BRANDYWINE REALTY TRUST
Form 10-K
February 19, 2015

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

FORM 10-K
(Mark One)

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

For the fiscal year ended December 31, 2014

OR

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

For the transition period from to

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

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

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

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

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

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

Title of each class	Name of each exchange on which registered
Common Shares of Beneficial Interest, par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange
6.90% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange

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

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

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

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

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

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

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

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

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

1

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

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

Brandywine Realty Trust:

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

Brandywine Operating Partnership, L.P.:

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

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

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

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

As of June 30, 2014 the aggregate market value of the 1,763,739 common units of limited partnership ("Units") held by non-affiliates of Brandywine Operating Partnership, L.P. was $27,514,328 based upon the last reported sale price of $15.60 per share on the New York Stock Exchange on June 30, 2014 of the Common Shares of Beneficial Interest of Brandywine Realty Trust, the sole general partner of Brandywine Operating Partnership, L.P. (For this computation, the Registrant has excluded the market value of all Units beneficially owned by Brandywine Realty Trust.)

Documents Incorporated By Reference

Portions of the proxy statement for the 2015 Annual Meeting of Shareholders of Brandywine Realty Trust are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2014 of Brandywine Realty Trust (the "Parent Company") and Brandywine Operating Partnership, L.P. (the "Operating Partnership"). The Parent Company is a Maryland real estate investment trust, or REIT, that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the "Company". In addition, terms such as "we", "us", or "our" used in this report may refer to the Company, the Parent Company or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and as of December 31, 2014, owned a 99.0% interest in the Operating Partnership. The remaining 1.0% interest consists of common units of limited partnership interest issued by the Operating Partnership to third parties in exchange for contributions of properties to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership's day-to-day operations and management.

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

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

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

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

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

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

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

- Consolidated Financial Statements;
- Parent Company's and Operating Partnership's Equity

This report also includes separate Item 9A. (Controls and Procedures) disclosures and separate Exhibit 31 and 32 certifications for each of the Parent Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Parent Company and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.

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

TABLE OF CONTENTS

Exhibit 3.1.29
Exhibit 12.1
Exhibit 12.2
Exhibit 21
Exhibit 23.1
Exhibit 23.2
Exhibit 31.1
Exhibit 31.2
Exhibit 31.3
Exhibit 31.4
Exhibit 32.1
Exhibit 32.2
Exhibit 32.3
Exhibit 32.4
Exhibit 99.1
EX-101 INSTANCE DOCUMENT
EX-101 SCHEMA DOCUMENT
EX-101 CALCULATION LINKBASE DOCUMENT
EX-101 LABELS LINKBASE DOCUMENT
EX-101 PRESENTATION LINKBASE DOCUMENT
EX-101 DEFINITION LINKBASE DOCUMENT

Filing Format

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

Forward-Looking Statements

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

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

- inability of real estate venture partners to fund venture obligations or perform under our real estate venture development agreements;
- failure to manage effectively our growth into new product types within our real estate venture arrangements;
- failure of dispositions to close in a timely manner;
- earthquakes and other natural disasters;
- the unforeseen impact of climate change and compliance costs relating to laws and regulations governing climate change;
- risks associated with federal, state and local tax audits;

- complex regulations relating to our status as a REIT and the adverse consequences of our failure to qualify as a REIT; and
- the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results.

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

PART I

Item 1. Business

Introduction

We are a self-administered and self-managed REIT that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, industrial, retail and mixed-use properties. As of December 31, 2014, we owned 200 properties that contain an aggregate of approximately 25.1 million net rentable square feet and consist of 167 office properties, 20 industrial facilities, five mixed-use properties, one retail property (193 core properties), two properties classified as held for sale, three development properties, one redevelopment property and one re-entitlement property (collectively, the "Properties"). In addition, as of December 31, 2014, we owned economic interests in 17 unconsolidated real estate ventures that own properties that contain approximately 6.7 million net rentable square feet (collectively, the "Real Estate Ventures"). As of December 31, 2014, we also owned 415 acres of undeveloped land, and held options to purchase approximately 63 additional acres of undeveloped land. As of December 31, 2014, the total potential development that these land parcels could support under current zoning, entitlements or combination thereof, amounted to 6.0 million square feet. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; Austin, Texas and Oakland, Concord, and Carlsbad, California. In addition to managing properties that we own, as of December 31, 2014, we were managing approximately 8.9 million net rentable square feet of office and industrial properties for third parties and Real Estate Ventures. Unless otherwise indicated, all references in this Form 10-K to square feet represent net rentable area. We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2014 revenue.

Organization

The Parent Company was organized and commenced its operations in 1986 as a Maryland REIT. The Parent Company owns its assets and conducts its operations through the Operating Partnership and subsidiaries of the Operating Partnership. The Operating Partnership was formed in 1996 as a Delaware limited partnership. The Parent Company controls the Operating Partnership as its sole general partner. As of December 31, 2014, the Parent Company owned a 99.0% interest in the Operating Partnership. The remaining 1.0% interest in the Operating Partnership consists of common units of limited partnership interest issued to the holders in exchange for contributions of properties to the Operating Partnership. Our structure as an "UPREIT" is designed, in part, to permit persons contributing properties to us to defer some or all of the tax liability they might otherwise incur in a sale of properties. Our executive offices are located at 555 East Lancaster Avenue, Suite 100, Radnor, Pennsylvania 19087 and our telephone number is (610) 325-5600. We have offices in Philadelphia, Pennsylvania; McLean, Virginia; Mount Laurel, New Jersey; Richmond, Virginia; Austin, Texas; and Carlsbad, California. We have an internet website at www.brandywinerealty.com. We are not incorporating by reference into this Annual Report on Form 10-K any material from our website. The reference to our website is an inactive textual reference to the uniform resource locator (URL) and is for your reference only.

2014 Transactions

Real Estate Acquisitions

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

Real Estate Dispositions

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

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

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

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

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

Held for Sale

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

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

Austin Venture - River Place

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

Austin Venture - The Crossings

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

Austin Venture - Four Points Centre

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

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

Developments

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

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

FMC Tower at Cira Centre South

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

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

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

Encino Trace

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

Cira Green Roof

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

660 West Germantown Pike

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

200 Radnor Chester Road

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

1919 Market Street Venture

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

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

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

4040 Wilson Venture Development

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

The Parc at Plymouth Meeting Venture Development

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

evo at Cira Centre South Venture Development

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

Business Objective and Strategies for Growth

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

- concentrate on urban town centers and central business districts in selected regions, and be the best of class owner and developer in those markets;
- maximize cash flow through leasing strategies designed to capture rental growth as rental rates increase and as leases are renewed;
- attain a high tenant retention rate by providing a full array of property management and maintenance services and tenant service programs responsive to the varying needs of our diverse tenant base;
- form joint venture opportunities with high-quality partners having attractive real estate holdings or significant financial resources;
- utilize our reputation as a full-service real estate development and management organization to identify acquisition and development opportunities that will expand our business and create long-term value;
- increase the economic diversification of our tenant base while maximizing economies of scale; and
- selectively reduce our portfolio over time, in non-core suburban properties that are not located in our core regions.

We also consider the following to be important objectives:

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

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

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

Operating Strategy

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

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

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

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

In order to fund developments, redevelopments and acquisitions, as well as refurbish and improve existing properties, we must use excess cash from operations after satisfying our dividend and other requirements. The availability of funds for new investments and maintenance of existing properties depends in large measure on capital markets and liquidity factors over which we can exert little control.

Policies With Respect To Certain Activities

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

Investments in Real Estate or Interests in Real Estate

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

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

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

Investments in Real Estate Mortgages

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

Dispositions

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

Financing Policies

A primary objective of our financing policy has been to manage our financial position to allow us to raise capital from a variety of sources at competitive rates. Our mortgages, credit facilities and unsecured debt securities contain restrictions on our ability to incur indebtedness. Our charter documents do not limit the indebtedness that we may incur. Our financing strategy is to maintain a strong and flexible financial position by limiting our debt to a prudent level and minimizing our variable interest rate exposure. We intend to finance future growth and future maturing debt with the most advantageous source of capital then available to us. These sources may include selling additional common or preferred equity and debt securities through public offerings or private placements, utilizing availability under our credit facilities or incurring additional indebtedness through secured or unsecured borrowings. To qualify as a REIT, we must distribute to our shareholders each year at least 90% of our net taxable income, excluding any net capital gain. This distribution requirement limits our ability to fund future capital needs, including for acquisitions and developments, from income from operations. Therefore, we expect to continue to rely on third party sources of capital to fund future capital needs.

Guarantees

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

Working Capital Reserves

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

Policies with Respect to Other Activities

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

Management Activities

We provide third-party real estate management services primarily through wholly-owned subsidiaries of the Operating Partnership (collectively, the "Management Companies"). As of December 31, 2014, the Management Companies were managing properties containing an aggregate of approximately 33.9 million net rentable square feet, of which approximately 25.0 million net rentable square feet related to properties owned by us and approximately 8.9 million net rentable square feet related to properties owned by third parties and unconsolidated Real Estate Ventures.

Geographic Segments

During the year ended December 31, 2014, we were managing our portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington, D.C., (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California. The Pennsylvania Suburbs segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and southern

14

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

Competition

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

Insurance

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

Employees

As of December 31, 2014, we had 424 full-time employees, including 21 union employees.

Government Regulations Relating to the Environment

Many laws and governmental regulations relating to the environment apply to us and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently and may adversely affect us.

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

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

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

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

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

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

Code of Conduct

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

Corporate Governance Principles and Board Committee Charters

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

Availability of SEC Reports

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

Item 1A. Risk Factors

Our business, financial condition, results from operations and ability to make distributions on our equity and to pay debt service on our indebtedness may be affected by the risk factors set forth below. All investors (including shareholders in the Parent Company and units in the Operating Partnership) should consider the following risk factors before deciding to purchase our securities. This section contains forward-looking statements. Please refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 7.

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

Our business is affected by global, national and local economic conditions. Our portfolio consists primarily of office buildings (as compared to real estate companies with portfolios of multiple asset classes). Our economic performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our security holders will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties and our performance generally:

- adverse changes in international, national or local economic and demographic conditions;
- increased vacancies or our inability to rent space on favorable terms, including market pressures to offer tenants rent abatements, increased tenant improvement packages, early termination rights, below market rental rates or below-market renewal options;
- significant job losses in the financial and professional services industries may occur, which may decrease demand for office space, causing market rental rates and property values to be negatively impacted;
- changes in interest rates, reduced availability of financing and reduced liquidity in the capital markets, which may adversely affect our ability or the ability of buyers and tenants of properties to obtain financing on favorable terms, or at all;
- reduced values of our properties would limit our ability to dispose of assets at attractive prices, limit our access to debt financing secured by our properties and reduce availability of unsecured loans;
- the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors;
- one or more lenders under our line of credit could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all;
- declines in the financial condition of our tenants which would impact our ability to collect rents from our tenants.
- competition from other commercial office, industrial, retail, and mixed-use properties and commercial buildings, and increased supply of such buildings;
- increased operating costs, including insurance expense, utilities, real estate taxes, janitorial costs, state and local taxes, labor shortages and heightened security costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses; and
- significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property.

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

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

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

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

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

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

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

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

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

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

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

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

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

In the event that our unsecured debt is downgraded by Moody’s Investor Services and Standard & Poor’s from the current ratings, we would likely incur higher borrowing costs and the market prices of our common shares and debt securities might decline.

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

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

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

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

- the unavailability of favorable financing alternatives in the private and public debt markets;
- having sufficient capital to pay development costs;
- dependence on the financial and professional services sector as part of our tenant base;
- construction costs exceeding original estimates due to rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;
- construction and lease-up delays resulting in increased debt service, fixed expenses and construction or renovation costs;

- expenditure of funds and devotion of management’s time to projects that we do not complete;
- the unavailability or scarcity of utilities;
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on our investment;

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

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

We face risks associated with property acquisitions.

We have recently acquired properties, and may in the future continue to acquire properties and portfolios of properties, including large portfolios that would increase our size and potentially alter our capital structure. The success of such transactions is subject to a number of factors, including the risks that:

- we may not be able to obtain financing for such acquisitions on favorable terms;
- if we fail to accurately estimate occupancy levels, operating costs or costs of improvements to bring an acquired property or a development property up to the standards established for our intended market position, the performance of the property may be below expectations
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- the acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and
- we may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into our organization and manage new properties in a way that allows us to realize cost savings and synergies.

Acquired properties may subject us to known and unknown liabilities.

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

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

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

We acquired in the past and in the future may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our Operating Partnership. This acquisition structure has the effect, among other factors, of reducing the amount of tax depreciation we can deduct over the tax life of the acquired properties, and typically requires that we agree to protect the contributors’ ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. We agreed not to sell some of our properties for varying periods of time, in transactions that would trigger taxable income to the former owners, and we may enter into similar arrangements as a part of future property acquisitions. These agreements generally provide that we may dispose of the subject properties only in transactions that qualify as tax-free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. Such transactions can be difficult to complete and can result in the property acquired in exchange for the disposed of property inheriting the tax attributes (including tax protection covenants) of the sold property. Violation of these tax protection agreements would impose significant costs on us. As a result, we are restricted with respect to decisions related to financing, encumbering, expanding or selling these properties. These restrictions on dispositions could limit our ability to sell an asset or pay down partnership debt during a specified time, or on terms, that would be favorable absent such restrictions.

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

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

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

We face significant competition from other real estate developers.

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

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

We develop, acquire, and contribute properties in joint ventures with other persons or entities when we believe circumstances warrant the use of such structures. As of December 31, 2014, we held ownership interests in 17 unconsolidated Real Estate Ventures for an aggregate investment balance of $223.8 million, of which $225.0 million is included in net assets and $1.2 million is included in other liabilities and represents the negative investment balance of one real estate venture. We could become engaged in a dispute with one or more of our joint venture partners that might affect our ability to operate a jointly-owned property. Moreover, our joint venture partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our joint venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our joint venture partners or the lenders to our joint ventures are inconsistent with our own objectives, we may not be able to act exclusively in our interests.

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

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

Some potential losses are not covered by insurance.

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

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

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

Our ability to make distributions is subject to various risks.

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

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

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

Changes in the tax rates and regulatory requirements may adversely affect our cash flow.

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

Potential liability for environmental contamination could result in substantial costs.

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

Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and

exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from our properties.
Additionally, we develop, manage, lease and/or operate various properties for third parties. Consequently, we may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances.
An earthquake or other natural disasters could adversely affect our business.
Some of our properties are located in California which is a high risk geographical area for earthquakes or other natural disasters. Depending upon its magnitude, an earthquake could severely damage our properties which would adversely affect our business. We maintain earthquake insurance for our California properties and the resulting business interruption. We cannot assure, however, that our insurance will be sufficient if there is a major earthquake.
Data security breaches may cause damage to our business and reputation.
In the ordinary course of our business we maintain sensitive data, including our proprietary business information and the information of our tenants and business partners, in our data centers and on our networks. Notwithstanding the security measures undertaken, our information technology may be vulnerable to attacks or breaches resulting in proprietary information being publicly disclosed, lost or stolen. There can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Protected information, networks, systems and facilities remain vulnerable because the techniques used in such attempted security breaches evolve and may not be recognized or detected until launched against a target. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures.
Data and security breaches could:

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

Americans with Disabilities Act compliance could be costly.
The Americans with Disabilities Act of 1990, as amended ("ADA"), requires that all public accommodations and commercial facilities, including office buildings, meet certain federal requirements related to access and use by disabled persons. Compliance with ADA requirements could involve the removal of structural barriers from certain disabled persons' entrances which could adversely affect our financial condition and results of operations. Other federal, state and local laws may require modifications to or restrict further renovations of our properties with respect to such accesses. Noncompliance with the ADA or similar or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us. In addition, changes to

existing requirements or enactments of new requirements could require significant expenditures. Such costs may adversely affect our cash flow and ability to make distributions to shareholders.

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

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Report are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income (excluding net capital gains). The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries and joint ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $50,000 or more for each such failure.

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

Failure of the Operating Partnership (or a subsidiary partnership or joint venture) to be treated as a partnership would have serious adverse consequences to our shareholders.

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

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

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

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

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

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable

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

We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate have undergone tax audits. There can be no assurance that future audits will not have a material adverse effect on our results of operations.

Competition for skilled personnel could increase labor costs.

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

We are dependent upon our key personnel.

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

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

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

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

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

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

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

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

Maryland Unsolicited Takeover Act. Subtitle 8 of Title 3 of the Maryland General Corporation Law permits our Board of Trustees, without shareholder approval, and regardless of what is currently in our charter or bylaws, to implement (i) a classified board; (ii) a two-thirds vote requirement for removing a trustee; (iii) a requirement that the number of trustees be fixed only by vote of the trustees; (iv) a requirement that a vacancy on the board be filled only by the remaining trustees and for the remainder of the full term of the class of trustees in which the vacancy occurred; and (v) a majority requirement for the calling by shareholders of a special meeting of shareholders. This statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if the acquisition would be in our shareholders' best interests.

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

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

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

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

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

Additional issuances of equity securities may be dilutive to shareholders.

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Property Acquisitions

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

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

Development and Redevelopment Properties Placed in Service

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

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

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

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

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

Property Sales

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

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

Total Office Properties Sold

(a) Includes closing and other transaction related costs.

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

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

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

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

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

Held for Sale

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

Properties

As of December 31, 2014,we owned 200 properties that contain an aggregate of approximately 25.1 million net rentable square feet and consist of 167 office properties, 20 industrial facilities, five mixed-use properties, one retail property (193 core properties), two properties classified as held for sale, three development properties, one redevelopment property and one re-entitlement property (collectively, the “Properties”). The properties are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; and Oakland, Concord, and Carlsbad, California. As of December 31, 2014, the properties were approximately 91.4% occupied by 1,381 tenants and had an average age of approximately 22.5 years. The office properties are a combination of urban, transit oriented and suburban office buildings containing an average of approximately 132,874 net rentable square feet. The industrial and mixed-use properties accommodate a variety of tenant uses, including light manufacturing, assembly, distribution and warehousing. We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the properties, with policy specifications and insured limits which we believe are adequate.

The following table sets forth information with respect to our core properties at December 31, 2014:

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

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

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

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

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

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

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

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

33

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2014 (a)		Total Base Rent for the Twelve Months Ended December 31, 2014 (b) (000's)	Average Annualized Rental Rate as of December 31, 2014 (c)
2221-2245 Dabney Road	(f)	Richmond	VA	1994	45,250	100.0	%	304	9.08
2251 Dabney Road	(f)	Richmond	VA	1983	42,000	80.2	%	221	7.09
2161-2179 Tomlynn Street	(f)	Richmond	VA	1985	41,550	100.0	%	249	8.22
2256 Dabney Road	(f)	Richmond	VA	1982	33,413	100.0	%	217	8.95
2246 Dabney Road	(f)	Richmond	VA	1987	33,271	100.0	%	277	10.35
2244 Dabney Road	(f)	Richmond	VA	1993	33,050	100.0	%	274	10.16
9211 Arboretum Parkway		Richmond	VA	1991	30,791	100.0	%	342	14.09
2248 Dabney Road	(f)	Richmond	VA	1989	30,184	100.0	%	233	9.74
2130-2146 Tomlynn Street	(f)	Richmond	VA	1988	29,700	100.0	%	204	9.27
2120 Tomlyn Street	(f)	Richmond	VA	1986	23,850	100.0	%	174	10.16
2240 Dabney Road	(f)	Richmond	VA	1984	15,389	100.0	%	127	15.00
SUBTOTAL - RICHMOND, VA SEGMENT					2,491,387	93.6	%	$ 28,504	$ 13.95
CALIFORNIA SEGMENT									
155 Grand Avenue		Oakland	CA	1990	204,336	86.4	%	$ 5,460	$ 32.69
2 Kaiser Land	(g)	Oakland	CA	N/A	—	—	%	—	—
Oakland Lot B	(g)	Oakland	CA	N/A	—	—	%	—	—
1220 Concord Avenue		Concord	CA	1984	175,153	100.0	%	4,204	25.94
1200 Concord Avenue		Concord	CA	1984	175,103	100.0	%	4,425	27.02
5900 & 5950 La Place Court		Carlsbad	CA	1988	80,506	84.9	%	1,295	20.97
5963 La Place Court		Carlsbad	CA	1987	61,587	93.6	%	929	19.7
2035 Corte Del Nogal		Carlsbad	CA	1991	53,982	80.0	%	703	14.58
SUBTOTAL - CALIFORNIA SEGMENT					750,667	92.7	%	$ 17,016	$ 26.28
TOTAL CORE PORTFOLIO					23,507,295	93.0	%	$ 450,392	$ 24.14

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

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

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

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

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

(f) These properties are industrial facilities.

(g) These properties are mixed-use.

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

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

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

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year	Rentable Square Footage Subject to Expiring Leases	Final Annualized Base Rent Under Expiring Leases (a)	Final Annualized Base Rent Per Square Foot Expiring Leases	Percentage of Total Final Annualized Base Rent Under Expiring Leases	Cumulative Total
2014 (b)	76	42,741	$646,606	$15.13	0.1 %	0.1 %
2015	231	1,539,558	30,820,885	20.02	5.2 %	5.3 %
2016	232	1,797,134	42,573,200	23.69	7.2 %	12.5 %
2017	269	2,737,812	70,351,481	25.70	11.9 %	24.4 %
2018	202	2,388,574	65,682,297	27.50	11.1 %	35.5 %
2019	196	1,888,616	57,987,401	30.70	9.8 %	45.3 %
2020	145	2,406,912	64,894,259	26.96	11.0 %	56.3 %
2021	72	1,145,206	32,151,204	28.07	5.4 %	61.7 %
2022	63	1,865,196	54,239,404	29.08	9.2 %	70.9 %
2023	45	649,419	19,250,946	29.64	3.3 %	74.2 %
2024	38	870,401	32,056,601	36.83	5.4 %	79.6 %
2025 and thereafter	61	4,155,530	119,865,621	28.84	20.4 %	100.0 %
	1,630	21,487,099	$590,519,905	$27.48	100.0 %	

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

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

35

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

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

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

(b) Annualized Base Rent represents the monthly base rent, excluding tenant reimbursements, for each lease in effect at December 31, 2014 multiplied by 12. Tenant reimbursements generally include payment of a portion of real estate taxes, operating expenses and common area maintenance and utility charges.

Real Estate Ventures

As of December 31, 2014, we held ownership interests in 17 unconsolidated Real Estate Ventures for an aggregate investment balance of $223.8 million, of which $225.0 million is included in net assets and $1.2 million is included in other liabilities and represents the negative investment balance of one real estate venture. We formed or acquired interests in these Real Estate Ventures with unaffiliated third parties to develop or manage office properties or to acquire land in anticipation of possible development of office or residential properties. As of December 31, 2014, 11 of the real estate ventures owned 65 office buildings that contain an aggregate of approximately 6.7 million net rentable square feet; one real estate ventures owned 3 acres of undeveloped parcels of land; four real estate ventures owned 22.6 acres of land under active development; one Real Estate Venture owned a residential tower that contains 345 apartment units and one real estate venture developed a hotel property that contains 137 rooms in Conshohocken, PA.

We account for our investments in these Real Estate Ventures using the equity method. For further information regarding Real Estate Ventures, see Note 4, "Investment in Unconsolidated Ventures," of our consolidated financial statements.

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

The common shares of Brandywine Realty Trust are traded on the New York Stock Exchange ("NYSE") under the symbol "BDN." There is no established trading market for units of partnership interests in the Operating Partnership. On February 17, 2015, there were 634 holders of record of our common shares and 31 holders of record (in addition to Brandywine Realty Trust) of Class A units of the Operating Partnership. On February 17, 2015, the last reported sales price of the common shares on the NYSE was $16.25. The following table sets forth the quarterly high and low sales price per common share reported on the NYSE for the indicated periods and the distributions paid by us with respect to each such period.

	Share Price High	Share Price Low	Distributions Paid During Quarter
First Quarter 2013	$14.85	$12.18	$0.15
Second Quarter 2013	$15.94	$12.61	$0.15
Third Quarter 2013	$14.56	$12.45	$0.15
Fourth Quarter 2013	$14.35	$12.67	$0.15
First Quarter 2014	$14.97	$13.77	$0.15
Second Quarter 2014	$15.77	$13.83	$0.15
Third Quarter 2014	$16.29	$14.07	$0.15
Fourth Quarter 2014	$16.08	$13.97	$0.15

For each quarter in 2014 and 2013, the Operating Partnership paid a cash distribution per Class A unit in an amount equal to the dividend paid on a common share for each such quarter.

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

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

The following table provides information as of December 31, 2014, with respect to compensation plans (including individual compensation arrangements) under which our common shares are authorized for issuance:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	2,684,795	$15.55	4,304,006
Equity compensation plans not approved by security holders	—	—	—
Total	2,684,795	$15.55	4,304,006

(1) Relates to our Amended and Restated 1997 Long-Term Incentive Plan (the "1997 Plan") and 46,667 options awarded prior to adoption of the 1997 Plan. Under the 1997 Plan, as amended, the number of common shares remaining available for awards under the 1997 Plan was 4,304,006 as of December 31, 2014. There were no common share repurchases under our repurchase program during the fiscal quarter ended December 31, 2014. The number of common shares remaining available for repurchase under our share repurchase program as of December 31, 2014 was 539,200.

SHARE PERFORMANCE GRAPH

The SEC requires us to present a chart comparing the cumulative total shareholder return on the common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the cumulative total shareholder return for the common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index (ii) the Russell 2000 and (iii) the NAREIT ALL-REIT Total Return Index as provided by NAREIT for the period beginning December 31, 2009 and ending December 31, 2014 and assumes an investment of $100, with reinvestment of all dividends, has been made in the common shares and in each index on December 31, 2009.

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

Item 6. Selected Financial Data

The following table sets forth selected financial and operating data and should be read in conjunction with the financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Annual Report on Form 10-K. The selected data have been revised to reflect disposition of all properties since January 1, 2010, which have been reclassified as discontinued operations for all periods presented in accordance with the accounting standard governing discontinued operations.

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

Years Ended December 31,	2014	2013	2012	2011	2010
Operating Results					
Total revenue	$596,982	$562,210	$535,679	$538,568	$516,280
Income (loss) from continuing operations	6,024	38,982	(37,309)	(24,556)	(43,000)
Net income (loss)	6,942	43,189	6,529	(4,715)	(17,606)
Income (loss) allocated to Common Shares	(274)	35,514	(8,238)	(12,996)	(25,578)
Income (loss) from continuing operations per Common Share					
Basic	$(0.01)	$0.20	$(0.36)	$(0.24)	$(0.38)
Diluted	$(0.01)	$0.20	$(0.36)	$(0.24)	$(0.38)
Earnings (loss) per Common Share					
Basic	$—	$0.23	$(0.06)	$(0.10)	$(0.19)
Diluted	$—	$0.23	$(0.06)	$(0.10)	$(0.19)
Cash distributions paid per Common Share	$0.60	$0.60	$0.60	$0.60	$0.60
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$3,827,826	$3,853,006	$3,922,893	$4,061,461	$4,201,410
Total assets	4,859,173	4,765,095	4,506,709	4,557,718	4,690,378
Total indebtedness	2,451,308	2,595,381	2,465,330	2,393,995	2,430,446
Total liabilities	2,699,847	2,843,660	2,733,193	2,668,022	2,712,604
Noncontrolling interest	18,499	21,215	21,238	33,105	128,272
Brandywine Realty Trust’s equity	2,140,827	1,900,220	1,752,278	1,856,591	1,849,502
Other Data					
Cash flows from:					
Operating activities	$188,999	$183,484	$159,110	$177,247	$185,127
Investing activities	(270,785)	104,708	(74,864)	(46,163)	(171,936)
Financing activities	76,081	(26,534)	(83,107)	(147,239)	1,807
Property Data					
Number of properties owned at year end	200	204	221	232	233
Net rentable square feet owned at year end	25,083	24,765	25,079	25,221	25,633

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

Years Ended December 31,	2014	2013	2012	2011	2010
Operating Results					
Total revenue	$596,982	$562,210	$535,679	$538,568	$516,280
Loss from continuing operations	6,024	38,982	(37,309)	(24,556)	(43,000)
Net income (loss)	6,942	43,189	6,529	(4,715)	(17,606)
Loss from continuing operations per Common Partnership Unit					
Basic	$(0.01)	$0.20	$(0.36)	$(0.23)	$(0.37)
Diluted	$(0.01)	$0.20	$(0.36)	$(0.23)	$(0.37)
Earnings (loss) per Common Partnership Units					
Basic	$—	$0.23	$(0.06)	$(0.09)	$(0.19)
Diluted	$—	$0.23	$(0.06)	$(0.09)	$(0.19)
Cash distributions paid per Common Partnership Unit	$0.60	$0.60	$0.60	$0.60	$0.60
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$3,827,826	$3,853,006	$3,922,893	$4,061,461	$4,201,410
Total assets	4,859,173	4,765,095	4,506,709	4,557,718	4,690,378
Total indebtedness	2,451,308	2,595,381	2,465,330	2,393,995	2,430,446
Total liabilities	2,699,847	2,843,660	2,733,193	2,668,022	2,712,604
Redeemable limited partnership units	24,571	26,486	26,777	38,370	132,855
Brandywine Operating Partnership's equity	2,133,745	1,894,003	1,746,739	1,851,326	1,844,919
Non-controlling interest	1,010	946	—	—	—
Other Data					
Cash flows from:					
Operating activities	$188,999	$183,484	$159,110	$177,247	$185,127
Investing activities	(270,785)	104,708	(74,864)	(46,163)	(171,936)
Financing activities	76,081	(26,534)	(83,107)	(147,239)	1,807
Property Data					
Number of properties owned at year end	200	204	221	232	233
Net rentable square feet owned at year end	25,083	24,765	25,079	25,221	25,663

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, 2014, 2013 and 2012.

OVERVIEW

We are a self-administered and self-managed REIT that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, industrial, retail and mixed-use properties. As of December 31, 2014, we owned 200 properties that contain an aggregate of approximately 25.1 million net rentable square feet and consist of 167 office properties, 20 industrial facilities, five mixed-use properties, one retail property (193 core properties), two properties classified as held for sale, three development properties, one redevelopment property and one re-entitlement property (collectively, the "Properties"). In addition, as of December 31, 2014, we owned economic interests in 17 unconsolidated real estate ventures which own properties that contain approximately 6.7 million net rentable square feet (collectively, the "Real Estate Ventures"). As of December 31, 2014, we also owned 415 acres of undeveloped land, and held options to purchase approximately 63 additional acres of undeveloped land. As of December 31, 2014, the total potential development that these land parcels could support under current zoning, entitlements or combination thereof, amounted to 6.0 million square feet. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; Austin, Texas and Oakland, Concord, and Carlsbad, California. In addition to managing properties that we own, as of December 31, 2014, we were managing approximately 8.9 million net rentable square feet of office and industrial properties for third parties and the Real Estate Ventures. Unless otherwise indicated, all references in this Form 10-K to square feet represent rentable area. We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2014 revenue.

During the year ended December 31, 2014, we were managing our portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia CBD, (3) Metropolitan Washington, D.C., (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California/Other. The Pennsylvania Suburbs segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and southern Maryland. The New Jersey/Delaware segment includes properties in Burlington and Camden counties in New Jersey and in New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and one property in Durham, North Carolina. The Austin, Texas segment includes properties in Austin. On April 3, 2014, we contributed Four Points Centre to the Austin Venture. After contributing this property, we do not wholly own any operating properties in Austin, Texas. For additional information, see Item 1., "Business - 2014 Transactions." The California segment includes properties in Oakland, Concord, and Carlsbad. Our corporate group is responsible for cash and investment management, development of certain real estate properties during the construction period, and certain other general support functions.

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 term, 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., market and economic conditions have been improving, characterized by more availability to credit and modest growth. While recent economic data reflects modest growth, the cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads. Volatility 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. The continuation of these market conditions may limit our ability, as well as the ability of our tenants, to timely refinance maturing liabilities and access 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. Challenging economic conditions in the U.S., declining demand for leased office, industrial, retail, or mixed use 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 properties. If we were required under GAAP to write down the carrying value of any of our properties 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 could 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.

Equity Method Investment Valuation

Our equity method investments, primarily our investment in unconsolidated Real Estate Ventures, may be adversely affected by changes in the real estate markets in which they operate. We report our equity method investments on the balance sheet at cost. As required under accounting rules, we periodically evaluate and assess our equity method investments for other than temporary impairment. We generally use a combination of comparable market sales and independent broker quotes in valuing our equity method investments. However, such sales and quoted data and other market information can vary, even for the same properties. To the extent that the real estate markets deteriorate or we are unable to lease our development projects, it could result in a decline in the fair value of our equity method investments that are other-than-temporary and, we may realize losses that never materialize or we may fail to recognize losses in the appropriate period. Rapidly changing conditions in the real estate markets in which we operate increase the complexity of valuing our equity method investments and our judgments and methodologies materially impact the valuation of the investments as reported in our financial statements.

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. We are currently proceeding on certain development and redevelopment projects, and we take a cautious and selective approach when determining if a certain development or redevelopment project will benefit our portfolio.

In addition, we may be unable to lease committed development or redevelopment properties at underwritten 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.

Adverse changes in economic conditions could result in a reduction of the availability of financing and potentially in higher borrowing costs. Vacancy rates may increase, and rental rates may decline, through 2014 and possibly beyond as the current economic climate may negatively impacts tenants.

Overall economic conditions, including but not limited to high unemployment and deteriorating financial and credit markets, could 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 debt capital, if necessary, in various forms and from different sources, including traditional term or secured loans from banks, pension funds and life insurance companies.

However, there can be no assurance that we will be able to borrow funds on terms that are economically attractive or at all.

We continued to seek revenue growth in fiscal year 2014 by increasing occupancy and rental rates. Occupancy in our core portfolio at December 31, 2014 was 91.4%, compared to 89.5% at December 31, 2013.
The table below summarizes selected operating and leasing statistics of our wholly owned operating properties for the year ended December 31, 2014:

	Year ended December 31, 2014		Year ended December 31, 2013	
Leasing Activity:				
Total net rentable square feet owned (1)	23,285,890		23,973,578	
Occupancy percentage (end of period)	91.4	%	89.5	%
Average occupancy percentage	89.2	%	88.0	%
New leases and expansions commenced (square feet)	2,015,711		1,753,986	
Leases renewed (square feet)	1,707,178		1,589,504	
Net absorption (square feet) (2)	503,612		289,271	
Percentage change in rental rates per square feet (3)				
New and expansion rental rates	2.5	%	7.1	%
Renewal rental rates	11.8	%	8.6	%
Combined rental rates	8.5	%	8.1	%
Capital Costs Committed (4)				
Leasing commissions (per square feet)	$7.50		$3.38	
Tenant Improvements (per square feet)	$17.34		$8.60	
Weighted average lease term	8.2		5.9	
Total capital per square foot per lease year	$2.74		$2.06	

(1) For each period, includes all properties in the core portfolio (i.e. not under development or redevelopment), including properties that were sold during these periods.
(2) Includes leasing related to completed developments and redevelopments, as well as sold properties.
(3) Rental rates include base rent plus reimbursement for operating expenses and real estate taxes.
(4) Calculated on an average basis.

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, will not be 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 that accounted for approximately 5.2% of our aggregate final annualized base rents as of December 31, 2014 (representing approximately 7.2% of the net rentable square feet of the properties) are scheduled to expire without penalty in 2015. We maintain an active dialogue with our tenants in an effort to maximize lease renewals. In our core portfolio the retention rate for the twelve month period ended December 31, 2014 is 71.4% compared to a retention rate of 68.3% for the twelve month period ended December 31, 2013. Rental rates on leases expiring during 2014 did not deviate significantly from market renewal rates in the regions in which we operate. 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 $15.3 million or 9.1% of total receivables (including accrued rent receivable) as of December 31, 2014 compared to $16.2 million or 10.3% of total receivables (including accrued rent receivable) as of December 31, 2013.

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:

FMC Tower at Cira Centre South

On October 31, 2013, we determined to proceed with development of the FMC Tower at Cira Centre South (the "FMC Tower") (formerly the Cira Walnut Tower), designed as a trophy class, mixed-use office tower at 30th and Walnut Streets in Philadelphia, Pennsylvania, a 49-story mixed-use office tower on a site ground leased from the University of Pennsylvania. We currently expect the FMC Tower to be ready for initial occupancy during the second quarter of 2016 and to include approximately 635,000 square feet of office space, 230,000 square feet of residential space consisting of 268 market rate rental apartment units, and 4,000 square feet of retail space, with an additional floor containing a full range of amenities.

We have reduced development risk by pre-leasing an aggregate of 60% of the office square feet of the FMC Tower. The anchor tenant for approximately 280,000 square feet of office space is FMC Corporation, a diversified chemical company serving agricultural, consumer and industrial markets globally. The lease with FMC Corporation has an initial term of sixteen (16) years from initial occupancy. In addition, we also pre-leased approximately 100,000 square feet of office space to the University of Pennsylvania under a 20-year lease.

We anticipate the project cost to total $385.0 million, of which $47.6 million has been funded through December 31, 2014. We intend to fund remaining development costs through a combination of potential sources, including existing cash balances, availability under our unsecured line of credit, capital raised through one or more joint venture formations, proceeds from asset sales or equity and debt financing. The costs to complete the project will be funded over the construction period, which commenced in the second quarter of 2014 and is scheduled to conclude during the second quarter of 2016.

We may joint venture or pre-sell the residential component of the FMC Tower. Pursuant to this objective, we have executed a property management agreement with a residential development and operating company that contemplates either outcome.

Our ground lease with the University of Pennsylvania has a term through July 2097, with a variable rent that would provide the University of Pennsylvania with a percentage of the cash flow or proceeds of specified capital events subject to receipt of a priority return on the Operating Partnership's investment.

Encino Trace

On February 19, 2014, we acquired 54.1 acres of undeveloped land known as Encino Trace in Austin, Texas known as Encino Trace for $14.0 million, inclusive of land value of $9.3 million or $29.00 per buildable square foot. The land is fully entitled with a site plan and building permits in place allowing for the development of two 4-story office buildings containing approximately 320,000 rentable square feet. We commenced development of one of the buildings, which will contain 160,000 square feet, on the Encino Trace land during the first quarter 2014, and as of December 31, 2014, the building was 75% pre-leased to an anchor tenant. During the second quarter 2014, we commenced construction of the second building that will contain 160,000 square feet. We anticipate completion of both buildings by the third quarter of 2015. Our total anticipated project costs for both buildings are approximately $87.4 million, of which $38.8 million had been funded as of December 31, 2014. We anticipate funding the remaining development costs from available corporate funds. We intend to contribute the property to a real estate venture upon stabilization of the development.

1919 Ventures

On October 27, 2014, 1919 Ventures, a 50/50 joint venture between LCOR and us, announced a planned 29-story, 455,000 square foot contemporary glass tower development. The tower has been designed as a mixed-use development consisting of residential, retail and parking components. The residential component of the project will be comprised of 321 luxury apartments. The commercial space will consist of 24,000 square feet and is 90% pre-leased. The parking component will consist of a 215-car structured parking facility. Total project costs are estimated at $148.1

million. A portion of the costs are being funded with proceeds of an $88.9 million secured construction loan from an unaffiliated institutional lender, and the remaining $59.2 million is expected to be funded with equity contributions from each of us and LCOR. As of December 31, 2014, there was no outstanding balance on the construction loan and equity contributions totaled $13.4 million from each of us and LCOR.

4040 Wilson Venture
4040 Wilson, a 50/50 joint venture between Ashton Park and us, expects to construct a 426,900 square foot office building representing the final phase of the eight building, mixed-use, Liberty Center complex developed by the parent company of Ashton Park in the Ballston submarket of Arlington, Virginia. 4040 Wilson expects to develop the office building on a 1.3 acre land parcel contributed by Ashton Park to 4040 Wilson at an agreed upon valuation of $36.0 million. The total estimated project costs are $194.6 million, which we expect will be financed through approximately $72.0 million of partner capital contributions (consisting of $36.0 million in cash from the Company and land with a value of $36.0 million from Ashton Park, of which $26.8 million has been funded to date) with the remaining balance funded by debt financing through a construction lender that has not yet been determined. 4040 Wilson has begun construction of the garage structure at an estimated cost of $26.9 million. We expect groundbreaking on the building structure to commence upon achievement of certain of pre-leasing levels, at which point 4040 Wilson expects to obtain debt financing for a portion of the project costs. Additional equity contributions (exclusive of the $61.3 million funded at December 31, 2014) are expected to total $9.2 million and will be funded by us over the remaining construction period.
Toll Brothers Venture - The Parc at Plymouth Meeting
We are continuing the $77.0 million development of The Parc at Plymouth Meeting, a 398-unit multi-family project in Plymouth Meeting, Pennsylvania, in a 50/50 joint venture with Toll Brothers which we expect to complete by the end of 2015. The partners fully funded $31.0 million of initial project equity with our share fully satisfied by our contribution of the underlying land parcel. The remaining construction costs are being funded from a $56.0 million construction facility whose closing in December 2013 resulted in a $3.0 million return of capital to each partner. As of December 31, 2014, $50.5 million had been spent on the development of which $29.5 million has been funded by draws on the construction loan.
Land Holdings
As of December 31, 2014, we owned approximately 415 acres of undeveloped land, and held options to purchase approximately 63 additional acres of undeveloped land. As market conditions warrant, we will seek to opportunistically dispose of those parcels that we do not anticipate developing. For parcels of land that we ultimately develop, we will be subject to risks and costs associated with land development, including building moratoriums and the inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals, construction cost increases or overruns and construction delays, and insufficient occupancy rates and rental rates. As of December 31, 2014, the total potential development that these land parcels could support amounted to 6.0 million square feet.

Development projects are subject to a variety of risks, including construction delays, construction cost overruns, inability to obtain financing on favorable terms, inability to lease space at projected rates, inability to enter into construction, development and other agreements on favorable terms, and unexpected environmental and other hazards. See Item 1A., "Risk Factors."

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 (GAAP). The preparation of financial statements in conformity with GAAP 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, "Summary of Significant Accounting Policies," to our consolidated financial statements included elsewhere in this report.

Real Estate Investments

Real estate investments are carried at cost. We record acquisition of real estate investments treated as business combinations under the acquisition 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.

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 (includes the below market fixed renewal period, if applicable). 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 and any fixed-rate bargain renewal periods. 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 four 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 at or prior to the end of the lease term, the unamortized portion of each intangible, including market rate adjustments, in-place lease values and tenant relationship values, would be charged to expense.

Impairment or Disposal of Long-Lived Assets

We review our long-lived assets for impairment following the end of each quarter and when there is an event or change in circumstances that indicates an impairment in value. An impairment loss is recognized if the carrying amount of an asset is not recoverable and exceeds its fair value. In such case, an impairment loss is recognized in the amount of the excess of the carrying amount of the asset over its fair value. 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. Since cash flows on properties considered to be "long-lived assets to be held and used" are considered on an undiscounted basis to determine whether an asset has been impaired, our established strategy of holding properties over the long term directly decreases the likelihood of recording an impairment loss. If our holding strategy were to change or if market conditions were to otherwise dictate an earlier sale date, then an impairment loss may be recognized and such loss could be material. If we determine that impairment has occurred, the affected assets must be reduced to their fair value.

The relevant accounting guidance for impairments requires that qualifying assets and liabilities and the results of operations that have been sold, or otherwise qualify as "held for sale," be presented as discontinued operations in all periods presented if the disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results. The components of the property's net income that is reflected as discontinued operations include the net gain (or loss) upon the disposition of the property held for sale, operating results, depreciation and interest expense (if the property is subject to a secured loan). We generally consider assets to be "held for sale" when the transaction has been approved by our Board of Trustees, or by officers vested with authority to approve the transaction and there are no known significant contingencies relating to the sale of the property within one year of the consideration date and the consummation of the transaction is otherwise considered probable.

Following the classification of a property as "held for sale," no further depreciation is recorded on the assets, and the asset is written down to the lower of carrying value or fair market value.

We recorded a $1.8 million provision for impairment on assets held for sale at September 30, 2014. These properties were sold on October 24, 2014, at which time we recorded a $0.2 million gain. For further information regarding the impairment, see Item 1., "Business - Real Estate Dispositions." During our impairment review as of December 31, 2014, we determined that no additional impairment charges were necessary. Our impairment review of the years ended December 31, 2013 and 2012 determined that no impairment charges were necessary.

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 or managing member within the entity, we evaluate to determine if our presumed control as the general partner or managing member is overcome by the “kick out” rights and other substantive participating rights of the limited partners or non-managing members in accordance with the same accounting standard.

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 (ii) entities that are non-VIEs which we do not control, but over which we have the ability to exercise significant influence and (iii) entities that are non-VIEs which we maintain an ownership interest through our general partner status, but in which the limited partners in the entity have the substantive ability to dissolve the entity or remove us without cause or have substantive participating rights. We continuously assess our determination of whether an entity is a VIE and who the primary beneficiary is, and whether or not the limited partners in an entity have substantive rights, including if certain events occur that are likely to cause a change in original determinations.

Under the equity method, investments in unconsolidated Real Estate Ventures are recorded initially at cost, as investments in Real Estate Ventures, and subsequently adjusted for equity in earnings, cash contributions, less distributions and impairments. For Real Estate Ventures that are constructing assets to commence planned principal operations, the Company capitalizes interest expense using its weighted average interest rate and its investment balance as a basis. Planned principal operations commence when a property is available to lease and at that point in time we cease capitalizing interest to our investment basis.

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. 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.

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.

Our leases also typically provide for tenant reimbursement of a portion of common area maintenance expenses and other operating expenses to the extent that a tenant’s pro rata share of expenses exceeds a base year level set in the lease or to the extent that the tenant has a lease on a triple net basis. For certain leases, we make significant assumptions and judgments in determining the lease term, including assumptions when the lease provides the tenant with an early termination option. The lease term impacts the period over which we determine and record minimum rents and also impacts the period over which we amortize lease-related costs.

In addition, our rental revenue is impacted by our determination of whether improvements to our properties, whether made by us or by the tenant, are landlord assets. The determination of whether an improvement is a landlord asset requires judgment. In making this judgment, our primary consideration is whether the improvement would be utilizable by another tenant upon move out of the improved space by the then-existing tenant. If we have funded an improvement that we determine not to be landlord assets, then we treat the costs of the improvement as lease incentives. If the tenant has funded the improvement that we determine to be landlord assets, then we treat the costs of the improvement as deferred revenue and amortize this cost into revenue over the lease term.

Recoveries from tenants, consisting of amounts due from tenants for common area maintenance expenses, real estate taxes and other recoverable costs are recognized as revenue in the period during which the expenses are incurred. Tenant reimbursements are recognized and presented in accordance with accounting guidance which requires that these reimbursements be recorded on a gross basis because we are generally the primary obligor with respect to the goods and services the purchase of which gives rise to the reimbursement obligation; because we have discretion in selecting the vendors and suppliers; and because we bear the credit risk in the event they do not reimburse us. We also receive payments from third parties for reimbursement of a portion of the payroll and payroll-related costs for certain of our personnel allocated to perform services for these third parties and we reflect these payments on a gross basis.

We recognize gains on sales of real estate at times and in amounts determined in accordance with the accounting guidance for sales of real estate. The guidance takes into account the terms of the transaction and any continuing involvement, including in the form of management, leasing of space or financial assistance associated with the properties. If the sales criteria for the full accrual method are not met, then we defer some or all of the gain recognition and account for the continued operations of the property by applying the finance, leasing, profit sharing, deposit, installment or cost recovery method, as appropriate, until the sales criteria are met.

We derive parking revenues from leases, monthly parking and transient parking. We recognize parking revenue as earned.

We receive leasing commission income, management fees and development fees from third parties.

Leasing commission income is earned based on a percentage of gross rental income upon a tenant signing a lease with a third party lessor. Property management fees are recorded and earned based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents. We record development fees as earned taking into account the risk associated with each project. Profit on development fees earned from joint venture projects is recognized as revenue to the extent of the third party partners' ownership interest.

Income Taxes

Parent Company

The Parent Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). In addition, the Parent Company may elect to treat one or more of its subsidiaries as REITs. In order to continue to qualify as a REIT, the Parent Company and each of its REIT subsidiaries are required to, among other things, distribute at least 90% of their REIT taxable income to their stockholders and meet certain tests regarding the nature of their income and assets. As REITs, the Parent Company and its REIT subsidiaries are not subject to federal income tax with respect to the portion of their 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. The Parent Company and its REIT subsidiaries, if any, intend to continue to operate in a manner that allows them to continue to meet the requirements for taxation as REITs. Many of these requirements, however, are highly technical and complex. If the Parent Company or one of its REIT subsidiaries were to fail to meet these requirements, they would be subject to federal income tax.

The Parent Company may elect to treat one or more of its subsidiaries as a taxable REIT subsidiary, or 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. The Parent Company has elected to treat certain of its corporate subsidiaries as TRSs; these entities provide third party property management services and certain services to tenants that could not otherwise be provided.

Operating Partnership

In general, the Operating Partnership is not subject to federal and state income taxes, and accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The partners of the Operating Partnership are required to include their respective share of the Operating Partnership's profits or losses in their respective tax returns. The Operating Partnership’s tax returns and the amount of allocable Partnership profits and losses are subject to examination by federal and state taxing authorities. If such examination results in changes to the Operating Partnership profits or losses, then the tax liability of the partners would be changed accordingly.

The Operating Partnership may elect to treat one or several of its subsidiaries as REITs under Sections 856 through 860 of the Internal Revenue Code. Each subsidiary REIT has met or intends to meet the requirements for treatment as a REIT under Sections 856 through 860 of the Internal Revenue Code, and, accordingly, no provision has been made for federal and state income taxes in the accompanying consolidated financial statements. If any subsidiary REIT fails to qualify as a REIT in any taxable year, that subsidiary REIT will be subject to federal and state income taxes and may not be able to qualify as a REIT for the four subsequent taxable years. Also, each subsidiary REIT may be subject to certain local income taxes.

The Operating Partnership has elected to treat several of its subsidiaries as TRSs, which are subject to federal, state and local income tax.

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. For accrued rent receivables, we consider the results of the evaluation of specific accounts as well as other factors including assigning risk factors to different industries based on our tenants' standard industrial classification. Considering various factors including assigning a risk factor to different industries, these percentages are based on historical collection and write-off experience adjusted for current market conditions.

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 on a basis that approximates the effective interest method while 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.

RESULTS OF OPERATIONS

The following discussion is based on our Consolidated Financial Statements for the years ended December 31, 2014, 2013 and 2012. We believe that presentation of our consolidated financial information, without a breakdown by segment, will effectively present important information useful to our investors.

Net operating income ("NOI") as presented in the comparative analysis below is defined as revenue less property operating expenses, real estate taxes and third party management expenses. Property operating expenses that are included in determining NOI consist of costs that are necessary and allocable to our operating properties such as utilities, property-level salaries, repairs and maintenance, property insurance, management fees and bad debt expense. General and administrative expenses that are not reflected in NOI primarily consist of corporate-level salaries, amortization of share awards and professional fees that are incurred as part of corporate office management. NOI is a non-GAAP financial measure that we use internally to evaluate the operating performance of our real estate assets by segment, as presented in Note 18 to the Consolidated Financial Statements, and of our business as a whole. We believe NOI provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. While NOI is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by GAAP and should not be considered as an alternative to those measures in evaluating our liquidity or operating performance. NOI also does not reflect general and administrative expenses, interest expenses, real estate impairment losses, depreciation and amortization costs, capital expenditures and leasing costs. Trends in development and construction activities that could materially impact our results from operations are also not included in NOI. We believe that net income, as defined by GAAP, is the most appropriate earnings measure. See Note 18, "Segment Information," to the Consolidated Financial Statements for a reconciliation of NOI to our consolidated net income (loss).

Comparison of the Year Ended December 31, 2014 to the Year Ended December 31, 2013

The table below shows selected operating information for the "Same Store Property Portfolio" and the "Total Portfolio." The Same Store Property Portfolio consists of 188 properties containing an aggregate of approximately 21.1 million net rentable square feet, and represents properties that we owned for the twelve-month periods ended December 31, 2014 and 2013. The Same Store Property Portfolio includes properties acquired or placed in service on or prior to January 1, 2013 and owned through December 31, 2014. The Total Portfolio includes the effects of other properties that were either placed into service, acquired or redeveloped after January 1, 2013 or disposed prior to December 31, 2014. A property is excluded from our Same Store Property Portfolio and moved into the redevelopment column in the period that we determine that a redevelopment would be the best use of the asset, and when said asset is taken out of service or is undergoing re-entitlement for a future development strategy. 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, 2014 and 2013) by providing information for the properties which were acquired, placed into service, under development or redevelopment and administrative/elimination information for the twelve-month periods ended December 31, 2014 and 2013 (in thousands).

The Total Portfolio net income presented in the table is equal to the net income of the Parent Company and the Operating Partnership.

Comparison of Year Ended December 31, 2014 to the Year Ended December 31, 2013

	Same Store Property Portfolio			Recently Completed Properties (a)		Development Properties (b)		Other (Eliminations) (c)		Total Portfoli	
(dollars and square feet in thousands)	2014	2013	Increase/ (Decrease)	2014	2013	2014	2013	2014	2013	2014	2(
Revenue:											
Cash rents	$407,080	$395,419	$11,661	$37,799	$3,460	$8,462	$8,389	$7,916	$26,916	$461,257	$
Straight-line rents	11,783	16,887	(5,104)	4,167	2,672	20	170	78	308	16,048	2(
Above/below market rent amortization	4,561	5,765	(1,204)	727	48	1,033	991	56	362	6,377	7
Total rents	423,424	418,071	5,353	42,693	6,180	9,515	9,550	8,050	27,586	483,682	4(
Tenant reimbursements	61,716	60,765	951	17,368	487	1,882	1,567	3,913	16,268	84,879	7(
Termination fees	7,331	4,481	2,850	669	—	—	—	—	16	8,000	4
Third party management fees, labor reimbursement and leasing	—	—	—	—	—	—	—	17,200	13,053	17,200	1
Other	2,176	2,863	(687)	332	2	110	175	603	1,146	3,221	4
Total revenue	494,647	486,180	8,467	61,062	6,669	11,507	11,292	29,766	58,069	596,982	5(
Property operating expenses	151,645	147,996	3,649	22,004	1,691	6,089	5,129	(2,408)	5,590	177,330	1(
Real estate taxes	42,606	45,894	(3,288)	5,856	778	987	1,575	2,395	7,365	51,844	5
Third party management expenses	—	—	—	—	—	—	—	6,791	5,751	6,791	5
Net operating income	300,396	292,290	8,106	33,202	4,200	4,431	4,588	22,988	39,363	361,017	3(
Depreciation and amortization	174,412	168,545	5,867	22,170	2,034	7,152	6,736	4,835	19,706	208,569	1(
General & administrative expenses	—	—	—	2	183	83	1	26,694	27,444	26,779	2(
Operating income (loss)	$125,984	$123,745	$2,239	$11,030	$1,983	$(2,804)	$(2,149)	$(8,541)	$(7,787)	$125,669	$
Number of properties	188	188		5		5		2		200	
Square feet	21,094	21,094		2,192		1,576		221		25,083	
Core Occupancy % (d)	91.4 %	89.2 %		87.7 %							

Other Income (Expense):		
Interest income	3,974	1
Historic tax credit transaction income	11,853	1
Interest expense	(124,329)	(1
Interest expense — Deferred financing costs	(5,148)	(4
Interest expense —Financing obligation	(1,144)	(9
Recognized hedge activity	(828)	–
Equity in (loss) income of real estate ventures	(790)	3
Net gain on sale of interests in real estate	4,901	–
Net gain (loss) on sale of undepreciated real estate	1,184	(1
Net gain from remeasurement of investments in real estate ventures	458	6
Net (loss) gain on real estate venture transactions	(417)	2
Loss on early extinguishment of debt	(7,594)	(2
Provision for impairment on assets held for sale	(1,765)	–
Income from continuing operations	6,024	3
Income from discontinued operations	918	4
Net income	$6,942	$
	$—	$

Net income per
common share

EXPLANATORY NOTES

(a) Results include: Five assets completed/acquired and placed in service.

(b) Results include: Three developments, one redevelopment and one re-entitlement property.

52

(c) 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 includes six properties sold and eight properties that were contributed to an unconsolidated real estate venture in which we have a 50% ownership interest.

(d) Pertains to properties that are part of our core portfolio (i.e. not under development, redevelopment, or re-entitlement).

Total Revenue

Cash rents from the Total Portfolio increased by $27.1 million from 2013 to 2014, primarily attributable to:

- an increase of $11.7 million in the Same Store Property Portfolio primarily due to a 2.2% increase in occupancy in 2014 compared to 2013;
- an increase of $29.7 million related to the increase in our equity ownership interest and resulting consolidation of One Commerce Square and Two Commerce Square during the fourth quarter of 2013;
- an increase of $3.2 million related to the development at 200 Radnor Chester Road and redevelopment property at 660 Germantown Avenue being placed into service;
- an increase of $0.8 million related to a property that was purchased during the fourth quarter of 2013 and subsequently contributed to a real estate venture during the second quarter of 2014;
- an increase of $1.5 million related to the acquisition of Six Tower Bridge during the second quarter of 2013;
- a decrease of $0.8 million related to the sale of five office properties in Malvern, PA;
- a decrease of $0.8 million related to the sale of an office property in Reston, Virginia; and
- a decrease of $17.7 million related to the contribution of seven office properties in Austin, Texas to the Austin Venture during the fourth quarter of 2013.

Straight-line rents decreased by $4.0 million from 2013 to 2014 on a consolidated basis which is primarily due to a $5.1 million decrease which is a combination of free rent converting to cash rent subsequent to the twelve-month period ended December 31, 2013 at our Same Store Property Portfolio, and timing of revenue recognition under the straight-line method of accounting. An additional $1.7 million decrease relates to the expiration of a single tenant's free rent period at 660 Germantown Pike subsequent to December 31, 2013. The decreases were offset by a $3.0 million increase related to the increase in our equity ownership interest and resulting consolidation of One and Two Commerce Square in the fourth quarter of 2013 and a $0.2 million increase relating to a development property placed into service during the second quarter of 2014.

Tenant reimbursements increased $5.8 million from 2013 to 2014 which trended along with the increase in operating expenses over the same period. Expense recoveries increased to 37.0% during 2014 compared to 36.6% in 2013.

Termination fees at our Total Portfolio increased by $3.5 million due to the timing and volume of early tenant move-outs during 2014 when compared to 2013.

Third party management fees, labor reimbursement and leasing income increased $4.1 million from 2013 to 2014 which is primarily attributable to an increase of $3.1 million in management fees and labor reimbursements from our Austin Venture which was formed during the fourth quarter of 2013. Leasing and construction management fees increased $0.4 million at the Brandywine -AI real estate venture. In addition, development fee income increased $0.2 million related to increased development activity at the evo at Cira Centre South real estate venture. Other net increases total $0.4 million, none of which related significantly to a particular property.

Other income at our Total Portfolio decreased by $1.0 million from 2013 to 2014, primarily due to lower real estate tax refunds received related to prior year tax assessment appeals.

Property Operating Expenses

Property operating expenses across our Total Portfolio increased by $16.9 million from 2013 to 2014, primarily attributable to: (i) an increase of $20.3 million due to additional operating expenses from properties that we acquired and placed into service during 2013 and 2014, (ii) an increase of $1.3 million in snow removal costs, (iii) an increase of $1.3 million in utilities, (iv) a net increase of $2.2 million in repairs and maintenance expenditures due to the timing of our tenants' needs and (v) a $0.3 million increase to bad debt expense. These and other increases were offset by: (i) $8.3 million decrease from the contribution of seven office properties in Austin, Texas to the Austin Venture during the fourth quarter of 2013 and (ii) $0.2 million decrease from the sale of an office property in Reston, Virginia during the third quarter of 2014.

Real Estate Taxes

Real estate taxes across our total portfolio decreased by $3.8 million from 2013 to 2014, primarily attributable to: (i) a decrease of $5.1 million from the contribution of seven office properties in Austin, Texas to the Austin Venture, (ii) a net decrease of $3.3 million in the Same Store Property Portfolio and (iii) a decrease of $0.6 million relating to development/redevelopment properties. The decreases in the Same Store Property Portfolio and development/redevelopment properties are due to successful tax appeals that reduced property assessments that occurred subsequent to December 31, 2013. These decreases were offset by $5.1 million in increases due to properties we acquired subsequent to the second quarter of 2013.

General and Administrative Expenses

General and administrative expenses across our Total Portfolio decreased by $0.8 million from 2013 to 2014, primarily attributable to a $2.0 million decrease in stock-based compensation costs compared to the prior year which is directly attributable to the timing of recognizing accelerated amortization of such compensation of our executive personnel meeting qualifying retirement provisions. Salary and benefits costs decreased $0.2 million during 2014 compared to 2013. These decreases were offset by an increase of $0.6 million of severance costs in 2014 compared to 2013. The remaining increase of $0.8 million is due to additional professional fees incurred during 2014 compared to 2013.

Depreciation and Amortization

Depreciation and amortization expense increased by $11.5 million from 2013 to 2014, of which $20.1 million is primarily attributable to properties we acquired and placed into service subsequent to the second quarter of 2013. Increases in depreciation expense to the Same Store Property Portfolio totaled $5.9 million, as a result of the timing of tenant and capital improvement projects being completed and placed into service. Depreciation expense for the development/redevelopment properties increased $0.4 million and reflects additional assets placed into service. These increases were offset by reductions in depreciation expense of $10.9 million related to the contribution of seven office properties in Austin, Texas to the Austin Venture during the fourth quarter of 2013. During the second quarter of 2013, we re-entitled a property for residential and mixed-use development, and accordingly, we shortened the useful lives for this building to the expected demolition date and accelerated $3.6 million of depreciation expense. Other net decreases to depreciation total $0.4 million, none of which related significantly to a particular property.

Interest Income

Interest income increased by $2.9 million primarily due to $1.5 million of interest income from a note receivable from an unaffiliated third party and $0.7 million from a note receivable from an unconsolidated joint venture, as well as higher average balances in interest bearing cash equivalents during 2014 compared to 2013.

Interest Expense

The increase in interest expense of $2.4 million from 2013 to 2014 is primarily due to the following;

- $6.5 million related to the issuance of $250.0 million of our 4.10% Guaranteed Notes due 2024 and $250.0 million of our 4.55% Guaranteed Notes due 2029; and
- $9.5 million related to the fourth quarter 2013 increase in our ownership interest in One and Two Commerce Square and our consolidation of One Commerce Square mortgage debt having a principal balance at December 31, 2014 of $123.2 million and an effective rate of 3.68% and Two Commerce Square mortgage debt having a principal balance of $112.0 million at December 31, 2014 and an effective rate of 4.51%.

The increase of $16.0 million in interest expense described above was primarily offset by the following decreases in interest expense during 2014 compared to 2013:

- $3.7 million related to an increase in capitalized interest which is directly attributable to increased development activity compared to 2013;
- $1.1 million due to the early repayment of the entire principal balance of our $150.0 million three-year term loan due February 2015;
- $0.7 million due to the early repayment of the remaining principal balance of our $100.0 million four-year term loan due February 2016;
- $0.2 million due to the fact that we did not have any borrowings on our Credit Facility during 2014;
- $3.6 million due to repurchases of $218.5 million of our 5.40% Guaranteed Notes due 2014;
- $3.2 million due to repurchases of $157.6 million of our 7.50% Guaranteed Notes due 2015; and
- $1.1 million is due to debt principal amortization.

Interest Expense - Deferred Financing Costs

Interest expense - deferred financing costs increased $0.5 million from 2013 to 2014, primarily due to the write-off of costs related to repurchases of debt during 2014, which included, (i) $218.5 million of our 5.40% Guaranteed Notes due 2014, (ii) $157.6 million of our 7.50% Guaranteed Notes due 2015, (iii) $150.0 million three-year term loan due February 2015, and (iv) $100.0 million four-year term loan due February 2016. Additional increases relate to the issuance of $250.0 million of our 4.10% Guaranteed Notes due 2024 and $250.0 million of our 4.55% Guaranteed Notes due 2029.

Equity in Income of Real Estate Ventures

The decrease in equity in income of Real Estate Ventures of $4.4 million during 2013 to 2014 is primarily attributable to the following:

- $1.5 million in preferred return income as a result of increasing our common ownership interest in, and consolidating of, the One and Two Commerce real estate ventures during December of 2013;
- $0.4 million as a result of recognizing income during 2013 related to the exchange of our ownership interest in Two Tower Bridge to acquire the remaining ownership interest in Six Tower Bridge during the second quarter of 2013;
- $0.9 million related to sales proceeds received in excess of our investment in the BDN Beacon real estate venture during 2013;
- $0.4 million from our Broadmoor Austin real estate venture, as a lead tenant reduced the amount of leased space subsequent to December 31, 2013;
- $0.4 million as a result of recognizing professional fees and interest expense incurred related to our investment in the Seven Tower Bridge real estate venture;
- $0.5 million Four Tower Bridge due to decreased occupancy subsequent to December 31, 2013; and
- $0.3 million due to net losses incurred at our remaining real estate ventures.

Recognized Hedge Activity

Recognized hedge activity increased $0.8 million during 2014 due to the September 16, 2014 repayment of the entire $150.0 million three-year term loan its scheduled February 2015 maturity. In connection with these repayments a $0.8 million charge on the termination of associated interest rate swap contracts was incurred. There were no comparable charges incurred during 2013.

Net Gain on Remeasurement of Investments in Real Estate Ventures

The net gain on remeasurement of investments in real estate ventures was $0.5 million during 2014 and $6.9 million during 2013. The gain recognized during 2014 resulted from the final settlement of the increase in ownership interest of the One and Two Commerce partnerships. The 2013 net gains resulted from the Company taking control of Six Tower Bridge and One and Two Commerce Square during 2013 which required the remeasurement at fair value of our existing equity interest in each partnership.

Net Gain on Real Estate Venture Transactions

The $30.0 million decrease in gain on real estate venture transactions primarily results from contributing seven properties to the newly-formed Austin Venture and recognizing a $25.9 million gain on sale during 2013. Additionally in 2013, a $3.7 million increase in gain on real estate venture transactions is the result of the exchange of our remaining ownership in the Two Tower Bridge Venture for the remaining ownership interest in the Six Tower Bridge Venture. The $0.4 million loss during 2014 relates primarily to the contribution of Four Points Centre to an unconsolidated real estate venture.

Loss on Early Extinguishment of Debt

During 2014, we (i) repurchased $218.5 million repurchase of our 5.40% Guaranteed Notes due 2014, (ii) repurchased $157.6 million of our 7.50% Guaranteed Notes due 2015, (iii) repaid the entire $150.0 million three-year term loan due February 2015 and (iv) repaid the entire $100.0 million four-year term loan due February 2016, which resulted in a net loss on early extinguishment of debt of $7.6 million.

During 2013, we repurchased (i) $0.5 million of our 6.00% Guaranteed Notes due 2016, (ii) $9.9 million of our 7.50% Guaranteed Notes due 2015, and (iii) $20.8 million of our 5.40% Guaranteed Notes due 2014, which resulted in a net loss on early extinguishment of debt of $2.1 million.

Discontinued Operations

During 2014, there were no property sales classified as discontinued operations. The gain of $0.9 million primarily relates to the settlement of a sale that occurred during the first quarter of 2013 for a portfolio of eight office properties located in Lawrenceville, New Jersey. See Note 3, "Real Estate Investments," for further information.

During 2013, we sold a portfolio of eight office properties located in Lawrenceville, New Jersey, one property located in San Diego, California, one property located in Carlsbad, California, one property located in Malvern, Pennsylvania one property located in Exton, Pennsylvania, one property located in King of Prussia, Pennsylvania, and one property in West Chester, Pennsylvania. These properties had total revenues of $5.2 million, property operating expenses of $2.5 million and $1.9 million of depreciation and amortization expense. We recognized a net gain on sale related to these transactions of $3.4 million.

Net Income

Net income decreased by $36.2 million from 2013 to 2014 as a result of the factors described above.

Earnings per Common Share

Net income per share was $0.00 during 2014 as compared to net income per share of $0.23 during 2013 as a result of the factors described above.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2013 to the Year Ended December 31, 2012

The table below shows selected operating information for the “Same Store Property Portfolio” and the “Total Portfolio.” The Same Store Property Portfolio consists of 196 properties containing an aggregate of approximately 21.8 million net rentable square feet, and represents properties that we owned for the twelve-month periods ended December 31, 2013 and 2012. The Same Store Property Portfolio includes properties acquired or placed in service on or prior to January 1, 2012 and owned through December 31, 2013. The Total Portfolio includes the effects of other properties that were either placed into service, acquired or redeveloped after January 1, 2011 or disposed prior to December 31, 2012. A property is excluded from our Same Store Property Portfolio and moved into the redevelopment column in the period that we determine that a redevelopment would be the best use of the asset, and when said asset is taken out of service or is undergoing re-entitlement for a future development strategy. 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, 2013 and 2012) by providing information for the properties which were acquired, placed into service, under development or redevelopment and administrative/elimination information for the twelve-month periods ended December 31, 2013 and 2012 (in thousands).

The Total Portfolio net income presented in the table is equal to the net income of the Parent Company and the Operating Partnership.

Comparison of Year Ended December 31, 2013 to the Year Ended December 31, 2012

	Same Store Property Portfolio			Recently Completed Properties		Development Properties		Other (Eliminations) (a)		Total Portfolio	
(dollars and square feet in thousands)	2013	2012	Increase/ (Decrease)	2013	2012	2013	2012	2013	2012	2013	2012
Revenue:											
Cash rents	$407,422	$392,528	$14,894	$2,833	$—	$9,095	$1,095	$14,834	$15,531	$434,184	$409,15
Straight-line rents	17,195	20,209	(3,014)	280	—	2,580	757	(18)	1,283	20,037	22,249
Above/below market rent amortization	5,765	5,865	(100)	48	—	991	81	362	211	7,166	6,157
Total rents	430,382	418,602	11,780	3,161	—	12,666	1,933	15,178	17,025	461,387	437,560
Tenant reimbursements	64,195	63,616	579	280	—	1,821	921	12,791	12,523	79,087	77,060
Termination fees	4,497	3,182	1,315	—	—	—	—	—	51	4,497	3,233
Third party management fees, labor reimbursement and leasing	—	—	—	—	—	—	—	13,053	12,116	13,053	12,116
Other	2,898	5,317	(2,419)	1	—	176	12	1,111	381	4,186	5,710
Total revenue	501,972	490,717	11,255	3,442	—	14,663	2,866	42,133	42,096	562,210	535,679
Property operating expenses	152,868	151,007	1,861	1,120	—	5,662	1,508	756	(196)	160,406	152,319
Real estate taxes	47,431	46,814	617	440	—	1,935	682	5,806	5,906	55,612	53,402
Third party management expenses	—	—	—	—	—	—	—	5,751	5,127	5,751	5,127
Net Operating Income	301,673	292,896	8,777	1,882	—	7,066	676	29,820	31,259	340,441	324,831
Depreciation and amortization	173,561	175,989	(2,428)	1,385	—	7,386	1,069	14,689	11,324	197,021	188,382
General & administrative expenses	—	2	(2)	301	—	1	96	27,326	25,315	27,628	25,413
Operating Income (loss)	$128,112	$116,905	$11,207	$196	$—	$(321)	$(489)	$(12,195)	$(5,380)	$115,792	$111,03
Number of properties	196	196		4		4				204	
Square feet	21,769	21,769		2,205		1,366				25,340	
Core Occupancy % (b)	89.6%	87.7%		87.8%							

Other Income (Expense):		
Interest income	1,044	3,008
Historic tax credit transaction income	11,853	11,840
Interest expense	(121,937)	(132,939
Interest expense — Deferred financing costs	(4,676)	(6,208
Interest expense — Financing Obligation	(972)	(850
Recognized hedge activity	—	(2,985
Equity in income of real estate ventures	3,664	2,741
Net loss on sale of undepreciated real estate	(137)	—
Net gain (loss) from remeasurment of investments in real estate ventures	6,866	—
Net gain (loss) on real estate venture transactions	29,604	(950
Loss on early extinguishment of debt	(2,119)	(22,002
Income (Loss) from continuing operations	$38,982	$(37,309
Income from discontinued operations	4,207	43,838
Net income	$43,189	$6,529
Net income (loss) per common share	$0.23	$(0.06

EXPLANATORY NOTES

(a) Results include: Four assets completed/acquired and placed in service.

(b) Results include: One development, two redevelopments and one re-entitlement property

(c) 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. This also includes seven properties that were contributed to an unconsolidated real estate venture in which we have a 50% ownership interest.

(d) Pertains to properties that are part of our core portfolio (i.e. not under development, redevelopment, or re-entitlement).

Total Revenue

Cash rents from the Total Portfolio increased by $25.0 million from 2012 to 2013, primarily attributable to:

- $14.9 million increase in rental income at our Same Store Portfolio which is a result of 190 basis points increase in occupancy and a 100 basis point increase in cash rental rates from 2012 to 2013;
- an increase of $8.0 million at our development properties related to the acquisition of 1900 Market Street during the fourth quarter of 2012 and a portion of 660 Germantown Pike which was placed into service subsequent to the fourth quarter of 2012; and
- an increase of $2.8 million related to the acquisition of One and Two Commerce Square during December of 2013 and Six Tower Bridge during the second quarter of 2013.

This increase is offset by a decrease of $0.7 million as a result of contributing our Austin portfolio to a joint venture during the fourth quarter of 2013.

Straight-line rents decreased by $2.2 million from 2012 to 2013, as a result of the following: a decrease of $3.0 million at our Same Store Portfolio as a result of free rent turning to cash rent subsequent to the fourth quarter of 2012 and $1.3 million related to the contribution of our Austin portfolio into a joint venture during the fourth quarter of 2013. This decrease was offset by $1.8 million related to increases in straight line rent earned at our development properties and increases of $0.3 million related to the acquisitions discussed above.

Tenant reimbursements increased $2.0 million from 2012 to 2013 as a direct result of the $10.3 million increase in operating expenses over the same period. Please see the "Property Operating Expenses" and "Real Estate Taxes" explanations below and note that certain costs, such as snow removal costs, carry a higher tenant reimbursement percentage.

Termination fees at our Total Portfolio increased by $1.3 million due to timing and volume of tenant move-outs during 2013 when compared to 2012.

Other income at our Total Portfolio decreased by $1.5 million during 2013 compared to 2012 as a result of real estate tax refunds received related to prior year's tax assessment appeals.

Property Operating Expenses

Property operating expenses across our total portfolio increased by $8.1 million from 2012 to 2013, mainly attributable to the following: (i) an increase of $4.2 million as a result of acquiring 1900 Market Street, Six Tower Bridge, Commerce Square and Four Points Centre as discussed above, (ii) an increase of $1.1 million related to our development properties that were placed into service during 2013, (iii) an increase in repairs and maintenance expenses of $2.6 million, directly attributable the timing of tenant needs, (iv) an increase in snow removal costs of $0.7 million as a result of more severe winter experienced in our Pennsylvania and New Jersey submarkets, (v) an increase in bad debt expense of $0.7 million, and (vi) an increase in payroll expense of $0.6 million. These increases were offset by lower utility costs of $1.7 million.

Real Estate Taxes

Real estate taxes across our total portfolio increased by $2.2 million, primarily as a result of acquiring 1900 Market Street, Six Tower Bridge, One and Two Commerce Square and Four Points Centre as discussed above.

General and Administrative Expenses

General and administrative expenses increased by $2.2 million from 2012 to 2013, mainly attributable to a $1.2 million increase in expenditures related to the acquisition activity discussed above. Stock compensation expense increased $0.8 million due to the fact that we accelerated the amortization of such compensation of our executive personnel meeting qualifying retirement provisions.

Salary and benefits expense increased $0.7 million in 2013. These increases were offset by a $0.5 million decrease in professional fees and miscellaneous general and administrative expenses.

Depreciation and Amortization

Depreciation and amortization expense increased by $8.6 million, mainly attributable to the four property acquisitions discussed above. In addition, we also accelerated depreciation expense related to Plaza 1000 at Main Street. We are in the process of re-entitling this property for residential and mixed-use development, and accordingly, we shortened the lives of the buildings and related assets to the estimated demolition date. In addition, a portion of 660 Germantown Pike was placed into service subsequent to 2012 resulting in additional depreciation expense during 2013.

Interest Income

Interest income decreased by $2.0 million from 2012 to 2013 primarily due to the recognition of $1.0 million of accrued interest income related to the payoff of the Trenton note receivable during 2012. The remaining decrease is due to a decrease in interest income earned on investments in available-for-sale securities that were outstanding during 2012. Interest income earned during 2013 primarily represents interest earned on our available cash balances ($263.2 million as of December 31, 2013).

Interest Expense

The decrease in interest expense of $11.0 million is primarily due to the following:

- a decrease of $14.3 million as a result of the repurchases of debt subsequent to the third quarter of 2012, including (i) $19.8 million of our 5.40% Guaranteed Notes due 2014, (ii) $69.7 million of our 7.50% Guaranteed Notes due 2015, (iii) $100.1 million of our 6.00% Guaranteed Notes due 2016; and (iv) $150.0 million of term loan indebtedness;
- a decrease of $4.7 million in mortgage interest expense which is directly related to the $60.0 million decrease resulting from the repayment of two mortgage loans during the fourth quarter of 2012;
- a decrease of $2.1 million related to our $151.5 million 5.40% Guaranteed Notes that matured and were repaid in full during April 2012; and,
- an increase of $0.6 million in capitalized interest resulting in a decrease in interest expense.

The decrease of $21.7 million in interest expense described above was offset by an increase of $10.7 million, of which $9.7 million related to interest on our $250.0 million 3.95% Guaranteed Notes due 2023 issued in the fourth quarter of 2012 and $1.0 million relates to borrowings made during the first quarter of 2012 consisting of $250.0 million of 6.00% Guaranteed Notes due 2016, $150.0 million under the LIBOR + 1.75% Three-year Term Loan and $200.0 million under the LIBOR + 1.90% Seven-year Term Loan.

Interest Expense - Deferred Financing Costs

Deferred financing costs decreased $1.5 million during 2013 compared to 2012 mainly due to the write-off of costs related to repurchases of debt during 2012, which included, (i) $19.8 million of our 5.40% Guaranteed Notes due 2014, (ii) $69.7 million of our 7.50% Guaranteed Notes due 2015, and (iii) $100.1 million of our 6.00% Guaranteed Notes due 2016, and (iv) $150.0 million of term loan indebtedness.

Equity in Income of Real Estate Ventures

The increase in equity in income of Real Estate Ventures of $0.9 million during the twelve-month period ended December 31, 2013 compared to the twelve-month period ended December 31, 2012 is primarily attributable to the following:

- $0.4 million from the One and Two Commerce real estate ventures due to increased preferred return amounts from additional capital contributions;
- $0.3 million from the Two Tower Bridge real estate venture due to the receipt of a distribution in excess of our investment basis;
- $0.8 million from the Brandywine-AI real estate venture due to the full year activity of the Station Square properties in 2013 and only five months of operations in 2012; and

- $0.4 million due to net income at our remaining real estate ventures.

These increases were partially offset by the following decreases:

- $0.6 million from the BDN Beacon due to the sale of the real estate venture during 2013; and
- $0.4 million from the DRA Austin real estate venture as a result of formation costs the real estate venture incurred during the twelve months ended December 31, 2013.

Recognized Hedge Activity

Recognized hedge activity decreased $3.0 million during 2013 due to the recognition of $3.0 million of early termination fees related to the termination of interest rate swap contracts. The interest rate swap contracts were terminated in connection with the repayment of our $150.0 million fixed portion of our four-year term loan due February 1, 2016 during the fourth quarter of 2012 (see Note 7, "Debt Obligations," of the notes to the consolidated financial statements for further details of these transactions). There were no comparable charges incurred during 2013.

Net Gain on Remeasurement of Investments in Real Estate Ventures

The net gain on remeasurement of investments in real estate ventures was $6.9 million during 2013 with no comparable gains recognized during 2012. These net gains resulted from our acquisition of control of Six Tower Bridge and One and Two Commerce Square during 2013 which required the remeasurement at fair value of our existing equity interest in each of the partnerships. See Note 3, "Real Estate Investments," and Note 4, "Investment in Unconsolidated Ventures," of our consolidated financial statements.

Net Gain on Real Estate Venture Transactions

The $30.6 million increase in gain on real estate venture transactions is a result of contributing seven properties to the newly-formed Austin Venture and recognizing a $25.9 million gain on sale during 2013. Additionally, a $3.7 million increase in gain on real estate venture transactions is the result of the exchange of our remaining ownership in the Two Tower Bridge Venture for the remaining ownership interest in the Six Tower Bridge Venture, as discussed above and in Footnote 4 of our consolidated financial statements.

Loss on real estate venture formation of $1.0 million incurred during 2012 was a result of our termination of an agreement with a third party broker that was entered into upon contributing two properties into a joint venture during December 2011. During the third quarter of 2012, we determined that it was in our best interest to terminate the contract in order to avoid additional commissions and fees on the future joint venture acquisitions, recognizing the fee as an additional cost of forming the real estate venture.

Loss on Early Extinguishment of Debt

During 2013, we repurchased (i) $0.5 million of our 6.00% Guaranteed Notes due 2016, (ii) $9.9 million of our 7.50% Guaranteed Notes due 2015, and (iii) $20.8 million of our 5.40% Guaranteed Notes due 2014, which resulted in a net loss on early extinguishment of debt of $2.1 million.

During 2012, we repurchased (i) $150.0 million of term loan indebtedness, (ii) $99.6 million of our 6.00% Guaranteed Notes due 2016, (iii) $60.8 million of our 7.50% Guaranteed Notes due 2015, (iv) $4.3 million of our 5.400% Guaranteed Notes due 2014, and (v) $0.3 million of our 5.75% Guaranteed Notes due 2012, which resulted in a net loss on early extinguishment of debt of $21.9 million. In addition, we prepaid the remaining balances on two of our existing mortgages, totaling $58.4 million, for which we incurred associated prepayment penalties of $0.1 million.

Discontinued Operations

During 2013, we sold a portfolio of eight office properties located in Lawrenceville, New Jersey, one property located in San Diego, California, one property located in Carlsbad, California, one property located in Malvern, Pennsylvania one property located in Exton, Pennsylvania, one property located in King of Prussia, Pennsylvania, and one property in West Chester, Pennsylvania. These properties had total revenues of $5.2 million, property operating expenses of $2.5 million and $1.9 million of depreciation and amortization expense. We recognized a net gain on sale related to these transactions of $3.4 million.

During 2012, we sold one property located in Moorestown, New Jersey, one property located in Herndon, Virginia, one property located in Carlsbad, California, and 11 properties located in Exton, Pennsylvania. 2012 discontinued operations were also reclassified for the properties sold during 2013. These properties had total revenues of $31.4 million, property operating expenses of $12.2 million, and $10.2 million of depreciation and amortization expense. In addition, we recognized a deferred gain related to two properties located in Trenton, New Jersey that were sold during the fourth quarter of 2009. The gain was deferred as a result of a note receivable that we held from the buyer in the amount of $22.5 million. The note receivable and accrued interest was paid in full during the second quarter of 2012, prior to its maturity date of October 2016. We recognized a net gain on sale related to these transactions of $34.8 million during 2012.

Net Income

Net income increased by $36.7 million from 2012 to 2013 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. Amortization of acquired intangibles will continue over the related lease terms or estimated duration of the tenant relationships.

Earnings per Common Share

Net income per share was $0.23 during 2013 as compared to net loss per share of $0.06 during 2012 as a result of the factors described above.

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,
- fund commitments to unconsolidated joint ventures, and
- fund distributions to shareholders to maintain REIT status.

As of December 31, 2014, the Parent Company owned a 99.0% interest in the Operating Partnership. The remaining interest of approximately 1.0% pertains to common limited partnership interests owned by non-affiliated investors who contributed property to the Operating Partnership in exchange for their interests. As the sole general partner of the Operating Partnership, the Parent Company has full and complete responsibility for the Operating Partnership's day-to-day operations and management. The Parent Company's source of funding for its dividend payments and other obligations is the distributions it receives from the Operating Partnership.

We believe that our liquidity needs will be satisfied through available cash balances and 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 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, development and construction businesses. We believe that our revenue, together with proceeds from property sales and 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. With uncertain economic conditions, vacancy rates may increase, effective rental rates on new and renewed leases may decrease and tenant installation costs, including concessions, may increase in most or all of our markets throughout 2015 and possibly beyond. As a result, our revenues and cash flows could be insufficient to cover operating expenses, including increased tenant installation costs, pay debt service or make distributions to shareholders over the short-term. If this situation were to occur, we expect that we would finance cash deficits through borrowings under our unsecured credit facility and other sources of debt and equity financings. In addition, a material adverse change in cash provided by operations could adversely affect our compliance with financial performance covenants under our unsecured credit facility, including unsecured term loans and unsecured notes. As of December 31, 2014, we were in compliance with all of our debt covenants and requirement obligations.

We use multiple financing sources to fund our long-term capital needs. When needed, we use borrowings under our unsecured credit facility for general business purposes, including to meet debt maturities and to fund distributions to shareholders as well as development and acquisition costs and other expenses from time to time as necessary. In light of the continuing volatility in financial markets and economic uncertainties, it is possible, that one or more lenders under our unsecured revolving credit facility could fail to fund a borrowing request. Such an event could adversely affect our ability to access funds from our unsecured credit facility when needed to fund distributions or pay expenses.

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 lenders. If one or more rating agencies were to downgrade our unsecured credit rating, our access to the unsecured debt market would be more limited and the interest rate under our unsecured credit facility and unsecured term loans would increase.

The Parent Company unconditionally guarantees the Operating Partnership’s secured and unsecured obligations, which, as of December 31, 2014, amounted to $655.9 million and $1,803.5 million, respectively.

We maintain a shelf registration statement that has registered the offering and sale of common shares, preferred shares, depositary shares, warrants and unsecured debt securities. Subject to our ongoing compliance with securities laws, and if warranted by market conditions, we may offer and sell equity and debt securities from time to time under the shelf registration statement.

The Parent Company, other than acting as the sole general partner of the Operating Partnership, also issues equity from time to time, the proceeds of which it contributes to the Operating Partnership in exchange for additional interests in the Operating Partnership, and guarantees debt obligations of the Operating Partnership. The Parent Company’s ability to sell common shares and preferred shares is dependent on, among other things, general market conditions for REITs, market perceptions about the Company as a whole and the current trading price of the Parent Company's shares.

On August 1, 2014, the Parent Company completed an underwritten offering of 21,850,000 common shares. The Parent Company contributed the net proceeds from the sale of shares, amounting to $335.0 million after deducting underwriting discounts and commissions and other offering expenses, to the Operating Partnership in exchange for partnership units of the Operating Partnership. The Operating Partnership intends to continue to use the net proceeds for working capital, capital expenditures and other general corporate purposes, which may include acquisitions, developments and the repayment, repurchase and refinancing of debt.

On May 15, 2014, the Company amended its Amended and Restated Declaration of Trust to increase the Company’s total number of shares of beneficial interest from 220,000,000 to 420,000,000 shares, with the number of authorized common shares of beneficial interest increased from 200,000,000 to 400,000,000 and the number of authorized preferred shares of beneficial interest remaining unchanged at 20,000,000.

The Operating Partnership also considers net sales of selected properties as another source of managing its liquidity. During 2014, we sold seven properties, including one property contributed to the Austin Venture, containing 0.6 million in net rentable square feet and 22.1 acres of land for aggregate net cash proceeds of $117.9 million. Also during 2014, we purchased 54.1 acres of land and improvements for aggregate net cash of $14.0 million.

Cash Flows

The following discussion of our cash flows is based on the consolidated statements of cash flows and is not meant to be a comprehensive discussion of the changes in our cash flows for the years presented.

As of December 31, 2014 and 2013, we maintained cash and cash equivalents of $257.5 million and $263.2 million, respectively. The following are the changes in cash flow from our activities for the years ended December 31, 2014, 2013 and 2012 (in thousands):

Activity	2014	2013	2012
Operating	$188,999	$183,484	$159,110
Investing	(270,785)	104,708	(74,864)
Financing	76,081	(26,534)	(83,107)
Net cash flows	$(5,705)	$261,658	$1,139

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

The net increase of $5.5 million in cash from operating activities during 2014 compared to 2013 is primarily attributable to the timing of cash receipts and cash expenditures in the normal course of operations.

62

The decrease in net cash from investing activities of $375.5 million during 2014 compared to 2013 is primarily attributable to the following:

- a decrease of $304.6 million of net proceeds from 21 property sales during 2013, compared to the contribution of one office property to the Austin Venture, the sale of two land parcels and the sale of six office properties during 2014 (see Note 3, "Real Estate Investments," to the Consolidated Financial Statements for details);
- a decrease of $17.0 million from the sale of our interest in an unconsolidated real estate venture during 2013, compared to no such sales during 2014 (see Note 4, "Investment in Unconsolidated Ventures," to the Consolidated Financial Statements for details);
- an increase in capital expenditures for development, tenant and building improvements and leasing commissions of $109.3 million during 2014 compared to 2013 primarily attributed to the development of FMC at Cira Centre South and Encino Trace in 2014;
- the reimbursement of $2.0 million in pre-formation development costs of an unconsolidated real estate venture during 2013 with no comparable reimbursements during 2014;
- a decrease in 2014 of $88.0 million from a short-term loan to the Austin Venture, which was repaid to us on January 30, 2015 (See Note 4, "Investment In Unconsolidated Ventures," for further information regarding this acquisition), with no comparable loan during 2013;
- an increase in net investment in real estate ventures of $13.0 million during 2014 reflecting net contributions of; (i) $25.2 million to the Austin Venture, (ii) $13.3 million to 4040 Wilson, (iii) $5.2 million to 1919 Ventures and (iv) $2.4 million to other real estate ventures, offset in 2013 by (i) contributions to 4040 Wilson totaling $13.5 million, (ii) contributions to the evo at Cira Centre South venture of $13.4 million, (iii) contributions to fund our share of One and Two Commerce Square ventures' operations totaling $6.6 million and (iv) other net distributions of $0.4 million.
- a decrease in advances for purchase of tenant assets, net of repayments of $0.4 million during 2014 when compared to 2013; and
- a decrease of $1.6 million in escrow cash due to timing of payments.

The decrease in net cash from investing activities was partially offset by the following transactions:

- a decrease of $143.2 million in funds used to acquire operating properties, attributable to the 2013 acquisitions of One and Two Commerce Square for $70.0 million, Four Points Centre for $46.1 million and the ground leases at Cira Centre and Three Logan Square totaling $45.3 million compared to the 2014 purchase of a development project in Austin, Texas known as Encino Trace for $13.9 million, the purchase of 50% of the partnership interest in the land parcel and improvements for 1919 Ventures totaling $6.0 million and the settlement of the One and Two Commerce Square partnership interest redemption agreement for $1.6 million. (see Note 3, "Real Estate Investments," and Note 4, "Investment In Unconsolidated Ventures," to the Consolidated Financial Statements for details);
- an increase of from the contribution of a land parcel to 1919 Ventures for net proceeds of $8.2 million during 2014 with no comparable contributions during 2013;
- an increase in cash distributions from unconsolidated Real Estate Ventures of $2.3 million during 2014 compared to 2013; and
- an increase of $6.8 million in payments on the mortgage note receivable during 2014 compared to 2013.

The net increase of $102.6 million in cash from financing activities during 2014 compared to 2013 is mainly due to the following:

- the receipt of $496.5 million in net proceeds from the issuance of $250.0 million of our 4.10% Guaranteed Notes due 2024 and $250.0 million of our 4.55% Guaranteed Notes due 2029;
- the receipt of $335.0 million in net proceeds from the issuance of 21,850,000 common shares by the Parent Company during 2014 compared to the receipt of $181.5 million in proceeds from the issuance 12,650,000 common shares during 2013; and
- a decrease of $69.0 million in net borrowings under the unsecured Credit Facility from 2013 to 2014, as there were no draws on our line of credit for 2014.

The net increase in cash from financing activities described above was offset by the following:

- an increase of $2.1 million in repayments of mortgage notes payable during 2014 compared to 2013, which is primarily attributable to our consolidation of the mortgage notes secured by One and Two Commerce Square upon the increase in our common ownership interest in One and Two Commerce Square from 25% to 99%;

- an increase in repayments of unsecured notes of $352.4 million during 2014, primarily relating to the $383.8 million redemption of the 5.40% Guaranteed Notes due November 1, 2014 and the 7.50% Guaranteed Notes due May 15, 2015 compared to $31.4 million of unsecured note repayments during 2013;

63

- an increase in repayments of unsecured term loans of $250.8 million during 2014 relating to the repayment of the entire principal balance of the $150.0 million three-year term loan due February 2015, the $100.0 million four-year term loan due February 2016 and $0.8 million to terminate the interest rate hedge associated with the $150.0 million three-year term loan;
- an increase in debt financing costs of $3.4 million during 2014 compared to 2013;
- a decrease in stock option exercise proceeds of $0.2 million for 2014 compared to 2013; and
- distributions paid by the Parent Company to its shareholders and on non-controlling interests of $105.8 million during 2014 compared to $98.5 million during 2013.

Capitalization

Indebtedness

The table below summarizes our indebtedness under our mortgage notes payable, our unsecured notes and our unsecured credit facility at December 31, 2014 and December 31, 2013:

	December 31, 2014		December 31, 2013	
	(dollars in thousands)			
Balance:				
Fixed rate	$2,459,463		$2,499,465	
Variable rate — unhedged	—		100,000	
Total	$2,459,463		$2,599,465	
Percent of Total Debt:				
Fixed rate	100.0	%	96.2	%
Variable rate — unhedged	—	%	3.8	%
Total	100	%	100	%
Weighted-average interest rate at period end:				
Fixed rate	5.0	%	5.2	%
Variable rate — unhedged	—	%	1.9	%
Total	5.0	%	5.0	%
Weighted-average maturity in years:				
Fixed rate	7.1		5.6	
Variable rate — unhedged	0.0		2.1	
Total	7.1		5.5	

The variable rate debt shown above generally bear interest and carry terms based on a London Interbank Offered Rate (“LIBOR”) selected by us.

Scheduled principal payments and related weighted average annual effective interest rates for our debt as of December 31, 2014 are as follows (in thousands):

Period	Scheduled amortization	Principal maturities	Total	Weighted average interest rate of maturing debt	
2015	$13,669	$88,361	$102,030	5.49	%
2016	9,924	357,779	367,703	5.61	%
2017	9,906	320,417	330,323	5.63	%
2018	11,954	325,000	336,954	5.19	%
2019	13,155	200,000	213,155	3.81	%
2020	13,915	—	13,915	6.64	%
2021	14,719	—	14,719	6.64	%
2022	15,571	—	15,571	6.65	%
2023	14,666	351,236	365,902	4.27	%
2024	14,933	250,000	264,933	4.39	%
Thereafter	105,648	328,610	434,258	4.97	%
Totals	$238,060	$2,221,403	$2,459,463	4.97	%

Unsecured Credit Facility and Term Loan

We maintain a $600.0 million four-year unsecured revolving credit facility (the "Credit Facility") maturing February 1, 2016 and an unsecured seven-year term loan (the "Term Loan") in the amount of $200.0 million maturing February 1, 2019.

We have the option to increase the amounts available to be advanced under the Credit Facility, subject to customary conditions and limitations, by obtaining additional commitments from our current lenders and other financial institutions. We also have the option to extend the maturity date of the Credit Facility. The Term Loan is subject to a prepayment penalty of 1% through February 1, 2015 with no penalty thereafter.

The spread to LIBOR for LIBOR-based loans under the Credit Facility will depend on our unsecured senior debt credit rating. Based on our current credit rating, the spread for such loans will be 150 and 190 basis points under the Credit Facility and the Term Loan, respectively. At our option, advances under the Credit Facility and Term Loan may also bear interest at a per annum floating rate equal to the higher of the prime rate or the federal funds rate plus 0.50% per annum. The Credit Facility contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loans to us at a reduced rate. We executed hedging transactions that fix the rate on the Term Loan at a 3.62% average for its full term. The hedge commenced on February 1, 2012 and the rate is inclusive of the LIBOR spread based on our current investment grade rating.

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

We were in compliance with all financial and non-financial covenants under the Credit Facility and our credit agreements as of December 31, 2014. 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 slow-down in the economy and a decrease in availability of debt financing could result in non-compliance with covenants.

On September 16, 2014, the Operating Partnership repaid the entire $150.0 million three-year term loan and $100.0 million four-year term loan prior to their scheduled February 2015 and 2016 maturities, respectively. In connection with these repayments, the Operating Partnership accelerated $0.3 million of deferred financing amortization expense and also incurred a $0.8 million charge on the termination of associated interest rate swap contracts, as reflected in the Operating Partnership's consolidated statements of operations.

Unsecured Notes and Mortgage Notes

The Operating Partnership is the issuer of our unsecured notes which are fully and unconditionally guaranteed by the Parent Company. During the year-ended December 31, 2014, we repurchased $376.2 million of our outstanding unsecured notes in a series of transactions which are summarized in the table below (in thousands):

Notes	Principal	Repurchase Amount (a)	Gain (Loss) on Early Extinguishment of Debt (b)	Acceleration of Deferred Financing Amortization
2014 5.40% Notes	$218,549	$219,404	$(855)	$9
2015 7.50% Notes	157,625	164,364	(6,739)	143
	$376,174	$383,768	$(7,594)	$152

(a) Includes cash losses with respect to redemption of debt.
(b) Includes unamortized balance of the original issue discount.

The indenture under which the Operating Partnership issued its unsecured notes contains financial covenants, including (i) a leverage ratio not to exceed 60%, (ii) a secured debt leverage ratio not to exceed 40%, (iii) a debt service coverage ratio of greater than 1.5 to 1.0 and (iv) an unencumbered asset value of not less than 150% of unsecured debt. The Operating Partnership is in compliance with all covenants as of December 31, 2014.

On September 16, 2014, the Operating Partnership closed on an underwritten offering of $250.0 million in aggregate principal amount of its 4.10% Guaranteed Notes due 2024 (the “2024 Notes”) and $250.0 million in aggregate principal amount of its 4.55% Guaranteed Notes due 2029 (the “2029 Notes”). The 2024 notes were priced at 99.388% of their face amount with a yield to maturity of 4.175%, representing a spread at the time of pricing of 1.70%. The 2029 notes were priced at 99.191% of their face amount with a yield to maturity of 4.625%, representing a spread at the time of pricing of 2.15%. The Notes are reflected net of discount of $1.5 million and $2.0 million, respectively, in the consolidated balance sheet as of December 31, 2014. The Operating Partnership used a portion of the net proceeds from this offering, aggregating $492.9 million after deduction for underwriting discounts and offering expenses, to fund its repurchase, through a tender offer, of a portion of the Operating Partnership's 5.40% Guaranteed Notes due November 1, 2014 (the “2014 Notes”) and 7.50% Guaranteed Notes due May 15, 2015 (the “2015 Notes”).

On September 16, 2014, in connection with the aforementioned offering, the Operating Partnership funded tender offers for $75.1 million of its 5.40% Guaranteed Notes due November 1, 2014, and $42.7 million of its 7.50% Guaranteed Notes due May 15, 2015. The Operating Partnership funded the total tender offer consideration of $117.8 million from net proceeds of the offering of 2029 Notes and 2024 Notes, with the Operating Partnership recognizing a $2.6 million loss on early extinguishment of debt related to the total repurchase.

On September 16, 2014, the Operating Partnership gave notice of redemption, in full, of the $143.5 million of 2014 Notes that remained outstanding following completion of the tender offer. The Operating Partnership completed the redemption of the 2014 Notes on October 16, 2014 at a cash redemption price of $1,026.88 per $1,000 principal amount of the 2014 Notes (inclusive of accrued interest to the redemption date). Also on September 16, 2014, the Company gave notice of redemption, in full, of the $114.9 million of 2015 Notes that remained outstanding following completion of the tender offer. The Company completed the redemption of the 2015 Notes on October 16, 2014 at a cash redemption price of $1,070.24 per $1,000 principal amount of the 2015 Notes (inclusive of accrued interest to the redemption date).

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

The charter documents of the Parent Company and Operating Partnership do not limit the amount or form of indebtedness that the Operating Partnership may incur, and its policies on debt incurrence are solely within the discretion of the Parent Company’s Board of Trustees, subject to the financial covenants in the Credit Facility, indenture and other credit agreements.

66

Equity

On December 9, 2014, the Parent Company declared a distribution of $0.15 per common share, totaling $27.2 million, which it paid on January 20, 2015 to its shareholders of record as of January 6, 2015. In addition, the Parent Company declared a distribution on its Series E Preferred Shares to holders of record as of December 30, 2014. These shares are entitled to a preferential return of 6.90% per annum on the $25.00 per share liquidation preference. Distributions paid on January 15, 2015 to holders of Series E Preferred Shares totaled $1.7 million. To fund this distribution, on December 9, 2014, the Operating Partnership declared distributions on its Series E-Linked Preferred Mirror Units to holders of record as of December 30, 2014. These units are entitled to a preferential return of 6.90% per annum on the $25.00 per unit liquidation preference. Distributions paid on January 15, 2015 to holders of Series E-Linked Preferred Mirror Units totaled $1.7 million. In order to maintain its qualification as a REIT, the Parent Company is required to, among other things, pay dividends to its shareholders of at least 90% of its REIT taxable income. During the year ended December 31, 2014, the Parent Company paid dividends in excess of the 90% criterion.

On August 1, 2014, the Parent Company completed an underwritten offering of 21,850,000 common shares. The Parent Company contributed the net proceeds from the sale of shares, amounting to $335.0 million after deducting underwriting discounts and commissions and other offering expenses, to the Operating Partnership in exchange for partnership units of the Operating Partnership. The Operating Partnership intends to continue to use the net proceeds for working capital, capital expenditures and other general corporate purposes, which may include acquisitions, developments and the repayment, repurchase and refinancing of debt.

The Parent Company maintains a share repurchase program under which its Board of Trustees has authorized the Parent Company to repurchase common shares from time to time in accordance with the limits set by the Board of Trustees. As of December 31, 2014, there were 539,200 shares available for repurchase under this program. The Parent Company’s Board of Trustees has not limited the duration of the program and the program may be terminated at any time.

The Parent Company did not repurchase any shares during 2014 and accordingly, the Operating Partnership did not repurchase any units in connection with the Parent Company's share repurchase program.

The Parent Company also maintains a continuous offering program (the "Offering Program"), under which we may sell up to an aggregate amount of 16,000,000 common shares until November 5, 2016 in at the market offerings. This program was put in place on November 5, 2013 in replacement of a prior continuous equity offering program that expired on March 10, 2013 (the "Prior Offering Program"). During the year ended December 31, 2014, we did not sell any shares under either the Offering Program or the Prior Offering Program.

Inflation

A majority of our leases provide for tenant 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.

Commitments and Contingencies

The following table outlines the timing of payment requirements related to our contractual commitments as of December 31, 2014:

	Payments by Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Mortgage notes payable (a)	$655,934	$102,030	$248,107	$25,109	$280,688
Unsecured term loan	200,000	—	—	200,000	—
Unsecured debt (a)	1,603,529	—	449,919	325,000	828,610
Ground leases (b)	64,004	1,378	2,756	2,756	57,114
Development contracts (c)	402,067	251,115	150,952	—	—
Interest expense (d)	711,795	118,266	176,417	111,539	305,573
Other liabilities (e)	20,896	547	3,015	4,698	12,636
	$3,658,225	$473,336	$1,031,166	$669,102	$1,484,621

(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. The table also does not include the future minimum rental payments related to two ground leases in Philadelphia, Pennsylvania. These ground leases are discussed below.

(c) Represents contractual obligations for development projects and does not contemplate all costs expected to be incurred for such developments. For information regarding our developments, see Item 1. "Business - Developments."

(d) Variable rate debt future interest expense commitments are calculated using December 31, 2014 interest rates.

(e) Other liabilities consists of (i) our deferred compensation liability, (ii) the liability investment balance related to Coppell Associates real estate venture located in Austin, Texas and (iii) the interest accretion on the existing transfer tax liability on Two Logan Square in Philadelphia, Pennsylvania.

The above table does not include amounts related to the 4040 Wilson LLC Venture development of the Liberty Center Complex, the TB-BDN Plymouth Venture development of the Parc at Plymouth Meeting or the 1919 Ventures development of the property located at 20th and Market Street in Philadelphia, Pennsylvania. For further discussion of these developments, see Item 1., "Business - Developments."

As of December 31, 2014, we were obligated to pay a maximum of $86.3 million for tenant improvements not yet completed, which is not included in the above table. We expect that most of the obligations will be paid within one year.

The ground leases, entered into in Philadelphia, Pennsylvania, provide for contingent rent participation by the lessor in certain capital transactions and net operating cash flows of the properties after certain returns are achieved by us. Such amounts, if any, will be reflected as contingent rent when incurred. The leases also provide for payment by us of certain operating costs relating to the land, primarily real estate taxes. The above schedule of future minimum rental payments does not include any contingent rent amounts or any reimbursed expenses.

As part of the Operating Partnership’s September 2004 acquisition of a portfolio of properties from the Rubenstein Company (which we refer to as the “TRC acquisition”), the Operating Partnership acquired its interest in Two Logan Square, a 708,844 square foot office building in Philadelphia, primarily through its ownership of a second and third mortgage secured by this property. This property is consolidated as the borrower is a variable interest entity and the Operating Partnership, through its ownership of the second and third mortgages, is the primary beneficiary. The Operating Partnership currently does not expect to take title to Two Logan Square until, at the earliest, September 2019. If the Operating Partnership takes fee title to Two Logan Square upon a foreclosure of its mortgage, the Operating Partnership has agreed to pay an unaffiliated third party that holds a residual interest in the fee owner of this property an amount equal to $2.9 million. On the TRC acquisition date, the Operating Partnership recorded a liability of $0.7 million and this amount will accrete up to $2.9 million through September 2019. As of December 31, 2014, the Operating Partnership has a balance of $1.8 million for this liability on its consolidated balance sheet.

The Operating Partnership was audited by the IRS for its 2004 tax year. The audit concerned the tax treatment of the TRC acquisition in September 2004 in which the Operating Partnership acquired a portfolio of properties through the acquisition of a limited partnership. On December 17, 2010, the Operating Partnership received notice that the IRS proposed an adjustment to the allocation of recourse liabilities allocated to the contributor of the properties. The Operating Partnership appealed the proposed adjustment and during the second quarter of 2013 entered into a settlement agreement with the IRS which will not result in a material liability for the Operating Partnership for federal income taxes. The contributor of partnership interests in the 2004 transaction has agreed not to assert a claim against the Operating Partnership under the tax protection agreement entered into as part of the transaction.

As part our 2006 merger with Prentiss Properties Trust, our 2004 TRC acquisition and several of our other transactions, it 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 as follows at December 31, 2014: 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 the applicable property to us for tax liabilities attributed to them. Similarly, as part of our 2013 acquisition of substantially all of the equity interests in the partnerships that own One and Two Commerce Square, we agreed, for the benefit of affiliates of the holder of the 1% residual ownership interest in these properties, to not sell these two properties in certain taxable transactions prior to October 20, 2021 without the holder’s consent.

In connection with the development of the IRS Philadelphia Campus and the Cira South Garage, during 2008, the Operating Partnership entered into a historic tax credit and new markets tax credit arrangement, respectively. The Operating Partnership is required to be in compliance with various laws, regulations and contractual provisions that apply to its 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 US Bancorp or a reduction of investor capital contributions, which are reported as deferred income in the Operating Partnership’s consolidated balance sheet, until such time as its obligation to deliver tax benefits is relieved. The remaining compliance periods for its tax credit arrangements runs through 2015. The Operating Partnership does not anticipate that any material refunds or reductions of investor capital contributions will be required in connection with these arrangements.

We invest in properties and regularly incur capital expenditures in the ordinary course of business 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 its business which may extend beyond one year. These contracts typically provide for cancellation with insignificant or no cancellation penalties.

Guarantees

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

As part of our acquisition of properties from time to time in tax-deferred transactions, we have agreed to provide certain of the prior owners of the acquired properties with the right to guarantee our indebtedness. If we were to seek to repay the indebtedness guaranteed by the prior owner before the expiration of the applicable agreement, we would be required to provide the prior owner an opportunity to guarantee qualifying replacement debt. These debt maintenance agreements may limit our ability to refinance indebtedness on terms that will be favorable to us. As part of our 2013 acquisition of substantially all of the equity interests in the partnerships that own One and Two Commerce Square, we agreed, for the benefit of affiliates of the holder of the 1% residual ownership interest in these properties, to maintain qualifying mortgage debt through October 20, 2021, in the amounts of not less than $125.0 million on One Commerce Square and $100.0 million on Two Commerce Square. Similarly, we have agreements in place with other contributors of assets to us that obligate us to maintain debt available for them to guaranty.

Interest Rate Risk and Sensitivity Analysis

The analysis below presents the sensitivity of the market value of the Operating Partnership's financial instruments to selected changes in market rates. The range of changes chosen reflects its 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, 2014, our consolidated debt consisted of $655.9 million of mortgage loans and $1,524.9 million of unsecured notes, all of which are fixed rate borrowings. We also have variable rate debt consisting of $78.6 million in trust preferred securities and $200.0 million of unsecured term loans all of which are swapped to fixed rates. 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.

If market rates of interest increase by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt would decrease by approximately $28.8 million. If market rates of interest decrease by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt would increase by approximately $31.4 million.

As of December 31, 2014, based on prevailing interest rates and credit spreads, the fair value of our $1,518.1 million of unsecured notes was $1,593.2 million. For sensitivity purposes, a 100 basis point change in the discount rate equates to a change in the total fair value of our debt of approximately $15.2 million at December 31, 2014.

From time to time or as the need arises, we use derivative instruments to manage interest rate risk exposures and not for speculative purposes. The total carrying value of our variable rate debt (including variable swapped to fixed) was approximately $278.6 million and $528.6 million at December 31, 2014 and December 31, 2013, respectively. The total fair value of our debt was approximately $257.2 million and $526.7 million at December 31, 2014 and December 31, 2013, respectively. For sensitivity purposes, if market rates of interest increase by 100 basis points the fair value of our variable rate debt would decrease by approximately $16.2 million at December 31, 2014. If market rates of interest decrease by 100 basis points the fair value of our outstanding variable rate debt would increase by approximately $18.3 million.

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

Funds from Operations (FFO)

Pursuant to the revised definition of FFO adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”), we calculate FFO by adjusting net income/(loss) attributable to common unit holders (computed in accordance with GAAP) for gains (or losses) from sales of properties, impairment losses on depreciable consolidated real estate, impairment losses on investments in unconsolidated joint ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated Real Estate Ventures, real estate related depreciation and amortization, and after similar adjustments for unconsolidated Real Estate Ventures. FFO is a non-GAAP financial measure. The Operating Partnership believes that the use of FFO combined with the required U.S. GAAP presentations, has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REITs’ operating results more meaningful. The Operating Partnership considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, FFO can help the investing public compare the operating performance of a company’s real estate between periods or as compared to other companies. The Operating Partnership’s computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently.

The Operating Partnership considers net income, as defined by U.S. GAAP, to be the most comparable earnings measure to FFO. While FFO and FFO per unit are relevant and widely used measures of operating performance of REITs, FFO does not represent cash flow from operations or net income as defined by U.S. GAAP and should not be considered as alternatives to those measures in evaluating the Company’s liquidity or operating performance. The Operating Partnership believes that to further understand our performance, FFO should be compared with its reported net income (loss) attributable to common unit holders and considered in addition to cash flows in accordance with GAAP, as presented in our consolidated financial statements.

The following table presents a reconciliation of net income (loss) attributable to common unit holders to FFO for the years ended December 31, 2014 and 2013:

	Years ended December 31, 2014		December 31, 2013	
	(amounts in thousands, except share information)			
Net income (loss) attributable to common unitholders	$(263	)	$35,926	
Add (deduct):				
Amount allocated to unvested restricted unitholders	349		363	
Net (gain) loss on real estate venture transactions	417		(29,604	)
Net gain on disposition of real estate	(4,901	)	—	
Net gain on disposition of discontinued operations	(900	)	(3,382	)
Net gain from remeasurement of investments in real estate ventures	(458	)	(6,866	)
Provision for impairment on assets held for sale	1,765		—	
Depreciation and amortization:				
Real property — continuing operations	163,218		160,665	
Leasing costs including acquired intangibles — continuing operations	45,159		36,217	
Real property — discontinued operations	—		1,922	
Leasing costs including acquired intangibles — discontinued operations	—		3	
Company’s share of unconsolidated real estate ventures	24,292		15,959	
Partners' share of consolidated joint ventures	(225	)	—	
Funds from operations	$228,453		$211,203	
Funds from operations allocable to unvested restricted shareholders	(791	)	(830	)
Funds from operations available to common share and unit holders (FFO)	$227,662		$210,373	
Weighted-average shares/units outstanding — fully diluted	169,411,616		156,203,398	

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See discussion in "Management’s Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 herein.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary financial data of the Parent Company and the Operating Partnership and the reports thereon of PricewaterhouseCoopers LLP, an independent registered public accounting firm, with respect thereto are listed under Items 15(a) and 15(b) and filed as part of this Annual Report on Form 10-K. See Item 15., "Exhibits and Financial Statement Schedules."

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

None

Item 9A. Controls and Procedures

Controls and Procedures (Parent Company)

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Parent Company's management, including its principal executive officer and principal financial officer, the Parent Company's management conducted an evaluation of its 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 the Parent Company concluded that the Parent Company'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 the Parent Company 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 the Parent Company's management, including its principal executive officer and principal financial officer, the Parent Company's management conducted an evaluation of the effectiveness of the Parent Company'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 in 2013. Based on this evaluation under the framework in Internal Control — Integrated Framework, the Parent Company's management concluded that the Parent Company's internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of the Parent Company's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Parent Company'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, the Parent Company's internal control over financial reporting.

Controls and Procedures (Operating Partnership)

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Operating Partnership's management, including its principal executive officer and principal financial officer, the Operating Partnership's management conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based on this evaluation, the principal executive officer and the principal financial officer of Operating Partnership concluded that the Operating Partnership'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 the Operating Partnership 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 the Operating Partnership's management, including its principal executive officer and principal financial officer, the Operating Partnership's management conducted an evaluation of the effectiveness of the Operating Partnership'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 in 2013. Based on this evaluation under the framework in Internal Control — Integrated Framework, the Operating Partnership's management concluded that the Operating Partnership's internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included herein.

72

Changes in Internal Control over Financial Reporting.

There have not been any changes in the Operating Partnership'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, the Operating Partnership's internal control over financial reporting.

Item 9B. Other Information

None.

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 2015 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 2015 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 2015 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 2015 Annual Meeting of Shareholders.
Item 14. Principal Accountant Fees and Services
Incorporated herein by reference to the Company's definitive proxy statement to be filed with respect to its 2015 Annual Meeting of Shareholders.
PART IV
Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements and Schedules of Brandywine Realty Trust
(b) Financial Statements and Schedules of Brandywine Operating Partnership
The financial statements and schedules of the Parent Company and the Operating Partnership listed below are filed as part of this annual report on the pages indicated.

Index to Financial Statements and Schedule

3. Exhibits

Exhibits Nos.	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	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (April 6, 2012) classifying and designating Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $0.01 per share and liquidation preference $25 per share, of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust's Form 8-A dated April 6, 2012 and incorporated herein by reference)
3.1.11	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on May 21, 2014 and incorporated herein by reference)
3.2.1	

	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)
3.2.2	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)

76

3.2.3	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)
3.2.4	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)
3.2.5	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)
3.2.6	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)
3.2.7	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)
3.2.8	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)
3.2.9	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)
3.2.10	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)
3.2.11	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)
3.2.12	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)
3.2.13	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)

3.2.14	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)
3.2.15	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)
3.2.16	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)

3.2.17	Sixteenth 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 9, 2010 and incorporated herein by reference)
3.2.18	Seventeenth 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 April 11, 2012 and incorporated herein by reference)
3.2.19	List of partners of Brandywine Operating Partnership, L.P.
3.3	Amended and Restated Bylaws of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated June 4, 2010 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	Form of 6.90% Series E Cumulative Redeemable Preferred Shares Certificate (previously filed as an exhibit to Brandywine Realty Trust's Form 8-A dated April 6, 2012 and incorporated herein by reference)
4.4.1	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 Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 22, 2004 and incorporated herein by reference)
4.4.2	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 Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated May 26, 2005 and incorporated herein by reference)
4.4.3	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 Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2006 and incorporated herein by reference)
4.4.4	Third Supplemental Indenture dated as of April 5, 2011 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust and The Bank of New York Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 5, 2011 and incorporated herein

	by reference)
4.5	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)
4.6	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)
4.7	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)
4.8	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)

4.9	Form of $325,000,000 aggregate principal amount of 4.95% Guaranteed Notes due 2018 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 5, 2011 and incorporated herein by reference)
4.10	Form of $250,000,000 aggregate principal amount of 3.95% Guaranteed Notes due 2023 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 18, 2012 and incorporated herein by reference)
4.11	Form 4.10% Guaranteed Notes due 2024 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on September 17, 2014 and incorporated herein by reference)
4.12	Form of 4.55% Guaranteed Notes due 2029 previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on September 17, 2014 and incorporated herein by reference)
10.1	Third Amended and Restated Revolving Credit Agreement dated as of December 15, 2011 (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2011 and incorporated herein by reference)
10.2	Term Loan C Agreement dated as of December 15, 2011 (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2011 and incorporated herein by reference)
10.3	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)
10.4	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)
10.5	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)
10.6	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)

10.7	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)
10.8	Letter to RREEF America LLC relating to waiver of share ownership limit (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2009 and incorporated herein by reference)
10.9	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)
10.10	Letter Agreement dated March 1, 2012 modifying Amended and Restated Employment Agreement of Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated March 7, 2012 and incorporated herein by reference)
10.11	Amended and Restated 1997 Long-Term Incentive Plan (as amended effective June 2, 2010)** (previously filed as an exhibit to Brandywine Realty Trust's Registration Statement on Form S-8, File No. 333-167266 and incorporated herein by reference)

10.12	Amended and Restated Executive Deferred Compensation Plan dated January 1, 2013** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 11, 2012 and incorporated herein by reference)
10.13	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)
10.14	Summary of Trustee Compensation** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the year ended December 31, 2013 and incorporated herein by reference)
10.15	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)
10.16	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)
10.17	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)
10.18	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)
10.19	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)
10.20	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)
10.21	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)
10.22	Forms of Incentive Stock Option Agreement (March 2010) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2010 and incorporated herein by reference)

10.23	Forms of Non-Qualified Share Option Agreement (March 2010) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2010 and incorporated herein by reference)
10.24	Forms of Incentive Share Option Agreement (March 2011) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2011 and incorporated herein by reference)
10.25	Forms of Non-Qualified Share Option Agreement (March 2011) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2011 and incorporated herein by reference)
10.26	Letter Agreement dated May 24, 2011 modifying options of President and Chief Executive Officer** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on May 24, 2011 and incorporated herein by reference)

10.27	Form of Restricted Share Award (March 2012) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 7, 2012 and incorporated herein by reference)
10.28	Form of Restricted Performance Share Unit and Dividend Equivalent Rights Award Agreement (March 2012) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 7, 2012 and incorporated herein by reference)
10.29	2012-2014 Restricted Performance Share Unit Program** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 7, 2012 and incorporated herein by reference)
10.30	Form of Performance Unit Award Agreement** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 1, 2013 and incorporated herein by reference)
10.31	Form of Restricted Share Award** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 1, 2013 and incorporated herein by reference)
10.32	2013 -2015 Performance Share Unit Program** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 1, 2013 and incorporated herein by reference)