filed as an exhibit to Brandywine Realty Trust s Form 10-K for the fiscal year ended December 31, 2008 and incorporated herein by reference)
10.19	2007 Non-Qualified Employee Share Purchase Plan** (previously filed as an exhibit to Brandywine Realty Trust s Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference)
10.20	2006 Restricted Share Award to Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated February 15, 2006 and incorporated herein by reference)
10.21	Form of 2006 Restricted Share Award to executive officers (other than the President and Chief Executive Officer)** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated February 15, 2006 and incorporated herein by reference)
10.22	Form of 2007 Restricted Share Award to non-executive trustees** (previously filed as an exhibit to Brandywine Realty Trust s Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference)
10.23	Performance Share Award to Howard M. Sipzner** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated December 12, 2006 and incorporated herein by reference)
10.24	2007 Performance Share Award to Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated February 14, 2007 and incorporated herein by reference)
10.25	Form of 2007 Performance Share Award to executive officers (other than the President and Chief Executive Officer)** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated February 14, 2007 and incorporated herein by reference)
10.26	Summary of Trustee Compensation** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated March 17, 2006 and incorporated herein by reference)
10.27	Form of Restricted Share Award** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated January 10, 2006 and incorporated herein by reference)
10.28	Form of Performance Share Award to the President and CEO and Executive Vice President and CFO** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated

	April 11, 2008 and incorporated herein by reference)
10.29	Form of Performance Share Award to the executive officers (other than the President and CEO and Executive Vice President and CFO)** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.30	Form of Non-Qualified Share Option Agreement to the President and CEO and Executive Vice President and CFO** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.31	Form of Non-Qualified Share Option Agreement to the executive officers (other than the President and CEO and Executive Vice President and CFO)** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.32	Form of Incentive Stock Option Agreement to the President and CEO and Executive Vice President and CFO ** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.33	Form of Incentive Stock Option Agreement to the executive officers (other than the President and CEO and Executive Vice President and CFO)** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.34	Form of Restricted Share Award for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 1, 2009 and incorporated herein by reference)
10.35	Form of Restricted Performance Share Unit and Dividend Equivalent Rights Award Agreement for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 1, 2009 and incorporated herein by reference)
10.36	2009-2011 Restricted Performance Share Unit Program** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 1, 2009 and incorporated herein by reference)
10.37	Forms of Non-Qualified Share Option Agreement for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 1, 2009 and incorporated herein by reference)
10.38	Forms of Incentive Stock Option Agreement for Executive Officers ** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated April 1, 2009 and incorporated herein by reference)

Exhibits No.	*Description*
10.39	Form of Amended and Restated Change of Control Agreement with Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K filed on February 4, 2010 and incorporated herein by reference)
10.40	Employment Agreement dated February 3, 2010 with Howard M. Sipzner ** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K filed on February 4, 2010 and incorporated herein by reference)
10.41	Letter to RREEF America LLC relating to waiver of share ownership limit
12.1	Statement re Computation of Ratios of Brandywine Realty Trust
12.2	Statement re Computation of Ratios of Brandywine Operating Partnership, L.P.
14.1	Code of Business Conduct and Ethics** (previously filed as an exhibit to Brandywine Realty Trust s Form 8-K dated December 22, 2004 and incorporated herein by reference)
21	List of subsidiaries
23.1	Consent of PricewaterhouseCoopers LLP relating to financial statements of Brandywine Realty Trust
23.2	Consent of PricewaterhouseCoopers LLP relating to financial statements of Brandywine Operating Partnership, L.P.
23.3	Consent of PricewaterhouseCoopers LLP relating to financial statements of G&I Interchange Office L.L.C.
31.1	Certification of the Chief Executive Officer of Brandywine Realty Trust pursuant to 13a-14 under the Securities Exchange Act of 1934
31.2	Certification of the Chief Financial Officer of Brandywine Realty Trust pursuant to 13a-14 under the Securities Exchange Act of 1934
31.3	Certification of the Chief Executive Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 13a-14 under the Securities Exchange Act of 1934
31.4	Certification of the Chief Financial Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 13a-14 under the Securities Exchange Act of 1934
32.1	Certification of the Chief Executive Officer of Brandywine Realty Trust pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer of Brandywine Realty Trust pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.3	Certification of the Chief Executive Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.4	Certification of the Chief Financial Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Material Tax Consequences

** Management contract or compensatory plan or arrangement

(b)	Financial Statement Schedule: See Item 15 (a) (1) and (2) above
(c)(1)	The Financial Statements of G&I Interchange Office, LLC on page F-99

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BRANDYWINE REALTY TRUST

By: /s/ Gerard H. Sweeney
Gerard H. Sweeney
President and Chief Executive Officer

Date: March 1, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	*Title*	*Date*
/s/ Walter D Alessio	Chairman of the Board and Trustee	March 1, 2010
Walter D Alessio		
/s/ Gerard H. Sweeney	President, Chief Executive Officer and Trustee (Principal Executive Officer)	March 1, 2010
Gerard H. Sweeney		
/s/ Howard M. Sipzner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2010
Howard M. Sipzner		
/s/ Gabriel J. Mainardi	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 1, 2010
Gabriel J. Mainardi		
/s/ D. Pike Aloian	Trustee	March 1, 2010
D. Pike Aloian		
/s/ Wyche Fowler	Trustee	March 1, 2010
Wyche Fowler		
/s/ Michael J. Joyce	Trustee	March 1, 2010
Michael J. Joyce		
/s/ Anthony A. Nichols, Sr.	Trustee	March 1, 2010
Anthony A. Nichols, Sr.		
/s/ Charles P. Pizzi	Trustee	March 1, 2010

Charles P. Pizzi

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BRANDYWINE OPERATING PARTNERSHIP, L.P.

By: Brandywine Realty Trust, its General Partner

By: /s/ Gerard H. Sweeney
Gerard H. Sweeney
President and Chief Executive Officer

Date: March 1, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	*Title*	*Date*
/s/ Walter D Alessio Walter D Alessio	Chairman of the Board and Trustee	March 1, 2010
/s/ Gerard H. Sweeney Gerard H. Sweeney	President, Chief Executive Officer and Trustee (Principal Executive Officer)	March 1, 2010
/s/ Howard M. Sipzner Howard M. Sipzner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 1, 2010
/s/ Gabriel J. Mainardi Gabriel J. Mainardi	Vice President and Chief Accounting Officer (Principal Accounting Officer)	March 1, 2010
/s/ D. Pike Aloian D. Pike Aloian	Trustee	March 1, 2010
/s/ Wyche Fowler Wyche Fowler	Trustee	March 1, 2010
/s/ Michael J. Joyce Michael J. Joyce	Trustee	March 1, 2010
/s/ Anthony A. Nichols, Sr.	Trustee	March 1, 2010

Anthony A. Nichols, Sr.

/s/ Charles P. Pizzi	Trustee	March 1, 2010

Charles P. Pizzi

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Brandywine Realty Trust:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Brandywine Realty Trust and its subsidiaries (the Company) at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, as of January 1, 2009, the Company changed the way it accounts for convertible debt investments that may be settled in cash upon conversion and the way it accounts for non-controlling interests.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management s Report on Internal Control Over Financial Reporting, management has excluded the Company s investments in Four and Six Tower Bridge Associates from its assessment of internal control over financial reporting as of December 31, 2009 because the Company does not have the right and authority to assess the internal control over financial reporting of the individual entities and it lacks the ability to influence or modify the internal control over financial reporting of the individual entities. Four and Six Tower Bridge Associates are two real estate partnerships, created prior to December 13, 2003, which the Company started consolidating in accordance with the accounting standard for the consolidation of variable interest entities on March 31, 2004. We have also excluded Four and Six Tower Bridge Associates from our audit of internal control over financial reporting. The total assets and total revenue of Four and Six Tower Bridge Associates represent, in the aggregate less than 1% and 1%, respectively, of the Company s consolidated financial statement amounts as of and for the year ended December 31, 2009.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
March 1, 2010

BRANDYWINE REALTY TRUST
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share information)

	December 31, 2009	December 31, 2008 (as adjusted)
ASSETS		
Real estate investments:		
Rental properties	$ 4,512,618	$ 4,608,320
Accumulated depreciation	(716,956)	(639,688)
Operating real estate investments, net	3,795,662	3,968,632
Construction-in-progress	271,962	122,219
Land inventory	97,368	100,516
Total real estate investments, net	4,164,992	4,191,367
Cash and cash equivalents	1,567	3,924
Cash in escrow		31,385
Accounts receivable, net	10,934	16,413
Accrued rent receivable, net	87,173	86,362
Investment in real estate ventures, at equity	75,458	71,028
Deferred costs, net	106,097	89,327
Intangible assets, net	105,163	145,757
Notes receivable	59,008	48,048
Other assets	53,358	59,008
Total assets	$ 4,663,750	$ 4,742,619
LIABILITIES AND BENEFICIARIES EQUITY		
Mortgage notes payable	$ 551,720	$ 487,525
Borrowing under credit facilities	92,000	153,000
Unsecured term loan	183,000	183,000
Unsecured senior notes, net of discounts	1,627,857	1,917,970
Accounts payable and accrued expenses	88,599	79,475
Distributions payable	21,799	29,288
Tenant security deposits and deferred rents	58,572	58,692
Acquired below market leases, net	37,087	47,626
Deferred income	47,379	24,271
Other liabilities	33,997	39,274
Total liabilities	2,742,010	3,020,121
Commitments and contingencies (Note 20)		
Brandywine Realty Trust s equity:		
Preferred Shares (shares authorized-20,000,000):		
7.50% Series C Preferred Shares, $0.01 par value; issued and outstanding- 2,000,000 in 2009 and 2008	20	20
7.375% Series D Preferred Shares, $0.01 par value; issued and outstanding- 2,300,000 in 2009 and 2008	23	23

Common Shares of Brandywine Realty Trust s beneficial interest, $0.01 par value; shares authorized 200,000,000; 128,849,176 and 88,610,053 issued in 2009 and 2008, respectively and 128,582,334 and 88,158,937 outstanding in 2009 and 2008, respectively	1,286	882
Additional paid-in capital	2,610,421	2,351,428
Deferred compensation payable in common stock	5,549	6,274
Common shares in treasury, at cost, 251,764 and 451,116 in 2009 and 2008, respectively	(7,205)	(14,121)
Common shares in grantor trust, 255,700 in 2009 and 215,742 in 2008	(5,549)	(6,274)
Cumulative earnings	501,384	498,716
Accumulated other comprehensive loss	(9,138)	(17,005)
Cumulative distributions	(1,213,359)	(1,150,406)
Total Brandywine Realty Trust s equity	1,883,432	1,669,537
Non-controlling interests	38,308	52,961
Total equity	1,921,740	1,722,498
Total liabilities and equity	$ 4,663,750	$ 4,742,619

The accompanying notes are an integral part of these consolidated financial statements.

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BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share information)

	Years ended December 31, 2009	2008 (as adjusted)	2007 (as adjusted)
Revenue:			
Rents	$ 478,228	$ 483,212	$ 493,309
Tenant reimbursements	79,796	78,090	75,821
Termination fees	3,601	4,800	10,053
Third party management fees, labor reimbursement and leasing	17,151	20,401	19,691
Other	3,443	2,918	5,937
Total revenue	582,219	589,421	604,811
Operating Expenses:			
Property operating expenses	168,159	160,770	162,590
Real estate taxes	58,230	58,649	57,586
Third party management expenses	7,996	8,965	10,361
Depreciation and amortization	208,590	202,043	219,553
General and administrative expenses	20,821	23,002	27,932
Provision for impairment on land inventory		10,841	
Total operating expenses	463,796	464,270	478,022
Operating income	118,423	125,151	126,789
Other Income (Expense):			
Interest income	2,500	1,839	4,014
Interest expense	(135,740)	(146,646)	(161,150)
Interest expense amortization of deferred financing costs	(5,864)	(5,450)	(4,496)
Loss on settlement of treasury lock agreements			(3,698)
Recognized hedge activity	(916)		
Equity in income of real estate ventures	4,069	8,447	6,955
Net gain on sale of interests in depreciated real estate			40,919
Net (loss) gain on sale of interests in undepreciated real estate		(24)	
Gain on early extinguishment of debt	23,176	18,105	
Income from continuing operations	5,648	1,422	9,333
Discontinued operations:			
Income from discontinued operations	4,903	15,456	20,259
Net gain on disposition of discontinued operations	1,238	28,497	25,743
Provision for impairment	(3,700)	(6,850)	
Total discontinued operations	2,441	37,103	46,002

Net income		8,089		38,525		55,335
Net income (loss) from discontinued operations attributable to non- controlling interests		(38)		(1,399)		(1,964)
Net income (loss) from continuing operations attributable to non- controlling interests		(25)		91		(490)
Net (income) attributable to non-controlling interests		(63)		(1,308)		(2,454)
Net income attributable to Brandywine Realty Trust		8,026		37,217		52,881
Distribution to Preferred Shares		(7,992)		(7,992)		(7,992)
Amount allocated to unvested restricted shareholders		(279)		(763)		(765)
Income (loss) allocated to Common Shares	$	(245)	$	28,462	$	44,124
Basic earnings per Common Share:						
Continuing operations	$	(0.02)	$	(0.08)	$	0.00
Discontinued operations		0.02		0.41		0.50
	$		$	0.33	$	0.50
Diluted earnings per Common Share:						
Continuing operations	$	(0.02)	$	(0.08)	$	0.00
Discontinued operations		0.02		0.41		0.50
	$		$	0.33	$	0.50
Basic weighted average shares outstanding		111,898,045		87,574,423		87,272,148
Diluted weighted average shares outstanding		113,251,291		87,583,163		87,321,276
Net (loss) income attributable to Brandywine Realty Trust						
Income (loss) from continuing operations	$	5,623	$	1,513	$	8,843
Income (loss) from discontinued operations		2,403		35,704		44,038
Net income	$	8,026	$	37,217	$	52,881

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE (LOSS) INCOME
(in thousands)

	Years ended December 31, 2009	2008 (as adjusted)	2007 (as adjusted)
Net income	$ 8,089	$ 38,525	$ 55,335
Other comprehensive income:			
Unrealized gain (loss) on derivative financial instruments	7,395	(15,288)	(3,600)
Settlement of treasury locks			(3,860)
Settlement of forward starting swaps			1,148
Ineffectiveness of the hedges	(125)		
Reclassification of realized (gains)/losses on derivative financial instruments to operations, net	(184)	(80)	3,436
Unrealized gain (loss) on available-for-sale securities		248	(585)
Total other comprehensive income (loss)	7,086	(15,120)	(3,461)
Comprehensive income	15,175	23,405	51,874
Comprehensive (income) loss attributable to non-controlling interest	227	(1,309)	(2,454)
Comprehensive income attributable to Brandywine Realty Trust	$ 15,402	$ 22,096	$ 49,420

The accompanying notes are an integral part of these consolidated financial statements.

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BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF BENEFICIARIES EQUITY
For the years ended December 31, 2009, 2008 and 2007
(in thousands, except number of shares)

e red es	Number of Preferred D Shares	Par Value of Preferred D Shares	Number of Common Shares	Number of Treasury Shares	Number of Rabbi Trust/Deferred Compensation Shares	Common Shares of Brandywine Realty Trust s beneficial interest	Additional Paid-in Capital	Deferred Compensation Common Shares in Treasury	Deferred Compensation Payable in Common Stock	Deferred Compensation Common Shares in Grantor Trust	Cumulative Earnings	Accumulated Other Comprehensive Income (Loss)	Cu Dist
	2,300,000	**$ 23**	**88,327,041**			**$ 883**	**$ 2,338,487**	**$**	**$**	**$**	**$ 419,470**	**$ 1,576**	**$ (8**
											52,881		
												(3,461)	
			66,086			1	402						
							1,974						
			21,951				716						
							(2,828)						
				1,780,600		(16)		(59,408)					
				(180,963)	180,963	2		6,130	5,959	(5,959)	(296)		

	(8,398)			(277)	277	
(915)	(915)			(31)	31	
1,664		55				
198,495		8,008	(171)			
		1,339				
						(