

BRANDYWINE REALTY TRUST

Form 10-K/A

March 31, 2008

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 1**

(Mark One)

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

For the fiscal year ended December 31, 2007

OR

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

**For the transition period from _____ to _____
Commission file number 001-9106 (Brandywine Realty Trust)
000-24407 (Brandywine Operating Partnership, L.P.)**

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

MARYLAND (Brandywine Realty Trust) **23-2413352**
DELAWARE (Brandywine Operating Partnership L.P.) **23-2862640**

(State or other jurisdiction of Incorporation or organization) (I.R.S. Employer Identification No.)

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

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

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

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

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Portions of the proxy statement for the 2008 Annual Meeting of Shareholders of Brandywine Realty Trust are incorporated by reference into Part III of this Form 10-K.

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

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SIGNATURES

Consent of Pricewaterhouse Coopers LLP, Brandywine Realty Trust

Consent of Pricewaterhouse Coopers LLP, Brandywine Operating Partnership

Consent of Pricewaterhouse Coopers LLP, G&I Interchange Office LLC

Certification dated March 31, 2008 of the Chief Executive Officer of Brandywine Realty Trust

Certification dated March 31, 2008 of the Chief Financial Officer of Brandywine Realty Trust

Certification dated March 31, 2008 of the Chief Executive Officer of Brandywine Realty Trust

Certification dated March 31, 2008 of the Chief Financial Officer of Brandywine Realty Trust

Certification dated March 31, 2008 of the Chief Executive Officer of Brandywine Realty Trust required under Rule 13a-14(b)

Certification dated March 31, 2008 of the Chief Financial Officer of Brandywine Realty Trust required by Rule 13a-14(b)

Certification dated March 31, 2008 of the Chief Executive Officer of Brandywine Realty Trust required by Rule 13a-14(b)

Certification dated March 31, 2008 of the Chief Financial Officer of Brandywine Realty Trust required by Rule 13a-14(b)

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This Annual Report on Form 10-K for Brandywine Realty Trust and Brandywine Operating Partnership, L.P. for the year ended December 31, 2007 is being amended to revise Part II, Item 8 and Part IV, Item 15 (c)(1) to include audited financial statements for G&I Interchange Office LLC.

PART II

Item 8. Financial Statements and Supplementary Data

See Item 15: Exhibits and Financial Statement Schedules.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

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

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3. Exhibits

<i>Exhibits No.</i>	<i>Description</i>
2	Agreement and Plan of Merger dated as of October 3, 2005 by and among Brandywine Realty Trust, Brandywine Operating Partnership, L.P., Brandywine Cognac I, LLC, Brandywine Cognac II, LLC, Prentiss Properties Trust and Prentiss Properties Acquisition Partners, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2005 and incorporated herein by reference)
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	Second Amended and Restated Partnership Agreement of Brandywine Realty Services Partnership (previously filed as an exhibit to Brandywine Realty Trust's Registration statement of Form S-11 (File No. 33-4175) and incorporated herein by reference)

- 3.1.11 Amended and Restated Articles of Incorporation of Brandywine Realty Services Corporation (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2002 and incorporated herein by reference)
- 3.1.12 Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (the Operating Partnership) (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 17, 1997 and incorporated herein by reference)
- 3.1.13 First Amendment to Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 17, 1997 and incorporated herein by reference)
- 3.1.14 Second Amendment to the Amended and Restated Agreement of Limited Partnership Agreement of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 13, 1998 and incorporated herein by reference)
- 3.1.15 Third Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated May 14, 1998 and incorporated herein by reference)
- 3.1.16 Fourth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
- 3.1.17 Fifth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
- 3.1.18 Sixth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
- 3.1.19 Seventh Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
- 3.1.20 Eighth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
- 3.1.21 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)

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<i>Exhibits No.</i>	<i>Description</i>
3.1.22	Tenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.23	Eleventh Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.1.24	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)
3.1.25	Thirteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated September 21, 2004 and incorporated herein by reference)
3.1.26	Fourteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
3.1.27	Fifteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated August 18, 2006 and incorporated herein by reference)
3.1.28	List of partners of Brandywine Operating Partnership, L.P. (filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008)
3.2	Amended and Restated Bylaws of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 14, 2003 and incorporated herein by reference)
4.1	Form of 7.50% Series C Cumulative Redeemable Preferred Share Certificate (previously filed as an exhibit to Brandywine Realty Trust's Form 8-A dated December 29, 2003 and incorporated herein by reference)
4.2	Form of 7.375% Series D Cumulative Redeemable Preferred Share Certificate (previously filed as an exhibit to Brandywine Realty Trust's Form 8-A dated February 5, 2004 and incorporated herein by reference)
4.3.1	Indenture dated October 22, 2004 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust, certain subsidiaries of Brandywine Operating Partnership, L.P. named therein and The Bank of New York, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 22, 2004 and incorporated herein by reference)
4.3.2	First Supplemental Indenture dated as of May 25, 2005 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust, certain subsidiaries of Brandywine Operating Partnership, L.P. named therein and The Bank of New York, as Trustee (previously filed as an exhibit

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to Brandywine Realty Trust's Form 8-K dated May 26, 2005 and incorporated herein by reference)

- 4.3.3 Second Supplemental Indenture dated as of October 4, 2006 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust and the Bank of New York, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2006 and incorporated herein by reference)
- 4.4 Form of \$275,000,000 4.50% Guaranteed Note due 2009 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 22, 2004 and incorporated herein by reference)
- 4.5 Form of \$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 \$300,000,000 5.625% Guaranteed Note due 2010 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 20, 2005 and incorporated herein by reference)
- 4.7 Form of \$300,000,000 aggregate principal amount of Floating Rate Guaranteed Note due 2009 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated March 28, 2006 and incorporated herein by reference).
- 4.8 Form of \$300,000,000 aggregate principal amount of 5.75% Guaranteed Note due 2012 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated March 28, 2006 and incorporated herein by reference).
- 4.9 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).
- 4.10 Form of 3.875% Exchangeable Guaranteed Notes due 2026 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2006 and incorporated herein by reference)
- 4.11 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)
- 10.1 Second Amended and Restated Revolving Credit Agreement dated as of June 29, 2007 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated June 29, 2007 and incorporated herein by reference)
- 10.2 Term Loan Agreement dated as of October 15, 2007 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 16, 2007 and incorporated herein by reference)
- 10.3 Term Loan Agreement dated as of January 5, 2006 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.4 Note Purchase Agreement dated as of November 15, 2004 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated November 15, 2004 and incorporated herein by reference)
- 10.5 Tax Indemnification Agreement dated May 8, 1998, by and between Brandywine Operating Partnership, L.P. and the parties identified on the signature page (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated May 14, 1998 and incorporated herein by reference)

- 10.6 Contribution Agreement dated as of July 10, 1998 (with Donald E. Axinn) (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated July 30, 1998 and incorporated herein by reference)

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<i>Exhibits No.</i>	<i>Description</i>
10.7	First Amendment to Contribution Agreement (with Donald E. Axinn) (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
10.8	Form of Donald E. Axinn Options** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated July 30, 1998 and incorporated herein by reference)
10.9	Modification Agreement dated as of June 20, 2005 between Brandywine Operating Partnership, L.P. and Donald E. Axinn (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated June 21, 2005 and incorporated herein by reference)
10.10	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)
10.11	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)
10.12	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)
10.13	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)
10.14	Letter to Cohen & Steers Capital Management, Inc. (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)
10.15	Sales Agreement with Brinson Patrick Securities Corporation (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated November 29, 2004 and incorporated herein by reference)
10.16	Registration Rights Agreement dated as of October 4, 2006 relating to 3.875% Exchangeable Guaranteed Notes due 2026 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2006 and incorporated herein by reference)
10.17	Common Share Delivery Agreement (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2006 and incorporated herein by reference)
10.18	2006 Amended and Restated Agreement dated as of January 5, 2006 with Anthony A. Nichols, Sr.** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
10.19	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)
10.20	Employment Agreement with Howard M. Sipzner** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 12, 2006 and incorporated herein by reference)

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- 10.21 Employment Agreement with Darryl M. Dunn** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2007 and incorporated herein by reference)
- 10.22 Consulting Agreement with Michael V. Prentiss** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.23 Consulting Agreement with Thomas F. August** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.24 Third Amended and Restated Employment Agreement with Michael V. Prentiss** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.25 First Amendment to the Third Amended and Restated Employment Agreement with Michael V. Prentiss** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.26 Second Amendment to the Third Amended and Restated Employment Agreement with Michael V. Prentiss** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.27 Amended and Restated Employment Agreement with Thomas F. August** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.28 First Amendment to the Amended and Restated Employment Agreement with Thomas F. August** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.29 Second Amendment to the Amended and Restated Employment Agreement with Thomas F. August** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.30 Employment Letter Agreement with Robert K. Wiberg dated January 15, 2008** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 22, 2008 and incorporated herein by reference)
- 10.31 Change in Control and Severance Protection Agreement with Robert K. Wiberg** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 22, 2008 and incorporated herein by reference)
- 10.32 Form of Acknowledgment and Waiver Agreement** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.33 Amended and Restated 1997 Long-Term Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference)
- 10.34 Amended and Restated Executive Deferred Compensation Plan effective March 25, 2004** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended

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<i>Exhibits No.</i>	<i>Description</i>
10.35	Amended and Restated Executive Deferred Compensation Plan effective January 1, 2006** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 26, 2006 and incorporated herein by reference)
10.36	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)
10.37	2004 Restricted Share Award to Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended March 31, 2004 and incorporated herein by reference)
10.38	Form of 2004 Restricted Share Award to executive officers (other than the President and Chief Executive Officer)** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended March 31, 2004 and incorporated herein by reference)
10.39	Form of 2004 Restricted Share Award to non-executive trustee (Wyche Fowler)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 22, 2004 and incorporated herein by reference)
10.40	2005 Restricted Share Award to Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 15, 2005 and incorporated herein by reference)
10.41	Form of 2005 Restricted Share Award to executive officers (other than the President and Chief Executive Officer)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 15, 2005 and incorporated herein by reference)
10.42	Form of 2005 Restricted Share Award to non-executive trustees** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated May 26, 2005 and incorporated herein by reference)
10.43	2006 Restricted Share Award to Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 15, 2006 and incorporated herein by reference)
10.44	Form of 2006 Restricted Share Award to executive officers (other than the President and Chief Executive Officer)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 15, 2006 and incorporated herein by reference)
10.45	Form of 2006 Restricted Share Award to non-executive trustees** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended March 31, 2006 and incorporated herein by reference)
10.46	Form of 2007 Restricted Share Award to non-executive trustee** (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)
10.47	Performance Share Award to Howard M. Sipzner ** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 12, 2006 and incorporated herein by reference)

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- 10.48 2007 Performance Share Award to Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 14, 2007 and incorporated herein by reference)
- 10.49 Form of 2007 Performance Share Award to executive officers (other than the President and Chief Executive Officer)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 14, 2007 and incorporated herein by reference)
- 10.50 Form of Severance Agreement for executive officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 15, 2005 and incorporated herein by reference)
- 10.51 Change of Control Agreement with Howard M. Sipzner** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 12, 2006 and incorporated herein by reference)
- 10.52 Summary of Trustee Compensation** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated March 17, 2006 and incorporated herein by reference)
- 10.53 Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.54 First Amendment to the Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.55 Second Amendment to the Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.56 Amendment No. 3 to the Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.57 Fourth Amendment to the Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.58 Amendment No. 5 to the Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.59 Sixth Amendment to the Prentiss Properties Trust 1996 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.60 Prentiss Properties Trust 2005 Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.61 Amended and Restated Prentiss Properties Trust Trustees' Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
- 10.62

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Amendment No. 1 to the Amended and Restated Prentiss Properties Trust Trustees' Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)

10.63 Second Amendment to the Amended and Restated Prentiss Properties Trust Trustees' Share Incentive Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)

10.64 Form of Restricted Share Award** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)

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<i>Exhibits No.</i>	<i>Description</i>
10.65	2006 Long-Term Outperformance Compensation Program (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated September 1, 2006 and incorporated herein by reference)
12.1	Statement re Computation of Ratios of Brandywine Realty Trust (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference)
12.2	Statement re Computation of Ratios of Brandywine Operating Partnership, L.P. (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference)
14.1	Code of Business Conduct and Ethics (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 22, 2004 and incorporated herein by reference)
21	List of subsidiaries (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference)
23.1	Consent of PricewaterhouseCoopers LLP relating to financial statements of Brandywine Realty Trust
23.2	Consent of PricewaterhouseCoopers LLP relating to financial statements of Brandywine Operating Partnership, L.P.
23.3	Consent of PricewaterhouseCoopers LLP relating to financial statements of G&I Interchange Office LLC
31.1	Certifications dated February 28, 2008 of the Chief Executive Officer of Brandywine Realty Trust required by Rule 13a-14(a) under the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).
31.2	Certifications dated February 28, 2008 of the Chief Financial Officer of Brandywine Realty Trust required by Rule 13a-14(a) under the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).
31.3	Certifications dated February 28, 2008 of the Chief Executive Officer of Brandywine Realty Trust in its capacity as the general partner of Brandywine Operating Partnership, L.P., required by Rule 13a-14(a) under the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).
31.4	Certifications dated February 28, 2008 of the Chief Financial Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., required by Rule 13a-14(a) under the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).

and incorporated herein by reference).

- 31.5 Certifications dated March 31, 2008 of the Chief Executive Officer of Brandywine Realty Trust required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 31.6 Certifications dated March 31, 2008 of the Chief Financial Officer of Brandywine Realty Trust required by Rule 13a-14(a) under the Securities Exchange Act of.
- 31.7 Certifications dated March 31, 2008 of the Chief Executive Officer of Brandywine Realty Trust in its capacity as the general partner of Brandywine Operating Partnership, L.P., required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 31.8 Certifications dated March 31, 2008 of the Chief Financial Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., required by Rule 13a-14(a) under the Securities Exchange Act of 1934.
- 32.1 Certifications dated February 28, 2008 of the Chief Executive Officer of Brandywine Realty Trust required under Rule 13a-14(b) of the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).
- 32.2 Certifications dated February 28, 2008 of the Chief Financial Officer of Brandywine Realty Trust required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).
- 32.3 Certifications dated February 28, 2008 of the Chief Executive Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., required by Rule 13a-14(b) under the Securities Exchange Act of 1934 (previously filed with Brandywine Realty Trust and Brandywine Operating Partnership's Annual Report on Form 10-K on February 28, 2008 and incorporated herein by reference).
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** Management contract or compensatory plan or arrangement.

(b) Financial Statement Schedule:

See Item 15 (a)(1) and (2) above.

(c)(1) Financial Statements of G&I Interchange Office LLC on page F-97

Table of Contents**SIGNATURES**

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

BRANDYWINE REALTY TRUST

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

Date: March 31, 2008

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

<i>Signature</i>	<i>Title</i>	<i>Date</i>
/s/ Walter D Alessio Walter D Alessio	Chairman of the Board and Trustee	March 31, 2008
/s/ Gerard H. Sweeney Gerard H. Sweeney	President, Chief Executive Officer and Trustee (Principal Executive Officer)	March 31, 2008
/s/ Howard M. Sipzner Howard M. Sipzner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 2008
/s/ Darryl M. Dunn Darryl M. Dunn	Vice President, Chief Accounting Officer & Treasurer (Principal Accounting Officer)	March 31, 2008
/s/ D. Pike Aloian D. Pike Aloian	Trustee	March 31, 2008
/s/ Donald E. Axinn Donald E. Axinn	Trustee	March 31, 2008
/s/ Wyche Fowler Wyche Fowler	Trustee	March 31, 2008
/s/ Michael J. Joyce Michael J. Joyce	Trustee	March 31, 2008
/s/ Anthony A. Nichols, Sr. Anthony A. Nichols, Sr.	Trustee	March 31, 2008

Anthony A. Nichols, Sr.

/s/ Charles P. Pizzi

Trustee

March 31, 2008

Charles P. Pizzi

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SIGNATURES

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

BRANDYWINE OPERATING
PARTNERSHIP, L.P.

By: Brandywine Realty Trust, its General
Partner

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

Date: March 31, 2008

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

<i>Signature</i>	<i>Title</i>	<i>Date</i>
/s/ Walter D Alessio Walter D Alessio	Chairman of the Board and Trustee	March 31, 2008
/s/ Gerard H. Sweeney Gerard H. Sweeney	President, Chief Executive Officer and Trustee (Principal Executive Officer)	March 31, 2008
/s/ Howard M. Sipzner Howard M. Sipzner	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 2008
/s/ Darryl M. Dunn Darryl M. Dunn	Vice President, Chief Accounting Officer & Treasurer (Principal Accounting Officer)	March 31, 2008
/s/ D. Pike Aloian D. Pike Aloian	Trustee	March 31, 2008
/s/ Donald E. Axinn Donald E. Axinn	Trustee	March 31, 2008
/s/ Wyche Fowler Wyche Fowler	Trustee	March 31, 2008
/s/ Michael J. Joyce Michael J. Joyce	Trustee	March 31, 2008

Michael J. Joyce

/s/ Anthony A. Nichols, Sr.

Trustee

March 31, 2008

Anthony A. Nichols, Sr.

/s/ Charles P. Pizzi

Trustee

March 31, 2008

Charles P. Pizzi

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Report of Independent Registered Public Accounting Firm

To Board of Trustees and Shareholders of Brandywine Realty Trust:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Brandywine Realty Trust and its subsidiaries (the "Company") at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

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

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

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded the Company's investments in Four and Six Tower Bridge Associates from its assessment of internal control over financial reporting as of December 31, 2007 because the Company does not have the right and authority to assess the internal control over financial reporting of the individual entities and it lacks the ability to influence or modify the internal control over financial reporting of the individual entities. Four and Six Tower Bridge Associates are two real estate partnerships, created prior to December 13, 2003, which the Company started consolidating under Financial Accounting Standards Board Interpretation No. 46R, Consolidation of Variable Interest Entities on March 31, 2004. We have also excluded Four and Six Tower Bridge Associates from our audit of internal control over financial reporting. The total assets and total revenue of Four and Six Tower Bridge Associates represent, in the aggregate less than 1% and 1%, respectively, of the Company's consolidated financial statement amounts as of and for the year ended December 31, 2007.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 27, 2008

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

	December 31,	
	2007	2006
ASSETS		
Real estate investments:		
Operating properties	\$ 4,813,563	\$ 4,927,305
Accumulated depreciation	(558,908)	(515,698)
Operating real estate investments, net	4,254,655	4,411,607
Development land and construction-in-progress	402,270	328,119
Total real estate investments, net	4,656,925	4,739,726
Cash and cash equivalents	5,600	25,379
Accounts receivable, net	17,057	19,957
Accrued rent receivable, net	83,098	71,589
Asset held for sale		126,016
Investment in real estate ventures, at equity	71,598	74,574
Deferred costs, net	87,123	73,708
Intangible assets, net	218,149	281,251
Other assets	74,549	96,818
Total assets	\$ 5,214,099	\$ 5,509,018
LIABILITIES AND BENEFICIARIES EQUITY		
Mortgage notes payable	\$ 611,898	\$ 883,920
Unsecured term loan	150,000	
Unsecured notes	2,208,344	2,208,310
Unsecured credit facility	130,727	60,000
Accounts payable and accrued expenses	80,732	108,400
Distributions payable	42,368	42,760
Tenant security deposits and deferred rents	65,241	55,697
Acquired below market leases, net of accumulated amortization of \$36,544 and \$26,009	67,281	92,527
Other liabilities	30,154	14,661
Mortgage notes payable and other liabilities held for sale		20,826
Total liabilities	3,386,745	3,487,101
Minority interest partners share of consolidated real estate ventures		34,428
Minority interest LP units	84,119	89,563
Commitments and contingencies (Note 19)		
Beneficiaries equity:		
Preferred Shares (shares authorized-20,000,000):		
7.50% Series C Preferred Shares, \$0.01 par value; issued and outstanding-2,000,000 in 2007 and 2006	20	20
7.375% Series D Preferred Shares, \$0.01 par value; issued and outstanding-2,300,000 in 2007 and 2006	23	23

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Common Shares of beneficial interest, \$0.01 par value; shares authorized 200,000,000; 88,623,635 and 88,327,041 issued in 2007 and 2006, respectively and 87,015,600 and 88,327,041 outstanding in 2007 and 2006, respectively	870	883
Additional paid-in capital	2,319,410	2,311,541
Common shares in treasury, at cost, 1,599,637 shares at December 31, 2007	(53,449)	
Cumulative earnings	480,217	423,764
Accumulated other comprehensive income (loss)	(1,885)	1,576
Cumulative distributions	(1,001,971)	(839,881)
 Total beneficiaries equity	 1,743,235	 1,897,926
 Total liabilities, minority interest and beneficiaries equity	 \$ 5,214,099	 \$ 5,509,018

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

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

	Years ended December 31,		
	2007	2006	2005
Revenue:			
Rents	\$ 562,514	\$ 519,282	\$ 302,530
Tenant reimbursements	85,404	78,817	48,069
Termination fees	10,236	7,231	6,083
Third party management fees, labor reimbursement and leasing	19,691	19,453	3,582
Other	6,127	5,502	4,171
Total revenue	683,972	630,285	364,435
Operating Expenses:			
Property operating expenses	189,130	171,924	103,968
Real estate taxes	64,895	60,808	36,356
Management expenses	10,361	10,675	1,394
Depreciation and amortization	242,312	230,710	106,175
Administrative expenses	28,182	29,644	17,982
Total operating expenses	534,880	503,761	265,875
Operating income	149,092	126,524	98,560
Other Income (Expense):			
Interest income	4,040	9,513	1,370
Interest expense	(162,675)	(171,177)	(70,380)
Interest expense - Deferred financing costs	(4,496)	(4,607)	(3,540)
Loss on settlement of treasury lock agreements	(3,698)		
Equity in income of real estate ventures	6,955	2,165	3,171
Net gain on sale of interests in depreciated real estate	40,498		
Net gain on sale of interests in undepreciated real estate	421	14,190	4,640
Gain on termination of purchase contract		3,147	
Income (loss) before minority interest	30,137	(20,245)	33,821
Minority interest - partners' share of consolidated real estate ventures	(465)	270	
Minority interest attributable to continuing operations - LP units	(911)	1,246	(1,043)
Income (loss) from continuing operations	28,761	(18,729)	32,778
Discontinued operations:			
Income from discontinued operations	3,184	12,597	8,150
Net gain on disposition of discontinued operations	25,743	20,243	2,196
Minority interest - partners' share of consolidated real estate ventures		(2,239)	
	(1,235)	(1,390)	(357)

Minority interest attributable to discontinued operations - LP units

Income from discontinued operations	27,692	29,211	9,989
Net income	56,453	10,482	42,767
Income allocated to Preferred Shares	(7,992)	(7,992)	(7,992)
Income allocated to Common Shares	\$ 48,461	\$ 2,490	\$ 34,775
Basic earnings per Common Share:			
Continuing operations	\$ 0.24	\$ (0.30)	\$ 0.44
Discontinued operations	0.32	0.33	0.18
	\$ 0.56	\$ 0.03	\$ 0.62
Diluted earnings per Common Share:			
Continuing operations	\$ 0.24	\$ (0.30)	\$ 0.44
Discontinued operations	0.32	0.32	0.18
	\$ 0.55	\$ 0.03	\$ 0.62
Dividends declared per common share	\$ 1.76	\$ 1.76	\$ 1.78
Basic weighted average shares outstanding	87,272,148	89,552,301	55,846,268
Diluted weighted average shares outstanding	87,321,276	90,070,825	56,104,588

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

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

	Years ended December 31,		
	2007	2006	2005
Net income	\$ 56,453	\$ 10,482	\$ 42,767
Other comprehensive income:			
Unrealized gain (loss) on derivative financial instruments	(3,600)	1,330	(713)
Less: minority interest - consolidated real estate venture partner's share of unrealized gain (loss) on derivative financial instruments		(302)	
Settlement of treasury locks	(3,860)		
Settlement of forward starting swaps	1,148	3,266	240
Reclassification of realized (gains)/losses on derivative financial instruments to operations, net	3,436	122	450
Unrealized gain (loss) on available-for-sale securities	(585)	328	(16)
Total other comprehensive income (loss)	(3,461)	4,744	(39)
Comprehensive income	\$ 52,992	\$ 15,226	\$ 42,728

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

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**BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF BENEFICIARIES EQUITY
For the years ended December 31, 2007, 2006 and 2005
(in thousands, except number of shares)**

Number of Preferred Shares		Number of Preferred Shares		Number of Common Shares		Additional Paid-in Capital	Shares in Treasury	Employee Stock Loans	Cumulative Earnings	Accumulated	
C	C	D	D	Common	Other Comprehensive Income					Cumulative Distributions	
Shares	Par Value	Shares	Par Value	Shares	Par Value	Capital	Treasury	Loans	Earnings	(Loss)	Distributions
2,000,000	\$ 20	2,300,000	\$ 23	55,292,752	\$ 553	\$ 1,347,072	\$	\$ (421)	\$ 370,515	\$ (3,130)	\$ (567,630)
									42,767	(39)	
				69,746	1	1,539					
				107,692	1	2,584					
				3,204		90					
								50			
				705,681	7	18,999					(7,992)
											(100,145)
2,000,000	\$ 20	2,300,000	\$ 23	56,179,075	\$ 562	\$ 1,370,284	\$	\$ (371)	\$ 413,282	\$ (3,169)	\$ (675,767)
									10,482	4,745	
				81,142	1	1,886					

stock of				14,700				488				
shares				34,542,151	345			1,021,828				
shares of				(3,009,200)	(30)			(94,443)				
shares				3,257				90				
									371			
stock				515,916	5			11,408				
options											(7,992)	
share											(156,122)	
	2,000,000	\$ 20	2,300,000	\$ 23	88,327,041	\$ 883	\$ 2,311,541	\$	\$	\$ 423,764	\$ 1,576	\$ (839,881)
										56,453		
											(3,461)	
ive												
stock of				66,086	1			2,097				
				21,951				716				
shares												
interest												(2,828)
ion												
of				(1,780,600)	(18)			(59,408)				
shares												
and												
shares				172,565	2			5,959				
erred												
				1,664				53				

206,893 2 7,831

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2,000,000 \$ 20 2,300,000 \$ 23 87,015,600 \$ 870 \$ 2,319,410 \$ (53,449) \$ \$ 480,217 \$ (1,885) \$ (1,001,971) \$

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

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BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended December 31,		
	2007	2006	2005
Cash flows from operating activities:			
Net income	\$ 56,453	\$ 10,482	\$ 42,767
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	179,724	186,454	84,561
Amortization:			
Deferred financing costs	4,497	4,607	3,721
Deferred leasing costs	15,672	12,258	8,895
Acquired above (below) market leases, net	(12,225)	(9,034)	(1,542)
Acquired lease intangibles	51,669	66,317	18,573
Deferred compensation costs	4,672	3,447	2,764
Straight-line rent	(28,304)	(31,326)	(14,952)
Provision for doubtful accounts	3,147	3,510	792
Real estate venture income in excess of distributions	(55)	(15)	(769)
Net gain on sale of interests in real estate	(66,662)	(34,433)	(6,820)
Gain on termination of purchase contract		(3,147)	
Minority interest	2,611	2,113	1,400
Changes in assets and liabilities:			
Accounts receivable	6,448	1,365	(598)
Other assets	(6,268)	(4,855)	(11,810)
Accounts payable and accrued expenses	(10,524)	(1,154)	(2,407)
Tenant security deposits and deferred rents	12,634	29,209	(40)
Other liabilities	6,328	5,768	612
Net cash from operating activities	219,817	241,566	125,147
Cash flows from investing activities:			
Acquisition of Prentiss		(935,856)	
Acquisition of properties	(88,890)	(231,244)	(92,674)
Acquisition of minority interest in consolidated real estate venture	(63,732)		
Sales of properties, net	472,590	347,652	29,428
Proceeds from termination of purchase contract		3,147	
Capital expenditures	(267,103)	(242,516)	(177,035)
Investment in marketable securities		181,556	423
Investment in unconsolidated Real Estate Ventures	(897)	(753)	(269)
Restricted cash	4,898	(2,981)	(518)
Cash distributions from unconsolidated Real Estate Ventures in excess of equity in income	3,711	3,762	462
Leasing costs	(16,104)	(38,561)	(12,234)
Net cash from (used in) investing activities	44,473	(915,794)	(252,417)
Cash flows from financing activities:			

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Proceeds from Credit Facility borrowings	959,602	726,000	372,142
Repayments of Credit Facility borrowings	(888,875)	(756,000)	(434,142)
Proceeds from mortgage notes payable		20,520	
Repayments of mortgage notes payable	(272,027)	(213,338)	(23,457)
Proceeds from term loan	150,000	750,000	
Repayments of term loan		(750,000)	
Proceeds from unsecured notes	300,000	1,193,217	299,976
Repayments of unsecured notes	(299,925)		
Net settlement of of hedge transactions	(2,712)	3,266	
Repayments on employee stock loans		371	50
Debt financing costs	(4,474)	(14,319)	(4,026)
Exercise of stock options	6,011	11,414	18,999
Repurchases of Common Shares and minority interest units	(59,426)	(94,472)	(239)
Distributions paid to shareholders	(162,368)	(151,102)	(106,608)
Distributions to minority interest holders	(9,875)	(33,124)	(3,597)
Net cash used in (from) financing activities	(284,069)	692,433	119,098
Increase (decrease) in cash and cash equivalents	(19,779)	18,205	(8,172)
Cash and cash equivalents at beginning of period	25,379	7,174	15,346
Cash and cash equivalents at end of period	\$ 5,600	\$ 25,379	\$ 7,174
Supplemental disclosure:			
Cash paid for interest, net of capitalized interest	\$ 182,790	\$ 154,258	\$ 53,450
Supplemental disclosure of non-cash activity:			
Common shares issued in the Prentiss acquisition		1,022,173	
Operating Partnership units issued in Prentiss acquisitions		64,103	
Operating Partnership units issued in property acquisitions		13,819	
Debt, minority interest and other liabilities, net, assumed in the Prentiss acquisition		679,520	

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

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**BRANDYWINE REALTY TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005**

1. ORGANIZATION AND NATURE OF OPERATIONS

Brandywine Realty Trust, a Maryland real estate investment trust, or REIT, is a self-administered and self-managed real estate investment trust, or REIT, active in acquiring, developing, redeveloping, leasing and managing office and industrial properties. Brandywine Realty Trust owns its assets and conducts its operations through Brandywine Operating Partnership, L.P. a Delaware limited partnership (the Operating Partnership) and subsidiaries of the Operating Partnership. Brandywine Realty Trust, the Operating Partnership and their consolidated subsidiaries are collectively referred to below as the Company.

As of December 31, 2007, the Company owned 216 office properties, 23 industrial facilities and one mixed-use property (collectively, the Properties) containing an aggregate of approximately 24.9 million net rentable square feet. The Company also has seven properties under development and seven properties under redevelopment containing an aggregate 3.7 million net rentable square feet. As of December 31, 2007, the Company consolidates three office properties owned by real estate ventures containing 0.4 million net rentable square feet. Therefore, the Company owns and consolidates 257 properties with an aggregate of 29.0 million net rentable square feet. As of December 31, 2007, the Company owned economic interests in 14 unconsolidated real estate ventures that contain approximately 4.4 million net rentable square feet (collectively, the Real Estate Ventures). In addition, as of December 31, 2007, the Company owned approximately 417 acres of undeveloped land. The Properties and the properties owned by the Real Estate Ventures are located in and surrounding Philadelphia, PA, Wilmington, DE, Southern and Central New Jersey, Richmond, VA, Metropolitan Washington, D.C., Austin, TX and Oakland and Rancho Bernardo, CA. In addition to managing properties that the Company owns, as of December 31, 2007, the Company was managing approximately 14.5 million net rentable square feet of office and industrial properties for third parties.

All references to building square footage, acres, occupancy percentage and the number of buildings are unaudited. Brandywine Realty Trust is the sole general partner of the Operating Partnership and, as of December 31, 2007, owned a 95.8% interest in the Operating Partnership. The Company conducts its third-party real estate management services business primarily through five management companies (collectively, the Management Companies): Brandywine Realty Services Corporation (BRSCO), BTRS, Inc. (BTRS), Brandywine Properties I Limited, Inc. (BPI), (BDN) Brokerage LLC (BBL) and Brandywine Properties Management, L.P. (BPM). Each of BRSCO, BTRS and BPI is a taxable REIT subsidiary. The Operating Partnership owns, directly and indirectly, currently 100% of each of BRSCO, BTRS, BPI, BBL and BPM.

Prior to December 2007, 5% of BRSCO, one of the consolidated management services companies, was owned by a partnership comprised of a current executive and former executive of the Company, each of whom is a member of the Company's Board of Trustees. In December 2007, the Operating Partnership bought out this interest for a nominal amount and BRSCO is now wholly owned.

As of December 31, 2007, the Management Companies were managing properties containing an aggregate of approximately 43.0 million net rentable square feet, of which approximately 28.5 million net rentable square feet related to Properties owned by the Company and approximately 14.5 million net rentable square feet related to properties owned by third parties and Real Estate Ventures.

As more fully described in Note 3, on January 5, 2006, the Company acquired Prentiss Properties Trust (Prentiss) pursuant to an Agreement and Plan of Merger (the Merger Agreement) that the Company entered into with Prentiss on October 3, 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity (VIE), and if the Company is deemed to be the primary beneficiary, in accordance with FASB Interpretation No. 46R, Consolidation of Variable Interest

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Entities (FIN 46R). When an entity is not deemed to be a VIE, the Company considers the provisions of EITF 04-05, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights (EITF 04-05). The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Company controls and the limited partners do not have the ability to dissolve the entity or remove the Company without cause nor substantive participating rights. Entities that the Company accounts for under the equity method (i.e., at cost, increased or decreased by the Company's share of earnings or losses, plus contributions, less distributions) include (i) entities that are VIEs and of which the Company is not deemed to be the primary beneficiary (ii) entities that are non-VIEs which the Company does not control, but over which the Company has the ability to exercise significant influence and (iii) entities that are non-VIEs that the Company controls through its general partner status, but the limited partners in the entity have the substantive ability to dissolve the entity or remove the Company without cause or have substantive participating rights. The Company will reconsider its 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, if certain events occur that are likely to cause a change in the original determinations. The portion of these entities not owned by the Company is presented as minority interest as of and during the periods consolidated. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management makes significant estimates regarding revenue, impairment of long-lived assets, allowance for doubtful accounts and deferred costs.

Operating Properties

Operating properties are carried at historical cost less accumulated depreciation and impairment losses. The cost of operating properties reflects their purchase price or development cost. Costs incurred for the acquisition and renovation of an operating property are capitalized to the Company's investment in that property. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

Purchase Price Allocation

The Company allocates 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) the Company's estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. Capitalized below-market lease values are amortized as an increase to rental income over the remaining non-cancelable terms of the respective leases, including any below market fixed-rate renewal periods.

Other intangible assets also include amounts representing the value of tenant relationships and in-place leases based on the Company's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. The Company estimates the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, including leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases. Company estimates of value are made using methods similar to those used by independent appraisers or by using independent appraisals. Factors considered by the Company in this

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analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from three to twelve months. The Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. The Company also uses the information obtained as a result of its pre-acquisition due diligence as part of its consideration of FIN 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47) and when necessary, will record a conditional asset retirement obligation as part of its purchase price.

Characteristics considered by the Company in allocating value to its tenant relationships include the nature and extent of the Company's business relationship with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors. 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-cancelable term of the respective leases and any fixed-rate renewal periods.

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

Depreciation and Amortization

The costs of buildings and improvements are depreciated using the straight-line method based on the following useful lives: buildings and improvements (five to 55 years) and tenant improvements (the shorter of the lease term or the life of the asset).

Construction in Progress

Project costs directly associated with the development and construction of a real estate project are capitalized as construction in progress. In addition, interest, real estate taxes and other expenses that are directly associated with the Company's development activities are capitalized until the property is placed in service. Internal direct construction costs totaling \$4.8 million in 2007, \$4.9 million in 2006 and \$3.4 million in 2005 and interest totaling \$17.5 million in 2007, \$9.5 million in 2006 and \$9.6 million in 2005 were capitalized related to development of certain Properties and land holdings.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standard No. 144 (SFAS 144), *Accounting for the Impairment or Disposal of Long-Lived Assets*, provides a single accounting model for long-lived assets as held-for-sale, broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations.

In accordance with SFAS 144, long-lived assets, such as real estate investments and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The other assets and liabilities related to assets classified as held-for-sale are presented separately in the consolidated balance sheet. The Company had no properties classified as held for sale at December 31, 2007. As of December 31, 2006, Company had two properties classified as held for sale.

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Cash and Cash Equivalents

Cash and cash equivalents are highly-liquid investments with original maturities of three months or less. The Company maintains cash equivalents in financial institutions in excess of insured limits, but believes this risk is mitigated by only investing in or through major financial institutions.

Restricted Cash

Restricted cash consists of cash held as collateral to provide credit enhancement for the Company's mortgage debt, cash for property taxes, capital expenditures and tenant improvements. Restricted cash is included in other assets as discussed below.

Accounts Receivable

Leases with tenants are accounted for as operating leases. Minimum annual rentals under tenant leases are recognized on a straight-line basis over the term of the related lease. The cumulative difference between lease revenue recognized under the straight-line method and contractual lease payment terms is recorded as accrued rent receivable, net on the accompanying balance sheets. Included in current tenant receivables are tenant reimbursements which are comprised of amounts recoverable from tenants for common area maintenance expenses and certain other recoverable expenses that are recognized as revenue in the period in which the related expenses are incurred. As of December 31, 2007, no tenant represented more than 10% of accounts receivable. As of December 31, 2006, one tenant represented approximately 17% of accounts receivable, a significant portion of which is for reimbursements in connection with a tenant improvement project.

Tenant receivables and accrued rent receivables are carried net of the allowances for doubtful accounts of \$3.8 million and \$6.4 million in 2007, respectively, and \$4.5 million and \$4.8 million in 2006, respectively. The allowance is an estimate based on two calculations that are combined to determine the total amount reserved. First, the Company evaluates specific accounts where it has determined that a tenant may have an inability to meet its financial obligations. In these situations, the Company uses its judgment, based on the facts and circumstances, and records a specific reserve for that tenant against amounts due to reduce the receivable to the amount that the Company expects to collect. These reserves are reevaluated 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. These percentages are based on historical collection and write-off experience. If the financial condition of the Company's tenants were to deteriorate, additional allowances may be required.

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated Real Estate Ventures under the equity method of accounting as it is not the primary beneficiary (for VIE's) and the Company exercises significant influence, but does not control these entities under the provisions of the entities' governing agreements pursuant to EITF 04-05. These investments are recorded initially at cost, as Investments in Real Estate Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions.

On a periodic basis, management assesses whether there are any indicators that the value of the Company's investments in unconsolidated Real Estate Ventures may be other than temporarily impaired. An investment is impaired only if the value of the investment, as estimated by management, is less than the carrying value of the investment. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment, as estimated by management.

To the extent that the Company acquires an interest in or contributes assets to a Real Estate Venture project, the difference between the Company's cost basis in the investment in venture and in the assets, intangibles and liabilities of the Real Estate Venture is amortized over the life of the related assets, intangibles and liabilities and such adjustment is included in the Company's share of equity in income of unconsolidated ventures.

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Deferred Costs

Costs incurred in connection with property leasing are capitalized as deferred leasing costs. Deferred leasing costs consist primarily of leasing commissions and internal leasing costs that are amortized on the straight-line method over the life of the respective lease which generally ranges from one to 15 years. Management re-evaluates the remaining useful lives of leasing costs as economic and market conditions change.

Costs incurred in connection with debt financing are capitalized as deferred financing costs and charged to interest expense over the terms of the related debt agreements. Deferred financing costs consist primarily of loan fees which are amortized over the related loan term. Management re-evaluates the remaining useful lives of financing costs as economic and market conditions change.

Other Assets

As of December 31, 2007, other assets included prepaid real estate taxes of \$8.0 million, prepaid insurance of \$5.6 million, marketable securities of \$3.2 million, deposits on properties expected to be purchased in 2008 totaling \$1.6 million, a tenant allowance totalling \$8.0 million, cash surrender value of life insurance of \$7.7 million, furniture, fixtures and equipment of \$7.2 million, restricted cash of \$17.2 million and \$16.0 million of other assets. Also included in this balance are a \$3.1 million note receivable with a 20 year amortization period for principal and interest (balloon payment in March 2008) that bears interest at 8.5% and a \$7.8 million note receivable with a 20 year amortization period for principal and interest (balloon payment in December 2008) that bears interest at 8.5%.

As of December 31, 2006, other assets included a direct financing lease of \$14.6 million, prepaid real estate taxes of \$9.7 million, prepaid insurance of \$4.4 million, marketable securities of \$6.8 million, deposits on properties expected to be purchased in 2007 totaling \$2.2 million, cash surrender value of life insurance of \$11.6 million, furniture, fixtures and equipment of \$6.8 million, restricted cash of \$22.6 and \$18.4 million of other assets. Also included in this balance are a \$4.3 million note receivable with a 20 year amortization period for principal and interest (balloon payment in March 2008) that bears interest at 8.5% and an \$8.0 million note receivable with a 20 year amortization period for principal and interest (balloon payment in December 2008) that bears interest at 8.5%.

Revenue Recognition

Rental revenue is recognized 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. The cumulative difference between lease revenue recognized under this method and contractual lease payment terms is recorded as accrued rent receivable on the accompanying balance sheets. The straight-line rent adjustment increased revenue by approximately \$25.0 million in 2007, \$31.3 million in 2006 and \$15.0 million in 2005. Deferred rents on the balance sheet represent rental revenue received prior to their due dates and amounts paid by the tenant for certain improvements considered to be landlord assets that will remain the Company's property at the end of the tenant's lease term. The amortization of these amounts paid by the tenant for such improvements is calculated on a straight-line basis over the term of the tenant's lease and is a component of straight-line rental income and increased revenue by \$3.3 million in 2007 and \$1.3 million in 2006. Leases also typically provide for tenant reimbursement of a portion of common area maintenance 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. Other income is recorded when earned and is primarily comprised of termination fees received from tenants, bankruptcy settlement fees, third party leasing commissions, and third party management fees. During 2007, 2006, and 2005, the Company earned \$10.2 million, \$7.8 million, and \$6.1 million in termination fees.

No tenant represented greater than 10% of the Company's rental revenue in 2007, 2006 or 2005.

Income Taxes

The Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue

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Code of 1986, as amended (the Code). In addition, the Company has several subsidiary REITs. In order to maintain their qualification as a REIT, the Company and its REIT subsidiaries are required to, among other things, distribute at least 90% of its REIT taxable income to its stockholders and meet certain tests regarding the nature of its income and assets. As REITs, the Company and its REIT subsidiaries are not subject to federal income tax with respect to the portion of its 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 entities. The Company and its REIT subsidiaries 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 Company or one of its REIT subsidiaries were to fail to meet these requirements, the Company would be subject to federal income tax. The Company is subject to certain state and local taxes. Provision for such taxes has been included in general and administrative expenses in the Company's Consolidated Statements of Operations and Comprehensive Income.

The tax basis in the Company's assets was \$4.5 billion as of December 31, 2007 and \$4.2 billion as of December 31, 2006.

The Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Company's ordinary income and (b) 95% of the Company's net capital gain exceeds cash distributions and certain taxes paid by the Company. No excise tax was incurred in 2007, 2006, or 2005.

The Company may elect to treat one or more of its subsidiaries as a taxable REIT subsidiary (TRS). In general, a TRS of the Company may perform additional services for tenants of the Company 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 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. At December 31, 2007, the Company's TRSs had tax net operating loss (NOL) carryforwards of approximately \$2.5 million, expiring from 2013 to 2027. The Company has ascribed a full valuation allowance to its net deferred tax assets.

The Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (FIN 48) on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized no material adjustments regarding our tax accounting treatment. The Company expects to recognize interest and penalties, to the extent incurred related to uncertain tax positions, if any, as income tax expense, which would be included in general and administrative expense.

Earnings Per Share

Basic earnings per share is calculated by dividing income allocated to Common Shares by the weighted-average number of shares outstanding during the period. Diluted earnings per share includes the effect of common share equivalents outstanding during the period.

Stock-Based Compensation Plans

The Company maintains shareholder-approved equity incentive plans. The Compensation Committee of the Company's Board of Trustees authorizes awards under these plans. In May 2007, the Company's shareholders approved an amendment to the Company's Amended and Restated 1997 Long-Term Incentive Plan (the 1997 Plan). The amendment provided for the merger of the Prentiss Properties Trust 2005 Share Incentive Plan (the Prentiss 2005 Plan) with and into the 1997 Plan, thereby transferring into the 1997 Plan all of the shares that remained available for award under the Prentiss 2005 Plan. The Company had previously assumed the Prentiss 2005 Plan, together with other Prentiss incentive plans, as part of the Company's January 2006 acquisition of Prentiss Properties Trust (Prentiss). The 1997 Plan reserves 500,000 common shares solely for awards under options and share appreciation rights that have an exercise or strike price at least equal to the market price of the common shares on the date of award and the remaining shares under the 1997 Plan are available for any type of award, including restricted share and performance share awards and options. Incentive stock options may not be granted with an exercise price that is lower than the market price of the common shares on the grant date. All options awarded by the Company to date are non-qualified stock

options that generally had an initial vesting schedule that ranged from two to ten years. As of December 31, 2007, approximately 4.1 million common shares remained available for future award under the 1997 Plan (including the 500,000 shares that are limited to option

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awards as described above, and without giving effect to any shares that would become available for awards if and to the extent that outstanding awards lapse, expire or are forfeited).

On January 1, 2002, the Company began to expense the fair value of stock-based compensation awards granted subsequent to January 1, 2002, over the applicable vesting period as a component of general and administrative expenses in the Company's consolidated Statements of Operations. The Company recognized stock-based compensation expense of \$4,672,000 in 2007, \$3,447,000 in 2006 and \$2,764,000 in 2005.

Comprehensive Income

Comprehensive income or loss is recorded in accordance with the provisions of SFAS 130 (SFAS 130), *Reporting Comprehensive Income*. SFAS 130 establishes standards for reporting comprehensive income and its components in financial statements. Comprehensive income includes unrealized gains and losses on available-for-sale securities and the effective portions of changes in the fair value of derivatives.

Accounting for Derivative Instruments and Hedging Activities

The Company accounts for its derivative instruments and hedging activities under SFAS No. 133 (SFAS 133), *Accounting for Derivative Instruments and Hedging Activities*, and its corresponding amendments under SFAS No. 138, *Accounting for Certain Derivative Instruments and Hedging Activities - An Amendment of SFAS 133*. SFAS 133 requires the Company to measure every derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheet as either an asset or liability. For derivatives designated as fair value hedges, the changes in fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of changes in the fair value of the derivative are reported in other comprehensive income. Changes in fair value of derivative instruments and ineffective portions of hedges are recognized in earnings in the current period. During 2007, the Company recognized \$0.2 million in the statement of operations for the ineffective portion of its cash flow hedges and \$3.7 million upon termination of certain of its cash flow hedges. For the years ended December 31, 2006 and 2005, the Company was not party to any derivative contract designated as a fair value hedge and there are no ineffective portions of our cash flow hedges. See Note 8.

The Company actively manages its ratio of fixed-to-floating rate debt. To manage its fixed and floating rate debt in a cost-effective manner, the Company, from time to time, enters into interest rate swap agreements as cash flow hedges, under which it agrees to exchange various combinations of fixed and/or variable interest rates based on agreed upon notional amounts. See Note 8.

Reclassifications

Certain amounts have been reclassified in prior years to conform to the current year presentation. The reclassifications are primarily due to the treatment of sold properties as discontinued operations on the statement of operations for all periods presented and the reclassification of labor reimbursements received under our third party contracts to a gross presentation.

New Pronouncements

In December 2007, the FASB issued Statement No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)), which establishes principles and requirements for how the acquirer shall recognize and measure in its financial statements the identifiable assets acquired, liabilities assumed, any noncontrolling interest in the acquiree and goodwill acquired in a business combination. This statement is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company is currently assessing the potential impact that the adoption of SFAS 141(R) will have on its financial position and results of operations.

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements - an Amendment of ARB No. 51* (SFAS 160), which establishes and expands

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accounting and reporting standards for minority interests, which will be recharacterized as noncontrolling interests, in a subsidiary and the deconsolidation of a subsidiary. SFAS 160 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. This statement is effective for fiscal years beginning on or after December 15, 2008. The Company is currently assessing the potential impact that the adoption of SFAS 160 will have on its financial position and results of operations.

In June 2007, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies (SOP 07-1). SOP 07-1 addresses when the accounting principles of the AICPA Audit and Accounting Guide Investment Companies must be applied by an entity and whether investment company accounting must be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. In addition, SOP 07-1 includes certain disclosure requirements for parent companies and equity method investors in investment companies that retain investment company accounting in the parent company s consolidated financial statements or the financial statements of an equity method investor. On February 14, 2008, FSP No. SOP 07-1-1 was issued to delay indefinitely the effective date of SOP 07-1 and prohibit adoption of SOP 07-1 for an entity that has not early adopted SOP 07-1 before issuance of the final FSP. The Company is currently evaluating the impact and believes that the adoption of this standard will not have a material effect on its financial position and results of operations.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159), which gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes (i.e., unrealized gains and losses) in fair value must be recorded in earnings. Additionally, SFAS 159 allows for a one-time election for existing positions upon adoption, with the transition adjustment recorded to beginning retained earnings. This statement is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the potential impact that the adoption of SFAS 159 will have on its financial position and results of operations.

In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No. 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. SFAS No. 157 also provides for certain disclosure requirements, including, but not limited to, the valuation techniques used to measure fair value and a discussion of changes in valuation techniques, if any, during the period. This statement is effective in fiscal years beginning after November 15, 2007, except for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value on a recurring basis, for which the effective date is fiscal years beginning after November 15, 2008. The Company is currently evaluating the impact and believes that the adoption of this standard will not have a material effect on its financial position and results of operations.

3. REAL ESTATE INVESTMENTS

As of December 31, 2007 and 2006, the gross carrying value of the Company s Properties was as follows:

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	December 31,	
	2007	2006
	(amounts in thousands)	
Land	\$ 727,979	\$ 756,400
Building and improvements	3,672,638	3,807,040
Tenant improvements	412,946	363,865
	\$ 4,813,563	\$ 4,927,305

Acquisitions and Dispositions

The Company's acquisitions were accounted for by the purchase method. The results of each acquired property are included in the Company's results of operations from their respective purchase dates.

2007**DRA Joint Venture**

On December 19, 2007, the Company formed G&I Interchange Office LLC, a new joint venture (the "Venture") with G&I VI Investment Interchange Office LLC ("G&I VI"), an investment vehicle advised by DRA Advisors LLC. The Venture included interest in 29 office properties which were located in various counties in Pennsylvania, containing an aggregate of 1,616,227 net rentable square feet. The Company transferred or contributed 100% interests in 26 properties and transferred to the Venture an 89% interest in three of the properties with the remaining 11% interest in the three properties subject to a put/call at fixed prices after three years. In connection with the formation, the Company effectively transferred an 80% interest in the venture to G&I IV for cash and the venture borrowed approximately \$184.0 million in third party financing the aggregate proceeds of which were distributed to the Company. The Company used the net proceeds of these transactions of approximately \$230.9 million that it received in this transaction to reduce outstanding indebtedness under the Company's unsecured revolving credit facility. The Company was hired by the Venture to perform property management and leasing services. The joint venture agreements provide for certain control rights and participation as a joint venture partner and, based on an evaluation of control rights, the Company will not consolidate the Venture subsequent to its formation.

In connection with these transactions, the Company recorded a gain as a partial sale of \$40.5 million. The Company's continuing involvement with the properties through its joint venture interest and management fees and leasing commissions represents a significant continuing involvement in the properties. Accordingly, under EITF 03-13,

Applying the Conditions in Paragraph 42 of FASB Statement No. 144 in Determining Whether to Report Discontinued Operations, the Company has determined that the gain on sale and the operations of the properties should not be included in discontinued operations.

Other 2007 Acquisitions and Dispositions

On November 30, 2007, the Company sold 111/113 Pencader Drive, an office property located in Newark, Delaware containing 52,665 net rentable square feet, for a sales price of \$5.1 million.

On November 15, 2007, the Company sold 2490 Boulevard of the Generals, an office property located in West Norriton, Pennsylvania containing 20,600 net rentable square feet, for a sales price of \$1.5 million.

On September 7, 2007, the Company sold seven land parcels located in the Iron Run Business Park in Lehigh County, Pennsylvania containing an aggregate 51.5 acres of land, for an aggregate sales price of \$6.6 million.

On July 19, 2007, the Company acquired the United States Post Office building, an office property located in Philadelphia, Pennsylvania containing 862,692 net rentable square feet, for an aggregate purchase price of \$28.0 million. The Company intends to redevelop the building into office space for the Internal Revenue Service ("IRS"). As part of this acquisition, the Company also acquired a 90 year ground lease interest in an adjacent parcel of ground of approximately 2.54 acres, commonly referred to as the "postal annex". The

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Company is currently demolishing the existing structure located on the postal annex and intends to rebuild a parking facility containing approximately 733,000 square feet that will primarily be used by the IRS employees upon their move into the planned office space at the Post Office building. The remaining postal annex ground leased parcels can also accommodate additional office, retail, hotel and residential development and the Company is currently in the planning stage with respect to these parcels and is seeking specific zoning authorization related thereto.

On July 19, 2007, the Company acquired five office properties containing 508,607 net rentable square feet and a 4.9 acre land parcel in the Boulders office park in Richmond, Virginia for an aggregate purchase price of \$96.3 million. The Company funded \$36.6 million of the purchase price using the remaining proceeds from the sale of the 10 office properties located in Reading and Harrisburg, Pennsylvania in March 2007.

On May 10, 2007, the Company acquired Lake Merritt Tower, an office property located in Oakland, California containing 204,278 net rentable square feet for an aggregate purchase price of \$72.0 million. A portion of the proceeds from the sale of the 10 office properties located in Reading and Harrisburg, Pennsylvania in March 2007 was used to fully fund this purchase.

On April 30, 2007, the Company sold Cityplace Center, an office property located in Dallas, Texas containing 1,295,832 net rentable square feet, for a sales price of \$115.0 million.

On March 30, 2007, the Company sold 10 office properties located in Reading and Harrisburg, Pennsylvania containing 940,486 net rentable square feet, for an aggregate sales price of \$112.0 million. The Company structured this transaction to qualify as a like-kind exchange under Section 1031 of the Internal Revenue Code and the cash from the sale was held by a qualified intermediary for purposes of accomplishing the like-kind exchange as noted in the above transactions.

On March 30, 2007, the Company sold 1007 Laurel Oak, an office property located in Voorhees, New Jersey containing 78,205 net rentable square feet, for a sales price of \$7.0 million.

On March 1, 2007, the Company acquired the remaining 49% interest in a consolidated real estate venture previously owned by Stichting Pensioenfond ABP containing ten office properties for a purchase price of \$63.7 million. The Company owned a 51% interest in this real estate venture through the acquisition of Prentiss in January 5, 2006 and had already consolidated this venture. This purchase was accounted for as a step acquisition and the difference between the purchase price of the minority interest and the carrying value of the pro rata share of the assets of the real estate venture was allocated to the real estate venture's assets and liabilities based on their relative fair value.

On January 31, 2007, the Company sold George Kachel Farmhouse, an office property located in Reading, Pennsylvania containing 1,664 net rentable square feet, for a sales price of \$0.2 million.

On January 19, 2007, the Company sold four office properties located in Dallas, Texas containing 1,091,186 net rentable square feet and a 4.7 acre land parcel, for an aggregate sales price of \$107.1 million.

On January 18, 2007, the Company sold Norriton Office Center, an office property located in East Norriton, Pennsylvania containing 73,394 net rentable square feet, for a sales price of \$7.8 million.

2006

Prentiss Acquisition

On January 5, 2006, the Company acquired Prentiss pursuant to the Merger Agreement that the Company entered into with Prentiss on October 3, 2005. In conjunction with the Company's acquisition of Prentiss, designees of The Prudential Insurance Company of America (Prudential) acquired certain of Prentiss' properties that contain an aggregate of approximately 4.32 million net rentable square feet for a total consideration of approximately \$747.7 million. Through its acquisition of Prentiss (and after giving effect to the Prudential acquisition of certain of Prentiss' properties), the Company acquired a portfolio of 79

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office properties (including 13 properties that are owned by consolidated Real Estate Ventures and 7 properties that are owned by an unconsolidated Real Estate Venture) that contain an aggregate of 14.0 million net rentable square feet. The results of the operations of Prentiss have been included in the Company's condensed consolidated financial statements since January 5, 2006.

The Company funded the approximately \$1.05 billion cash portion of the merger consideration, related transaction costs and prepayments of approximately \$543.3 million in Prentiss mortgage debt at the closing of the merger through (i) a \$750 million unsecured term loan that matured on January 4, 2007; (ii) approximately \$676.5 million of cash from Prudential's acquisition of certain of the Prentiss properties; and (iii) approximately \$195.0 million through borrowing under a revolving credit facility.

The following table summarizes the fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

	At January 5, 2006
Real estate investments	
Land operating	\$ 282,584
Building and improvements	1,942,728
Tenant improvements	120,610
Construction in progress and land inventory	57,329
Total real estate investments acquired	2,403,251
Rent receivables	6,031
Other assets acquired:	
Intangible assets:	
In-place leases	187,907
Relationship values	98,382
Above-market leases	26,352
Total intangible assets acquired	312,641
Investment in real estate ventures	66,921
Investment in marketable securities	193,089
Other assets	8,868
Total other assets	581,519
Total assets acquired	2,990,801
Liabilities assumed:	
Mortgage notes payable	532,607
Unsecured notes	78,610
Secured note payable	186,116
Security deposits and deferred rent	6,475
Other liabilities:	
Below-market leases	78,911
Other liabilities	43,995
Total other liabilities assumed	122,906
Total liabilities assumed	926,714
Minority interest	104,658

Net assets acquired \$ 1,959,429

In the acquisition of Prentiss, each then outstanding Prentiss common share was converted into the right to receive 0.69 of a Brandywine common share and \$21.50 in cash (the Per Share Merger Consideration) except that 497,884 Prentiss common shares held in the Prentiss Deferred Compensation Plan converted solely into 720,737 Brandywine common shares. In addition, each then outstanding unit (each, a Prentiss OP Unit) of limited partnership interest in the Prentiss operating partnership subsidiary was, at the option of the holder, converted into Prentiss Common Shares with the right to receive the Per Share Merger Consideration or 1.3799 Class A Units of the Operating Partnership (Brandywine Class A Units). Accordingly, based on 49,375,723 Prentiss common shares outstanding and 139,000 Prentiss OP Units electing to receive merger consideration at closing of the acquisition, the Company issued 34,541,946

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Brandywine common shares and paid an aggregate of approximately \$1.05 billion in cash to the accounts of the former Prentiss shareholders. Based on 1,572,612 Prentiss OP Units outstanding at closing of the acquisition that did not elect to receive merger consideration, the Operating Partnership issued 2,170,047 Brandywine Class A Units. In addition, options issued by Prentiss that were exercisable for an aggregate of 342,662 Prentiss common shares were converted into options exercisable for an aggregate of 496,037 Brandywine common shares at a weighted average exercise price of \$22.00 per share. Through its acquisition of Prentiss the Company also assumed approximately \$611.2 million in aggregate principal amount of Prentiss debt.

Each Brandywine Class A Unit that was issued in the merger is subject to redemption at the option of the holder. The Operating Partnership may, at its option, satisfy the redemption either for an amount, per unit, of cash equal to the then market price of one Brandywine common share (based on the prior ten-day trading average) or for one Brandywine common share.

For purposes of computing the total purchase price reflected in the financial statements, the common shares, operating units, restricted shares and options that were issued in the Prentiss transaction were valued based on the average trading price per Brandywine common share of \$29.54. The average trading price was based on the average of the high and low trading prices for each of the two trading days before, the day of and the two trading days after the merger was announced (i.e., September 29, September 30, October 3, October 4 and October 5).

The Company considered the provisions of FIN 47 for these acquisitions and, where necessary, recorded a conditional asset retirement obligation as part of the purchase price. The aggregate asset retirement obligation recorded in connection with the Prentiss acquisition was approximately \$2.7 million.

Pro forma information relating to the acquisition of Prentiss is presented below as if Prentiss was acquired and the related financing transactions occurred on January 1, 2006 and 2005. These pro forma results are not necessarily indicative of the results which actually would have occurred if the acquisition had occurred on the first day of the periods presented, nor does the pro forma financial information purport to represent the results of operations for future periods (in thousands, except per share amounts):

	December 31,	
	2006	2005
	(unaudited)	
Pro forma revenue	\$ 633,689	\$ 626,834
Pro forma loss from continuing operations	(18,379)	(25,072)
Pro forma loss allocated to common shares	2,840	(23,075)
Earnings per common share from continuing operations		
Basic as reported	\$ (0.30)	\$ 0.44
Basic as pro forma	\$ (0.29)	\$ (0.37)
Diluted as reported	\$ (0.30)	\$ 0.44
Diluted as pro forma	\$ (0.29)	\$ (0.37)
Earnings per common share		
Basic as reported	\$ 0.03	\$ 0.62
Basic as pro forma	\$ 0.03	\$ (0.26)

Diluted as reported	\$ 0.03	\$ 0.62
Diluted as pro forma	\$ 0.03	\$ (0.26)

Subsequent to its acquisition of Prentiss and the related sale of certain properties to Prudential, the Company sold seventeen of the acquired properties that contain an aggregate of 2.9 million net rentable square feet and one parcel of land containing 10.9 acres.

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Other 2006 Acquisitions and Dispositions

In addition to the acquisition and disposition activity related to Prentiss, during 2006, the Company did the following: On December 18, 2006, the Company sold 105/140 Terry Drive, an office property located in Newtown, Pennsylvania containing 128,666 net rentable square feet, for a sales price of \$16.2 million.

On December 1, 2006, the Company sold a parcel of land located in Newtown, Pennsylvania containing 59.0 acres, for a sales price of \$19.0 million.

On November 16, 2006, the Company acquired 2251 Corporate Park Drive, an office property located in Herndon, Virginia containing 158,016 net rentable square feet, for a purchase price of \$59.0 million.

On November 15, 2006, the Company sold 5 and 6 Cherry Hill Executive Campus, two office properties located in Cherry Hill, New Jersey containing an aggregate of 167,017 net rentable square feet, for an aggregate sales price of \$17.6 million.

On August 28, 2006, the Company sold 111 Presidential Boulevard, an office property located in Bala Cynwyd, Pennsylvania containing 172,894 net rentable square feet, for a sales price of \$34.9 million.

On August 21, 2006, the Company acquired 2340 and 2355 Dulles Corner Boulevard, two office properties located in Herndon, Virginia containing an aggregate of 443,581 net rentable square feet, for an aggregate purchase price of \$133.2 million.

On July 12, 2006, the Company sold 110 Summit Drive, an office property located in Exton, Pennsylvania containing 43,660 net rentable square feet, for a sales price of \$3.7 million.

On June 27, 2006, the Company acquired a parcel of land located in Goochland County, Virginia containing 23.2 acres, for a purchase price of \$4.6 million.

On June 21, 2006, the Company sold a parcel of land located in Westampton, New Jersey containing 5.5 acres, for a sales price of \$0.4 million.

On April 21, 2006, the Company acquired a parcel of land located in Newtown, Pennsylvania containing 5.5 acres, for a purchase price of \$1.9 million.

On April 20, 2006, the Company sold a parcel of land located in Radnor, Pennsylvania containing 1.3 acres, for a sales price of \$4.5 million.

On April 17, 2006, the Company acquired a parcel of land located in Mount Laurel, New Jersey containing 47.9 acres, for a purchase price of \$6.7 million.

On April 4, 2006, the Company acquired One Paragon Place, an office property located in Richmond, Virginia containing 145,127 net rentable square feet, for a purchase price of \$24.0 million.

On February 1, 2006, the Company acquired 100 Lenox Drive, an office property located in Lawrenceville, New Jersey containing 92,980 net rentable square feet, for a purchase price of \$10.2 million.

2005

During 2005, the Company acquired one industrial property containing 385,884 net rentable square feet, two office properties containing 283,511 net rentable square feet and 36.4 acres of developable land for an aggregate purchase price of \$94.5 million. The Company sold the industrial property acquired during 2005 containing 385,884 net rentable square feet and three parcels of land containing 18.0 acres for an aggregate \$30.2 million, realizing net gains totaling \$6.8 million.

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4. INVESTMENT IN UNCONSOLIDATED VENTURES

As of December 31, 2007, we had an aggregate investment of approximately \$71.6 million in 14 unconsolidated Real Estate Ventures (net of returns of investment). We formed these ventures with unaffiliated third parties, or acquired them, to develop office properties or to acquire land in anticipation of possible development of office properties. Ten of the Real Estate Ventures own 44 office buildings that contain an aggregate of approximately 4.4 million net rentable square feet, one Real Estate Venture developed a hotel property that contains 137 rooms, one Real Estate Venture constructed and sold condominiums in Charlottesville, VA and two Real Estate Ventures are in the planning stages of office developments in Conshohocken, PA and Charlottesville, VA.

The Company also has investments in three Real Estate Ventures that are variable interest entities under FIN 46R and of which the Company is the primary beneficiary, and one investment in a Real Estate Venture for which the Company serves as the general partner and the limited partner does not have substantive participating rights. These entities are consolidated by the Company.

The Company accounts for its unconsolidated interests in its Real Estate Ventures using the equity method.

Unconsolidated interests range from 5% to 50%, subject to specified priority allocations in certain of the Real Estate Ventures.

The amounts reflected in the following tables (except for carrying amount and the Company's share of equity and income) are based on the historical financial information of the individual Real Estate Ventures. One of the Real Estate Ventures, acquired in connection with the Prentiss acquisition, had a negative equity balance on a historical cost basis as a result of historical depreciation and distribution of excess financing proceeds. The Company reflected its acquisition of this Real Estate Venture interest at its relative fair value as of the date of the purchase of Prentiss. The difference between allocated cost and the underlying equity in the net assets of the investee is accounted for as if the entity were consolidated (i.e., allocated to the Company's relative share of assets and liabilities with an adjustment to recognize equity in earnings for the appropriate additional depreciation/amortization).

The Company's investment in Real Estate Ventures as of December 31, 2007 and the Company's share of the Real Estate Ventures' income (loss) for the year ended December 31, 2007 was as follows (in thousands):

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	Ownership Percentage (1)	Carrying Amount	Company's Share of 2007 Real Estate Venture Income (Loss)	Real Estate Venture Debt at 100%	Current Interest Rate	Debt Maturity
Two Tower Bridge Associates	35%	\$ 2,287	\$ (344)	\$ 11,816	6.82%	May-08
Five Tower Bridge Associates	15%	162		29,260	6.77%	Feb-09
Seven Tower Bridge Associates	10%	299			N/A	N/A
Eight Tower Bridge Associates	5.5%	(198)		68,464	7.68%	Feb-12
1000 Chesterbrook Boulevard	50%	2,333	669	26,410	6.88%	Nov-11
PJP Building Two, LC	30%	177	124	5,107	6.12%	Nov-23
PJP Building Three, LC	25%	(26)			N/A	N/A
PJP Building Five, LC	25%	148	54	6,380	6.47%	Aug-19
PJP Building Six, LC	25%	96	21	8,033	6.35%	Jun-09
PJP Building Seven, LC	25%	75		1,296	6.35%	Oct-10
Macquarie BDN Christina LLC	20%	2,854	1,228	74,500	4.62%	Jan-09
Broadmoor Austin Associates	50%	62,775	680	109,020	5.79%	Apr-11
Residence Inn Tower Bridge	50%	616	472	14,480	5.63%	Feb-16
G&I Interchange Office LLC (DRA) (2)	20%			184,000	5.78%	Jan-15
Invesco, L.P. (3)	35%		4,051		N/A	N/A
		\$71,598	\$ 6,955	\$538,766		

(1) Ownership percentage represents the Company's entitlement to residual distributions after payments of priority returns, where applicable.

(2) See Note 3 Real Estate Investments for description of formation of the Venture. The Company retained a 20% interest and received distributions from financing in excess of its basis. The Company has no commitment to fund and no expectation of operating losses, accordingly, the Company's carrying value has not been reduced below zero.

(3) The Company's interest consists solely of a residual profits interest. This distribution represents the Company's final distribution from the Venture and, therefore, it is no longer included in our total real estate venture count.

The following is a summary of the financial position of the unconsolidated Real Estate Ventures in which the Company had investment interests as of December 31, 2007 and 2006 (in thousands):

	December 31,	
	2007	2006
Net property	\$630,327	\$365,168
Other assets	63,458	52,935
Other Liabilities	34,149	28,764
Debt	538,766	332,589

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Equity	120,870	56,888
Company's share of equity (Company basis)	71,598	74,574

The following is a summary of results of operations of the unconsolidated Real Estate Ventures in which the Company had interests as of December 31, 2007, 2006 and 2005 (in thousands):

	Year ended December 31,		
	2007	2006	2005
Revenue	\$75,541	\$70,381	\$59,346
Operating expenses	25,724	26,878	29,387
Interest expense, net	21,442	21,711	12,324
Depreciation and amortization	15,526	17,808	9,359
Net income	12,849	5,176	8,276
Company's share of income (Company basis)	6,955	2,165	3,172

As of December 31, 2007, the aggregate principal payments of non-recourse debt payable to third-parties is as follows (in thousands):

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2008	\$ 16,653
2009	121,684
2010	11,105
2011	106,505
2012	69,280
Thereafter	213,539
	\$ 538,766

As of December 31, 2007, the Company had guaranteed repayment of approximately \$0.3 million of loans on behalf of certain Real Estate Ventures. The Company also provides customary environmental indemnities in connection with construction and permanent financing both for its own account and on behalf of its Real Estate Ventures. For certain of the Real Estate Ventures with construction projects, the Company's expectation is that it will be required to fund approximately \$10.6 million of the construction costs through capital calls.

5. DEFERRED COSTS

As of December 31, 2007 and 2006, the Company's deferred costs were comprised of the following (in thousands):

	December 31, 2007		
	Total Cost	Accumulated Amortization	Deferred Costs, net
Leasing Costs	\$ 99,077	\$ (31,259)	\$ 67,818
Financing Costs	27,597	(8,292)	19,305
Total	\$ 126,674	\$ (39,551)	\$ 87,123

	December 31, 2006		
	Total Cost	Accumulated Amortization	Deferred Costs, net
Leasing Costs	\$ 83,629	\$ (28,278)	\$ 55,351
Financing Costs	24,648	(6,291)	18,357
Total	\$ 108,277	\$ (34,569)	\$ 73,708

During 2007, 2006 and 2005, the Company capitalized internal direct leasing costs of \$8.2 million, \$8.3 million and \$4.7 million, respectively, in accordance with SFAS No. 91 and related guidance.

6. INTANGIBLE ASSETS AND LIABILITIES

As of December 31, 2007 and 2006, the Company's intangible assets/liabilities were comprised of the following (in thousands):

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	December 31, 2007		
	Total	Accumulated	Deferred
	Cost	Amortization	Costs,
			net
In-place lease value	\$ 180,456	\$ (65,742)	\$ 114,714
Tenant relationship value	121,094	(32,895)	88,199
Above market leases acquired	29,337	(14,101)	15,236
Total	\$ 330,887	\$ (112,738)	\$ 218,149
Below market leases acquired	\$ 103,825	\$ (36,544)	\$ 67,281

	December 31, 2006		
	Total	Accumulated	Deferred
	Cost	Amortization	Costs,
			net
In-place lease value	\$ 207,513	\$ (52,293)	\$ 155,220
Tenant relationship value	124,605	(19,572)	105,033
Above market leases acquired	32,667	(11,669)	20,998
Total	\$ 364,785	\$ (83,534)	\$ 281,251
Below market leases acquired	\$ 118,536	\$ (26,009)	\$ 92,527

For the years ended December 31, 2007, 2006, and 2005 the Company wrote-off \$4.1 million, \$1.2 million, and \$1.1 million, respectively of intangible assets as a result of tenant move-outs prior to the end of the associated lease terms. During 2007, the Company wrote off approximately \$0.4 and approximately \$0.1 million of intangible liabilities as a result of tenant move-outs in each of the years ending December 31, 2006, and 2005.

As of December 31, 2007, the Company's annual amortization for its intangible assets/liabilities are as follows (in thousands, assumes no early terminations):

	Assets	Liabilities
2008	\$ 48,725	\$ 14,904
2009	42,377	11,984
2010	35,344	9,567
2011	27,358	7,841
2012	21,067	6,899
Thereafter	43,278	16,086
Total	\$ 218,149	\$ 67,281

7. DEBT OBLIGATIONS

The following table sets forth information regarding the Company's mortgage indebtedness outstanding at December 31, 2007 and 2006 (in thousands):

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Property / Location			Effective	Maturity Date
	December 31, 2007	December 31, 2006	Interest Rate	
Interstate Center	\$	\$ 552	6.19%	Mar-07
The Bluffs		10,700	6.00% (a)	Apr-07
Pacific Ridge		14,500	6.00% (a)	Apr-07
Pacific View/Camino		26,000	6.00% (a)	Apr-07
Computer Associates Building		31,000	6.00% (a)	Apr-07
Presidents Plaza		30,900	6.00% (a)	Apr-07
440 & 442 Creamery Way		5,421	8.55%	May-07
Grande A		59,513	7.48%	Jul-07
Grande B		77,535	7.48%	Jul-07
481 John Young Way		2,294	8.40%	Dec-07
400 Commerce Drive	11,575	11,797	7.12%	Jun-08
Two Logan Square	70,124	71,348	5.78% (a)	Jul-09
200 Commerce Drive	5,765	5,841	7.12% (a)	Jan-10
1333 Broadway	23,997	24,418	5.18% (a)	May-10
The Ordway	45,509	46,199	7.95% (a)	Aug-10
World Savings Center	27,142	27,524	7.91% (a)	Nov-10
Plymouth Meeting Exec.	43,470	44,103	7.00% (a)	Dec-10
Four Tower Bridge	10,518	10,626	6.62%	Feb-11
Arboretum I, II, III & V	22,225	22,750	7.59%	Jul-11
Midlantic Drive/Lenox Drive/DCC I	61,276	62,678	8.05%	Oct-11
Research Office Center	41,527	42,205	7.64% (a)	Oct-11
Concord Airport Plaza	37,570	38,461	7.20% (a)	Jan-12
Six Tower Bridge	14,472	14,744	7.79%	Aug-12
Newtown Square/Berwyn Park/Libertyview	62,125	63,231	7.25%	May-13
Coppell Associates	3,512	3,737	6.89%	Dec-13
Southpoint III	4,426	4,949	7.75%	Apr-14
Tysons Corner	100,000	100,000	4.84% (a)	Aug-15
Coppell Associates	16,600	16,600	5.75%	Feb-16
Principal balance outstanding	601,833	869,626		
Plus: unamortized fixed-rate debt premiums, net	10,065	14,294		
Total mortgage indebtedness	\$ 611,898	\$ 883,920		

UNSECURED DEBT:

Sweep Agreement Line	10,727		Libor + 0.75%	Mar-08
Private Placement Notes due 2008	113,000	113,000	4.34%	Dec-08
2009 Three Year Notes		300,000	Libor + 0.45%	Apr-09
2009 Five Year Notes	275,000	275,000	4.62%	Nov-09
Bank Term Loan	150,000		Libor + 0.80%	Oct-10

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2010 Five Year Notes	300,000	300,000	5.61%	Dec-10
			Libor +	
Line-of-Credit	120,000	60,000	0.725%	Jun-11
3.875% Exchangeable Notes	345,000	345,000	3.87%	Oct-11
2012 Six Year Notes	300,000	300,000	5.77%	Apr-12
2014 Ten Year Notes	250,000	250,000	5.53%	Nov-14
2016 Ten Year Notes	250,000	250,000	5.95%	Apr-16
2017 Ten Year Notes	300,000		5.72%	May-17
Indenture IA (Preferred Trust I)	27,062	27,062	Libor + 1.25%	Mar-35
Indenture IB (Preferred Trust I)	25,774	25,774	Libor + 1.25%	Apr-35
Indenture II (Preferred Trust II)	25,774	25,774	Libor + 1.25%	Jul-35
Principal balance outstanding	2,492,337	2,271,610		
Plus: unamortized fixed-rate debt discounts, net	(3,266)	(3,300)		
Total unsecured indebtedness	\$ 2,489,071	\$ 2,268,310		
Total Debt Obligations	\$ 3,100,969	\$ 3,152,230		

- (a) Loans were assumed upon acquisition of the related property. Interest rates presented above reflect the market rate at the time of acquisition.

The mortgage note payable balance of \$5.1 million for Norriton Office Center as of December 31, 2006, not included in the table above, is included in Mortgage notes payable and other liabilities held for sale on the balance sheet. This property was held for sale at December 31, 2006 and sold in January 2007.

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During 2007, 2006 and 2005, the Company's weighted-average interest rate on its mortgage notes payable was 6.74%, 6.57% and 7.17%, respectively. As of December 31, 2007 and 2006, the net carrying value of the Company's Properties that are encumbered by mortgage indebtedness was \$1,003.5 million and \$1,498.9 million, respectively. On April 30, 2007, the Operating Partnership completed an underwritten public offering of \$300 million aggregate principal amount of 5.70% unsecured notes due 2017 (the 2017 Notes). Brandywine Realty Trust guaranteed the payment of principal and interest on the 2017 Notes. The Company used proceeds from these notes to reduce borrowings under the Company's revolving credit facility.

On November 29, 2006, the Company irrevocably called for redemption of the \$300 million aggregate principal amount of unsecured floating rate notes due 2009 (the 2009 Notes) and repaid these notes on January 2, 2007 in accordance with the November call using proceeds from our Credit Facility. As a result of the early repayment of these notes, the Company incurred accelerated amortization of \$1.4 million in associated deferred financing costs in the fourth quarter 2006.

On October 4, 2006, the Operating Partnership sold \$300.0 million aggregate principal amount of unsecured 3.875% Exchangeable Guaranteed Notes due 2026 in reliance upon an exemption from registration rights under Rule 144A under the Securities Act of 1933 and sold an additional \$45 million of 3.875% Exchangeable Guaranteed Notes due 2026 on October 16, 2006 to cover over-allotments. The Operating Partnership has registered the resale of the exchangeable notes. At certain times and upon certain events, the notes are exchangeable for cash up to their principal amount and with respect to the remainder, if any, of the exchange value in excess of such principal amount, cash or the Company's common shares. The initial exchange rate is 25.4065 shares per \$1,000 principal amount of notes (which is equivalent to an initial exchange price of \$39.36 per share). The Operating Partnership may not redeem the notes prior to October 20, 2011 (except to preserve the Company's status as a REIT for U.S. federal income tax purposes), but we may redeem the notes at any time thereafter, in whole or in part, at a redemption price equal to the principal amount of the notes to be redeemed plus accrued and unpaid interest. In addition, on October 20, 2011, October 15, 2016 and October 15, 2021 as well as upon the occurrence of certain change in control transactions prior to October 20, 2011, holders of notes may require the Company to repurchase all or a portion of the notes at a purchase price equal to the principal amount plus accrued and unpaid interest. The Operating Partnership used net proceeds from the notes to repurchase approximately \$60.0 million of the Company's common stock at a price of \$32.80 per share and for general corporate purposes, including the repayment of outstanding borrowings under the Credit Facility.

On March 28, 2006, the Operating Partnership completed an underwritten public offering of (1) the 2009 Notes, (2) \$300 million aggregate principal amount of 5.75% unsecured notes due 2012 (the 2012 Notes) and (3) \$250 million aggregate principal amount of 6.00% unsecured notes due 2016 (the 2016 Notes). Brandywine Realty Trust guaranteed the payment of principal and interest on the 2009 Notes, the 2012 Notes and the 2016 Notes. The Company used proceeds from these notes to repay a term loan obtained to finance a portion of the consideration paid in the Prentiss merger and to reduce borrowings under the Company's revolving credit facility.

The Operating Partnership's indenture relating to unsecured notes contains financial restrictions and requirements, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 40%, (3) a debt service coverage ratio of greater than 1.5 to 1.0, and (4) an unencumbered asset value of not less than 150% of unsecured debt. In addition, the note purchase agreement relating to the Operating Partnership's \$113 million principal amount unsecured notes due 2008 contains covenants that are similar to the covenants in the indenture.

On October 15, 2007, the Company entered into a term loan agreement (the Term Loan Agreement) that provides for an unsecured term loan (the Term Loan) in the amount of \$150.0 million. The Company used the proceeds to pay down a portion of the outstanding amount on its \$600.0 million unsecured revolving credit facility. The Term Loan matures on October 18, 2010 and may be extended at the Company's option for two, one-year periods but not beyond the maturity date of its revolving credit facility. There is no scheduled principal amortization of the Term Loan and the Company may prepay borrowings in whole or in part without premium or penalty. Portions of the Term Loan bear interest at a

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per annum floating rate equal to: (i) the higher of (x) the prime rate or (y) the federal funds rate plus 0.50% per annum or (ii) a London interbank offered rate that is the rate at which Eurodollar deposits for one, two, three or six months are offered plus between 0.475% and 1.10% per annum (the Libor Margin), depending on the Company's debt rating. The Term Loan Agreement contains financial and operating covenants. Financial covenants include minimum net worth, fixed charge coverage ratio, maximum leverage ratio, restrictions on unsecured and secured debt as a percentage of unencumbered assets and other financial tests. Operating covenants include limitations on the Company's ability to incur additional indebtedness, grant liens on assets, enter into affiliate transactions, and pay dividends.

The Company utilizes credit facility borrowings for general business purposes, including the acquisition, development and redevelopment of properties and the repayment of other debt. On June 29, 2007, the Company amended its \$600.0 million unsecured revolving credit facility (the Credit Facility). The amendment extended the maturity date of the Credit Facility from December 22, 2009 to June 29, 2011 (subject to an extension of one year, at the Company's option, upon its payment of an extension fee equal to 15 basis points of the committed amount under the Credit Facility). The amendment also reduced the per annum variable interest rate on outstanding balances from Eurodollar plus 0.80% to Eurodollar plus 0.725% per annum. In addition, the amendment reduced the facility fee paid quarterly from 20 basis points to 17.5 basis points per annum. The interest rate and facility fee are subject to adjustment upon a change in the Company's unsecured debt ratings. The amendment also lowered to 7.50% from 8.50% the capitalization rate used in the calculation of several of the financial covenants; increased our swing loan availability from \$50.0 million to \$60.0 million; and increased the number of competitive bid loan requests available to the Company from two to four in any 30 day period. Borrowings are always available to the extent of borrowing capacity at the stated rates, however, the competitive bid feature allows banks that are part of the lender consortium under the Credit Facility to bid to make loans to the Company at a reduced Eurodollar rate. The Company has the option to increase the Credit Facility to \$800.0 million subject to the absence of any defaults and the Company's ability to acquire additional commitments from its existing lenders or new lenders. As of December 31, 2007, the Company had \$120.0 million of borrowings and \$13.5 million of letters of credit outstanding under the Credit Facility, leaving \$466.5 million of unused availability. As of December 31, 2007 and 2006, the weighted-average interest rate on the Credit Facility, including the effect of interest rate hedges, was 6.25% and 5.93%, respectively.

The Credit Facility requires the maintenance of ratios related to minimum net worth, debt-to-total capitalization and fixed charge coverage and includes non-financial covenants.

In April 2007, the Company entered into a \$20.0 million Sweep Agreement (the Sweep Agreement) to be used for cash management purposes. Borrowings under the Sweep Agreement bear interest at one-month LIBOR plus 0.75%. As of December 31, 2007 the Company had \$10.7 million of borrowing outstanding under the Sweep Agreement, leaving \$9.3 million of unused availability.

As of December 31, 2007, the Company's aggregate principal payments, are as follows (in thousands):

2008	\$ 146,005
2009	354,955
2010	600,189
2011	597,261
2012	351,053
Thereafter	1,044,707
Total principal payments	\$ 3,094,170
Net unamortized premiums/discounts	6,799
Outstanding indebtedness	\$ 3,100,969

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following fair value disclosure was determined by the Company using available market information and discounted cash flow analyses as of December 31, 2007 and 2006, respectively. The discount rate used in calculating fair value is the sum of the current risk free rate and the risk premium on the date of acquiring or assuming the instruments or obligations. Considerable judgment is necessary to interpret

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market data and to develop the related estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Company could realize upon disposition. The use of different estimation methodologies may have a material effect on the estimated fair value amounts. The Company believes that the carrying amounts reflected in the Consolidated Balance Sheets at December 31, 2007 and 2006 approximate the fair values for cash and cash equivalents, accounts receivable, other assets, accounts payable, accrued expenses and borrowings under variable rate debt instruments.

The following are financial instruments for which the Company estimates of fair value differ from the carrying amounts (in thousands):

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgage payable, net of premiums	\$ 611,898	\$ 597,287	\$ 888,470	\$ 859,490
Unsecured notes payable, net of discounts	\$2,129,734	\$1,996,475	\$1,829,701	\$1,826,357

9. RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS**Risk Management**

In the normal course of its on-going business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of inability or unwillingness of tenants to make contractually required payments. Market risk is the risk of declines in the value of properties due to changes in rental rates, interest rates or other market factors affecting the valuation of properties held by the Company.

Use of Derivative Financial Instruments

The Company's use of derivative instruments is limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of the high credit ratings of the counterparties, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not hedge credit or property value market risks through derivative financial instruments.

The Company formally assesses, both at inception of the hedge and on an on-going basis, whether each derivative is highly-effective in offsetting changes in cash flows of the hedged item. If management determines that a derivative is not highly-effective as a hedge or if a derivative ceases to be a highly-effective hedge, the Company will discontinue hedge accounting prospectively.

Outstanding Derivatives

In November 2007, the Company entered into an interest rate swap agreement that is designated as a cash flow hedge of interest rate risk and qualified for hedge accounting. The interest rate swap is for a notional amount of \$25.0 million at a fixed rate of 3.747% with a maturity date of October 18, 2010 and will be used to hedge the risk of interest cash outflows on unsecured variable rate debt. The hedge had a nominal fair value at December 31, 2007 that is included in other liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet.

In October 2007, the Company entered into an interest rate swap agreement that is designated as a cash flow hedge of interest rate risk and qualified for hedge accounting. The interest rate swap is for a notional amount of \$25.0 million at a fixed rate of 4.415% with a maturity date of October 18, 2010 and will be used to hedge the risk of interest cash outflows on unsecured variable rate debt. The fair value of the hedge at December 31, 2007 was \$(0.5) million and is included in other liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet.

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In September 2007, the Company entered into an interest rate swap agreement that is designated as a cash flow hedge of interest rate risk and qualified for hedge accounting. The interest rate swap has a starting notional amount of \$63.7 million increasing to a maximum amount of \$155.0 million, at a fixed rate of 4.709% with a maturity date of October 18, 2010 and will be used to hedge the risk of interest cash outflows on unsecured variable rate debt. The fair value of the hedge at December 31, 2007 was \$(2.7) million and is included in other liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet.

Terminated Derivatives

In July 2007, in anticipation of an expected debt offering, the Company entered into four treasury lock agreements. The treasury lock agreements were designated as cash flow hedges on interest rate risk and qualified for hedge accounting. The treasury lock agreements have an expiration of 5 years with the following trade dates, notional amounts and all-in rates:

Trade Date	Notional Amount	All-in Rate
July 10, 2007	\$50.0 million	4.984%
July 18, 2007	\$50.0 million	4.915%
July 20, 2007	\$25.0 million	4.848%
July 25, 2007	\$25.0 million	4.780%

The agreements were settled on September 21, 2007, the original termination date of each agreement, at a total cost of \$3.9 million. During the fourth quarter upon completion of the DRA transaction, the Company determined it was probable that the forecasted transaction would not occur and accordingly, recorded an expense for the residual balance of \$3.7 million. During the quarter ended September 30, 2007, the Company recorded the ineffective portion of these agreements, totaling \$0.2 million, in the accompanying consolidated statement of operations.

In March 2007, in anticipation of the offering of 2017 Notes, the Company entered into two treasury lock agreements. The treasury lock agreements were designated as cash flow hedges on interest rate risk and qualified for hedge accounting. Each of the treasury lock agreements were for notional amounts of \$75.0 million for an expiration of 10 years at all-in rates of 4.5585% and 4.498%. The agreements were settled in April 2007 upon completion of the offering of the 2017 Notes at a total benefit of \$1.1 million, with nominal ineffectiveness. This benefit was recorded as a component of accumulated other comprehensive income in the accompanying consolidated balance sheet and is being amortized over the term of the 2017 Notes.

In March 2006, in anticipation of the offering of the 2009 Notes, the 2012 Notes and the 2016 Notes, the Company entered into forward starting swaps. The forward starting swaps were designated as cash flow hedges of interest rate risk and qualified for hedge accounting. The forward starting swaps were for notional amounts totaling \$200.0 million at an all-in-rate of 5.2%. Two of the forward starting swaps had a nine year maturity date and one had a ten year maturity date. The forward starting swaps were settled in March 2006 upon the completion of the offering of the 2009, 2012, and 2016 Notes at a total benefit of approximately \$3.3 million with nominal ineffectiveness. The benefit was recorded as a component of accumulated other comprehensive income in the accompanying consolidated balance sheet and is being amortized to interest expense over the term of the unsecured notes.

The Company entered into two interest rate swaps in January 2006 aggregating \$90 million in notional amount as part of its acquisition of Prentiss. The instruments were used to hedge the risk of interest cash outflows on secured variable rate debt on properties that were included as part of the real estate venture in which the Company purchased the remaining 49% of the minority interest partner's share in March 2007. One of the swaps with a notional amount of \$20 million had a maturity date of February 1, 2010 at an all-in rate of 4.675%. The other, with a notional amount of \$70 million, had a maturity date of August 1, 2008 at an all in rate of 4.675%. The agreements were settled in April 2007 in connection with the repayment of five mortgage notes, at a total benefit of \$0.4 million with nominal ineffectiveness.

Table of Contents**Concentration of Credit Risk**

Concentrations of credit risk arise when a number of tenants related to the Company's investments or rental operations are engaged in similar business activities, or are located in the same geographic region, or have similar economic features that would cause their inability to meet contractual obligations, including those to the Company, to be similarly affected. The Company regularly monitors its tenant base to assess potential concentrations of credit risk. Management believes the current credit risk portfolio is reasonably well diversified and does not contain any unusual concentration of credit risk. No tenant accounted for 10% or more of the Company's rents during 2007, 2006 and 2005.

10. DISCONTINUED OPERATIONS

For the years ended December 31, 2007, 2006 and 2005, income from discontinued operations relates to 44 properties containing approximately 7,304,131 million net rentable square feet that the Company has sold since January 1, 2005. The following table summarizes revenue and expense information for the 44 properties sold since January 1, 2005 (in thousands):

	Years Ended December 31,		
	2007	2006	2005
Revenue:			
Rents	\$ 12,844	\$ 84,064	\$ 25,750
Tenant reimbursements	1,531	6,967	1,503
Termination fees		529	
Other	214	1,151	49
Total revenue	14,589	92,711	27,302
Expenses:			
Property operating expenses	5,013	33,660	9,691
Real estate taxes	1,644	10,921	3,140
Depreciation & amortization	4,748	34,706	5,882
Total operating expenses	11,405	79,287	18,713
Operating income	3,184	13,424	8,589
Interest income		13	6
Interest expense		(840)	(445)
Income from discontinued operations before gain on sale of interests in real estate and minority interest	3,184	12,597	8,150
Net gain on sale of interests in real estate	25,743	20,243	2,196
Minority interest partners' share of net gain on sale		(1,757)	
Minority interest partners' share of consolidated real estate venture		(482)	
Minority interest attributable to discontinued operations - LP units	(1,235)	(1,390)	(357)
Income from discontinued operations	\$ 27,692	\$ 29,211	\$ 9,989

Discontinued operations have not been segregated in the consolidated statements of cash flows. Therefore, amounts for certain captions will not agree with respective data in the consolidated statements of operations.

11. MINORITY INTEREST IN OPERATING PARTNERSHIP AND CONSOLIDATED REAL ESTATE VENTURES*Operating Partnership*

As of December 31, 2007 and 2006, the aggregate book value of the minority interest associated with these units in the accompanying consolidated balance sheet was \$81.2 million and \$89.6 million, respectively and the Company believes that the aggregate settlement value of these interests was approximately \$68.8 million and \$131.7 million, respectively. This amount is based on the number of units outstanding and the closing share price on the balance sheet date.

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During the year ended December 31, 2006, 424,608 Class A units were issued in connection with the acquisitions of a property. These Class A units were subsequently redeemed for \$13.5 million and this amount is included in distributions to minority interest holders on the consolidated statement of cash flows.

Consolidated Real Estate Ventures

As of December 31, 2007, the Company owned interests in three consolidated real estate ventures that own three office properties containing approximately 0.4 million net rentable square feet. As of December 31, 2006, the Company owned interests in four consolidated real estate ventures that owned 15 office properties containing approximately 1.5 million net rentable square feet.

On March 1, 2007, the Company acquired the remaining 49% interest in a real estate venture previously owned by Stichting Pensioenfonds ABP containing ten office properties for a purchase price of \$63.7 million. The Company owned a 51% interest in this real estate venture through the acquisition of Prentiss on January 5, 2006. Minority interest in Real Estate Ventures represents the portion of these consolidated real estate ventures not owned by the Company.

For the remaining consolidated joint ventures, the minority interest is reflected at zero carrying amount as a result of accumulated losses and distributions in excess of basis.

The minority interests associated with certain of the Real Estate Ventures, that have finite lives under the terms of the partnership agreements represent mandatorily redeemable interests as defined in SFAS 150. As of December 31, 2007 and 2006, the aggregate book value of these minority interests in the accompanying consolidated balance sheet was \$0 and the Company believes that the aggregate settlement value of these interests was approximately \$8.1 million. This amount is based on the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Company would distribute to its Real Estate Venture partners upon dissolution, as required under the terms of the respective partnership agreements. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated Real Estate Ventures will affect the Company's estimate of the aggregate settlement value. The partnership agreements do not limit the amount that the minority partners would be entitled to in the event of liquidation of the assets and liabilities and dissolution of the respective partnerships.

12. BENEFICIARIES EQUITY

Earnings per Share (EPS)

The following table details the number of shares and net income used to calculate basic and diluted earnings per share (in thousands, except share and per share amounts; results may not add due to rounding):

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	For the years ended December 31,					
	2007		2006		2005	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Income (loss) from continuing operations	\$ 28,761	\$ 28,761	\$ (18,729)	\$ (18,729)	\$ 32,778	\$ 32,778
Income from discontinued operations	27,692	27,692	29,211	29,211	9,989	9,989
Income allocated to Preferred Shares	(7,992)	(7,992)	(7,992)	(7,992)	(7,992)	(7,992)
	\$ 48,461	\$ 48,461	\$ 2,490	\$ 2,490	\$ 34,775	\$ 34,775
Weighted-average shares outstanding	87,272,148	87,272,148	89,552,301	89,552,301	55,846,268	55,846,268
Options, warrants and unvested restricted stock		49,128		518,524		258,320
Total weighted-average shares outstanding	87,272,148	87,321,276	89,552,301	90,070,825	55,846,268	56,104,588
Earnings per Common Share:						
Continuing operations	\$ 0.24	\$ 0.24	\$ (0.30)	\$ (0.30)	\$ 0.44	\$ 0.44
Discontinued operations	0.32	0.32	0.33	0.32	0.18	0.18
Total	\$ 0.56	\$ 0.55	\$ 0.03	\$ 0.03	\$ 0.62	\$ 0.62

Securities (including Series A Preferred Shares of the Company and Class A Units of the Operating Partnership) totaling 3,838,229 in 2007, 3,961,235 in 2006 and 1,945,267 in 2005 were excluded from the earnings per share computations because their effect would have been antidilutive.

Common and Preferred Shares

On December 11, 2007, the Company declared a distribution of \$0.44 per Common Share, totaling \$38.5 million, which was paid on January 18, 2008 to shareholders of record as of December 30, 2007. On December 11, 2006, the Company declared distributions on its Series C Preferred Shares and Series D Preferred Shares to holders of record as of January 4, 2008. These shares are entitled to a preferential return of 7.50% and 7.375%, respectively. Distributions paid on January 15, 2007 to holders of Series C Preferred Shares and Series D Preferred Shares totaled \$0.9 million and \$1.1 million, respectively.

Common Share Repurchases

The Company maintains a share repurchase program under which the Board has authorized us to repurchase our common shares from time to time. The Board initially authorized this program in 1998 and has periodically replenished capacity under the program. On May 2, 2006 the Company's Board restored capacity to 3.5 million

common shares.

The Company repurchased 1.8 million shares during the year ended December 31, 2007 for aggregate consideration of \$59.4 million under its share repurchase program. As of December 31, 2007, the Company may purchase an additional 0.5 million shares under the plan. 1.6 million of these shares are held in treasury to give the Company the ability to reissue such shares and are reflected as shares held in treasury on the consolidated balance sheet. 0.2 million of these shares were repurchased as part of the Company's deferred compensation program and are not included as shares held in treasury on the consolidated balance sheet.

During the year ended December 31, 2006, the Company repurchased approximately 1.2 million common shares under this program at an average price of \$29.22 per share. The shares repurchased in 2006 were retired and therefore are not included as shares held in treasury on the balance sheet.

Repurchases may be made from time to time in the open market or in privately negotiated transactions, subject to market conditions and compliance with legal requirements. The share repurchase program does not contain any time limitation and does not obligate the Company to repurchase any shares. The Company may discontinue the program at any time.

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On October 4, 2006 the Company repurchased 1.8 million common shares with a portion of the proceeds of our 3.875% Exchangeable Guaranteed Notes at an average purchase price of \$32.80 per share (approximately \$60.0 million in aggregate). The Company repurchased these shares under a separate Board authorization that provided that the shares repurchased did not reduce capacity under the share repurchase program.

Share Based Compensation

In December 2004, the FASB issued SFAS No. 123(R), Share-Based Payment (SFAS 123(R)). SFAS 123(R) is an amendment of SFAS 123 and requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is required to be measured based on the fair value of the equity or liability instruments issued. SFAS 123(R) also contains additional minimum disclosures requirements including, but not limited to, the valuation method and assumptions used, amounts of compensation capitalized and modifications made. The effective date of SFAS 123(R) was subsequently amended by the SEC to be as of the beginning of the first interim or annual reporting period of the first fiscal year that begins on or after December 15, 2005, and allows several different methods of transition. The Company adopted SFAS 123(R) using the prospective method on January 1, 2006. This adoption did not have a material effect on our consolidated financial statements.

Stock Options

At December 31, 2007, the Company had 1,070,099 options outstanding under its shareholder approved equity incentive plan. No options were unvested as of December 31, 2007 and therefore there is no remaining unrecognized compensation expense associated with these options. Option activity as of December 31, 2007 and changes during the twelve months ended December 31, 2007 were as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000 s)
Outstanding at January 1, 2007	1,286,075	\$ 26.45	1.50	\$ 8,739
Exercised	(198,495)	\$ 28.80	0.87	\$ 1,171
Forfeited	(17,481)			
Outstanding at December 31, 2007	1,070,099	\$ 26.13	0.54	\$ (8,775)
Vested at December 31, 2007 (1)	1,070,099	\$ 26.13	0.54	\$ (8,775)
Exercisable at December 31, 2007 (1)	1,070,099	\$ 26.13	0.54	\$ (8,775)

(1) There were 825,389 options that expired unexercised on January 1, 2008.

	Years ended December 31,		
	2006		2005
	Weighted Average	Weighted Average Remaining Contractual	Weighted Average Remaining Contractual

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	Shares	Exercise Price	Term (in Years)	Shares	Exercise Price	Term (in Years)
Outstanding at beginning of year	1,276,722	\$ 26.82		2,008,022	\$ 26.89	
Prentiss options converted to Company options as part of the Prentiss acquisition (See Note 3)	496,037	\$ 22.00				
Exercised	(486,684)	\$ 22.88		(705,678)	\$ 26.94	
Forfeited/Expired				(25,622)	\$ 28.80	
Outstanding at end of year	1,286,075	\$ 26.45	1.50	1,276,722	\$ 26.82	1.97
Exercisable at end of year	1,286,075	\$ 26.45		1,276,722	\$ 26.82	

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Table of Contents**401(k) Plan**

The Company sponsors a 401(k) defined contribution plan for its employees. Each employee may contribute up to 100% of annual compensation, subject to specific limitations under the Internal Revenue Code. At its discretion, the Company can make matching contributions equal to a percentage of the employee's elective contribution and profit sharing contributions. Employees vest in employer contributions over a three-year service period. The Company contributions were \$0.6 million in 2007, \$1.1 million in 2006, and \$1.0 million in 2005.

Restricted Share Awards

The Company's primary form of share-based compensation has been restricted shares issued under a shareholder approved equity incentive plan that authorizes various equity-based awards. As of December 31, 2007, 409,282 restricted shares were unvested. The vesting period for these shares ranges from three to seven years from the initial grant date. The remaining compensation expense to be recognized for the 409,282 restricted shares unvested at December 31, 2007 was approximately \$10.7 million. That expense is expected to be recognized over a weighted average remaining vesting period of 2.8 years. For the year ended December 31, 2007, the Company recognized \$3.3 million of compensation expense related to unvested restricted shares which is included in administrative expenses. The following table summarizes the Company's restricted share activity for the twelve-months ended December 31, 2007:

	Shares		Weighted Average Grant Date Fair value
Non-vested at January 1, 2007	338,860	\$	28.23
Granted	227,709		34.94
Vested	(107,143)		26.45
Forfeited	(50,144)		32.28
Non-vested at December 31, 2007	409,282	\$	31.91

Outperformance Program

On August 28, 2006, the Compensation Committee of the Company's Board of Trustees adopted a long-term incentive compensation program (the outperformance program). The Company will make payments (in the form of common shares) to executive-participants under the outperformance program only if the Company's total shareholder return exceeds percentage hurdles established under the outperformance program. The dollar value of any payments will depend on the extent to which our performance exceeds the hurdles. The Company established the outperformance program under the 1997 Plan.

If the total shareholder return (share price appreciation plus cash dividends) during a three-year measurement period exceeds either of two hurdles (with one hurdle keyed to the greater of a fixed percentage and an industry-based index, and the other hurdle keyed to a fixed percentage), then the Company will fund an incentive compensation pool in accordance with a formula and make pay-outs from the compensation pool in the form of vested and restricted common shares. The awards issued are accounted for in accordance with SFAS 123(R). The fair value of the awards on August 28, 2006, as adjusted for estimated forfeitures, was approximately \$5.6 million and will be amortized into expense over the five-year period beginning on the date of grant using a graded vesting attribution model. The fair value of \$5.6 million on the date of the initial grant represents approximately 86.5% of the total that may be awarded; the remaining amount available will be valued when the awards are granted to individuals. In January 2007, the Company awarded an additional 4.5% under the outperformance program. The fair value of the additional award is \$0.3 million and will be amortized over the remaining portion of the 5 year period. On the date of each grant, the awards were valued using a Monte Carlo simulation. For the years ended December 31, 2007 and 2006, the Company recognized \$1.4 million and \$0.5 million, respectively, of compensation expense related to the outperformance

program.

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On May 9, 2007, the Company's shareholders approved the 2007 Non-Qualified Employee Share Purchase Plan (the ESPP). The ESPP is intended to provide eligible employees with a convenient means to purchase common shares of the Company through payroll deductions and voluntary cash purchases at an amount equal to 85% of the average closing price per share for a specified period. The maximum participant contribution for any plan year is limited to the lesser of 20% of compensation or \$25,000. The number of shares reserved for issuance under the ESPP is 1.25 million. Employees will be eligible to make purchases under the ESPP beginning in January 2008, accordingly there were no purchases made during the year ended December 31, 2007.

13. PREFERRED SHARES

In 2003, the Company issued 2,000,000 7.50% Series C Cumulative Redeemable Preferred Shares (the Series C Preferred Shares) for net proceeds of \$48.1 million. The Series C Preferred Shares are perpetual. The Company may not redeem Series C Preferred Shares before December 30, 2008 except to preserve its REIT status. On or after December 30, 2008, the Company, at its option, may redeem the Series C Preferred Shares, in whole or in part, by paying \$25.00 per share plus accrued but unpaid dividends.

In 2004, the Company issued 2,300,000 7.375% Series D Cumulative Redeemable Preferred Shares (the Series D Preferred Shares) for net proceeds of \$55.5 million. The Series D Preferred Shares are perpetual. The Company may not redeem Series D Preferred Shares before February 27, 2009 except to preserve its REIT status. On or after February 27, 2009, the Company, at its option, may redeem the Series D Preferred Shares, in whole or in part, by paying \$25.00 per share plus accrued but unpaid dividends.

14. DISTRIBUTIONS

	Years ended December 31,		
	2007	2006	2005
Common Share Distributions:			
Ordinary income	\$ 1.16	\$ 1.33	\$ 1.37
Capital gain	0.46	0.30	0.08
Split year dividend (a)		0.13	0.31
Non-taxable distributions	0.14		
Distributions per share (b)	\$ 1.76	\$ 1.76	\$ 1.76
Percentage classified as ordinary income	65.9%	75.6%	77.8%
Percentage classified as capital gain	26.1%	17.0%	4.6%
Percentage classified as split year dividend	0.0%	7.4%	17.6%
Percentage classified as non-taxable distribution	8.0%	0.0%	0.0%
Preferred Share Distributions:			
Total distributions declared	\$ 7,992,000	\$ 7,992,000	\$ 7,992,000

(a) Split year dividend amount shown for 2006 was taxable in 2005 and paid in 2006.

(b) The Company also declared a

special
distribution of
\$0.02, in
addition to the
\$1.76, in
December 2005
for shareholders
of record for the
period
January 1, 2006
through
January 4, 2006.

15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table details the components of accumulated other comprehensive income (loss) as of and for the three years ended December 31, 2007 (in thousands):

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	Unrealized Gains (Losses) on Securities	Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance at January 1, 2005	\$ 16	\$ (3,146)	\$ (3,130)
Change during year	241	(713)	(472)
Settlement of treasury locks		240	240
Reclassification adjustments for losses reclassified into operations	(257)	450	193
Balance at December 31, 2005		(3,169)	(3,169)
Change during year		1,331	1,331
Minority interest consolidated real estate venture partner's share of unrealized (gains)/losses on derivative financial instruments		(302)	(302)
Settlement of forward starting swaps		3,266	3,266
Reclassification adjustments for (gains) losses reclassified into operations	328	122	450
Balance at December 31, 2006	328	1,248	1,576
Change during year		(3,600)	(3,600)
Minority interest consolidated real estate venture partner's share of unrealized (gains)/losses on derivative financial instruments			
Settlement of treasury locks		(3,860)	(3,860)
Settlement of forward starting swaps		1,148	1,148
Reclassification adjustments for (gains) losses reclassified into operations	(585)	3,436	2,851
Balance at December 31, 2007	\$ (257)	\$ (1,628)	\$ (1,885)

Over time, the unrealized gains and losses held in Accumulated Other Comprehensive Income (AOCI) will be reclassified to earnings in the same period(s) in which hedged items are recognized in earnings. The current balance held in AOCI is expected to be reclassified to earnings over the lives of the current hedging instruments, or for realized losses on forecasted debt transactions, over the related term of the debt obligation, as applicable. As of December 31, 2007, AOCI includes unrealized losses of (\$2.7) million and net realized gains of \$1.1 million on cash flow hedges.

During the years ending December 31, 2007 and 2006, the Company reclassified approximately (\$0.1) million and \$0.1 million, respectively, to interest expense associated with treasury lock agreements and forward starting swaps previously settled (see Note 7).

16. SEGMENT INFORMATION

As of December 31, 2007, the Company currently manages its portfolio within seven segments: (1) Pennsylvania, (2) New Jersey/Delaware, (3) Richmond, Virginia, (4) California North, (5) California South, (6) Metropolitan Washington D.C and (7) Southwest. The Pennsylvania segment includes properties in Chester, Delaware, Berks,

Bucks, Cumberland, Dauphin, Lehigh and Montgomery counties in the Philadelphia suburbs and the City of Philadelphia in Pennsylvania. The New Jersey/Delaware segment includes properties in counties in the southern and central part of New Jersey including Burlington, Camden and Mercer counties and the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield and Henrico counties, the City of Richmond and Durham, North Carolina. The California North segment includes properties in the City of Oakland and Concord. The California South segment includes properties in the City of Carlsbad and Rancho Bernardo. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and suburban Maryland. The Southwest segment includes properties in Travis county of Texas. The 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. Land held for development and construction in progress are transferred to operating properties by region upon completion of the associated construction or project.

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Segment information for the three years ended December 31, 2007, 2006 and 2005 is as follows (in thousands):

	Pennsylvania	New Jersey /Delaware	Richmond, Virginia	California - North	California - South	Metropolitan, D.C.	Southwest	Corporate	Total
2007:									
Real estate investments, at cost:									
Operating properties	\$ 1,682,839	\$ 663,503	\$ 348,310	\$ 472,818	\$ 106,303	\$ 1,302,833	\$ 236,957	\$	\$ 4,813,563
Developed land and construction-in-progress	\$	\$	\$	\$	\$	\$	\$	\$ 402,270	\$ 402,270
Total revenue	\$ 275,626	\$ 120,461	\$ 39,140	\$ 64,989	\$ 13,565	\$ 134,596	\$ 37,855	\$ (2,260)	\$ 683,972
Property operating expenses and real estate taxes	104,393	53,382	14,445	26,565	5,571	47,032	16,440	(3,442)	264,386
Net operating income	\$ 171,233	\$ 67,079	\$ 24,695	\$ 38,424	\$ 7,994	\$ 87,564	\$ 21,415	\$ 1,182	\$ 419,586
2006:									
Real estate investments, at cost:									
Operating properties	\$ 1,814,592	\$ 681,574	\$ 244,592	\$ 414,856	\$ 118,265	\$ 1,265,818	\$ 387,608	\$	\$ 4,927,305
Developed land and construction-in-progress	\$	\$	\$	\$	\$	\$	\$	\$ 328,119	\$ 328,119
Total revenue	\$ 246,422	\$ 117,548	\$ 33,317	\$ 60,679	\$ 14,326	\$ 119,807	\$ 33,586	\$ 4,600	\$ 630,285
Property operating expenses and real estate taxes	99,085	49,871	12,441	24,494	5,435	39,981	11,951	149	243,407
Net operating income	\$ 147,337	\$ 67,677	\$ 20,876	\$ 36,185	\$ 8,891	\$ 79,826	\$ 21,635	\$ 4,451	\$ 386,878
2005:									
Total revenue	\$ 215,840	\$ 117,606	\$ 29,794	\$	\$	\$	\$	\$ 1,195	\$ 364,435
Property operating expenses and real estate taxes	84,110	47,242	11,732					(1,366)	141,718
Net operating income	\$ 131,730	\$ 70,364	\$ 18,062	\$	\$	\$	\$	\$ 2,561	\$ 222,717

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Net operating income is defined as total revenue less property operating expenses and real estate taxes. Segment net operating income includes revenue, real estate taxes and property operating expenses directly related to operation and management of the properties owned and managed within the respective geographical region. Segment net operating income excludes property level depreciation and amortization, revenue and expenses directly associated with third party real estate management services, expenses associated with corporate administrative support services, and inter-company eliminations. Below is a reconciliation of consolidated net operating income to consolidated income from continuing operations:

	Year Ended December 31,		
	2007	2006	2005
	(amounts in thousands)		
Consolidated net operating income (loss)	\$ 419,586	\$ 386,878	\$ 222,717
Less:			
Interest expense	(162,675)	(171,177)	(70,380)
Deferred financing costs	(4,496)	(4,607)	(3,540)
Loss on settlement of treasury lock agreements	(3,698)		
Depreciation and amortization	(242,312)	(230,710)	(106,175)
Administrative expenses	(28,182)	(29,644)	(17,982)
Minority interest partners share of consolidated real estate ventures	(465)	270	
Minority interest attributable to continuing operations LP units	(911)	1,246	(1,043)
Plus:			
Interest income	4,040	9,513	1,370
Equity in income of real estate ventures	6,955	2,165	3,171
Net gain on sales of interests in depreciated real estate	40,498		
Net gain on sales of interests in undepreciated real estate	421	14,190	4,640
Gain on termination of purchase contract		3,147	
Income (loss) from continuing operations	28,761	(18,729)	32,778
Income (loss) from discontinued operations	27,692	29,211	9,989
Net income (loss)	\$ 56,453	\$ 10,482	\$ 42,767

17. RELATED-PARTY TRANSACTIONS

In 1998, the Board authorized the Company to make loans totaling up to \$5.0 million to enable employees of the Company to purchase Common Shares at fair market value. The loans have five-year terms, are full recourse, and are secured by the Common Shares purchased. The Company made loans under this program in 1998, 1999 and 2001. Interest, payable quarterly, accrues on the loans at the lower of the interest rate borne on borrowings under the Company's Credit Facility or a rate based on the dividend payments on the Common Shares. As of December 31, 2005, the interest rate was 4.18% per annum. The loans are payable at the earlier of the stated maturity date or 90 days following the employee's termination. As of December 31, 2005, the outstanding balance of the loan totaled \$0.3 million and was secured by an aggregate of 18,803 Common Shares. These loans were repaid in full by December 31, 2006.

The Company held a fifty percent economic interest in an approximately 141,724 square foot office building located at 101 Paragon Drive, Montvale, New Jersey. The remaining fifty percent interest was held by Donald E. Axinn, one of the Company's Trustees. Although the Company and Mr. Axinn had each committed to provide one half of the \$11 million necessary to repay the mortgage loan secured by this property at the maturity of the loan, in February 2006 an unaffiliated third party entered into an agreement to purchase this property for \$18.3 million. As a result of the purchase by an unaffiliated third party during August 2006, the Company recognized a \$3.1 million gain

on termination of its rights under a 1998 contribution agreement, modified in 2005, that entitled the Company to the 50% interest in the joint venture to operate the property. This gain is shown separately on the Company's income statement as a gain on termination of purchase contract.

The Company owned 384,615 shares of Cypress Communications, Inc. (Cypress) Common Stock. These shares were redeemed in July 2005 for \$0.3 million. The redemption was the result of Cypress's merger with another company. Prior to this merger, an officer of the Company held a position on Cypress's Board of Directors.

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Table of Contents**18. OPERATING LEASES**

The Company leases properties to tenants under operating leases with various expiration dates extending to 2030. Minimum future rentals on non-cancelable leases at December 31, 2007 are as follows (in thousands):

Year	Minimum Rent
2008	\$ 515,156
2009	467,402
2010	402,579
2011	337,340
2012	277,940
Thereafter	1,323,580

Total minimum future rentals presented above do not include amounts to be received as tenant reimbursements for operating costs.

19. COMMITMENTS AND CONTINGENCIES*Legal Proceedings*

The Company is involved from time to time in litigation on various matters, including disputes with tenants and disputes arising out of agreements to purchase or sell properties. Given the nature of the Company's business activities, these lawsuits are considered routine to the conduct of its business. The result of any particular lawsuit cannot be predicted, because of the very nature of litigation, the litigation process and its adversarial nature, and the jury system. The Company does not expect that the liabilities, if any, that may ultimately result from such legal actions will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company. There have been recent reports of lawsuits against owners and managers of multifamily and office properties asserting claims of personal injury and property damage caused by the presence of mold in residential units or office space. The Company has been named as a defendant in two lawsuits in the State of New Jersey that allege personal injury as a result of the presence of mold. In 2005, one lawsuit was dismissed by way of summary judgment with prejudice. Unspecified damages are sought on the remaining lawsuit. The Company has referred this lawsuit to its environmental insurance carrier and, as of the date of this Form 10-K, the insurance carrier is continuing to tender a defense to this claim.

Letters-of-Credit

Under certain mortgages, the Company has funded required leasing and capital reserve accounts for the benefit of the mortgage lenders with letters-of-credit which totaled \$13.5 million at December 31, 2007. The Company is also required to maintain escrow accounts for taxes, insurance and tenant security deposits and these accounts aggregated \$7.5 million at December 31, 2007. Tenant rents at properties that secure these mortgage loans are deposited into the loan servicer's depository accounts, which are used to fund debt service, operating expenses, capital expenditures and the escrow and reserve accounts, as necessary. Any excess cash is included in cash and cash equivalents.

Ground Rent

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Company is the lessee are expensed on a straight-line basis regardless of when payments are due. Minimum future rental payments on non-cancelable leases at December 31, 2007 are as follows (in thousands):

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2008	\$ 1,736
2009	1,986
2010	2,318
2011	2,318
2012	2,318
Thereafter	291,420

Certain of the land leases provide for prepayment of rent on a present value basis using a fixed discount rate. Further, certain of the land lease for properties (currently under development) provide for contingent rent participation by the lessor in certain capital transactions and net operating cash flows of the property after certain returns are achieved by the Company. Such amounts, if any, will be reflected as contingent rent when incurred. The leases also provide for payment by the Company of certain operating costs relating to the land, primarily real estate taxes. The above schedule of future minimum rental payments do not include any contingent rent amounts nor any reimbursed expenses.

Other Commitments or Contingencies

As of December 31, 2007, the Company owned 417 acres of land for future development.

As part of the Company's September 2004 acquisition of a portfolio of properties from The Rubenstein Company (which the Company refers to as the TRC acquisition), the Company agreed to issue to the sellers up to a maximum of \$9.7 million of Class A Units of the Operating Partnership if certain of the acquired properties achieved at least 95% occupancy prior to September 21, 2007. The maximum number of Units that the Company agreed to issue declined monthly and expired on September 21, 2007 with no additional obligation.

As part of the TRC acquisition, the Company acquired its interest in Two Logan Square, a 696,477 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 Company, through its ownership of the second and third mortgages, is the primary beneficiary. The Company currently does not expect to take title to Two Logan Square until, at the earliest, September 2019. If the Company takes fee title to Two Logan Square upon a foreclosure of its mortgage, the Company has agreed to pay an unaffiliated third party that holds a residual interest in the fee owner of this property an amount equal to \$0.6 million (if we must pay a state and local transfer upon taking title) and \$2.9 million (if no transfer tax is payable upon the transfer).

As part of the Company's 2006 acquisition of Prentiss Properties Trust, the TRC acquisition in 2004 and several of our other transactions, the Company agreed not to sell certain of the properties it acquired in transactions that would trigger taxable income to the former owners. In the case of the TRC acquisition, the Company agreed not to sell acquired properties for periods up to 15 years from the acquisition date as follows: 201 King of Prussia Road, 555 East Lancaster Avenue and 300 Delaware Avenue (January 2008); 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, the Company assumed the obligation of Prentiss not to sell Concord Airport Plaza before March 2018 and 6600 Rockledge before July 2008. The Company also agreed not to sell 14 other properties that contain an aggregate of 1.2 million square feet for periods that expire by the end of 2008. The Company's agreements generally provide that it 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 the Company were to sell a restricted property before expiration of the restricted period in a non-exempt transaction, the Company would be required to make significant payments to the parties who sold it the applicable property on account of tax liabilities attributed to them.

The Company invests in its properties and regularly incur capital expenditures in the ordinary course to maintain the properties. The Company believes that such expenditures enhance our competitiveness. The Company also enters into construction, utility and service contracts in the ordinary course of business which may extend beyond one year. These contracts typically provide for cancellation with insignificant or no cancellation penalties.

20. SUBSEQUENT EVENT

On January 14, 2008, the Company sold 7130 Ambassador Drive, an office property located in Allentown, Pennsylvania containing an aggregate of 114,049 net rentable square feet, for an aggregate sales price of \$5.8 million.

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Table of Contents**21. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)**

The following is a summary of quarterly financial information as of and for the years ended December 31, 2007 and 2006 (in thousands, except per share data):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2007:				
Total revenue	\$ 165,429	\$ 166,637	\$ 177,748	\$ 174,158
Net income	19,372	1,204	2,367	33,510
Income (loss) allocated to Common Shares	17,374	(794)	369	31,512
Basic earnings (loss) per Common Share	\$ 0.20	\$ (0.01)	\$	\$ 0.36
Diluted earnings (loss) per Common Share	\$ 0.19	\$ (0.01)	\$	\$ 0.36
2006:				
Total revenue	\$ 146,749	\$ 153,347	\$ 164,284	\$ 165,905
Net income (loss)	(2,642)	(11,556)	564	24,116
Income (loss) allocated to Common Shares	(4,640)	(13,554)	(1,434)	22,118
Basic earnings (loss) per Common Share	\$ (0.05)	\$ (0.15)	\$ (0.02)	\$ 0.25
Diluted earnings per (loss) Common Share	\$ (0.05)	\$ (0.15)	\$ (0.02)	\$ 0.25

The summation of quarterly earnings per share amounts do not necessarily equal the full year amounts. The above information was updated to reclassify amounts to discontinued operations. See Note 10.

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Brandywine Realty Trust
Schedule II
Valuation and Qualifying Accounts
(in thousands)

Description	Balance at Beginning of Period	Additions	Deductions (2)	Balance at End of Period
Allowance for doubtful accounts:				
Year ended December 31, 2007	\$ 9,311	\$ 2,147	\$ 1,296	\$ 10,162
Year ended December 31, 2006 (1)	\$ 4,877	\$ 4,434	\$	\$ 9,311
Year ended December 31, 2005	\$ 4,085	\$ 792	\$	\$ 4,877

(1) The 2006 additions includes \$3.5 million of current year expense and \$0.9 million of allowances against receivables assumed in the Prentiss acquisition.

(2) Deductions represent amounts that the Company had fully reserved for in prior periods and pursuit of collection of such amounts was ceased during the period.

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BRANDYWINE REALTY TRUST
 Schedule III
 Real Estate and Accumulated Depreciation - December 31, 2007
 (in thousands)

	City	State	Encumbrances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007			Accumulated Depreciation at December 31, 2007	Year of Construction	Year Acquired
				Land	Improvements	Acquisition	Land	Improvements	Total (a)			
CALIFORNIA												
ALBANY												
Meridian Plaza	Oakland	CA	48,359	15,034	107,422	3,748	15,318	110,886	126,204	6,801	1978	2006
Webster Street	Oakland	CA	23,950	13,051	89,728	2,753	13,298	92,235	105,532	7,075	1985	2006
Grand Avenue	Oakland	CA		13,556	54,266	2	13,556	54,268	67,824	822	1990	2007
Harrison Street	Oakland	CA	29,046	5,442	59,920	1,065	5,545	60,882	66,427	2,954	1985	2006
Broadway	Oakland	CA		4,519	35,235	3,700	4,781	38,673	43,454	2,412	1972	2006
Concord	Concord	CA	19,826	6,395	24,664	629	6,515	25,173	31,688	3,268	1984	2006
Concord	Concord	CA	19,834	6,476	24,966	242	6,476	25,208	31,683	3,360	1984	2006
CALIFORNIA												
ESCONDIDO												
& 5790 Fleet	Carlsbad	CA		7,073	22,907	3,211	7,516	25,675	33,191	1,871	1999	2006
W Bernardo	San Diego	CA		2,979	15,896	1,818	3,154	17,539	20,693	1,316	2002	2006
& 5950 La	Carlsbad	CA		3,706	11,185	1,547	3,955	12,483	16,438	1,008	1988	2006
Court	Carlsbad	CA		2,824	9,413	1,595	2,999	10,833	13,832	722	1987	2006
La Place Court	Carlsbad	CA		2,121	8,361	1,163	2,256	9,389	11,645	890	1986	2006
Avenida	Carlsbad	CA		3,261	6,077	1,164	3,499	7,003	10,502	729	1991	2006
as	Carlsbad	CA										
Corte Del	Carlsbad	CA										
l	Carlsbad	CA										
PROPOLITAN												
WASHINGTON,												
	Mclean	VA	63,259	18,437	97,538	1,013	18,785	98,203	116,988	4,590	1999	2006

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International												
Dulles Corner Levee	Herndon	VA		16,345	65,379	14,950	16,467	80,206	96,674	3,652	1987	2006
Wood Oak	Herndon	VA		8,243	52,413	7,018	8,782	58,892	67,674	7,483	1999	2006
Wisconsin Avenue	Bethesda	MD		9,634	48,402	3,542	9,816	51,762	61,577	3,287	1975	2006
Fairview Park	Falls Church	VA		6,576	51,605	1,539	6,700	53,020	59,720	2,656	1999	2006
98 Van Buren Street	Herndon	VA		7,931	43,812	6,887	8,348	50,282	58,630	3,713	1991	2006
Corporate Park	Herndon	VA		11,472	45,893	30	11,472	45,923	57,395	1,339	2000	2006
Gallows Road	Vienna	VA		7,797	47,817	874	7,944	48,544	56,488	3,218	1989	2006
Dulles Corner Levee	Herndon	VA		10,365	43,876	593	10,365	44,469	54,834	2,001	1988	2006
Dulles Corner Levee	Herndon	VA		7,279	46,340	586	7,417	46,789	54,205	3,188	1990	2006
Fairview Park	Falls Church	VA		5,918	40,981	656	6,050	41,506	47,556	2,243	1988	2006
10 Dulles Levee Lane	Herndon	VA		7,236	39,213	395	7,373	39,470	46,843	2,337	1997	2006
Cooperative	Herndon	VA		5,598	38,639	710	5,795	39,152	44,946	2,254	2000	2006
Rockledge	Bethesda	MD			37,421	6,303		43,725	43,725	1,654	1981	2006
Greensboro	Mclean	VA	34,063	7,952	33,964	645	8,102	34,459	42,561	2,150	1980	2006
Cooperative	Herndon	VA		4,809	34,093	333	4,809	34,426	39,236	2,976	1990	2006
Research Levee	Rockville	MD	15,285	5,167	31,110	2,890	5,237	33,929	39,166	2,140	1999	2006
Leesburg Pike	Vienna	VA		4,316	30,885	668	4,397	31,472	35,869	2,052	1984	2006
Research Levee	Rockville	MD	15,240	5,059	29,668	966	5,154	30,539	35,693	1,896	1990	2006
Campus Levee Drive	Reston	VA		6,164	28,114	86	6,281	28,083	34,364	1,223	1985	2006
Research Levee	Rockville	MD	14,181	4,649	26,952	(251)	4,733	26,616	31,350	1,215	1986	2006
Old Georgetown Road	Bethesda	MD		4,370	23,192	(76)	4,453	23,034	27,487	1,372	1997	2006
5 Lee Jackson Memorial Highway	Fairfax	VA		3,770	22,895	819	3,842	23,643	27,484	1,616	1985	2006
10 Beltsville	Beltsville	MD		3,831	16,661	4,891	3,904	21,479	25,382	1,434	1987	2006
5 Sunrise Levee Drive	Herndon	VA		3,794	19,365	197	3,866	19,491	23,357	2,180	1989	2006
1 Lee Jackson Memorial Highway	Fairfax	VA		3,246	19,836	176	3,307	19,951	23,259	1,532	1982	2006
	Beltsville	MD		2,808	12,081	635	2,863	12,661	15,524	829	1981	2006

Beltsville												
Fair Lakes	Fairfax	VA	1,569	11,982	(81)	1,599	11,872	13,471	599	1988	2006	
Beltsville	Beltsville	MD	2,278	11,100	(867)	2,321	10,190	12,511	651	1987	2006	
Fairview Park	Falls Church	VA	733	4,939	(32)	733	4,906	5,640	230	1988	2006	
Fairview Park	Falls Church	VA	297	1,964	0	297	1,964	2,261	80	1988	2006	
Beltsville	Bethesda	MD	198	870	18	202	884	1,086	23	1987	2006	
PENNSYLVANIA												
Arch Street	Philadelphia	PA		208,570	12,901		221,471	221,471	15,903	2005	N/A	
North 18th	Philadelphia	PA	14,496	107,736	5,375	14,473	113,134	127,607	13,985	1998	2004	
North 18th	Philadelphia	PA	71,564	16,066	100,255	4,676	16,066	104,931	120,997	12,388	1988	2004
Radnor Chester	Radnor	PA	11,925	36,986	9,248	11,897	46,262	58,159	6,204	1983	2004	
Canaster	Radnor	PA	8,014	16,508	25,073	8,609	40,985	49,595	3,720	1973	2004	
King of Prussia	Radnor Plymouth	PA	8,956	29,811	5,854	8,949	35,671	44,621	4,931	2001	2004	
Plymouth Road	Meeting	PA	6,198	16,131	15,998	6,199	32,129	38,327	6,028	2001	2000	
Radnor	Radnor	PA	7,323	28,613	(43)	7,323	28,570	35,893	3,891	1998	2004	
Radnor	Radnor	PA	5,406	21,390	7,731	5,705	28,822	34,527	3,895	1995	2004	
Radnor	Radnor	PA	6,506	25,525	1,835	6,578	27,288	33,866	3,046	1998	2004	
West Elm Street	Conshohocken	PA	6,251	25,209	1,192	6,251	26,401	32,652	1,781	1999	2005	
Radnor	Radnor	PA	4,773	17,961	787	4,791	18,730	23,521	2,476	1998	2004	
Radnor	Berwyn	PA	2,657	4,462	15,922	2,657	20,384	23,041	4,524	1999	1999	
Radnor	King of Prussia	PA	4,486	17,943	478	4,486	18,422	22,907	3,351	1999	2001	
Radnor	King Of Prussia	PA	4,222	16,891	1,644	4,222	18,535	22,757	5,963	1991	1998	
Radnor	King of Prussia	PA	2,836	4,028	15,509	2,636	19,737	22,373	5,713	2000	2000	
Radnor	Malvern	PA	4,152	16,606	1,496	4,152	18,103	22,254	3,547	1988	2001	
Radnor	East Whiteland Twp.	PA	4,241	16,579	263	4,241	16,842	21,083	4,382	1988	1998	
Radnor	Radnor	PA	3,937	15,484	1,265	3,942	16,743	20,686	2,195	1998	2004	

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 Real Estate and Accumulated Depreciation - December 31, 2007
 (in thousands)

	City	State	Encumbrances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007			Accumulated Depreciation at December 31, 2007			Year of Acquisition
				Land	Improvements	Acquisition	Land	Improvements	Total (a)	(b) Construction			
st Germantown Pike	Plymouth Meeting	PA	11,441	3,652	15,288	1,470	3,652	16,758	20,410	2,698	1986	2000	
st Germantown Pike	Plymouth Meeting	PA	11,212	3,572	14,435	1,938	3,572	16,373	19,945	3,103	1990	2000	
st Germantown Pike	Plymouth Meeting	PA	11,060	3,558	14,743	1,383	3,558	16,125	19,684	2,700	1988	2000	
st Germantown Pike	Plymouth Meeting	PA	11,083	3,651	14,514	1,488	3,651	16,001	19,653	2,639	1987	2000	
wyn Park	Berwyn	PA	12,375	2,206	13,422	3,196	2,206	16,618	18,824	5,604	1989	1999	
r Harbour Drive	Conshohocken	PA	14,472	2,827	15,525	(148)	2,827	15,377	18,204	4,992	1999	2000	
estlakes Drive	Berwyn	PA		2,611	10,445	5,001		18,057	18,057	2,841	1984	1999	
Elm Street	W. Conshohocken	PA		3,557	14,249		3,557	14,249	17,806	802	1999	2000	
ashington Street	Conshohocken	PA	10,518	2,672	14,221	241	2,673	14,462	17,134	5,430	1998	2000	
edom Business Center	King Of Prussia	PA		2,770	11,014	3,188	2,770	14,202	16,972	4,123	1986	1999	
rst Avenue	King Of Prussia	PA		2,772	10,936	2,272	2,772	13,208	15,980	3,311	1980	1999	
denwood Drive	Malvern	PA		2,729	10,915	2,301	2,729	13,216	15,945	2,644	1984	2000	
rst Avenue	King Of Prussia	PA		2,712	10,953	1,890	2,712	12,843	15,555	3,383	1987	1999	
rst Avenue	King Of Prussia	PA		2,168	8,576	4,755	2,168	13,331	15,499	2,690	1984	1999	
rst Avenue	King Of Prussia	PA		2,860	11,282	1,041	2,860	12,323	15,183	3,488	1985	1999	
t Swedesford Road	Wayne	PA		2,729	10,917	1,482	2,729	12,398	15,128	1,245	1998	2000	
edom Business Center	King Of Prussia	PA		2,773	11,144	993	2,773	12,137	14,910	3,561	1989	1999	
andywine Boulevard	Newtown	PA		1,784	9,811	3,007	1,784	12,818	14,602	2,541	2002	2000	
wedesford Road	Berwyn	PA	4,427	2,595	11,809	1	2,595	11,809	14,405	324	1994	2000	
rvest Drive	Blue Bell	PA		2,079	7,821	4,235	2,079	12,056	14,135	2,133	1988	2000	
lnor Chester Road	Radnor	PA		2,514	8,147	3,446	2,509	11,598	14,107	1,106	1983	2000	
rvest Drive	Blue Bell	PA		2,433	9,738	1,573	2,433	11,312	13,744	3,225	1990	1999	
wyn Park	Berwyn	PA	9,250	1,533	9,460	1,935	1,533	11,395	12,928	3,791	1987	1999	
wedesford Road	Berwyn	PA		2,086	8,342	1,191	2,086	9,533	11,619	1,798	1987	2000	
t Swedesford Road	Wayne	PA		2,178	8,712	456	2,178	9,168	11,346	1,060	1985	2000	
lnor Chester Road	Radnor	PA		2,573	8,338	163	2,567	8,506	11,074	846	1983	2000	
edom Business Center	King Of Prussia	PA		2,017	8,070	542	2,017	8,612	10,629	2,529	1985	1999	
t Swedesford Road	Wayne	PA		1,872	7,489	868	1,872	8,357	10,229	1,072	1984	2000	
wedesford Road	Berwyn	PA		1,781	7,124	1,269	1,781	8,394	10,174	1,604	1986	2000	
wyn Park	Berwyn	PA	6,765	1,180	7,290	1,557	1,180	8,847	10,027	3,102	1986	1999	
rvest Drive	Blue Bell	PA		1,671	6,606	1,114	1,671	7,720	9,391	2,189	1990	1999	
pus Boulevard	Newtown Square	PA	5,026	2,244	4,217	2,694	2,244	6,911	9,155	914	1998	1999	
ncaster Avenue	Devon	PA		1,689	6,756	369	1,689	7,126	8,814	2,108	1990	1999	

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... Avenue	King Of Prussia	PA		1,916	4,378	2,502	1,916	6,880	8,796	2,215	1968	199
...asset Road	Berwyn	PA		1,695	6,779	(0)	1,695	6,779	8,474	1,144	1997	200
...th Gulph Road	King Of Prussia	PA		1,303	5,201	1,386	1,303	6,587	7,890	2,393	1979	199
...ingdale Drive	Exton	PA		838	3,370	3,501	838	6,870	7,709	1,423	1986	199
...estnut Street	Philadelphia	PA			7,688	0		7,688	7,688	96	#N/A	200
...50 Butler Pike	Plymouth Meeting	PA		1,104	4,627	1,558	1,104	6,185	7,289	2,235	1984	199
...ogress Drive	Horsham	PA		1,399	5,629	230	1,399	5,859	7,258	2,075	1986	199
...amery Way	Exton	PA		1,195	4,779	911	1,195	5,690	6,885	1,279	1999	200
...amery Way	Exton	PA		1,368	5,471	19	1,368	5,490	6,858	934	1996	200
...t Swedesford Road	Wayne	PA		1,350	5,401	32	1,350	5,433	6,783	569	1998	200
...st Avenue	King Of Prussia	PA		1,287	5,151	219	1,287	5,369	6,657	1,661	1966	199
...st Avenue	King Of Prussia	PA		618	2,473	3,257	618	5,729	6,348	1,661	1966	199
...pus Boulevard	Newtown Square	PA	4,914	1,108	5,155	46	1,108	5,201	6,309	1,597	2001	199
...amery Way	Exton	PA		982	3,927	1,313	982	5,240	6,222	875	1991	200
...omas Jones Way	Exton	PA		1,075	4,299	679	1,075	4,979	6,053	1,096	1988	200
...pus Boulevard	Newtown Square	PA	4,498	1,112	4,067	825	1,112	4,892	6,004	1,104	1998	199
...endale Road	King Of Prussia	PA		1,020	3,839	989	1,020	4,828	5,848	2,009	1961	199
...erprise Drive	Horsham	PA		1,303	5,188	(659)	1,303	4,529	5,832	1,545	1990	199
...pus Boulevard	Newtown Square	PA	5,622	1,164	3,896	672	1,164	4,568	5,732	769	2002	200
...denwood Drive	Malvern	PA		848	3,394	1,316	849	4,710	5,558	652	1991	200
...amery Way	Exton	PA		994	3,978	583	994	4,560	5,555	789	1991	200
... Fifth Avenue	King Of Prussia	PA		1,097	4,391	31	1,097	4,422	5,519	1,298	1967	199
...amery Way	Exton	PA		906	3,623	882	906	4,505	5,411	826	1988	200
...phia Marine Center	Philadelphia	PA		532	2,196	2,680	628	4,780	5,408	755	Various	199
...k Avenue	King Of Prussia	PA		1,012	4,048	336	1,012	4,384	5,396	1,203	1964	199
...andale Boulevard	Exton	PA		970	3,878	274	970	4,152	5,122	691	1997	200
...amery Way	Exton	PA		894	3,576	391	894	3,967	4,861	835	1991	200
...oli Pike	Malvern	PA		458	559	3,746	488	4,275	4,763	1,063	2000	200
...pus Boulevard	Newtown Square	PA	3,168	787	3,312	571	787	3,883	4,670	1,354	1990	199
...utler Pike	Plymouth Meeting	PA		661	2,727	1,092	662	3,818	4,480	1,262	1984	199
...st Germantown Pike	Plymouth Meeting	PA		685	2,773	887	685	3,661	4,345	1,552	1984	199
...omas Jones Way	Exton	PA		806	3,256	194	806	3,450	4,256	1,306	1990	199
...amery Way	Exton	PA		777	3,107	306	777	3,413	4,190	679	1990	200
...endale Road	King Of Prussia	PA		689	2,756	678	689	3,434	4,123	1,267	1962	199
...mbassador Drive	Allentown	PA		761	3,046	160	761	3,206	3,967	780	1991	199
...nterprise Drive	West Goshen	PA		731	2,946	51	731	2,997	3,728	995	1989	199
...amery Way	Exton	PA		635	2,548	(48)	635	2,500	3,135	885	1987	199
...st Germantown Pike	Plymouth Meeting	PA		481	1,976	475	482	2,450	2,932	994	1984	199
...omas Jones Way	Exton	PA		526	2,112	163	527	2,274	2,801	843	1990	199
...denwood Drive	Malvern	PA		473	1,892	376	473	2,268	2,741	622	1985	200

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	City	State	Encumbrances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007			Accumulated Depreciation at December 31, 2007	Year of Construction	Year Acquired
				Land	Improvements	Acquisition	Land	Improvements	Total (a)			
rk Avenue	King Of Prussia	PA	547	2,190	0	547	2,190	2,737	643	1960	1995	
n Young Way	Exton	PA	496	1,983	0	496	1,984	2,479	335	1997	2000	
endale Road	King of Prussia	PA	439	432	1,480	439	1,912	2,351	327	2000	2000	
endale Road	King of Prussia	PA	396	3,343	(1,637)	396	1,706	2,102	745	1962	1995	
denwood Drive	Malvern	PA	324	1,295	242	324	1,537	1,861	382	1984	2000	
	Plymouth											
mouth Road	Meeting	PA	1,043	555		1,043	555	1,598	38	N/A	2000	
ngdale Drive	Exton	PA	236	931	275	236	1,206	1,442	387	1986	1995	
andale Road	Exton	PA	262	1,048	125	262	1,173	1,435	198	1996	2000	
edesford Road	Berwyn	PA	218			218		218		N/A	N/A	
NEW JERSEY/DELAWARE												
State Street	Trenton	NJ	8,926	35,735	1,987	8,926	37,723	46,648	10,866	1989	1995	
State Street	Trenton	NJ	6,016	24,091	27	6,016	24,119	30,134	7,019	1988	1995	
th King Street	Wilmington	DE	6,141	21,140	438	6,141	21,578	27,719	2,834	1989	2000	
nox Drive	Lawrenceville	NJ	4,876	19,284	3,326	5,057	22,430	27,486	7,222	1989	1995	
coln Drive West	Marlton	NJ	3,727	17,620	2,647	3,727	20,267	23,994	3,513	1986	2000	
aware Avenue	Wilmington	DE	6,368	13,739	1,513	6,369	15,251	21,620	2,404	1989	2000	
ox Drive	Lawrenceville	NJ	3,701	14,802	1,390	3,812	16,081	19,893	1,744	1984	2000	
t Gate Drive	Mt. Laurel	NJ	3,569	14,436	1,565	3,569	16,001	19,570	4,513	1984	1995	
Midlantic Drive	Mt. Laurel	NJ	3,206	12,857	2,442	3,206	15,298	18,505	4,879	1990	1995	
reet Plaza 1000	Voorhees	NJ	2,732	10,942	4,274	2,732	15,216	17,948	5,626	1988	1995	
nox Drive	Lawrenceville	NJ	13,236	2,291	12,221	3,155	2,648	15,019	17,667	5,115	2000	
hter Parkway	Wilmington	DE	9,853	2,545	10,195	4,820	2,545	15,015	17,560	4,415	1989	
ox Drive	Lawrenceville	NJ	11,379	2,811	17,996	(5,155)	2,922	12,729	15,652	4,067	1985	
Midlantic Drive	Mt. Laurel	NJ		3,061	12,254	170	3,061	12,424	15,485	4,008	1991	
ndywine Boulevard	Newtown	PA		1,784	9,811	3,007	1,784	12,818	14,602	2,541	2002	
oward Boulevard	Mt. Laurel	NJ		443		13,014	1,447	12,009	13,457	375	2005	
ox Drive	Lawrenceville	NJ	9,277	2,410	9,700	1,191	2,507	10,794	13,301	3,101	1987	
oward Boulevard	Mt. Laurel	NJ		2,297	9,288	1,316	2,297	10,604	12,901	3,778	1988	
ecutive Boulevard	Marlton	NJ		2,074	8,415	2,238	2,074	10,652	12,727	3,423	1987	
e Drive East	Cherry Hill	NJ		2,144	8,798	1,063	2,144	9,862	12,005	1,865	1988	

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Commerce Drive	Newark	DE	11,575	2,528	9,220	86	2,528	9,306	11,834	1,699	1997	2000
Edenfield Road	Cherry Hill	NJ	10,505	2,142	9,120	391	2,142	9,511	11,653	3,538	1990	1999
Edgewater Drive	Mt. Laurel	NJ	8,959	2,202	8,823	528	2,203	9,351	11,553	3,213	1989	1999
Edgemoor Way	Mt. Laurel	NJ		2,061	8,180	1,143	2,061	9,323	11,384	2,956	1989	1999
Edgemoor Drive East	Cherry Hill	NJ		2,069	8,275	894	2,069	9,169	11,238	1,781	1989	2000
Edgemoor Center Drive	Marlton	NJ		1,880	7,521	1,515	1,880	9,035	10,916	1,730	1989	2000
Edgemoor Gate Drive	Mt. Laurel	NJ		1,736	6,877	828	1,736	7,705	9,441	2,457	1986	1999
Edgemoor Lighter Parkway	Wilmington	DE		2,802	11,217	(4,688)	2,802	6,529	9,331	41	1987	2000
Edgemoor Drive East	Cherry Hill	NJ		1,645	6,579	827	1,645	7,407	9,051	1,405	1986	2000
Edgemoor Township Drive	Mt. Laurel	NJ		1,518	6,154	1,205	1,518	7,359	8,877	2,545	1982	1999
Edgemoor Super Drive	Moorestown	NJ		1,643	6,663	497	1,644	7,159	8,803	2,223	1976	1999
Edgemoor Township Drive	Mt. Laurel	NJ		1,421	5,768	1,262	1,421	7,030	8,451	1,897	1980	1999
Edgemoor Township Drive	Mt. Laurel	NJ		1,565	6,342	481	1,565	6,824	8,388	1,878	1981	1999
Edgemoor Township Drive	Mt. Laurel	NJ		1,493	6,055	617	1,494	6,671	8,165	1,904	1979	1999
Edgemoor Knox Drive	Lawrenceville	NJ		1,174	4,696	2,163	1,226	6,806	8,033	1,390	1982	2000
Edgemoor Shops Gate	Mt. Laurel	NJ		934	6,287		953	6,812	7,764	927	2005	2000
Edgemoor Atlantic Drive	Mt. Laurel	NJ	5,662	1,472	5,895	109	1,472	6,005	7,476	1,952	1989	1999
Edgemoor Clementon Road	Gibbsboro	NJ		1,345	5,366	457	1,345	5,823	7,168	1,826	1980	1999
Edgemoor Commerce Drive	Newark	DE		1,160	4,633	1,156	1,160	5,789	6,949	1,970	1989	1999
Edgemoor Greentree Centre	Marlton	NJ		323	6,024	558	324	6,582	6,905	4,473	1984	1999
Edgemoor Commerce Drive	Newark	DE	5,765	911	4,414	1,018	911	5,432	6,343	1,004	1998	2000
Edgemoor Center Drive	Marlton	NJ		1,043	4,171	932	1,043	5,104	6,146	865	1986	2000
Edgemoor Other Drive	Mount Laurel	NJ		1,016	4,064	585	1,016	4,649	5,665	817	1987	2000
Edgemoor Greentree Centre	Marlton	NJ		264	4,693	600	264	5,293	5,557	3,522	1983	1999
Edgemoor Greentree Centre	Marlton	NJ		345	4,440	613	345	5,054	5,398	3,015	1982	1999
Edgemoor Es Drive	Marlton	NJ		818	3,461	56	818	3,517	4,335	1,201	1987	1999
Edgemoor Es Drive	Marlton	NJ		703	2,819	771	703	3,590	4,293	1,269	1986	1999
Edgemoor Atlantic Drive	Mt. Laurel	NJ	2,911	714	5,085	(1,524)	714	3,561	4,275	1,079	1998	1999
Edgemoor Clementon Road	Gibbsboro	NJ		769	3,055	437	769	3,492	4,261	1,195	1986	1999
Edgemoor Lincoln Drive	Marlton	NJ		606	2,887	659	606	3,545	4,152	1,405	1997	1999
Edgemoor Super Drive	Moorestown	NJ		657	2,674	448	657	3,122	3,779	910	1975	1999
Edgemoor Street Piazza	Voorhees	NJ		696	2,802	225	696	3,027	3,723	1,047	1990	1999
Edgemoor Gate Drive	Mt. Laurel	NJ		636	2,584	307	636	2,891	3,527	796	1986	1999
Edgemoor Eves Drive	Marlton	NJ		588	2,369	381	588	2,749	3,338	921	1987	1999
Edgemoor Gate Drive	Mt. Laurel	NJ		611	2,426	152	611	2,578	3,189	697	1986	1999
Edgemoor Eves Drive	Marlton	NJ		539	2,168	243	539	2,411	2,950	855	1987	1999
Edgemoor Street Promenade	Voorhees	NJ		531	2,052	151	532	2,203	2,734	759	1988	1999
Edgemoor Avenue	Gibbsboro	NJ		244	971	225	244	1,196	1,440	394	1983	1999
Edgemoor Avenue	Gibbsboro	NJ		231	921	121	231	1,041	1,273	332	1983	1999
Edgemoor Super Drive	Moorestown	NJ		223	913	0	223	913	1,136	248	1979	1999
Edgemoor Clementon Road	Gibbsboro	NJ		114	964	3	114	967	1,081	293	1986	1999
Edgemoor Avenue	Gibbsboro	NJ		183	726	84	183	811	993	279	1974	1999

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				Land	Building and Improvements	Net Improvements (Retirements) Since Acquisition	Land	Building and Improvements	Total (a)			
	Gibbsboro	NJ		185	730	42	185	772	957	246	1974	19
	Gibbsboro	NJ		93	364	63	93	428	520	129	1972	19
venue	Gibbsboro	NJ		21	81	3	21	84	105	25	1987	19
	Gibbsboro	NJ		9	32	26	9	58	67	16	1968	19
WEST												
Capital of	Austin	TX		5,152	37,928	3,512	5,250	41,343	46,593	3,024	1984	20
way	Austin	TX		4,188	41,229	481	4,250	41,648	45,898	2,165	2001	20
pac	Austin	TX		3,538	34,346	2,267	3,605	36,547	40,151	2,524	2000	20
way	Austin	TX		3,698	34,912	1,150	3,768	35,992	39,759	3,433	1999	20
pac	Austin	TX		3,290	31,548	652	3,369	32,120	35,489	1,926	2001	20
way	Coppell	TX	20,112	1,516	14,895	8	1,517	14,903	16,420	1,246	1998	20
st	Austin	TX		1,227	10,959	460	1,250	11,395	12,646	553	1999	20
Road												
pac												
way												
OND												
Main	Richmond	VA		9,808	38,255	5,632	9,808	43,887	53,695	13,231	1986	19
oretum	Richmond	VA	13,513	5,450	21,892	1,864	5,450	23,757	29,206	7,061	1988	19
	Richmond	VA		4,925	19,699	257	5,181	19,700	24,881	206	1990	20

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Walders Drive Dragon	Richmond	VA		4,922	19,689	251	5,172	19,690	24,862	205	2000	20
Dragon	Richmond	VA		4,552	18,414	236	4,552	18,650	23,202	626	1986	20
Walders 16	Richmond	VA		2,917	11,454	2,530	2,917	13,984	16,901	2,665	1989	20
burnam	Richmond	VA		2,824	11,297	251	3,074	11,298	14,372	118	1994	20
Walders 16	Richmond	VA		2,482	8,846	2,278	2,482	11,124	13,606	3,064	1976	19
Walders 16	Richmond	VA		2,599	10,396	251	2,849	10,397	13,246	108	1998	20
Walders 16	Richmond	VA		2,594	10,377	251	2,844	10,378	13,222	108	1999	20
Dragon	Richmond	VA		1,857	7,702	892	1,857	8,594	10,451	2,228	1991	19
Dragon	Richmond	VA			10,288	0		10,288	10,288	415	2007	20
Walders 16	Glen Allen	VA		1,640	6,567	1,312	1,640	7,879	9,519	2,023	1996	19
Walders 16	Durham	NC		1,622	6,419	910	1,581	7,370	8,951	2,182	1985	19
Walders 16	Richmond	VA		1,202	4,820	1,863	1,202	6,683	7,885	1,762	1987	19
Walders 16	Richmond	VA	3,425	1,362	5,489	834	1,362	6,323	7,685	1,665	1988	19
Walders 16	Henrico	VA		1,069	4,281	1,902	1,069	6,183	7,252	2,302	1980	19
Walders 16	Richmond	VA	2,840	1,110	4,474	581	1,110	5,055	6,165	1,551	1988	19
Walders 16	Richmond	VA		391	5,410	123	391	5,533	5,924	812	2001	19
Walders 16	Richmond	VA		1,061	4,241	234	1,061	4,475	5,536	1,276	1975	19
Walders 16	Richmond	VA		1,020	4,067	391	1,020	4,458	5,478	1,255	1989	19
Walders 16	Richmond	VA	2,447	985	3,973	142	985	4,115	5,100	1,148	1988	19
Walders 16	Richmond	VA		582	2,433	243	582	2,677	3,258	758	1991	19
Walders 16	Richmond	VA		512	2,049	304	512	2,354	2,865	684	1989	19

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bney											
45											
Road	Richmond	VA	530	2,123	176	530	2,299	2,829	659	1994	19
bney											
	Richmond	VA	550	2,203	37	550	2,240	2,790	617	1993	19
24											
n Street	Richmond	VA	502	2,014	157	502	2,171	2,673	595	1985	19
bney											
	Richmond	VA	507	2,034	15	507	2,049	2,556	563	1986	19
79											
n Street	Richmond	VA	423	1,695	269	423	1,964	2,387	559	1985	19
bney											
	Richmond	VA	455	1,822	18	455	1,840	2,295	504	1987	19
46											
n Street	Richmond	VA	353	1,416	288	353	1,704	2,057	571	1988	19
bney											
	Richmond	VA	356	1,427	271	356	1,698	2,054	469	1982	19
bney											
	Richmond	VA	387	1,552	111	387	1,662	2,050	503	1983	19
myllyn											
	Richmond	VA	281	1,125	251	281	1,377	1,657	417	1986	19
bney											
	Richmond	VA	264	1,059	10	264	1,069	1,334	293	1984	19
			\$ 611,898	\$ 720,198	\$ 3,705,120	\$ 387,701	\$ 727,979	\$ 4,085,584	\$ 4,813,563	\$ 558,908	

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(a) Reconciliation of Real Estate:

The following table reconciles the real estate investments from January 1, 2005 to December 31, 2007 (in thousands):

	2007	2006	2005
Balance at beginning of year	\$ 4,927,305	\$ 2,560,061	\$ 2,483,134
Additions:			
Acquisitions	158,399	2,370,241	71,783
Capital expenditures	179,691	334,238	47,732
Less:			
Dispositions	(451,832)	(229,824)	(42,588)
Assets transferred to held-for-sale		(107,411)	
Balance at end of year	\$ 4,813,563	\$ 4,927,305	\$ 2,560,061

The aggregate cost for federal income tax purposes is \$4.5 billion as of December 31, 2007.

(b) Reconciliation of Accumulated Depreciation:

The following table reconciles the accumulated depreciation on real estate investments from January 1, 2005 to December 31, 2007 (in thousands):

	2007	2006	2005
Balance at beginning of year	\$ 515,698	\$ 390,333	\$ 325,802
Additions:			
Depreciation expense continued operations	167,160	162,503	78,465
Depreciation expense discontinued operations	4,748	12,305	171
Acquisitions		1,037	
Less:			
Dispositions	(128,698)	(44,430)	(14,105)
Assets transferred to held-for-sale		(6,050)	
Balance at end of year	\$ 558,908	\$ 515,698	\$ 390,333

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Report of Independent Registered Public Accounting Firm

To the Partners of Brandywine Operating Partnership, L.P.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Brandywine Operating Partnership and its subsidiaries (the Partnership) at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Partnership's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

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

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

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded the Partnership's investments in Four and Six Tower Bridge Associates from its assessment of internal control over financial reporting as of December 31, 2007 because the Partnership does not have the right and authority to assess the internal control over financial reporting of the individual entities and it lacks the ability to influence or modify the internal control over financial reporting of the individual entities. Four and Six Tower Bridge Associates are two real estate partnerships, created prior to December 13, 2003, which the Partnership started consolidating under Financial Accounting Standards Board Interpretation No. 46R, Consolidation of Variable Interest Entities on March 31, 2004. We have also excluded Four and Six Tower Bridge Associates from our audit of internal control over financial reporting. The total assets and total revenue of Four and Six Tower Bridge Associates represent, in the aggregate less than 1% and 1%, respectively, of the Partnership's consolidated financial statement amounts as of and for the year ended December 31, 2007.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 27, 2008

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share information)

	December 31,	
	2007	2006
ASSETS		
Real estate investments:		
Operating properties	\$ 4,813,563	\$ 4,927,305
Accumulated depreciation	(558,908)	(515,698)
Operating real estate investments, net	4,254,655	4,411,607
Development land and construction-in-progress	402,270	328,119
Total real estate investments, net	4,656,925	4,739,726
Cash and cash equivalents	5,600	25,379
Accounts receivable, net	17,057	19,957
Accrued rent receivable, net	83,098	71,589
Asset held for sale		126,016
Investment in unconsolidated ventures	71,598	74,574
Deferred costs, net	87,123	73,708
Intangible assets, net	218,149	281,251
Other assets	74,549	96,818
Total assets	\$ 5,214,099	\$ 5,509,018
LIABILITIES AND PARTNERS' EQUITY		
Mortgage notes payable	\$ 611,898	\$ 883,920
Unsecured term loan	150,000	
Unsecured notes	2,208,344	2,208,310
Unsecured credit facility	130,727	60,000
Accounts payable and accrued expenses	80,732	108,400
Distributions payable	42,368	42,760
Tenant security deposits and deferred rents	65,241	55,697
Acquired below market leases, net of accumulated amortization of \$36,544 and \$26,009	67,281	92,527
Other liabilities	30,154	14,661
Mortgage notes payable and other liabilities held for sale		20,826
Total liabilities	3,386,745	3,487,101
Minority interest - partners' share of consolidated real estate ventures		34,428
Commitments and contingencies (Note 18)		
Redeemable limited partnership units at redemption value; 3,838,229 and 3,961,235 issued and outstanding in 2007 and 2006, respectively	68,819	131,718
Partners' equity:		

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7.50% Series D Preferred Mirror Units; 2,000,000 issued and outstanding in 2006 and 2005	47,912	47,912
7.375% Series E Preferred Mirror Units; 2,300,000 issued and outstanding in 2006 and 2005	55,538	55,538
General Partnership Capital, 87,015,600 and 88,327,041 units issued and outstanding in 2007 and 2006, respectively	1,656,970	1,750,745
Accumulated other comprehensive loss	(1,885)	1,576
Total partners' equity	1,758,535	1,855,771
Total liabilities, minority interest, and partners' equity	\$ 5,214,099	\$ 5,509,018

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

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share information)

	Years ended December 31,		
	2007	2006	2005
Revenue:			
Rents	\$ 562,514	\$ 519,282	\$ 302,530
Tenant reimbursements	85,404	78,817	48,069
Termination fees	10,236	7,231	6,083
Third party management fees, labor reimbursement and leasing	19,691	19,453	3,582
Other	6,127	5,502	4,171
Total revenue	683,972	630,285	364,435
Operating Expenses:			
Property operating expenses	189,130	171,924	103,968
Real estate taxes	64,895	60,808	36,356
Management expenses	10,361	10,675	1,394
Depreciation and amortization	242,312	230,710	106,175
Administrative expenses	28,182	29,644	17,982
Total operating expenses	534,880	503,761	265,875
Operating income	149,092	126,524	98,560
Other Income (Expense):			
Interest income	4,040	9,513	1,370
Interest expense	(162,675)	(171,177)	(70,380)
Interest expense - Deferred financing costs	(4,496)	(4,607)	(3,540)
Loss on settlement of treasury lock agreements	(3,698)		
Equity in income of real estate ventures	6,955	2,165	3,171
Net gain on sale of interests in depreciated real estate	40,498		
Net gain on sale of interests in undepreciated real estate	421	14,190	4,640
Gain on termination of purchase contract		3,147	
Income (loss) before minority interest	30,137	(20,245)	33,821
Minority interest partners share of consolidated real estate ventures	(465)	270	(154)
Income (loss) from continuing operations	29,672	(19,975)	33,667
Discontinued operations:			
Income from discontinued operations	3,184	12,597	8,150
Net gain on disposition of discontinued operations	25,743	20,243	2,196
Minority interest partners share of consolidated real estate ventures		(2,239)	
Income from discontinued operations	28,927	30,601	10,346

Net income	58,599	10,626	44,013
Income allocated to Preferred Units	(7,992)	(7,992)	(7,992)
Income allocated to Common Partnership Units	\$ 50,607	\$ 2,634	\$ 36,021
Basic earnings per Common Partnership Units:			
Continuing operations	\$ 0.24	\$ (0.30)	\$ 0.44
Discontinued operations	0.32	0.33	0.18
	\$ 0.56	\$ 0.03	\$ 0.62
Diluted earnings per Common Partnership Units:			
Continuing operations	\$ 0.24	\$ (0.30)	\$ 0.44
Discontinued operations	0.32	0.32	0.18
	\$ 0.55	\$ 0.03	\$ 0.62
Basic weighted average common partnership units outstanding	91,170,209	93,703,601	57,852,842
Diluted weighted average common partnership units outstanding	91,219,337	94,222,125	58,111,162

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

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE (LOSS) INCOME
(in thousands)

	Years ended December 31,		
	2007	2006	2005
Net income	\$ 58,599	\$ 10,626	\$ 44,013
Other comprehensive income:			
Unrealized gain (loss) on derivative financial instruments	(3,600)	1,330	(713)
Less: minority interest consolidated real estate venture partner's share of unrealized gain (loss) on derivative financial instruments		(302)	
Settlement of treasury locks	(3,860)		
Settlement of forward starting swaps	1,148	3,266	240
Reclassification of realized (gains)/losses on derivative financial instruments to operations, net	3,436	122	450
Unrealized gain (loss) on available-for-sale securities	(585)	328	(16)
Total other comprehensive income (loss)	(3,461)	4,744	(39)
Comprehensive income	\$ 55,138	\$ 15,370	\$ 43,974

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

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENT OF PARTNERS' EQUITY
(in thousands, except Units)

	Series A Preferred Mirror		Series D Preferred Mirror		Series E Preferred Mirror		General Partner Capital		Accumulated Other Comprehensive Income	Total Partners' Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount		
Balance, December 31, 2004			2,000,000	47,912	2,300,000	55,538	55,292,752	1,029,144	(3,130)	1,129,464
Net income								44,013		44,013
Net income allocable to redeemable partnership units								(276)		(276)
Other comprehensive income:									(39)	(39)
Conversion of LP units to common shares							107,692	2,584		2,584
Vesting of restricted units							72,950	1,630		1,630
Exercise of warrants/options to purchase general partnership units							705,681	18,999		18,999
Repayment of employee stock loans								50		50
Adjustment of redeemable partnership units to liquidation value at period end								190		190
Distributions to Preferred Mirror Units								(7,992)		(7,992)
Distributions to general partnership unit holder								(100,145)		(100,145)

Balance, December 31, 2005	2,000,000	47,912	2,300,000	55,538	56,179,075	988,197	(3,169)	1,088,478
Net income						10,626		10,626
Repurchase of common partnership units					(3,009,200)	(94,473)		(94,473)
Other comprehensive income:							4,745	4,745
Conversion of LP units to common shares					14,700	488		488
Issuance of common partnership units					34,542,151	1,022,173		1,022,173
Vesting of restricted units					81,142	1,887		1,887
Issuance of trustee/bonus shares					3,257	90		90
Exercise of warrants/options to purchase general partnership units					515,916	11,413		11,413
Repayment of employee stock loans						371		371
Adjustment of redeemable partnership units to liquidation value at period end						(25,913)		(25,913)
Distributions to Preferred Mirror Units						(7,992)		(7,992)
Distributions to general partnership unit holder						(156,122)		(156,122)
Balance, December 31, 2006	2,000,000	47,912	2,300,000	55,538	88,327,041	1,750,745	1,576	1,855,771
Net income						58,599		58,599
					(1,780,600)	(59,426)		(59,426)

Repurchase of common partnership units in treasury and for deferred comp plan									
Common partnership units used for deferred comp plan				172,565		5,684			5,684
Other comprehensive income:								(3,461)	(3,461)
Conversion of LP units to common shares				21,951		716			716
Issuance of common partnership units									
Vesting of restricted units				66,086		2,097			2,097
Issuance of trustee/bonus shares				1,664		55			55
Exercise of warrants/options to purchase general partnership units				206,893		8,113			8,113
Minority interest reclassification								(2,828)	(2,828)
Repayment of employee stock loans									
Adjustment of redeemable partnership units to liquidation value at period end								55,306	55,306
Distributions to Preferred Mirror Units								(7,992)	(7,992)
Distributions to general partnership unit holder								(154,099)	(154,099)
Balance, December 31,	\$	2,000,000	\$ 47,912	2,300,000	\$ 55,538	87,015,600	\$ 1,656,970	\$(1,885)	\$ 1,758,535

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

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years ended December 31,		
	2007	2006	2005
Cash flows from operating activities:			
Net income	\$ 58,599	\$ 10,626	\$ 44,013
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	179,724	186,454	84,561
Amortization:			
Deferred financing costs	4,497	4,607	3,721
Deferred leasing costs	15,672	12,258	8,895
Acquired above (below) market leases, net	(12,225)	(9,034)	(1,542)
Acquired lease intangibles	51,669	66,317	18,573
Deferred compensation costs	4,672	3,447	2,764
Straight-line rent	(28,304)	(31,326)	(14,952)
Provision for doubtful accounts	3,147	3,510	792
Real estate venture income in excess of distributions	(55)	(15)	(769)
Net gain on sale of interests in real estate	(66,662)	(34,433)	(6,820)
Gain on termination of purchase contract		(3,147)	
Minority interest	465	1,969	154
Changes in assets and liabilities:			
Accounts receivable	6,448	1,365	(598)
Other assets	(6,268)	(4,855)	(11,810)
Accounts payable and accrued expenses	(10,524)	(1,154)	(2,407)
Tenant security deposits and deferred rents	12,634	29,209	(40)
Other liabilities	6,328	5,768	612
Net cash from operating activities	219,817	241,566	125,147
Cash flows from investing activities:			
Acquisition of Prentiss		(935,856)	
Acquisition of properties	(88,890)	(231,244)	(92,674)
Acquisition of minority interest in consolidated real estate venture	(63,732)		
Sales of properties, net	472,590	347,652	29,428
Proceeds from termination of purchase contract		3,147	
Capital expenditures	(267,103)	(242,516)	(177,035)
Investment in marketable securities		181,556	423
Investment in unconsolidated Real Estate Ventures	(897)	(753)	(269)
Restricted cash	4,898	(2,981)	(518)
Cash distributions from unconsolidated Real Estate Ventures in excess of equity in income	3,711	3,762	462
Leasing costs	(16,104)	(38,561)	(12,234)
Net cash from (used in) investing activities	44,473	(915,794)	(252,417)
Cash flows from financing activities:			

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Proceeds from Credit Facility borrowings	959,602	726,000	372,142
Repayments of Credit Facility borrowings	(888,875)	(756,000)	(434,142)
Proceeds from mortgage notes payable		20,520	
Repayments of mortgage notes payable	(272,027)	(213,338)	(23,457)
Proceeds from term loan	150,000	750,000	
Repayments of term loan		(750,000)	
Proceeds from unsecured notes	300,000	1,193,217	299,976
Repayments of unsecured notes	(299,925)		
Net settlement of hedge transactions	(2,712)	3,266	
Repayments on employee stock loans		371	50
Debt financing costs	(4,474)	(14,319)	(4,026)
Exercise of stock options	6,011	11,414	18,999
Repurchases of common partnership and minority interest units	(59,426)	(94,472)	(239)
Distributions paid to preferred and common partnership unitholders	(172,243)	(175,947)	(110,205)
Distributions to minority interest holders consolidated real estate ventures		(8,279)	
Net cash (used in) from financing activities	(284,069)	692,433	119,098
Increase (decrease) in cash and cash equivalents	(19,779)	18,205	(8,172)
Cash and cash equivalents at beginning of period	25,379	7,174	15,346
Cash and cash equivalents at end of period	\$ 5,600	\$ 25,379	\$ 7,174
Supplemental disclosure:			
Cash paid for interest, net of capitalized interest	\$ 182,790	\$ 154,258	\$ 53,450
Supplemental disclosure of non-cash activity:			
Common shares issued in the Prentiss acquisition		1,022,173	
Operating Partnership units issued in Prentiss acquisition		64,103	
Operating Partnership units issued in property acquisitions		13,819	
Debt, minority interest and other liabilities, net assumed in the Prentiss acquisition		679,520	

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

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**BRANDYWINE OPERATING PARTNERSHIP, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007, 2006 AND 2005**

1. ORGANIZATION AND NATURE OF OPERATIONS

Brandywine Operating Partnership, L.P. (referred to herein as we, us or the Partnership) is the entity through which Brandywine Realty Trust, a Maryland real estate investment trust (the Company), a self-administered and self-managed real estate investment trust, conducts its business and owns its assets. The Partnership's activities include acquiring, developing, redeveloping, leasing and managing office and industrial properties. The Company's common shares of beneficial interest are publicly traded on the New York Stock Exchange under the ticker symbol BDN. As of December 31, 2007, the Partnership owned 216 office properties, 23 industrial facilities and one mixed-use property (collectively, the Properties) containing an aggregate of approximately 24.9 million net rentable square feet. The Partnership also has seven properties under development and seven properties under redevelopment containing an aggregate 3.7 million net rentable square feet. As of December 31, 2007, the Partnership consolidates three office properties owned by real estate ventures containing 0.4 million net rentable square feet. Therefore, the Partnership owns and consolidates 257 properties with an aggregate of 29.0 million net rentable square feet. As of December 31, 2007, the Partnership owned economic interests in 14 unconsolidated real estate ventures that contain approximately 4.4 million net rentable square feet (collectively, the Real Estate Ventures). In addition, as of December 31, 2007, the Partnership owned approximately 417 acres of undeveloped land. The Properties and the properties owned by the Real Estate Ventures are located in and surrounding Philadelphia, PA, Wilmington, DE, Southern and Central New Jersey, Richmond, VA, Metropolitan Washington, D.C., Austin, TX and Oakland and Rancho Bernardo, CA. In addition to managing properties that the Partnership owns, as of December 31, 2007, the Partnership was managing approximately 14.5 million net rentable square feet of office and industrial properties for third parties.

All references to building square footage, acres, occupancy percentage and the number of buildings are unaudited. Brandywine Realty Trust is the sole general partner of the Operating Partnership and, as of December 31, 2007, owned a 95.8% interest in the Operating Partnership. The Partnership conducts its third-party real estate management services business primarily through five management companies (collectively, the Management Companies): Brandywine Realty Services Corporation (BRSCO), BTRS, Inc. (BTRS), Brandywine Properties I Limited, Inc. (BPI), BDN Brokerage LLC (BBL) and Brandywine Properties Management, L.P. (BPM). Each of BRSCO, BTRS and BPI is a taxable REIT subsidiary. The Operating Partnership owns, directly and indirectly, currently 100% of each of BRSCO, BTRS, BPI, BBL and BPM.

Prior to December 2007, 5% of BRSCO, one of the consolidated management services companies, was owned by a partnership comprised of a current executive and former executive of the Company, each of whom is a member of the Company's Board of Trustees. In December 2007, the operating Partnership bought out this interest for a nominal amount and BRSCO is now wholly owned.

As of December 31, 2007, the Management Companies were managing properties containing an aggregate of approximately 43.0 million net rentable square feet, of which approximately 28.5 million net rentable square feet related to Properties owned by the Partnership and approximately 14.5 million net rentable square feet related to properties owned by third parties and Real Estate Ventures.

As more fully described in Note 3, on January 5, 2006, the Partnership acquired Prentiss Properties Trust (Prentiss) pursuant to an Agreement and Plan of Merger (the Merger Agreement) that the Partnership entered into with Prentiss on October 3, 2005.

Table of Contents**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Principles of Consolidation**

When the Partnership obtains an economic interest in an entity, the Partnership evaluates the entity to determine if the entity is deemed a variable interest entity (VIE), and if the Partnership is deemed to be the primary beneficiary, in accordance with FASB Interpretation No. 46R, Consolidation of Variable Interest Entities (FIN 46R). When an entity is not deemed to be a VIE, the Partnership considers the provisions of EITF 04-05, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights (EITF 04-05). The Partnership consolidates (i) entities that are VIEs and of which the Partnership is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Partnership controls and the limited partners do not have the ability to dissolve the entity or remove the Partnership without cause nor substantive participating rights. Entities that the Partnership accounts for under the equity method (i.e. at cost, increased or decreased by the Partnership's share of earnings or losses, plus contributions, less distributions) include (i) entities that are VIEs and of which the Partnership is not deemed to be the primary beneficiary (ii) entities that are non-VIEs which the Partnership does not control, but over which the Partnership has the ability to exercise significant influence and (iii) entities that are non-VIEs that the Partnership controls through its general partner status, but the limited partners in the entity have the substantive ability to dissolve the entity or remove the Partnership without cause or have substantive participating rights. The Partnership will reconsider its 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, if certain events occur that are likely to cause a change in the original determinations. The portion of these entities not owned by the Partnership is presented as minority interest as of and during the periods consolidated. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management makes significant estimates regarding revenue, impairment of long-lived assets, allowance for doubtful accounts and deferred costs.

Operating Properties

Operating properties are carried at historical cost less accumulated depreciation and impairment losses. The cost of operating properties reflects their purchase price or development cost. Costs incurred for the acquisition and renovation of an operating property are capitalized to the Partnership's investment in that property. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

Purchase Price Allocation

The Partnership allocates 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) the Partnership's estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. Capitalized below-market lease values are amortized as an increase to rental income over the remaining non-cancelable terms of the respective leases, including any below market fixed-rate renewal periods.

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Other intangible assets also include amounts representing the value of tenant relationships and in-place leases based on the Partnership's evaluation of the specific characteristics of each tenant's lease and the Partnership's overall relationship with the respective tenant. The Partnership estimates the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, including leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases. Partnership estimates of value are made using methods similar to those used by independent appraisers or by using independent appraisals. Factors considered by the Partnership in this analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Partnership includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from three to twelve months. The Partnership also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. The Partnership also uses the information obtained as a result of its pre-acquisition due diligence as part of its consideration of FIN 47, *Accounting for Conditional Asset Retirement Obligation* (FIN 47) and when necessary, will record a conditional asset retirement obligation as part of its purchase price.

Characteristics considered by the Partnership in allocating value to its tenant relationships include the nature and extent of the Partnership's business relationship with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors. 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-cancelable term of the respective leases and any fixed-rate renewal periods.

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

Depreciation and Amortization

The costs of buildings and improvements are depreciated using the straight-line method based on the following useful lives: buildings and improvements (five to 55 years) and tenant improvements (the shorter of the lease term or the life of the asset).

Construction in Progress

Project costs directly associated with the development and construction of a real estate project are capitalized as construction in progress. In addition, interest, real estate taxes and other expenses that are directly associated with the Partnership's development activities are capitalized until the property is placed in service. Internal direct construction costs totaling \$4.8 million in 2007, \$4.9 million in 2006 and \$3.4 million in 2005 and interest totaling \$17.5 million in 2007, \$9.5 million in 2006 and \$9.6 million in 2005 were capitalized related to development of certain Properties and land holdings.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standard No. 144 (SFAS 144), *Accounting for the Impairment or Disposal of Long-Lived Assets*, provides a single accounting model for long-lived assets as held-for-sale, broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations and changes the timing of recognizing losses on such operations.

In accordance with SFAS 144, long-lived assets, such as real estate investments and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future

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cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The other assets and liabilities related to assets classified as held-for-sale are presented separately in the consolidated balance sheet. The Partnership had no properties classified as held for sale at December 31, 2007. As of December 31, 2006, the Partnership had two properties classified as held for sale.

Cash and Cash Equivalents

Cash and cash equivalents are highly-liquid investments with original maturities of three months or less. The Partnership maintains cash equivalents in financial institutions in excess of insured limits, but believes this risk is mitigated by only investing in or through major financial institutions.

Restricted Cash

Restricted cash consists of cash held as collateral to provide credit enhancement for the Partnership's mortgage debt, cash for property taxes, capital expenditures and tenant improvements. Restricted cash is included in other assets discussed below.

Accounts Receivable

Leases with tenants are accounted for as operating leases. Minimum annual rentals under tenant leases are recognized on a straight-line basis over the term of the related lease. The cumulative difference between lease revenue recognized under the straight-line method and contractual lease payment terms is recorded as accrued rent receivable, net on the accompanying balance sheets. Included in current tenant receivables are tenant reimbursements which are comprised of amounts recoverable from tenants for common area maintenance expenses and certain other recoverable expenses that are recognized as revenue in the period in which the related expenses are incurred. As of December 31, 2007, no tenant represented more than 10% of accounts receivable. As of December 31, 2006, one tenant represented approximately 17% of accounts receivable, a significant portion of which is for reimbursements in connection with a tenant improvement project.

Tenant receivables and accrued rent receivables are carried net of the allowances for doubtful accounts of \$3.8 million and \$6.4 million in 2007, respectively, and \$4.5 million and \$4.8 million in 2006, respectively. The allowance is an estimate based on two calculations that are combined to determine the total amount reserved. First, the Partnership evaluates specific accounts where it has determined that a tenant may have an inability to meet its financial obligations. In these situations, the Partnership uses its judgment, based on the facts and circumstances, and records a specific reserve for that tenant against amounts due to reduce the receivable to the amount that the Partnership expects to collect. These reserves are reevaluated 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. These percentages are based on historical collection and write-off experience. If the financial condition of the Partnership's tenants were to deteriorate, additional allowances may be required.

Investments in Unconsolidated Real Estate Ventures

The Partnership accounts for its investments in unconsolidated Real Estate Ventures under the equity method of accounting as it is not the primary beneficiary (for VIE's) and the Partnership exercises significant influence, but does not control these entities under the provisions of the entities' governing agreements pursuant to EITF 04-05. These investments are recorded initially at cost, as Investments in Real Estate Ventures, and subsequently adjusted for equity in earnings and cash contributions and distributions.

On a periodic basis, management assesses whether there are any indicators that the value of the Partnership's investments in unconsolidated Real Estate Ventures may be other than temporarily impaired. An investment is impaired only if the value of the investment, as estimated by management, is less than the

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carrying value of the investment. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the value of the investment, as estimated by management.

To the extent that the Partnership acquires an interest in or contributes assets to a Real Estate Venture project, the difference between the Partnership's cost basis in the investment in venture and in the assets, intangibles and liabilities of the Real Estate Venture is amortized over the life of the related assets, intangibles and liabilities and such adjustment is included in the Partnership's share of equity in income of unconsolidated ventures.

Deferred Costs

Costs incurred in connection with property leasing are capitalized as deferred leasing costs. Deferred leasing costs consist primarily of leasing commissions and internal leasing costs that are amortized on the straight-line method over the life of the respective lease which generally ranges from one to 15 years. Management re-evaluates the remaining useful lives of leasing costs as economic and market conditions change.

Costs incurred in connection with debt financing are capitalized as deferred financing costs and charged to interest expense over the terms of the related debt agreements. Deferred financing costs consist primarily of loan fees which are amortized over the related loan term. Management re-evaluates the remaining useful lives of financing costs as economic and market conditions change.

Other Assets

As of December 31, 2007, other assets included prepaid real estate taxes of \$8.0 million, prepaid insurance of \$5.7 million, marketable securities of \$3.2 million, deposits on properties expected to be purchased in 2008 totaling \$1.6 million, a tenant allowance totalling \$8.0 million, cash surrender value of life insurance of \$7.7 million, furniture, fixtures and equipment of \$7.2 million, restricted cash of \$17.2 million and \$16.0 million of other assets. Also included in this balance are a \$3.1 million note receivable with a 20 year amortization period for principal and interest (balloon payment in March 2008) that bears interest at 8.5% and an \$7.8 million note receivable with a 20 year amortization period for principal and interest (balloon payment in December 2008) that bears interest at 8.5%.

As of December 31, 2006, other assets included a direct financing lease of \$14.6 million, prepaid real estate taxes of \$9.7 million, prepaid insurance of \$4.4 million, marketable securities of \$6.8 million, deposits on properties expected to be purchased in 2007 totaling \$2.2 million, cash surrender value of life insurance of \$11.6 million, furniture, fixtures and equipment of \$6.8 million, restricted cash of \$22.6 and \$18.4 million of other assets. Also included in this balance are a \$4.3 million note receivable with a 20 year amortization period for principal and interest (balloon payment in March 2008) that bears interest at 8.5% and an \$8.0 million note receivable with a 20 year amortization period for principal and interest (balloon payment in December 2008) that bears interest at 8.5%.

Revenue Recognition

Rental revenue is recognized 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. The cumulative difference between lease revenue recognized under this method and contractual lease payment terms is recorded as accrued rent receivable on the accompanying balance sheets. The straight-line rent adjustment increased revenue by approximately \$25.0 million in 2007, \$31.3 million in 2006 and \$15.0 million in 2005. Deferred rents on the balance sheet represent rental revenue received prior to their due dates and amounts paid by the tenant for certain improvements considered to be landlord assets that will remain the Partnership's property at the end of the tenant's lease term. The amortization of these amounts paid by the tenant for such improvements is calculated on a straight-line basis over the term of the tenant's lease and is a component of straight-line rental income and increased revenue by \$3.3 million in 2007 and \$1.3 million in 2006. Leases also typically provide for tenant reimbursement of a portion of common area maintenance and other operating expenses to the extent

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that a tenant's pro rata share of expenses exceeds a base year level set in the lease. Other income is recorded when earned and is primarily comprised of termination fees received from tenants, bankruptcy settlement fees, third party leasing commissions, and third party management fees. During 2007, 2006, and 2005, the Partnership earned \$10.2 million, \$7.8 million, and \$6.1 million in termination fees.

No tenant represented greater than 10% of the Partnership's rental revenue in 2007, 2006 or 2005.

Income Taxes

No federal or state income taxes are payable by the Partnership, and accordingly, no provision for taxes has been made in the accompanying consolidated financial statements. The partners are to include their respective share of the Partnership's profits or losses in their individual tax returns. The 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 Partnership profits or losses, then the tax liability of the partners would be changed accordingly. The Partnership has several subsidiary real estate investment trusts (REITs) that have elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the Code). In order to maintain their qualification as a REIT, the REIT subsidiaries are required to, among other things, distribute at least 90% of its REIT taxable income to its stockholders and meet certain tests regarding the nature of its income and assets. The REIT subsidiaries are not subject to federal income tax with respect to the portion of its 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 entities. The REIT subsidiaries 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 one of the REIT subsidiaries were to fail to meet these requirements, the REIT subsidiaries would be subject to federal income tax. The Partnership is subject to certain state and local taxes. Provision for such taxes has been included in general and administrative expenses in the Partner's Consolidated Statements of Operations and Comprehensive Income. The tax basis in the Partnership's assets was \$4.5 billion as of December 31, 2007 and \$4.2 billion as of December 31, 2006.

The Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Company's ordinary income and (b) 95% of the Company's net capital gain exceeds cash distributions and certain taxes paid by the Company. No excise tax was incurred in 2007, 2006, or 2005.

The Partnership may elect to treat one or more of its subsidiaries as a taxable REIT subsidiary (TRS). In general, a TRS of the Partnership may perform additional services for tenants of the Partnership 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 Partnership 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. At December 31, 2007, the Partnership's TRSs had tax net operating loss (NOL) carryforwards of approximately \$2.5 million, expiring from 2013 to 2027. The Partnership has ascribed a full valuation allowance to its net deferred tax assets.

The Operating Partnership adopted the provisions of FASB interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109 (FIN 48)* on January 1, 2007 as a result of the implementation of FIN 48, the Operating Partnership recognized no material adjustments regarding our tax accounting treatment. The Operating Partnership expects to recognize interest and penalties, to the extent incurred related to uncertainty tax positions if any, as income tax expense, which would be included in general and administrative expense.

Earnings Per Share

Basic earnings per Common Partnership Unit is calculated by dividing income allocated to Common Partnership Unit by the weighted-average number of units outstanding during the period. Diluted earnings per Common Partnership Unit includes the effect of common partnership unit equivalents outstanding during the period.

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The Partnership Agreement provides for the issuance by the Partnership to its general partner, the Company, of a number of Common Partnership Units equal to the number of common shares issued by the Company, the net proceeds of which are contributed to the Partnership. When the Company issues common shares under its equity-based compensation plan, the Partnership issues to the Company an equal number of Common Partnership Units. The Company maintains shareholder-approved equity incentive plans. The Compensation Committee of the Company's Board of Trustees authorizes awards under these plans. In May 2007, the Company's shareholders approved an amendment to the Company's Amended and Restated 1997 Long-Term Incentive Plan (the "1997 Plan"). The amendment provided for the merger of the Prentiss Properties Trust 2005 Share Incentive Plan (the "Prentiss 2005 Plan") with and into the 1997 Plan, thereby transferring into the 1997 Plan all of the shares that remained available for award under the Prentiss 2005 Plan. The Company had previously assumed the Prentiss 2005 Plan, together with other Prentiss incentive plans, as part of the Company's January 2006 acquisition of Prentiss Properties Trust ("Prentiss"). The 1997 Plan reserves 500,000 common shares solely for awards under options and share appreciation rights that have an exercise or strike price at least equal to the market price of the common shares on the date of award and the remaining shares under the 1997 Plan are available for any type of award, including restricted share and performance share awards and options. Incentive stock options may not be granted with an exercise price that is lower than the market price of the common shares on the grant date. All options awarded by the Company to date are non-qualified stock options that generally had an initial vesting schedule that ranged from two to ten years. As of December 31, 2007, approximately 4.1 million common shares remained available for future award under the 1997 Plan (including the 500,000 shares that are limited to option awards as described above, and without giving effect to any shares that would become available for awards if and to the extent that outstanding awards lapse, expire or are forfeited). On January 1, 2002, the Partnership began to expense the fair value of stock-based compensation awards granted subsequent to January 1, 2002, over the applicable vesting period as a component of general and administrative expenses in the Partnership's consolidated Statements of Operations. The Partnership recognized stock-based compensation expense of \$4,672,000 in 2007, \$3,447,000 in 2006 and \$2,764,000 in 2005.

Comprehensive Income

Comprehensive income or loss is recorded in accordance with the provisions of SFAS 130 ("SFAS 130"), *Reporting Comprehensive Income*. SFAS 130 establishes standards for reporting comprehensive income and its components in financial statements. Comprehensive income includes unrealized gains and losses on available-for-sale securities and the effective portions of changes in the fair value of derivatives.

Accounting for Derivative Instruments and Hedging Activities

The Partnership accounts for its derivative instruments and hedging activities under SFAS No. 133 ("SFAS 133"), *Accounting for Derivative Instruments and Hedging Activities*, and its corresponding amendments under SFAS No. 138, *Accounting for Certain Derivative Instruments and Hedging Activities - An Amendment of SFAS 133*. SFAS 133 requires the Partnership to measure every derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheet as either an asset or liability. For derivatives designated as fair value hedges, the changes in fair value of both the derivative instrument and the hedged item are recorded in earnings. For derivatives designated as cash flow hedges, the effective portions of changes in the fair value of the derivative are reported in other comprehensive income. Changes in fair value of derivative instruments and ineffective portions of hedges are recognized in earnings in the current period. During 2007, the Partnership recognized \$0.2 million in the statement of operations for the ineffective portion of its cash flow hedges and \$3.7 million upon termination of certain of its cash flow hedges. For the years ended December 31, 2006 and 2005, the Partnership was not party to any derivative contract designated as a fair value hedge and there are no ineffective portions of our cash flow hedges. See Note 8.

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The Partnership actively manages its ratio of fixed-to-floating rate debt. To manage its fixed and floating rate debt in a cost-effective manner, the Partnership, from time to time, enters into interest rate swap agreements as cash flow hedges, under which it agrees to exchange various combinations of fixed and/or variable interest rates based on agreed upon notional amounts. See Note 8.

Reclassifications

Certain amounts have been reclassified in prior years to conform to the current year presentation. The reclassifications are primarily due to the treatment of sold properties as discontinued operations on the statement of operations for all periods presented and the reclassification of labor reimbursements received under our third party contracts to a gross presentation.

New Pronouncements

In December 2007, the FASB issued Statement No. 141 (revised 2007), *Business Combinations* (SFAS 141(R)), which establishes principles and requirements for how the acquirer shall recognize and measure in its financial statements the identifiable assets acquired, liabilities assumed, any noncontrolling interest in the acquiree and goodwill acquired in a business combination. This statement is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Partnership is currently assessing the potential impact that the adoption of SFAS 141(R) will have on its financial position and results of operations.

In December 2007, the FASB issued Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an Amendment of ARB No. 51* (SFAS 160), which establishes and expands accounting and reporting standards for minority interests, which will be recharacterized as noncontrolling interests, in a subsidiary and the deconsolidation of a subsidiary. SFAS 160 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. This statement is effective for fiscal years beginning on or after December 15, 2008. The Partnership is currently assessing the potential impact that the adoption of SFAS 160 will have on its financial position and results of operations.

In June 2007, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants (AICPA) issued Statement of Position 07-1, *Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies* (SOP 07-1). SOP 07-1 addresses when the accounting principles of the AICPA Audit and Accounting Guide *Investment Companies* must be applied by an entity and whether investment company accounting must be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting. In addition, SOP 07-1 includes certain disclosure requirements for parent companies and equity method investors in investment companies that retain investment company accounting in the parent company's consolidated financial statements or the financial statements of an equity method investor. On February 14, 2008, FSP No. SOP 07-1-1 was issued to delay indefinitely the effective date of SOP 07-1 and prohibit adoption of SOP 07-1 for an entity that has not early adopted SOP 07-1 before issuance of the final FSP. The Partnership is currently evaluating the impact and believes that the adoption of this standard will not have a material effect on its financial position and results of operations.

In February 2007, the FASB issued Statement No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159), which gives entities the option to measure eligible financial assets, financial liabilities and firm commitments at fair value on an instrument-by-instrument basis, that are otherwise not permitted to be accounted for at fair value under other accounting standards. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a firm commitment. Subsequent changes (i.e., unrealized gains and losses) in fair value must be recorded in earnings. Additionally, SFAS 159 allows for a one-time election for existing positions upon adoption, with the transition adjustment recorded to beginning retained earnings. This statement is effective for fiscal years beginning after November 15, 2007. The Partnership is currently assessing the potential impact that the adoption of SFAS 159 will have on its financial position and results of operations.

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In September 2006, the FASB issued Statement No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 provides guidance for using fair value to measure assets and liabilities. This statement clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing the asset or liability. SFAS No. 157 establishes a fair value hierarchy, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. SFAS No. 157 applies whenever other standards require assets or liabilities to be measured at fair value. SFAS No. 157 also provides for certain disclosure requirements, including, but not limited to, the valuation techniques used to measure fair value and a discussion of changes in valuation techniques, if any, during the period. This statement is effective in fiscal years beginning after November 15, 2007, except for nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value on a recurring basis, for which the effective date is fiscal years beginning after November 15, 2008. The Partnership is currently evaluating the impact and believes that the adoption of this standard will not have a material effect on its financial position and results of operations.

3. REAL ESTATE INVESTMENTS

As of December 31, 2007 and 2006, the gross carrying value of the Partnership's Properties was as follows:

	December 31,	
	2007	2006
	(amounts in thousands)	
Land	\$ 727,979	\$ 756,400
Building and improvements	3,672,638	3,807,040
Tenant improvements	412,946	363,865
	\$ 4,813,563	\$ 4,927,305

Acquisitions and Dispositions

The Partnership's acquisitions were accounted for by the purchase method. The results of each acquired property are included in the Partnership's results of operations from their respective purchase dates.

2007**DRA Joint Venture**

On December 19, 2007, the Company formed G&I Interchange Office LLC, a new joint venture (the Venture) with G&I VI Investment Interchange Office LLC (G&I VI), an investment vehicle advised by DRA Advisors LLC. The Venture included interest in 29 office properties which were located in various counties in Pennsylvania, containing an aggregate of 1,616,227 net rentable square feet. The Company transferred or contributed 100% interests in 26 properties and transferred to the Venture an 89% interest in three of the properties with the remaining 11% interest in the three properties subject to a put/call at fixed prices after three years. In connection with the formation, the Company effectively sold an 80% interest in the venture to G&I IV for cash and the venture borrowed approximately \$184.0 million in third party financing the aggregate proceeds of which were distributed to the Company. The Company used the net proceeds of these transactions of approximately \$230.9 million that it received in this transaction to reduce outstanding indebtedness under the Company's unsecured revolving credit facility.

The company was hired by the Venture to perform property management and leasing services. The joint venture agreements provide for certain control rights and participation as a joint venture partner and, based on an evaluation of control rights, the Company will not consolidate the venture subsequent to its formation.

In connection with these transactions, the Company recorded a gain as a partial sale of \$40.5 million. The Company's continuing involvement with the properties through its joint venture interest and management fees and leasing commissions represents a significant continuing involvement in the properties. Accordingly, under EITF 03-13,

Applying the Conditions in Paragraph 42 of FASB Statement No. 144 in

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Determining Whether to Report Discontinued Operations , the Company has determined that the gain on sale and the operations of the properties should not be included in discontinued operations.

Other 2007 Acquisitions and Dispositions

On November 30, 2007, the Partnership sold 111/113 Pencader Drive, an office property located in Newark, Delaware containing 52,665 net rentable square feet, for a sales price of \$5.1 million.

On November 15, 2007, the Partnership sold 2490 Boulevard of the Generals, an office property located in West Norriton, Pennsylvania containing 20,600 net rentable square feet, for a sales price of \$1.5 million.

On September 7, 2007, the Partnership sold Iron Run Land, seven land parcels located in Lehigh County, Pennsylvania containing an aggregate 51.5 acres of land, for an aggregate sales price of \$6.6 million.

On July 19, 2007, the Partnership acquired the United States Post Office building, an office property located in Philadelphia, Pennsylvania containing 862,692 net rentable square feet, for an aggregate purchase price of \$28.0 million. The Partnership intends to redevelop the building into office space for the Internal Revenue Service (IRS). As part of this acquisition, the Partnership also acquired a 90 year ground lease interest in an adjacent parcel of ground of approximately 2.54 acres, commonly referred to as the postal annex . The Partnership intends to demolish the existing structure located on the postal annex and to rebuild a parking facility containing approximately 733,000 square feet that will primarily be used by the IRS employees upon their move into the planned office space at the Post Office building. The remaining postal annex ground leased parcels can also accommodate additional office, retail, hotel and residential development and the Partnership is currently in the planning stage with respect to these parcels and is seeking specific zoning authorization related thereto.

On July 19, 2007, the Partnership acquired five office properties containing 508,607 net rentable square feet and a 4.9 acre land parcel in the Boulders office park in Richmond, Virginia for an aggregate purchase price of \$96.3 million. The Partnership funded \$36.6 million of the purchase price using the remaining proceeds from the sale of the 10 office properties located in Reading and Harrisburg, Pennsylvania in March 2007.

On May 10, 2007, the Partnership acquired Lake Merritt Tower, an office property located in Oakland, California containing 204,278 net rentable square feet for an aggregate purchase price of \$72.0 million. A portion of the proceeds from the sale of the 10 office properties located in Reading and Harrisburg, Pennsylvania in March 2007 was used to fully fund this purchase.

On April 30, 2007, the Partnership sold Cityplace Center, an office property located in Dallas, Texas containing 1,295,832 net rentable square feet, for a sales price of \$115.0 million.

On March 30, 2007, the Partnership sold 10 office properties located in Reading and Harrisburg, Pennsylvania containing 940,486 net rentable square feet, for an aggregate sales price of \$112.0 million. The Partnership structured this transaction to qualify as a like-kind exchange under Section 1031 of the Internal Revenue Code and the cash from the sale was held by a qualified intermediary for purposes of accomplishing the like-kind exchange as noted in the above transactions.

On March 30, 2007, the Partnership sold 1007 Laurel Oak, an office property located in Voorhees, New Jersey containing 78,205 net rentable square feet, for a sales price of \$7.0 million.

On March 1, 2007, the Partnership acquired the remaining 49% interest in a consolidated real estate venture previously owned by Stichting Pensioenfonds ABP containing ten office properties for a purchase price of \$63.7 million. The Partnership owned a 51% interest in this real estate venture through the acquisition of Prentiss in January 5, 2006 and had already consolidated this venture. This purchase was accounted for as a step acquisition and the difference between the purchase price of the minority interest and the carrying value of the pro rata share of the assets of the real estate venture was allocated to the real estate venture s assets and liabilities based on their relative fair value.

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On January 31, 2007, the Partnership sold George Kachel Farmhouse, an office property located in Reading, Pennsylvania containing 1,664 net rentable square feet, for a sales price of \$0.2 million.

On January 19, 2007, the Partnership sold four office properties located in Dallas, Texas containing 1,091,186 net rentable square feet and a 4.7 acre land parcel, for an aggregate sales price of \$107.1 million.

On January 18, 2007, the Partnership sold Norriton Office Center, an office property located in East Norriton, Pennsylvania containing 73,394 net rentable square feet, for a sales price of \$7.8 million.

2006

Prentiss Acquisition

On January 5, 2006, the Partnership acquired Prentiss pursuant to the Merger Agreement that the Partnership entered into with Prentiss on October 3, 2005. In conjunction with the Partnership's acquisition of Prentiss, designees of The Prudential Insurance Partnership of America (Prudential) acquired certain of Prentiss' properties that contain an aggregate of approximately 4.32 million net rentable square feet for a total consideration of approximately \$747.7 million. Through its acquisition of Prentiss (and after giving effect to the Prudential acquisition of certain of Prentiss' properties), the Partnership acquired a portfolio of 79 office properties (including 13 properties that are owned by consolidated Real Estate Ventures and 7 properties that are owned by an unconsolidated Real Estate Venture) that contain an aggregate of 14.0 million net rentable square feet. The results of the operations of Prentiss have been included in the Partnership's condensed consolidated financial statements since January 5, 2006.

The Partnership funded the approximately \$1.05 billion cash portion of the merger consideration, related transaction costs and prepayments of approximately \$543.3 million in Prentiss mortgage debt at the closing of the merger through (i) a \$750 million unsecured term loan that matured on January 4, 2007; (ii) approximately \$676.5 million of cash from Prudential's acquisition of certain of the Prentiss properties; and (iii) approximately \$195.0 million through borrowing under a revolving credit facility.

The following table summarizes the fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

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	At January 5, 2006
Real estate investments	
Land - operating	\$ 282,584
Building and improvements	1,942,728
Tenant improvements	120,610
Construction in progress and land inventory	57,329
Total real estate investments acquired	2,403,251
Rent receivables	6,031
Other assets acquired:	
Intangible assets:	
In-place leases	187,907
Relationship values	98,382
Above-market leases	26,352
Total intangible assets acquired	312,641
Investment in real estate ventures	66,921
Investment in marketable securities	193,089
Other assets	8,868
Total other assets	581,519
Total assets acquired	2,990,801
Liabilities assumed:	
Mortgage notes payable	532,607
Unsecured notes	78,610
Secured note payable	186,116
Security deposits and deferred rent	6,475
Other liabilities:	
Below-market leases	78,911
Other liabilities	43,995
Total other liabilities assumed	122,906
Total liabilities assumed	926,714
Minority interest	104,658
Net assets acquired	\$ 1,959,429

In the acquisition of Prentiss, each then outstanding Prentiss common share was converted into the right to receive 0.69 of a Brandywine common share and \$21.50 in cash (the Per Share Merger Consideration) except that 497,884 Prentiss common shares held in the Prentiss Deferred Compensation Plan converted solely into 720,737 Brandywine common shares. In addition, each then outstanding unit (each, a Prentiss OP Unit) of limited partnership interest in the Prentiss operating partnership subsidiary was, at the option of the holder, converted into Prentiss Common Shares with the right to receive the Per Share Merger Consideration or 1.3799 Class A Units of the Operating Partnership

(Brandywine Class A Units). Accordingly, based on 49,375,723 Prentiss common shares outstanding and 139,000 Prentiss OP Units electing to receive merger consideration at closing of the acquisition, the Partnership issued 34,541,946 Brandywine common shares and paid an aggregate of approximately \$1.05 billion in cash to the accounts of the former Prentiss shareholders. Based on 1,572,612 Prentiss OP Units outstanding at closing of the acquisition that did not elect to receive merger consideration, the Operating Partnership issued 2,170,047 Brandywine Class A Units. In addition, options issued by Prentiss that were exercisable for an aggregate of 342,662 Prentiss common shares were converted into options exercisable for an aggregate of 496,037 Brandywine common shares at a weighted average exercise price of \$22.00 per share. Through its acquisition of Prentiss the Partnership also assumed approximately \$611.2 million in aggregate principal amount of Prentiss debt.

Each Brandywine Class A Unit that was issued in the merger is subject to redemption at the option of the holder. The Operating Partnership may, at its option, satisfy the redemption either for an amount, per unit, of cash equal to the then market price of one Brandywine common share (based on the prior ten-day trading average) or for one Brandywine common share.

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For purposes of computing the total purchase price reflected in the financial statements, the common shares, operating units, restricted shares and options that were issued in the Prentiss transaction were valued based on the average trading price per Brandywine common share of \$29.54. The average trading price was based on the average of the high and low trading prices for each of the two trading days before, the day of and the two trading days after the merger was announced (i.e., September 29, September 30, October 3, October 4 and October 5).

The Partnership considered the provisions of FIN 47 for these acquisitions and, where necessary, recorded a conditional asset retirement obligation as part of the purchase price. The aggregate asset retirement recorded in connection with the Prentiss acquisition was approximately \$2.7 million.

Pro forma information relating to the acquisition of Prentiss is presented below as if Prentiss was acquired and the related financing transactions occurred on January 1, 2006 and 2005. These pro forma results are not necessarily indicative of the results which actually would have occurred if the acquisition had occurred on the first day of the periods presented, nor does the pro forma financial information purport to represent the results of operations for future periods (in thousands, except per share amounts):

	December 31,	
	2006	2005
	(unaudited)	
Pro forma revenue	\$ 633,689	\$ 628,084
Pro forma loss from continuing operations	(19,610)	(24,912)
Pro forma loss allocated to common shares	2,999	(22,558)
Earnings per common share from continuing operations		
Basic as reported	\$ 0.30	\$ 0.44
Basic as pro forma	\$ 0.29	\$ (0.36)
Diluted as reported	\$ 0.30	\$ 0.44
Diluted as pro forma	\$ 0.29	\$ 0.36
Earnings per common share		
Basic as reported	\$ 0.03	\$ 0.62
Basic as pro forma	\$ 0.03	\$ 0.25
Diluted as reported	\$ 0.03	\$ 0.62
Diluted as pro forma	\$ 0.03	\$ 0.24

Subsequent to its acquisition of Prentiss and the related sale of certain properties to Prudential, the Partnership sold seventeen of the acquired properties that contain an aggregate of 2.9 million net rentable square feet and one parcel of land containing 10.9 acres.

Other Acquisitions and Dispositions

In addition to the acquisition and disposition activity related to Prentiss, during 2006, the Partnership did the following:

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On December 18, 2006, the Partnership sold 105/140 Terry Drive, an office property located in Newtown, Pennsylvania containing 128,666 net rentable square feet, for a sales price of \$16.2 million.

On December 1, 2006, the Partnership sold a parcel of land located in Newtown, Pennsylvania containing 59.0 acres, for a sales price of \$19.0 million.

On November 16, 2006, the Partnership acquired 2251 Corporate Park Drive, an office property located in Herndon, Virginia containing 158,016 net rentable square feet, for a purchase price of \$59.0 million.

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On November 15, 2006, the Partnership sold 5 and 6 Cherry Hill Executive Campus, two office properties located in Cherry Hill, New Jersey containing an aggregate of 167,017 net rentable square feet, for an aggregate sales price of \$17.6 million.

On August 28, 2006, the Partnership sold 111 Presidential Boulevard, an office property located in Bala Cynwyd, Pennsylvania containing 172,894 net rentable square feet, for a sales price of \$34.9 million.

On August 21, 2006, the Partnership acquired 2340 and 2355 Dulles Corner Boulevard, two office properties located in Herndon, Virginia containing an aggregate of 443,581 net rentable square feet, for an aggregate purchase price of \$133.2 million.

On July 12, 2006, the Partnership sold 110 Summit Drive, an office property located in Exton, Pennsylvania containing 43,660 net rentable square feet, for a sales price of \$3.7 million.

On June 27, 2006, the Partnership acquired a parcel of land located in Goochland County, Virginia containing 23.2 acres, for a purchase price of \$4.6 million.

On June 21, 2006, the Partnership sold a parcel of land located in Westampton, New Jersey containing 5.5 acres, for a sales price of \$0.4 million.

On April 21, 2006, the Partnership acquired a parcel of land located in Newtown, Pennsylvania containing 5.5 acres, for a purchase price of \$1.9 million.

On April 20, 2006, the Partnership sold a parcel of land located in Radnor, Pennsylvania containing 1.3 acres, for a sales price of \$4.5 million.

On April 17, 2006, the Partnership acquired a parcel of land located in Mount Laurel, New Jersey containing 47.9 acres, for a purchase price of \$6.7 million.

On April 4, 2006, the Partnership acquired One Paragon Place, an office property located in Richmond, Virginia containing 145,127 net rentable square feet, for a purchase price of \$24.0 million.

On February 1, 2006, the Partnership acquired 100 Lenox Drive, an office property located in Lawrenceville, New Jersey containing 92,980 net rentable square feet, for a purchase price of \$10.2 million.

2005

During 2005, the Partnership acquired one industrial property containing 385,884 net rentable square feet, two office properties containing 283,511 net rentable square feet and 36.4 acres of developable land for an aggregate purchase price of \$94.5 million. The Partnership sold the industrial property acquired in 2005 containing 385,884 net rentable square feet and three parcels of land containing 18.0 acres for an aggregate \$30.2 million, realizing net gains totaling \$6.8 million.

4. INVESTMENT IN UNCONSOLIDATED VENTURES

As of December 31, 2007, we had an aggregate investment of approximately \$71.6 million in 14 unconsolidated Real Estate Ventures (net of returns of investment). We formed these ventures with unaffiliated third parties, or acquired them, to develop office properties or to acquire land in anticipation of possible development of office properties. Ten of the Real Estate Ventures own 44 office buildings that contain an aggregate of approximately 4.4 million net rentable square feet, one Real Estate Venture developed a hotel property that contains 137 rooms, one Real Estate Venture constructed and sold condominiums in Charlottesville, VA and two Real Estate Ventures are in the planning stages of office developments in Conshohocken, PA and Charlottesville, VA.

The Partnership also has investments in three Real Estate Ventures that are variable interest entities under FIN 46R and of which the Partnership is the primary beneficiary, and one investment in a Real Estate

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Venture for which the Partnership serves as the general partner and the limited partner does not have substantive participating rights. These entities are consolidated by the Partnership.

The Partnership accounts for its unconsolidated interests in its Real Estate Ventures using the equity method.

Unconsolidated interests range from 5% to 50%, subject to specified priority allocations in certain of the Real Estate Ventures.

The amounts reflected in the following tables (except for carrying amount and the Partnership's share of equity and income) are based on the historical financial information of the individual Real Estate Ventures. One of the Real Estate Ventures, acquired in connection with the Prentiss acquisition, had a negative equity balance on a historical cost basis as a result of historical depreciation and distribution of excess financing proceeds. The Partnership reflected its acquisition of this Real Estate Venture interest at its relative fair value as of the date of the purchase of Prentiss.

The difference between allocated cost and the underlying equity in the net assets of the investee is accounted for as if the entity were consolidated (i.e., allocated to the Partnership's relative share of assets and liabilities with an adjustment to recognize equity in earnings for the appropriate additional depreciation/amortization).

The Partnership's investment in Real Estate Ventures as of December 31, 2007 and the Partnership's share of the Real Estate Ventures' income (loss) for the year ended December 31, 2007 was as follows (in thousands):

	Ownership Percentage (1)	Carrying Amount	Partnership's Share of 2007			
			Real Estate Venture Income (Loss)	Real Estate Venture Debt at 100%	Current Interest Rate	Debt Maturity
Two Tower Bridge Associates	35%	\$ 2,287	\$ (344)	\$ 11,816	6.82%	May-08
Five Tower Bridge Associates	15%	162		29,260	6.77%	Feb-09
Seven Tower Bridge Associates	10%	299			N/A	N/A
Eight Tower Bridge Associates	5.5%	(198)		68,464	7.68%	Feb-12
1000 Chesterbrook Boulevard	50%	2,333	669	26,410	6.88%	Nov-11
PJP Building Two, LC	30%	177	124	5,107	6.12%	Nov-23
PJP Building Three, LC	25%	(26)			N/A	N/A
PJP Building Five, LC	25%	148	54	6,380	6.47%	Aug-19
PJP Building Six, LC	25%	96	21	8,033	6.35%	6/1/2009
PJP Building Seven, LC	25%	75		1,296	6.35%	Oct-10
Macquarie BDN Christina LLC	20%	2,854	1,228	74,500	4.62%	Jan-09
Broadmoor Austin Associates	50%	62,775	680	109,020	5.79%	Apr-11
Residence Inn Tower Bridge	50%	616	472	14,480	5.63%	Feb-16
G&I Interchange Office LLC (DRA) (2)	20%			184,000	5.78%	Jan-15
Invesco, L.P. (3)	35%		4,051		N/A	N/A
		\$71,598	\$ 6,955	\$538,766		

(1) Ownership percentage represents the Partnership's entitlement to residual distributions

after payments of priority returns, where applicable.

- (2) See Note 3 - Real Estate Investments for description of formation of the Venture. The Partnership retained a 20% interest and received distributions from financing in excess of its basis. The Partnership has no commitment to fund and no expectation of operating losses, accordingly, the Partnership's carrying value has not been reduced below zero.

- (3) The Partnership's interest consists solely of a residual profits interest. This distribution represents the Partnership's final distribution from the Venture and, therefore, it is no longer included in our total real estate venture count.

The following is a summary of the financial position of the unconsolidated Real Estate Ventures in which the Partnership had investment interests as of December 31, 2007 and 2006 (in thousands):

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	December 31,	
	2007	2006
Net property	\$630,327	\$365,168
Other assets	63,458	52,935
Other Liabilities	34,149	28,764
Debt	538,766	332,589
Equity	120,870	56,888
Company's share of equity (Company basis)	71,598	74,574

The following is a summary of results of operations of the unconsolidated Real Estate Ventures in which the Partnership had interests as of December 31, 2007, 2006 and 2005 (in thousands):

	Year ended December 31,		
	2007	2006	2005
Revenue	\$75,541	\$70,381	\$59,346
Operating expenses	25,724	26,878	29,387
Interest expense, net	21,442	21,711	12,324
Depreciation and amortization	15,526	17,808	9,359
Net income	12,849	5,176	8,276
Company's share of income (Company basis)	6,955	2,165	3,172

As of December 31, 2007, the aggregate principal payments of non-recourse debt payable to third-parties is as follows (in thousands):

2008	\$ 16,653
2009	121,684
2010	11,105
2011	106,505
2012	69,280
Thereafter	213,539
	\$ 538,766

As of December 31, 2007, the Partnership had guaranteed repayment of approximately \$0.3 million of loans on behalf of certain Real Estate Ventures. The Partnership also provides customary environmental indemnities in connection with construction and permanent financing both for its own account and on behalf of its Real Estate Ventures. For certain of the Real Estate Ventures with construction projects, the Partnership's expectation is that it will be required to fund approximately \$10.6 million of the construction costs through capital calls.

5. DEFERRED COSTS

As of December 31, 2007 and 2006, the Partnership's deferred costs were comprised of the following (in thousands):

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	December 31, 2007		
	Total	Accumulated	Deferred
	Cost	Amortization	Costs,
			net
Leasing Costs	\$ 99,077	\$ (31,259)	\$ 67,818
Financing Costs	27,597	(8,292)	19,305
Total	\$ 126,674	\$ (39,551)	\$ 87,123

	December 31, 2006		
	Total	Accumulated	Deferred
	Cost	Amortization	Costs,
			net
Leasing Costs	\$ 83,629	\$ (28,278)	\$ 55,351
Financing Costs	24,648	(6,291)	18,357
Total	\$ 108,277	\$ (34,569)	\$ 73,708

During 2007, 2006 and 2005, the Partnership capitalized internal direct leasing costs of \$8.2 million, \$8.3 million and \$4.7 million, respectively, in accordance with SFAS No. 91 and related guidance.

6. **INTANGIBLE ASSETS AND LIABILITIES**

As of December 31, 2007 and 2006, the Partnership's intangible assets/liabilities were comprised of the following (in thousands):

	December 31, 2007		
	Total	Accumulated	Deferred
	Cost	Amortization	Costs,
			net
In-place lease value	\$ 180,456	\$ (65,742)	\$ 114,714
Tenant relationship value	121,094	(32,895)	88,199
Above market leases acquired	29,337	(14,101)	15,236
Total	\$ 330,887	\$ (112,738)	\$ 218,149
Below market leases acquired	\$ 103,825	\$ (36,544)	\$ 67,281

	December 31, 2006		
	Total	Accumulated	Deferred
	Cost	Amortization	Costs,
			net
In-place lease value	\$ 207,513	\$ (52,293)	\$ 155,220

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Tenant relationship value	124,605	(19,572)	105,033
Above market leases acquired	32,667	(11,669)	20,998
Total	\$ 364,785	\$ (83,534)	\$ 281,251
Below market leases acquired	\$ 118,536	\$ (26,009)	\$ 92,527

For the years ended December 31, 2007, 2006, and 2005 the Partnership wrote-off \$4.1 million, \$1.2 million, and \$1.1 million, respectively of intangible assets as a result of tenant move-outs prior to the end of the associated lease terms. During 2007, the Partnership wrote off approximately \$0.4 million and approximately \$0.1 million of intangible liabilities as a result of tenant move-outs in each of the years ending December 31, 2006, and 2005.

As of December 31, 2007, the Partnership's annual amortization for its intangible assets/liabilities are as follows (in thousands, assumes no early terminations):

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	Assets	Liabilities
2008	\$ 48,725	\$ 14,904
2009	42,377	11,984
2010	35,344	9,567
2011	27,358	7,841
2012	21,067	6,899
Thereafter	43,278	16,086
Total	\$ 218,149	\$ 67,281

7. DEBT OBLIGATIONS

The following table sets forth information regarding the Partnership's mortgage indebtedness outstanding at December 31, 2007 and 2006 (in thousands):

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Property / Location			Effective	
	December 31, 2007	December 31, 2006	Interest Rate	Maturity Date
Interstate Center	\$	\$ 552	6.19%	Mar-07
The Bluffs		10,700	6.00%(a)	Apr-07
Pacific Ridge		14,500	6.00%(a)	Apr-07
Pacific View/Camino		26,000	6.00%(a)	Apr-07
Computer Associates Building		31,000	6.00%(a)	Apr-07
Presidents Plaza		30,900	6.00%(a)	Apr-07
440 & 442 Creamery Way		5,421	8.55%	May-07
Grande A		59,513	7.48%	Jul-07
Grande B		77,535	7.48%	Jul-07
481 John Young Way		2,294	8.40%	Dec-07
400 Commerce Drive	11,575	11,797	7.12%	Jun-08
Two Logan Square	70,124	71,348	5.78%(a)	Jul-09
200 Commerce Drive	5,765	5,841	7.12%(a)	Jan-10
1333 Broadway	23,997	24,418	5.18%(a)	May-10
The Ordway	45,509	46,199	7.95%(a)	Aug-10
World Savings Center	27,142	27,524	7.91%(a)	Nov-10
Plymouth Meeting Exec.	43,470	44,103	7.00%(a)	Dec-10
Four Tower Bridge	10,518	10,626	6.62%	Feb-11
Arboretum I, II, III & V	22,225	22,750	7.59%	Jul-11
Midlantic Drive/Lenox Drive/DCC I	61,276	62,678	8.05%	Oct-11
Research Office Center	41,527	42,205	7.64%(a)	Oct-11
Concord Airport Plaza	37,570	38,461	7.20%(a)	Jan-12
Six Tower Bridge	14,472	14,744	7.79%	Aug-12
Newtown Square/Berwyn Park/Libertyview	62,125	63,231	7.25%	May-13
Coppell Associates	3,512	3,737	6.89%	Dec-13
Southpoint III	4,426	4,949	7.75%	Apr-14
Tysons Corner	100,000	100,000	4.84%(a)	Aug-15
Coppell Associates	16,600	16,600	5.75%	Feb-16
Principal balance outstanding	601,833	869,626		
Plus: unamortized fixed-rate debt premiums, net	10,065	14,294		
Total mortgage indebtedness	\$ 611,898	\$ 883,920		

UNSECURED DEBT:

Sweep Agreement Line	10,727		Libor + 0.75%	Mar-08
Private Placement Notes due 2008	113,000	113,000	4.34%	Dec-08
2009 Three Year Notes		300,000	Libor + 0.45%	Apr-09
2009 Five Year Notes	275,000	275,000	4.62%	Nov-09

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Bank Term Loan	150,000		Libor + 0.80%	Oct-10
2010 Five Year Notes	300,000	300,000	5.61%	Dec-10
Line-of-Credit	120,000	60,000	Libor + 0.725%	Jun-11
3.875% Exchangeable Notes	345,000	345,000	3.87%	Oct-11
2012 Six Year Notes	300,000	300,000	5.77%	Apr-12
2014 Ten Year Notes	250,000	250,000	5.53%	Nov-14
2016 Ten Year Notes	250,000	250,000	5.95%	Apr-16
2017 Ten Year Notes	300,000		5.72%	May-17
Indenture IA (Preferred Trust I)	27,062	27,062	Libor + 1.25%	Mar-35
Indenture IB (Preferred Trust I)	25,774	25,774	Libor + 1.25%	Apr-35
Indenture II (Preferred Trust II)	25,774	25,774	Libor + 1.25%	Jul-35
Principal balance outstanding	2,492,337	2,271,610		
Plus: unamortized fixed-rate debt discounts, net	(3,266)	(3,300)		
Total unsecured indebtedness	\$ 2,489,071	\$ 2,268,310		
Total Debt Obligations	\$ 3,100,969	\$ 3,152,230		

(b) Loans were assumed upon acquisition of the related property. Interest rates presented above reflect the market rate at the time of acquisition.

The mortgage note payable balance of \$5.1 million for Norriton Office Center as of December 31, 2006, not included in the table above, is included in Mortgage notes payable and other liabilities held for sale on the balance sheet. This property was held for sale at December 31, 2006 and sold in January 2007.

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During 2007, 2006 and 2005, the Partnership's weighted-average interest rate on its mortgage notes payable was 6.74%, 6.57% and 7.17%, respectively. As of December 31, 2007 and 2006, the net carrying value of the Partnership's Properties that are encumbered by mortgage indebtedness was \$1,003.5 million and \$1,498.9 million, respectively. On April 30, 2007, the Operating Partnership completed an underwritten public offering of \$300.0 million aggregate principal amount of 5.70% unsecured notes due 2017 (the 2017 Notes). Brandywine Realty Trust guaranteed the payment of principal and interest on the 2017 Notes. The Partnership used proceeds from these notes to reduce borrowings under the Partnership's revolving credit facility.

On November 29, 2006, the Partnership irrevocably called for redemption of the \$300 million aggregate principal amount of unsecured floating rate notes due 2009 (the 2009 Notes) and repaid these notes on January 2, 2007 in accordance with the November call using proceeds from our Credit Facility. As a result of the early repayment of these notes, the Partnership incurred accelerated amortization of \$1.4 million in associated deferred financing costs in the fourth quarter 2006.

On October 4, 2006, the Operating Partnership sold \$300.0 million aggregate principal amount of unsecured 3.875% Exchangeable Guaranteed Notes due 2026 in reliance upon an exemption from registration rights under Rule 144A under the Securities Act of 1933 and sold an additional \$45 million of 3.875% Exchangeable Guaranteed Notes due 2026 on October 16, 2006 to cover over-allotments. The Operating Partnership has registered the resale of the exchangeable notes. At certain times and upon certain events, the notes are exchangeable for cash up to their principal amount and with respect to the remainder, if any, of the exchange value in excess of such principal amount, cash or the Company's common shares. The initial exchange rate is 25.4065 shares per \$1,000 principal amount of notes (which is equivalent to an initial exchange price of \$39.36 per share). The Operating Partnership may not redeem the notes prior to October 20, 2011 (except to preserve the Company's status as a REIT for U.S. federal income tax purposes), but we may redeem the notes at any time thereafter, in whole or in part, at a redemption price equal to the principal amount of the notes to be redeemed plus accrued and unpaid interest. In addition, on October 20, 2011, October 15, 2016 and October 15, 2021 as well as upon the occurrence of certain change in control transactions prior to October 20, 2011, holders of notes may require the Company to repurchase all or a portion of the notes at a purchase price equal to the principal amount plus accrued and unpaid interest. The Operating Partnership used net proceeds from the notes to repurchase approximately \$60.0 million of the Company's common stock at a price of \$32.80 per share and for general corporate purposes, including the repayment of outstanding borrowings under the Credit Facility.

On March 28, 2006, the Operating Partnership completed an underwritten public offering of (1) the 2009 Notes, (2) \$300 million aggregate principal amount of 5.75% unsecured notes due 2012 (the 2012 Notes) and (3) \$250 million aggregate principal amount of 6.00% unsecured notes due 2016 (the 2016 Notes). Brandywine Realty Trust guaranteed the payment of principal and interest on the 2009 Notes, the 2012 Notes and the 2016 Notes. The Company used proceeds from these notes to repay a term loan obtained to finance a portion of the consideration paid in the Prentiss merger and to reduce borrowings under the Company's revolving credit facility.

The Operating Partnership's indenture relating to unsecured notes contains financial restrictions and requirements, including (1) a leverage ratio not to exceed 60%, (2) a secured debt leverage ratio not to exceed 40%, (3) a debt service coverage ratio of greater than 1.5 to 1.0, and (4) an unencumbered asset value of not less than 150% of unsecured debt. In addition, the note purchase agreement relating to the Operating Partnership's \$113 million principal amount unsecured notes due 2008 contains covenants that are similar to the covenants in the indenture.

On October 15, 2007, the Partnership entered into a term loan agreement (the Term Loan Agreement) that provides for an unsecured term loan (the Term Loan) in the amount of \$150.0 million. The Partnership used the proceeds to pay down a portion of the outstanding amount on its \$600.0 million unsecured revolving credit facility. The Term Loan matures on October 18, 2010 and may be extended at the Partnership's option for two one-year periods but not beyond the maturity date of its revolving credit facility. There is no scheduled principal amortization of the Term Loan and the Partnership may prepay borrowings in whole or in part without premium or penalty. Portions of the Term Loan bear interest at a

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per annum floating rate equal to: (i) the higher of (x) the prime rate or (y) the federal funds rate plus 0.50% per annum or (ii) a London interbank offered rate that is the rate at which Eurodollar deposits for one, two, three or six months are offered plus between 0.475% and 1.10% per annum (the Libor Margin), depending on the Partnership's debt rating. The Term Loan Agreement contains financial and operating covenants. Financial covenants include minimum net worth, fixed charge coverage ratio, maximum leverage ratio, restrictions on unsecured and secured debt as a percentage of unencumbered assets and other financial tests. Operating covenants include limitations on the Partnership's ability to incur additional indebtedness, grant liens on assets, enter into affiliate transactions, and pay dividends.

The Partnership utilizes credit facility borrowings for general business purposes, including the acquisition, development and redevelopment of properties and the repayment of other debt. On June 29, 2007, the Partnership amended its \$600.0 million unsecured revolving credit facility (the Credit Facility). The amendment extended the maturity date of the Credit Facility from December 22, 2009 to June 29, 2011 (subject to an extension of one year, at the Partnership's option, upon its payment of an extension fee equal to 15 basis points of the committed amount under the Credit Facility). The amendment also reduced the per annum variable interest rate on outstanding balances from Eurodollar plus 0.80% to Eurodollar plus 0.725% per annum. In addition, the amendment reduced the facility fee paid quarterly from 20 basis points to 17.5 basis points per annum. The interest rate and facility fee are subject to adjustment upon a change in the Partnership's unsecured debt ratings. The amendment also lowered to 7.50% from 8.50% the capitalization rate used in the calculation of several of the financial covenants; increased our swing loan availability from \$50.0 million to \$60.0 million; and increased the number of competitive bid loan requests available to the Partnership from two to four in any 30 day period. Borrowings are always available to the extent of borrowing capacity at the stated rates, however, the competitive bid feature allows banks that are part of the lender consortium under the Credit Facility to bid to make loans to the Partnership at a reduced Eurodollar rate. The Partnership has the option to increase the Credit Facility to \$800.0 million subject to the absence of any defaults and the Partnership's ability to acquire additional commitments from its existing lenders or new lenders. As of December 31, 2007, the Partnership had \$120.0 million of borrowings and \$13.5 million of letters of credit outstanding under the Credit Facility, leaving \$466.5 million of unused availability. As of December 31, 2007 and 2006, the weighted-average interest rate on the Credit Facility, including the effect of interest rate hedges, was 6.25% and 5.93%, respectively. The Credit Facility requires the maintenance of ratios related to minimum net worth, debt-to-total capitalization and fixed charge coverage and includes non-financial covenants.

In April 2007, the Partnership entered into a \$20.0 million Sweep Agreement (the Sweep Agreement) to be used for cash management purposes. Borrowings under the Sweep Agreement bear interest at one-month LIBOR plus 0.75%. As of December 31, 2007 the Partnership had \$10.7 million of borrowing outstanding under the Sweep Agreement, leaving \$9.3 million of unused availability.

As of December 31, 2007, the Partnership's aggregate principal payments are as follows (in thousands):

2008	\$ 146,005
2009	354,955
2010	600,189
2011	597,261
2012	351,053
Thereafter	1,044,707
Total principal payments	\$ 3,094,170
Net unamortized premiums/discounts	6,799
Outstanding indebtedness	\$ 3,100,969

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following fair value disclosure was determined by the Partnership using available market information and discounted cash flow analyses as of December 31, 2007 and 2006, respectively. The discount rate used in calculating fair value is the sum of the current risk free rate and the risk premium on the date of acquiring or assuming the instruments or obligations. Considerable judgment is necessary to interpret market data and to develop the related estimates of fair value. Accordingly, the estimates presented are not

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necessarily indicative of the amounts that the Partnership could realize upon disposition. The use of different estimation methodologies may have a material effect on the estimated fair value amounts. The Partnership believes that the carrying amounts reflected in the Consolidated Balance Sheets at December 31, 2007 and 2006 approximate the fair values for cash and cash equivalents, accounts receivable, other assets, accounts payable, accrued expenses and borrowings under variable rate debt instruments.

The following are financial instruments for which the Partnership estimates of fair value differ from the carrying amounts (in thousands):

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgage payable, net of premiums	\$ 611,898	\$ 597,287	\$ 888,470	\$ 859,490
Unsecured Notes payable, net of discounts	\$2,129,734	\$1,996,475	\$1,829,701	\$1,826,357

9. RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS**Risk Management**

In the normal course of its on-going business operations, the Partnership encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Partnership is subject to interest rate risk on its interest-bearing liabilities. Credit risk is the risk of inability or unwillingness of tenants to make contractually required payments. Market risk is the risk of declines in the value of properties due to changes in rental rates, interest rates or other market factors affecting the valuation of properties held by the Partnership.

Use of Derivative Financial Instruments

The Partnership's use of derivative instruments is limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Partnership's operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Partnership and its affiliates may also have other financial relationships. The Partnership is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of the high credit ratings of the counterparties, the Partnership does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Partnership does not hedge credit or property value market risks through derivative financial instruments.

The Partnership formally assesses, both at inception of the hedge and on an on-going basis, whether each derivative is highly-effective in offsetting changes in cash flows of the hedged item. If management determines that a derivative is not highly-effective as a hedge or if a derivative ceases to be a highly-effective hedge, the Partnership will discontinue hedge accounting prospectively.

Outstanding Derivatives

In November 2007, the Partnership entered into an interest rate swap agreement that is designated as a cash flow hedge of interest rate risk and qualified for hedge accounting. The interest rate swap is for a notional amount of \$25.0 million at a fixed rate of 3.747% with a maturity date of October 18, 2010 and will be used to hedge the risk of interest cash outflows on unsecured variable rate debt. The hedge had a nominal fair value at December 31, 2007 that is included in other liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet.

In October 2007, the Partnership entered into an interest rate swap agreement that is designated as a cash flow hedge of interest rate risk and qualified for hedge accounting. The interest rate swap is for a notional amount of \$25.0 million at a fixed rate of 4.415% with a maturity date of October 18, 2010 and will be used to hedge the risk of interest cash outflows on unsecured variable rate debt. The fair value of the hedge at December 31, 2007 was \$(0.5) million and is included in other liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet.

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In September 2007, the Partnership entered into an interest rate swap agreement that is designated as a cash flow hedge of interest rate risk and qualified for hedge accounting. The interest rate swap has a starting notional amount of \$63.7 million increasing to a maximum amount of \$155.0 million, at a fixed rate of 4.709% with a maturity date of October 18, 2010 and will be used to hedge the risk of interest cash outflows on unsecured variable rate debt. The fair value of the hedge at December 31, 2007 was \$(2.7) million and is included in other liabilities and accumulated other comprehensive income in the accompanying consolidated balance sheet.

Terminated Derivatives

In July 2007, in anticipation of an expected debt offering, the Partnership entered into four treasury lock agreements. The treasury lock agreements were designated as cash flow hedges on interest rate risk and qualified for hedge accounting. The treasury lock agreements have an expiration of 5 years with the following trade dates, notional amounts and all-in rates:

Trade Date	Notional Amount	All-in Rate
July 10, 2007	\$50.0 million	4.984%
July 18, 2007	\$50.0 million	4.915%
July 20, 2007	\$25.0 million	4.848%
July 25, 2007	\$25.0 million	4.780%

The agreements were settled on September 21, 2007, the original termination date of each agreement, at a total cost of \$3.9 million. During the fourth quarter upon completion of the DRA transaction, the Partnership determined it was probable that the forecasted transaction would not occur and accordingly, recorded an expense for the residual balance of \$3.7 million. During the quarter ended September 30, 2007, the Partnership recorded the ineffective portion of these agreements, totaling \$0.2 million, in the accompanying consolidated statement of operations.

In March 2007, in anticipation of the offering of 2017 Notes, the Partnership entered into two treasury lock agreements. The treasury lock agreements were designated as cash flow hedges on interest rate risk and qualified for hedge accounting. Each of the treasury lock agreements were for notional amounts of \$75.0 million for an expiration of 10 years at all-in rates of 4.5585% and 4.498%. The agreements were settled in April 2007 upon completion of the offering of the 2017 Notes at a total benefit of \$1.1 million, with nominal ineffectiveness. This benefit was recorded as a component of accumulated other comprehensive income in the accompanying consolidated balance sheet and is being amortized over the term of the 2017 Notes.

In March 2006, in anticipation of the offering of the 2009 Notes, the 2012 Notes and the 2016 Notes, the Partnership entered into forward starting swaps. The forward starting swaps were designated as cash flow hedges of interest rate risk and qualified for hedge accounting. The forward starting swaps were for notional amounts totaling \$200.0 million at an all-in-rate of 5.2%. Two of the forward starting swaps had a nine year maturity date and one had a ten year maturity date. The forward starting swaps were settled in March 2006 upon the completion of the offering of the 2009, 2012, and 2016 Notes at a total benefit of approximately \$3.3 million with nominal ineffectiveness. The benefit was recorded as a component of accumulated other comprehensive income in the accompanying consolidated balance sheet and is being amortized to interest expense over the term of the unsecured notes.

The Partnership entered into two interest rate swaps in January 2006 aggregating \$90 million in notional amount as part of its acquisition of Prentiss. The instruments were used to hedge the risk of interest cash outflows on secured variable rate debt on properties that were included as part of the real estate venture in which the Partnership purchased the remaining 49% of the minority interest partner's share in March 2007. One of the swaps with a notional amount of \$20 million had a maturity date of February 1, 2010 at an all-in rate of 4.675%. The other, with a notional amount of \$70 million, had a maturity date of August 1, 2008 at an all in rate of 4.675%. The agreements were settled in April 2007 in connection with the repayment of five mortgage notes, at a total benefit of \$0.4 million with nominal ineffectiveness.

Table of Contents**Concentration of Credit Risk**

Concentrations of credit risk arise when a number of tenants related to the Partnership's investments or rental operations are engaged in similar business activities, or are located in the same geographic region, or have similar economic features that would cause their inability to meet contractual obligations, including those to the Partnership, to be similarly affected. The Partnership regularly monitors its tenant base to assess potential concentrations of credit risk. Management believes the current credit risk portfolio is reasonably well diversified and does not contain any unusual concentration of credit risk. No tenant accounted for 10% or more of the Partnership's rents during 2007, 2006 and 2005.

10. DISCONTINUED OPERATIONS

For the years ended December 31, 2007, 2006 and 2005, income from discontinued operations relates to 44 properties containing approximately 7,304,131 million net rentable square feet that the Partnership has sold since January 1, 2005.

The following table summarizes revenue and expense information for the 44 properties sold since January 1, 2005 (in thousands):

	Years Ended December 31,		
	2007	2006	2005
Revenue:			
Rents	\$ 12,844	\$ 84,064	\$ 25,750
Tenant reimbursements	1,531	6,967	1,503
Termination fees		529	
Other	214	1,151	49
Total revenue	14,589	92,711	27,302
Expenses:			
Property operating expenses	5,013	33,660	9,691
Real estate taxes	1,644	10,921	3,140
Depreciation & amortization	4,748	34,706	5,882
Total operating expenses	11,405	79,287	18,713
Operating income	3,184	13,424	8,589
Interest income		13	6
Interest expense		(840)	(445)
Income from discontinued operations before gain on sale of interests in real estate and minority interest	3,184	12,597	8,150
Net gain on sale of interests in real estate	25,743	20,243	2,196
Minority interest - partners' share of net gain on sale		(1,757)	
Minority interest - partners' share of consolidated real estate venture		(482)	
Income from discontinued operations	\$ 28,927	\$ 30,601	\$ 10,346

Discontinued operations have not been segregated in the consolidated statements of cash flows. Therefore, amounts for certain captions will not agree with respective data in the consolidated statements of operations.

11. MINORITY INTEREST IN CONSOLIDATED REAL ESTATE VENTURES

As of December 31, 2007, the Partnership owned interests in three consolidated real estate ventures that own three office properties containing approximately 0.4 million net rentable square feet. As of December 31, 2006, the Partnership owned interests in four consolidated real estate ventures that owned 15 office properties containing approximately 1.5 million net rentable square feet. On March 1, 2007, the Partnership acquired the remaining 49% interest in a real estate venture previously owned by Stichting Pensioenfonds ABP containing ten office properties for a purchase price of \$63.7 million. The Partnership owned a 51% interest in this real estate venture through the acquisition of Prentiss on January 5, 2006. Minority interest in Real Estate Ventures represents the portion of these consolidated real estate ventures not owned by the Partnership.

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The minority interests associated with certain of the Real Estate Ventures, that have finite lives under the terms of the partnership agreements represent mandatorily redeemable interests as defined in SFAS 150. As of December 31, 2007 and 2006, the aggregate book value of these minority interests in the accompanying consolidated balance sheet was \$0 and the Partnership believes that the aggregate settlement value of these interests was approximately \$8.1 million. This amount is based on the estimated liquidation values of the assets and liabilities and the resulting proceeds that the Partnership would distribute to its Real Estate Venture partners upon dissolution, as required under the terms of the respective partnership agreements. Subsequent changes to the estimated fair values of the assets and liabilities of the consolidated Real Estate Ventures will affect the Partnership's estimate of the aggregate settlement value. The partnership agreements do not limit the amount that the minority partners would be entitled to in the event of liquidation of the assets and liabilities and dissolution of the respective partnerships.

12. PARTNERS EQUITY**Earnings per Common Partnership Unit**

The following table details the number of units and net income used to calculate basic and diluted earnings per common partnership unit (in thousands, except unit and per unit amounts; results may not add due to rounding):

	For the years ended December 31,						
	2007		2006		2005		
	Basic	Diluted	Basic	Diluted	Basic	Diluted	
Income from continuing operations	\$ 29,672	\$ 29,672	\$ (19,975)	\$ (19,975)	\$ 33,667	\$ 33,667	
Income from discontinued operations	28,927	28,927	30,601	30,601	10,346	10,346	
Income allocated to Preferred Units	(7,992)	(7,992)	(7,992)	(7,992)	(7,992)	(7,992)	
	\$ 50,607	\$ 50,607	\$ 2,634	\$ 2,634	\$ 36,021	\$ 36,021	
Weighted-average common partnership units outstanding	91,170,209	91,170,209	93,703,601	93,703,601	57,852,842	57,852,842	
Options, warrants and unvested restricted stock		49,128		518,524		258,320	
Total weighted-average units outstanding	91,170,209	91,219,337	93,703,601	94,222,125	57,852,842	58,111,162	
Earnings per Common Partnership Unit							
Continuing operations	\$ 0.24	\$ 0.24	\$ (0.30)	\$ (0.30)	\$ 0.44	\$ 0.44	
Discontinued operations	0.32	0.32	0.33	0.32	0.18	0.18	

Total \$ 0.56 \$ 0.55 \$ 0.03 \$ 0.03 \$ 0.62 \$ 0.62

Common Partnership Unit and Preferred Mirror Units

The Company is the sole general partner of the Partnership and conducts substantially all its business and owns its assets through the Partnership and as a result does not have any significant assets, liabilities or operations, other than its investment in the Partnership's Units, nor does it have any employees of its own. Pursuant to the Partnership Agreement, the Partnership reimburses the Company for all expenses incurred on behalf of its operations.

The Partnership issues partnership units to the Company in exchange for the contribution of the net proceeds of any equity security issuance by the Company. The number and terms of such partnership units correspond in number and terms of the related equity securities issued by the Company. In addition, the Partnership may also issue separate classes of partnership units. Historically, the Partnership has had the following types of partnership units outstanding (i) Preferred Partnership Units which have been issued to parties other than the Company (ii) Preferred Mirror Partnership Units which have been issued to the Company and (iii) Common Partnership Units which include both interests held by the Company and those held by other limited partners. Each of these interests are described in more detail below.

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Preferred Mirror Partnership Units

In exchange for the proceeds received in corresponding offerings by the Company of preferred shares of beneficial interest, the Partnership has issued to the Company a corresponding amount of Preferred Mirror Partnership Units with terms consistent with that of the preferred securities issued by the Company.

On December 30, 2003, the Partnership issued 2,000,000 Series D Preferred Mirror Units to Brandywine Realty Trust in exchange for its contribution of the proceeds of its Series C Preferred Shares. The 2,000,000 Series D Preferred Mirror Units outstanding have an aggregate liquidation preference of \$50 million, or \$25.00 per unit. Cumulative distributions on the Series D Preferred Mirror Units are payable quarterly at an annualized rate of 7.50% of the liquidation preference. In the event that any of the Series C Preferred Shares of Brandywine Realty Trust are redeemed, which may occur at the option of Brandywine Realty Trust at any time on or after December 30, 2008, then an equivalent number of Series D Preferred Mirror Units will be redeemed.

On February 27, 2004, the Partnership issued 2,300,000 Series E Preferred Mirror Units to Brandywine Realty Trust in exchange for its contribution of the net proceeds of its Series D Preferred Shares. The 2,300,000 Series E Preferred Mirror Units outstanding have an aggregate liquidation preference of \$57.5 million, or \$25.00 per unit. Cumulative distributions on the Series E Preferred Mirror Units are payable quarterly at an annualized rate of 7.375% of the liquidation preference. In the event that any of the Series D Preferred Shares of Brandywine Realty Trust are redeemed, which may occur at the option of Brandywine Realty Trust at any time on or after February 27, 2009, then an equivalent number of Series E Preferred Mirror Units will be redeemed.

Common Partnership Units (Redeemable and General)

The Partnership has two classes of Common Partnership Units: (i) Class A Limited Partnership Interest which are held by both the Company and outside third parties and (ii) General Partnership Interests which are held by the Company. (Collectively, the Class A Limited Partnership Interest and General Partnership Interests are referred to as Common Partnership Units). The holders of the Common Partnership Units are entitled to share in cash distributions from, and in profits and losses of, the Partnership, in proportion to their respective percentage interests, subject to preferential distributions on the preferred mirror units and the preferred units.

The Common Partnership Units held by the Company (comprised of both General Partnership Units and Class A Limited Partnership Units) are presented as partner s equity in the consolidated financial statements. Class A Limited Partnership Interest held by parties other than the Company are redeemable at the option of the holder for a like number of common shares of the Company, or cash, or a combination thereof, at the election of the Company. Because the form of settlement of these redemption rights are not within the control of the Partnership, these Common Partnership Units have been excluded from partner s equity and are presented as redeemable limited partnership units measured at the potential cash redemption value as of the end of the periods presented based on the closing market price of the Company s common shares at December 31, 2007, 2006 and 2005, which was \$17.93, \$33.25 and \$27.91 respectively. As of December 31, 2007 and 2006, 3,838,230 and 3,961,235 Class A Units were outstanding and owned by outside limited partners of the Partnership.

During the year ended December 31, 2006, 424,608 Class A units were issued in connection with the acquisitions of a property. These Class A units were subsequently redeemed for \$13.5 million and this amount is included in distributions to minority interest holders on the consolidated statement of cash flows.

On December 11, 2007, the Partnership declared a distribution of \$0.44 per Common Share, totaling \$38.5 million, which was paid on January 18, 2008 to shareholders of record as of December 30, 2007. On December 11, 2006, the Partnership declared distributions on its Series C Preferred Shares and Series D Preferred Shares to holders of record as of January 4, 2008. These shares are entitled to a preferential return of 7.50% and 7.375%, respectively.

Distributions paid on January 15, 2007 to holders of Series C Preferred Shares and Series D Preferred Shares totaled \$0.9 million and \$1.1 million, respectively.

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Common Share Repurchases

The Company maintains a share repurchase program under which the Board has authorized us to repurchase our common shares from time to time. The Board initially authorized this program in 1998 and has periodically replenished capacity under the program. On May 2, 2006 the Company's Board restored capacity to 3.5 million common shares.

The Company repurchased 1.8 million shares during the year ended December 31, 2007 for aggregate consideration of \$59.4 million under its share repurchase program. As of December 31, 2007, the Company may purchase an additional 0.5 million shares under the plan. 1.6 million of these shares are held in treasury to give the Company the ability to reissue such shares and are reflected as shares held in treasury on the consolidated balance sheet. 0.2 million of these shares were repurchased as part of the Company's deferred compensation program and are not included as shares held in treasury on the consolidated balance sheet.

During the year ended December 31, 2006, the Company repurchased approximately 1.2 million common shares under this program at an average price of \$29.22 per share. The shares repurchased in 2006 were retired and therefore are not included as shares held in treasury on the balance sheet.

Repurchases may be made from time to time in the open market or in privately negotiated transactions, subject to market conditions and compliance with legal requirements. The share repurchase program does not contain any time limitation and does not obligate the Company to repurchase any shares. The Company may discontinue the program at any time.

On October 4, 2006 the Company repurchased 1.8 million common shares with a portion of the proceeds of our 3.875% Exchangeable Guaranteed Notes at an average purchase price of \$32.80 per share (approximately \$60.0 million in aggregate). The Company repurchased these shares under a separate Board authorization that provided that the shares repurchased did not reduce capacity under the share repurchase program.

Share Based Compensation

In December 2004, the FASB issued SFAS No. 123(R), *Share-Based Payment* (SFAS 123(R)). SFAS 123(R) is an amendment of SFAS 123 and requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. The cost is required to be measured based on the fair value of the equity or liability instruments issued. SFAS 123(R) also contains additional minimum disclosures requirements including, but not limited to, the valuation method and assumptions used, amounts of compensation capitalized and modifications made. The effective date of SFAS 123(R) was subsequently amended by the SEC to be as of the beginning of the first interim or annual reporting period of the first fiscal year that begins on or after December 15, 2005, and allows several different methods of transition. The Company adopted SFAS 123(R) using the prospective method on January 1, 2006. This adoption did not have a material effect on our consolidated financial statements.

Stock Options

At December 31, 2007, the Company had 1,070,099 options outstanding under its shareholder approved equity incentive plan. No options were unvested as of December 31, 2007 and therefore there is no remaining unrecognized compensation expense associated with these options. Option activity as of December 31, 2007 and changes during the twelve months ended December 31, 2007 were as follows:

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	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in 000 s)
Outstanding at January 1, 2007	1,286,075	\$ 26.45	1.50	\$ 8,739
Exercised	(198,495)	\$ 28.80	0.87	\$ 1,171
Forfeited	(17,481)			
Outstanding at December 31, 2007	1,070,099	\$ 26.13	0.54	\$ (8,775)
Vested at December 31, 2007 (1)	1,070,099	\$ 26.13	0.54	\$ (8,775)
Exercisable at December 31, 2007 (1)	1,070,099	\$ 26.13	0.54	\$ (8,775)

(1) There were 825,389 options that expired unexercised on January 1, 2008.

	Years ended December 31,					
	2006			2005		
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in Years)
Outstanding at beginning of year	1,276,722	\$ 26.82		2,008,022	\$ 26.89	
Prentiss options converted to Company options as part of the Prentiss acquisition (See Note 3)	496,037	\$ 22.00				
Exercised	(486,684)	\$ 22.88		(705,678)	\$ 26.94	
Forfeited/Expired				(25,622)	\$ 28.80	
Outstanding at end of year	1,286,075	\$ 26.45	1.50	1,276,722	\$ 26.82	1.97
Exercisable at end of year	1,286,075	\$ 26.45		1,276,722	\$ 26.82	

401(k) Plan

The Company sponsors a 401(k) defined contribution plan for its employees. Each employee may contribute up to 100% of annual compensation, subject to specific limitations under the Internal Revenue Code. At its discretion, the Company can make matching contributions equal to a percentage of the employee's elective contribution and profit sharing contributions. Employees vest in employer contributions over a three-year service period. The Company contributions were \$0.6 million in 2007, \$1.1 million in 2006, and \$1.0 million in 2005.

Restricted Share Awards

The Company's primary form of share-based compensation has been restricted shares issued under a shareholder approved equity incentive plan that authorizes various equity-based awards. As of December 31, 2007, 409,282 restricted shares were unvested. The vesting period for these shares ranges from three to seven years from the initial grant date. The remaining compensation expense to be recognized for the 409,282 restricted shares unvested at December 31, 2007 was approximately \$10.7 million. That expense is expected to be recognized over a weighted average remaining vesting period of 2.8 years. For the year ended December 31, 2007, the Company recognized \$3.3 million of compensation expense related to unvested restricted shares which is included in administrative expenses. The following table summarizes the Company's restricted share activity for the twelve-months ended December 31, 2007:

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	Shares		Weighted Average Grant Date Fair value
Non-vested at January 1, 2007	338,860	\$	28.23
Granted	227,709		34.94
Vested	(107,143)		26.45
Forfeited	(50,144)		32.28
Non-vested at December 31, 2007	409,282	\$	31.91

Outperformance Program

On August 28, 2006, the Compensation Committee of the Company's Board of Trustees adopted a long-term incentive compensation program (the outperformance program). The Company will make payments (in the form of common shares) to executive-participants under the outperformance program only if the Company's total shareholder return exceeds percentage hurdles established under the outperformance program. The dollar value of any payments will depend on the extent to which our performance exceeds the hurdles. The Company established the outperformance program under the 1997 Plan.

If the total shareholder return (share price appreciation plus cash dividends) during a three-year measurement period exceeds either of two hurdles (with one hurdle keyed to the greater of a fixed percentage and an industry-based index, and the other hurdle keyed to a fixed percentage), then the Company will fund an incentive compensation pool in accordance with a formula and make pay-outs from the compensation pool in the form of vested and restricted common shares. The awards issued are accounted for in accordance with SFAS 123(R). The fair value of the awards on August 28, 2006, as adjusted for estimated forfeitures, was approximately \$5.6 million and will be amortized into expense over the five-year period beginning on the date of grant using a graded vesting attribution model. The fair value of \$5.6 million on the date of the initial grant represents approximately 86.5% of the total that may be awarded; the remaining amount available will be valued when the awards are granted to individuals. In January 2007, the Company awarded an additional 4.5% under the outperformance program. The fair value of the additional award is \$0.3 million and will be amortized over the remaining portion of the 5 year period. On the date of each grant, the awards were valued using a Monte Carlo simulation. For the years ended December 31, 2007 and 2006, the Company recognized \$1.4 million and \$0.5 million, respectively, of compensation expense related to the outperformance program.

Employee Share Purchase Plan

On May 9, 2007, the Company's shareholders approved the 2007 Non-Qualified Employee Share Purchase Plan (the ESPP). The ESPP is intended to provide eligible employees with a convenient means to purchase common shares of the Company through payroll deductions and voluntary cash purchases at an amount equal to 85% of the average closing price per share for a specified period. The maximum participant contribution for any plan year is limited to the lesser of 20% of compensation or \$25,000. The number of shares reserved for issuance under the ESPP is 1.25 million. Employees will be eligible to make purchases under the ESPP beginning in January 2008, accordingly there were no purchases made during the year ended December 31, 2007.

Table of Contents**13. DISTRIBUTIONS**

	Years ended December 31,		
	2007	2006	2005 (a)
Common Partnership Unit Distributions:			
Total distributions per unit	\$ 1.76	\$ 1.76	\$ 1.78
Preferred Unit Distributions:			
Total distributions declared	\$7,992,000	\$7,992,000	\$7,992,000

(a) Includes a \$0.02 special distribution declared in December 2005 for unitholders of record for the period January 1, 2006 through January 4, 2006 (pre-Prentiss merger period).

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table details the components of accumulated other comprehensive income (loss) as of and for the three years ended December 31, 2007 (in thousands):

	Unrealized Gains (Losses) on Securities	Cash Flow Hedges	Accumulated Other Comprehensive Loss
Balance at January 1, 2005	\$ 16	\$ (3,146)	\$ (3,130)
Change during year	241	(713)	(472)
Settlement of treasury locks		240	240
Reclassification adjustments for losses reclassified into operations	(257)	450	193
Balance at December 31, 2005		(3,169)	(3,169)
Change during year		1,331	1,331
Minority interest consolidated real estate venture partner's share of unrealized (gains)/losses on derivative financial instruments		(302)	(302)
Settlement of forward starting swaps		3,266	3,266
Reclassification adjustments for (gains) losses reclassified into operations	328	122	450

Balance at December 31, 2006	328	1,248	1,576
Change during year		(3,600)	(3,600)
Minority interest consolidated real estate venture partner's share of unrealized (gains)/losses on derivative financial instruments			
Settlement of treasury locks		(3,860)	(3,860)
Settlement of forward starting swaps		1,148	1,148
Reclassification adjustments for (gains) losses reclassified into operations	(585)	3,436	2,851
Balance at December 31, 2007	\$ (257)	\$ (1,628)	\$ (1,885)

Over time, the unrealized gains and losses held in Accumulated Other Comprehensive Income (AOCI) will be reclassified to earnings in the same period(s) in which hedged items are recognized in earnings. The current balance held in AOCI is expected to be reclassified to earnings over the lives of the current hedging instruments, or for realized losses on forecasted debt transactions, over the related term of the debt obligation, as applicable. As of December 31, 2007, AOCI includes unrealized losses of (\$2.7) million and net realized gains of \$1.1 million on cash flow hedges.

During the years ending December 31, 2007 and 2006, the Partnership reclassified approximately (\$0.1) million and \$0.1 million, respectively, to interest expense associated with treasury lock agreements and forward starting swaps previously settled (see Note 7).

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15. **SEGMENT INFORMATION**

As of December 31, 2007, the Company currently manages its portfolio within seven segments: (1) Pennsylvania, (2) New Jersey/Delaware, (3) Richmond, Virginia, (4) California North, (5) California South, (6) Metropolitan Washington D.C and (7) Southwest. The Pennsylvania segment includes properties in Chester, Delaware, Berks, Bucks, Cumberland, Dauphin, Lehigh and Montgomery counties in the Philadelphia suburbs and the City of Philadelphia in Pennsylvania. The New Jersey/Delaware segment includes properties in counties in the southern and central part of New Jersey including Burlington, Camden and Mercer counties and the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield and Henrico counties, the City of Richmond and Durham, North Carolina. The California North segment includes properties in the City of Oakland and Concord. The California South segment includes properties in the City of Carlsbad and Rancho Bernardo. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia and suburban Maryland. The Southwest segment includes properties in Travis county of Texas. The 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. Land held for development and construction in progress are transferred to operating properties by region upon completion of the associated construction or project.

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Segment information for the three years ended December 31, 2007, 2006 and 2005 is as follows (in thousands):

	Pennsylvania	New Jersey /Delaware	Richmond, Virginia	California - North	California - South	Metropolitan, D.C.	Southwest	Corporate	Total
2007:									
Real estate investments, at cost:									
Operating properties	\$ 1,682,839	\$ 663,503	\$ 348,310	\$ 472,818	\$ 106,303	\$ 1,302,833	\$ 236,957	\$	\$ 4,813,563
Developed land and construction-in-progress	\$	\$	\$	\$	\$	\$	\$	\$ 402,270	\$ 402,270
Total revenue	\$ 275,626	\$ 120,461	\$ 39,140	\$ 64,989	\$ 13,565	\$ 134,596	\$ 37,855	\$ (2,260)	\$ 683,972
Property operating expenses and real estate taxes	104,393	53,382	14,445	26,565	5,571	47,032	16,440	(3,442)	264,386
Net operating income	\$ 171,233	\$ 67,079	\$ 24,695	\$ 38,424	\$ 7,994	\$ 87,564	\$ 21,415	\$ 1,182	\$ 419,586
2006:									
Real estate investments, at cost:									
Operating properties	\$ 1,814,592	\$ 681,574	\$ 244,592	\$ 414,856	\$ 118,265	\$ 1,265,818	\$ 387,608	\$	\$ 4,927,305
Developed land and construction-in-progress	\$	\$	\$	\$	\$	\$	\$	\$ 328,119	\$ 328,119
Total revenue	\$ 246,422	\$ 117,548	\$ 33,317	\$ 60,679	\$ 14,326	\$ 119,807	\$ 33,586	\$ 4,600	\$ 630,285
Property operating expenses and real estate taxes	99,085	49,871	12,441	24,494	5,435	39,981	11,951	149	243,407
Net operating income	\$ 147,337	\$ 67,677	\$ 20,876	\$ 36,185	\$ 8,891	\$ 79,826	\$ 21,635	\$ 4,451	\$ 386,878
2005:									
Total revenue	\$ 215,840	\$ 117,606	\$ 29,794	\$	\$	\$	\$	\$ 1,195	\$ 364,435
Property operating expenses and real estate taxes	84,110	47,242	11,732					(1,366)	141,718
Net operating income	\$ 131,730	\$ 70,364	\$ 18,062	\$	\$	\$	\$	\$ 2,561	\$ 222,717

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Net operating income is defined as total revenue less property operating expenses and real estate taxes. Segment net operating income includes revenue, real estate taxes and property operating expenses directly related to operation and management of the properties owned and managed within the respective geographical region. Segment net operating income excludes property level depreciation and amortization, revenue and expenses directly associated with third party real estate management services, expenses associated with corporate administrative support services, and inter-company eliminations. Below is a reconciliation of consolidated net operating income to consolidated income from continuing operations:

	Year Ended December 31,		
	2007	2006	2005
	(amounts in thousands)		
Consolidated net operating income (loss)	\$ 419,586	\$ 386,878	\$ 222,717
Less:			
Interest expense	(162,675)	(171,177)	(70,380)
Deferred financing costs	(4,496)	(4,607)	(3,540)
Loss on settlement of treasury lock agreements	(3,698)		
Depreciation and amortization	(242,312)	(230,710)	(106,175)
Administrative expenses	(28,182)	(29,644)	(17,982)
Minority interest partners share of consolidated real estate ventures	(465)	270	(154)
Plus:			
Interest income	4,040	9,513	1,370
Equity in income of real estate ventures	6,955	2,165	3,171
Net gain on sales of interests in depreciated real estate	40,498		
Net gain on sales of interests in undepreciated real estate	421	14,190	4,640
Gain on termination of purchase contract		3,147	
Income (loss) from continuing operations	29,672	(19,975)	33,667
Income (loss) from discontinued operations	28,927	30,601	10,346
Net income (loss)	\$ 58,599	\$ 10,626	\$ 44,013

16. RELATED-PARTY TRANSACTIONS

In 1998, the Board authorized the Company to make loans totaling up to \$5.0 million to enable employees of the Partnership to purchase Common Shares at fair market value. The loans have five-year terms, are full recourse, and are secured by the Common Shares purchased. The Company made loans under this program in 1998, 1999 and 2001. Interest, payable quarterly, accrues on the loans at the lower of the interest rate borne on borrowings under the Partnership's Credit Facility or a rate based on the dividend payments on the Common Shares. As of December 31, 2005, the interest rate was 4.18% per annum. The loans are payable at the earlier of the stated maturity date or 90 days following the employee's termination. As of December 31, 2005, the outstanding balance of the loan totaled \$0.3 million and was secured by an aggregate of 18,803 Common Shares. These loans were repaid in full by December 31, 2006.

The Partnership held a fifty percent economic interest in an approximately 141,724 square foot office building located at 101 Paragon Drive, Montvale, New Jersey. The remaining fifty percent interest was held by Donald E. Axinn, one of the Company's Trustees. Although the Partnership and Mr. Axinn had each committed to provide one half of the \$11 million necessary to repay the mortgage loan secured by this property at the maturity of the loan, in February 2006 an unaffiliated third party entered into an agreement to purchase this property for \$18.3 million. As a result of the purchase by an unaffiliated third party during August 2006, the Partnership recognized a \$3.1 million gain on termination of its rights under a 1998 contribution agreement, modified in 2005, that entitled the Partnership

to the 50% interest in the joint venture to operate the property. This gain is shown separately on the Partnership's income statement as a gain on termination of purchase contract.

The Partnership owned 384,615 shares of Cypress Communications, Inc. (Cypress) Common Stock. These shares were redeemed in July 2005 for \$0.3 million. The redemption was the result of Cypress's merger with another company. Prior to this merger, an officer of the Company held a position on Cypress's Board of Directors.

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Table of Contents**17. OPERATING LEASES**

The Partnership leases properties to tenants under operating leases with various expiration dates extending to 2030. Minimum future rentals on non-cancelable leases at December 31, 2007 are as follows (in thousands):

Year	Minimum Rent
2008	\$ 515,156
2009	467,402
2010	402,579
2011	337,340
2012	277,940
Thereafter	1,323,580

Total minimum future rentals presented above do not include amounts to be received as tenant reimbursements for operating costs.

18. COMMITMENTS AND CONTINGENCIES*Legal Proceedings*

The Partnership is involved from time to time in litigation on various matters, including disputes with tenants and disputes arising out of agreements to purchase or sell properties. Given the nature of the Partnership's business activities, these lawsuits are considered routine to the conduct of its business. The result of any particular lawsuit cannot be predicted, because of the very nature of litigation, the litigation process and its adversarial nature, and the jury system. The Partnership does not expect that the liabilities, if any, that may ultimately result from such legal actions will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Partnership.

There have been recent reports of lawsuits against owners and managers of multifamily and office properties asserting claims of personal injury and property damage caused by the presence of mold in residential units or office space. The Partnership has been named as a defendant in two lawsuits in the State of New Jersey that allege personal injury as a result of the presence of mold. In 2005, one lawsuit was dismissed by way of summary judgment with prejudice. Unspecified damages are sought on the remaining lawsuit. The Partnership has referred this lawsuit to its environmental insurance carrier and, as of the date of this Form 10-K, the insurance carrier is tendering a defense to this claim.

Letters-of-Credit

Under certain mortgages, the Partnership has funded required leasing and capital reserve accounts for the benefit of the mortgage lenders with letters-of-credit which totaled \$13.5 million at December 31, 2007. The Partnership is also required to maintain escrow accounts for taxes, insurance and tenant security deposits and these accounts aggregated \$7.5 million at December 31, 2007. Tenant rents at properties that secure these mortgage loans are deposited into the loan servicer's depository accounts, which are used to fund debt service, operating expenses, capital expenditures and the escrow and reserve accounts, as necessary. Any excess cash is included in cash and cash equivalents.

Ground Rent

Future minimum rental payments under the terms of all non-cancelable ground leases under which the Partnership is the lessee are expensed on a straight-line basis regardless of when payments are due. Minimum future rental payments on non-cancelable leases at December 31, 2007 are as follows (in thousands):

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2008	\$ 1,736
2009	1,986
2010	2,318
2011	2,318
2012	2,318
Thereafter	291,420

Certain of the land leases provide for prepayment of rent on a present value basis using a fixed discount rate. Further, certain of the land lease for properties (currently under development) provide for contingent rent participation by the lessor in certain capital transactions and net operating cash flows of the property after certain returns are achieved by the Operating Partnership. Such amounts, if any, will be reflected as contingent rent when incurred. The leases also provide for payments by the Operating Partnership of certain operating costs relating to the land, primarily real estate taxes. The above schedule of future minimum rental payments do not include any contingent rent amounts nor any reimbursed expenses.

Other Commitments or Contingencies

As of December 31, 2007, the Partnership owned 417 acres of land for future development.

As part of the Partnership's September 2004 acquisition of a portfolio of properties from The Rubenstein Company (which the Partnership refers to as the TRC acquisition), the Partnership agreed to issue to the sellers up to a maximum of \$9.7 million of Class A Units of the Operating Partnership if certain of the acquired properties achieved at least 95% occupancy prior to September 21, 2007. The maximum number of Units that the Partnership agreed to issue declined monthly and expired on September 21, 2007 and the Partnership had no obligation.

As part of the TRC acquisition, the Partnership acquired its interest in Two Logan Square, a 696,477 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 Partnership, through its ownership of the second and third mortgages, is the primary beneficiary. The Partnership currently does not expect to take title to Two Logan Square until, at the earliest, September 2019. If the Partnership takes fee title to Two Logan Square upon a foreclosure of its mortgage, the 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 \$0.6 million (if we must pay a state and local transfer upon taking title) and \$2.9 million (if no transfer tax is payable upon the transfer).

As part of the Partnership's 2006 acquisition of Prentiss Properties Trust, the TRC acquisition in 2004 and several of our other transactions, the Partnership agreed not to sell certain of the properties it acquired in transactions that would trigger taxable income to the former owners. In the case of the TRC acquisition, the Partnership agreed not to sell acquired properties for periods up to 15 years from the acquisition date as follows: 201 King of Prussia Road, 555 East Lancaster Avenue and 300 Delaware Avenue (January 2008); 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, the Partnership assumed the obligation of Prentiss not to sell Concord Airport Plaza before March 2018 and 6600 Rockledge before July 2008. The Partnership also agreed not sell 14 other properties that contain an aggregate of 1.2 million square feet for periods that expire by the end of 2008. The Partnership's agreements generally provide that it 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 the Partnership were to sell a restricted property before expiration of the restricted period in a non-exempt transaction, the Partnership would be required to make significant payments to the parties who sold it the applicable property on account of tax liabilities attributed to them.

The Partnership invests in its properties and regularly incur capital expenditures in the ordinary course to maintain the properties. The Partnership believes that such expenditures enhance our competitiveness. The Partnership also enters into construction, utility and service contracts in the ordinary course of business which may extend beyond one year. These contracts typically provide for cancellation with insignificant or no cancellation penalties.

19. SUBSEQUENT EVENT

On January 14, 2008, the Partnership sold 7130 Ambassador Drive, an office property located in Allentown, Pennsylvania containing an aggregate of 114,049 net rentable square feet, for an aggregate sales price of \$5.8 million.

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Table of Contents**20. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)**

The following is a summary of quarterly financial information as of and for the years ended December 31, 2007 and 2006 (in thousands, except per share data):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2007:				
Total revenue	\$ 165,429	\$ 166,637	\$ 177,748	\$ 174,158
Net income	20,147	1,168	2,383	34,901
Income (loss) allocated to Common Partnership Units	18,149	(830)	385	32,903
Basic earnings (loss) per Common Partnership Units	\$ 0.20	\$ (0.01)	\$	\$ 0.36
Diluted earnings (loss) per Common Partnership Units	\$ 0.19	\$ (0.01)	\$	\$ 0.36
2006:				
Total revenue	\$ 146,749	\$ 153,347	\$ 164,284	\$ 165,905
Net income (loss)	(2,850)	(12,171)	496	25,151
Income (loss) allocated to Common Partnership Units	(4,848)	(14,169)	(1,502)	23,153
Basic earnings (loss) per Common Partnership Units	\$ (0.05)	\$ (0.15)	\$ (0.02)	\$ 0.25
Diluted earnings (loss) per Common Partnership Units	\$ (0.05)	\$ (0.15)	\$ (0.02)	\$ 0.25

The summation of quarterly earnings per share amounts do not necessarily equal the full year amounts. The above information was updated to reclassify amounts to discontinued operations. See Note 10.

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Brandywine Operating Partnership, L.P.
 Schedule II
 Valuation and Qualifying Accounts
 (in thousands)

Description	Balance at Beginning of Period	Additions	Deductions (2)	Balance at End of Period
Allowance for doubtful accounts:				
Year ended December 31, 2007	\$ 9,311	\$ 2,147	\$ 1,296	\$ 10,162
Year ended December 31, 2006 (1)	\$ 4,877	\$ 4,434	\$	\$ 9,311
Year ended December 31, 2005	\$ 4,085	\$ 792	\$	\$ 4,877

(1) The 2006 additions includes \$3.5 million of current year expense and \$0.9 million of allowances against receivables assumed in the Prentiss acquisition.

(2) Deductions represent amounts that the Company had fully reserved for in prior periods and pursuit of collection of such amounts was ceased during the period.

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
Schedule III
Real Estate and Accumulated Depreciation - December 31, 2007
(in thousands)

	City	State	Encumbrances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007			Accumulated Depreciation at December 31, 2007	Year of Construction	Year Acquired
				Land	Improvements	Acquisition	Land	Improvements	Total (a)			
	Oakland	CA	48,359	15,034	107,422	3,748	15,318	110,886	126,204	6,801	1978	2006
	Oakland	CA	23,950	13,051	89,728	2,753	13,298	92,235	105,532	7,075	1985	2006
	Oakland	CA		13,556	54,266	2	13,556	54,268	67,824	822	1990	2007
	Oakland	CA	29,046	5,442	59,920	1,065	5,545	60,882	66,427	2,954	1985	2006
	Oakland	CA		4,519	35,235	3,700	4,781	38,673	43,454	2,412	1972	2006
	Concord	CA	19,826	6,395	24,664	629	6,515	25,173	31,688	3,268	1984	2006
	Concord	CA	19,834	6,476	24,966	242	6,476	25,208	31,683	3,360	1984	2006
	Carlsbad	CA		7,073	22,907	3,211	7,516	25,675	33,191	1,871	1999	2006
	San Diego	CA		2,979	15,896	1,818	3,154	17,539	20,693	1,316	2002	2006
	Carlsbad	CA		3,706	11,185	1,547	3,955	12,483	16,438	1,008	1988	2006
	Carlsbad	CA		2,824	9,413	1,595	2,999	10,833	13,832	722	1987	2006
	Carlsbad	CA		2,121	8,361	1,163	2,256	9,389	11,645	890	1986	2006
	Carlsbad	CA		3,261	6,077	1,164	3,499	7,003	10,502	729	1991	2006
	Mclean	VA	63,259	18,437	97,538	1,013	18,785	98,203	116,988	4,590	1999	2006

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ional												
Corner	Herndon	VA		16,345	65,379	14,950	16,467	80,206	96,674	3,652	1987	2006
Dak	Herndon	VA		8,243	52,413	7,018	8,782	58,892	67,674	7,483	1999	2006
sin	Bethesda	MD		9,634	48,402	3,542	9,816	51,762	61,577	3,287	1975	2006
w Park	Falls Church	VA		6,576	51,605	1,539	6,700	53,020	59,720	2,656	1999	2006
Buren	Herndon	VA		7,931	43,812	6,887	8,348	50,282	58,630	3,713	1991	2006
ate Park	Herndon	VA		11,472	45,893	30	11,472	45,923	57,395	1,339	2000	2006
s Road	Vienna	VA		7,797	47,817	874	7,944	48,544	56,488	3,218	1989	2006
Corner	Herndon	VA		10,365	43,876	593	10,365	44,469	54,834	2,001	1988	2006
Corner	Herndon	VA		7,279	46,340	586	7,417	46,789	54,205	3,188	1990	2006
w Park	Falls Church	VA		5,918	40,981	656	6,050	41,506	47,556	2,243	1988	2006
	Herndon	VA		7,236	39,213	395	7,373	39,470	46,843	2,337	1997	2006
ative	Herndon	VA		5,598	38,639	710	5,795	39,152	44,946	2,254	2000	2006
lge	Bethesda	MD			37,421	6,303		43,725	43,725	1,654	1981	2006
oro	Mclean	VA	34,063	7,952	33,964	645	8,102	34,459	42,561	2,150	1980	2006
ative	Herndon	VA		4,809	34,093	333	4,809	34,426	39,236	2,976	1990	2006
h	Rockville	MD	15,285	5,167	31,110	2,890	5,237	33,929	39,166	2,140	1999	2006
ng Pike	Vienna	VA		4,316	30,885	668	4,397	31,472	35,869	2,052	1984	2006
h	Rockville	MD	15,240	5,059	29,668	966	5,154	30,539	35,693	1,896	1990	2006
s	Reston	VA		6,164	28,114	86	6,281	28,083	34,364	1,223	1985	2006
ive	Rockville	MD	14,181	4,649	26,952	(251)	4,733	26,616	31,350	1,215	1986	2006
h	Bethesda	MD		4,370	23,192	(76)	4,453	23,034	27,487	1,372	1997	2006
Road	Fairfax	VA		3,770	22,895	819	3,842	23,643	27,484	1,616	1985	2006
ckson	Beltsville	MD		3,831	16,661	4,891	3,904	21,479	25,382	1,434	1987	2006
ghway	Herndon	VA		3,794	19,365	197	3,866	19,491	23,357	2,180	1989	2006
ille	Fairfax	VA		3,246	19,836	176	3,307	19,951	23,259	1,532	1982	2006
e	Beltsville	MD		2,808	12,081	635	2,863	12,661	15,524	829	1981	2006

ille												
kes	Fairfax	VA	1,569	11,982	(81)	1,599	11,872	13,471	599	1988	2006	
ille	Beltsville	MD	2,278	11,100	(867)	2,321	10,190	12,511	651	1987	2006	
w Park	Falls Church	VA	733	4,939	(32)	733	4,906	5,640	230	1988	2006	
w Park	Falls Church	VA	297	1,964	0	297	1,964	2,261	80	1988	2006	
ille	Bethesda	MD	198	870	18	202	884	1,086	23	1987	2006	
PENNSYLVANIA												
reet	Philadelphia	PA		208,570	12,901		221,471	221,471	15,903	2005	N/A	
th	Philadelphia	PA	14,496	107,736	5,375	14,473	113,134	127,607	13,985	1998	2004	
th	Philadelphia	PA	71,564	16,066	100,255	4,676	16,066	104,931	120,997	12,388	1988	2004
Chester	Radnor	PA	11,925	36,986	9,248	11,897	46,262	58,159	6,204	1983	2004	
r	Radnor	PA	8,014	16,508	25,073	8,609	40,985	49,595	3,720	1973	2004	
Prussia	Radnor Plymouth	PA	8,956	29,811	5,854	8,949	35,671	44,621	4,931	2001	2004	
n Road	Meeting	PA	6,198	16,131	15,998	6,199	32,129	38,327	6,028	2001	2000	
nter	Radnor	PA	7,323	28,613	(43)	7,323	28,570	35,893	3,891	1998	2004	
nter	Radnor	PA	5,406	21,390	7,731	5,705	28,822	34,527	3,895	1995	2004	
nter	Radnor W.	PA	6,506	25,525	1,835	6,578	27,288	33,866	3,046	1998	2004	
n Street	Conshohocken	PA	6,251	25,209	1,192	6,251	26,401	32,652	1,781	1999	2005	
nter	Radnor	PA	4,773	17,961	787	4,791	18,730	23,521	2,476	1998	2004	
Park	Berwyn	PA	2,657	4,462	15,922	2,657	20,384	23,041	4,524	1999	1999	
oad	King of Prussia King Of	PA	4,486	17,943	478	4,486	18,422	22,907	3,351	1999	2001	
ter	Prussia	PA	4,222	16,891	1,644	4,222	18,535	22,757	5,963	1991	1998	
e Road	King of Prussia	PA	2,836	4,028	15,509	2,636	19,737	22,373	5,713	2000	2000	
ood	Malvern	PA	4,152	16,606	1,496	4,152	18,103	22,254	3,547	1988	2001	
d	East Whiteland Twp.	PA	4,241	16,579	263	4,241	16,842	21,083	4,382	1988	1998	
nter	Radnor	PA	3,937	15,484	1,265	3,942	16,743	20,686	2,195	1998	2004	

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
 Schedule III
 Real Estate and Accumulated Depreciation - December 31, 2007
 (in thousands)

	City	State	Encumbrances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007				Year of Construction	Year Acquired	Depreciation Life
				Land	Improvements	Acquisition	Land	Improvements	Total (a)	Accumulated Depreciation at December 31, 2007 (b)			
West antown	Plymouth Meeting	PA	11,441	3,652	15,288	1,470	3,652	16,758	20,410	2,698	1986	2002	40
West antown	Plymouth Meeting	PA	11,212	3,572	14,435	1,938	3,572	16,373	19,945	3,103	1990	2002	40
West antown	Plymouth Meeting	PA	11,060	3,558	14,743	1,383	3,558	16,125	19,684	2,700	1988	2002	40
West antown	Plymouth Meeting	PA	11,083	3,651	14,514	1,488	3,651	16,001	19,653	2,639	1987	2002	40
erwyn	Berwyn	PA	12,375	2,206	13,422	3,196	2,206	16,618	18,824	5,604	1989	1997	40
arr our	Conshohocken	PA	14,472	2,827	15,525	(148)	2,827	15,377	18,204	4,992	1999	2004	40
akes	Berwyn W.	PA		2,611	10,445	5,001		18,057	18,057	2,841	1984	1999	40
st Elm	Conshohocken	PA		3,557	14,249		3,557	14,249	17,806	802	1999	2005	40
ington	Conshohocken	PA	10,518	2,672	14,221	241	2,673	14,462	17,134	5,430	1998	2004	40
reedom	King Of Prussia	PA		2,770	11,014	3,188	2,770	14,202	16,972	4,123	1986	1998	40
ess	King Of Prussia	PA		2,772	10,936	2,272	2,772	13,208	15,980	3,311	1980	1998	40
r First ue	Malvern	PA		2,729	10,915	2,301	2,729	13,216	15,945	2,644	1984	2001	40

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First ue	King Of Prussia	PA		2,712	10,953	1,890	2,712	12,843	15,555	3,383	1987	1998	40
First ue	King Of Prussia	PA		2,168	8,576	4,755	2,168	13,331	15,499	2,690	1984	1998	40
First ue	King Of Prussia	PA		2,860	11,282	1,041	2,860	12,323	15,183	3,488	1985	1998	40
ast esford	Wayne	PA		2,729	10,917	1,482	2,729	12,398	15,128	1,245	1998	2003	40
reedom ess r	King Of Prussia	PA		2,773	11,144	993	2,773	12,137	14,910	3,561	1989	1998	40
lywine evard	Newtown	PA		1,784	9,811	3,007	1,784	12,818	14,602	2,541	2002	2000	40
esford	Berwyn	PA	4,427	2,595	11,809	1	2,595	11,809	14,405	324	1994	2001	40
arvest	Blue Bell	PA		2,079	7,821	4,235	2,079	12,056	14,135	2,133	1988	2002	40
adnor er Road	Radnor	PA		2,514	8,147	3,446	2,509	11,598	14,107	1,106	1983	2004	23
arvest	Blue Bell	PA		2,433	9,738	1,573	2,433	11,312	13,744	3,225	1990	1998	40
erwyn	Berwyn	PA	9,250	1,533	9,460	1,935	1,533	11,395	12,928	3,791	1987	1997	40
esford	Berwyn	PA		2,086	8,342	1,191	2,086	9,533	11,619	1,798	1987	2001	40
ast esford	Wayne	PA		2,178	8,712	456	2,178	9,168	11,346	1,060	1985	2003	40
adnor er Road	Radnor	PA		2,573	8,338	163	2,567	8,506	11,074	846	1983	2004	23
reedom ess r	King Of Prussia	PA		2,017	8,070	542	2,017	8,612	10,629	2,529	1985	1998	40
ast esford	Wayne	PA		1,872	7,489	868	1,872	8,357	10,229	1,072	1984	2003	40
esford	Berwyn	PA		1,781	7,124	1,269	1,781	8,394	10,174	1,604	1986	2001	40
erwyn	Berwyn	PA	6,765	1,180	7,290	1,557	1,180	8,847	10,027	3,102	1986	1997	40
arvest	Blue Bell	PA		1,671	6,606	1,114	1,671	7,720	9,391	2,189	1990	1998	40
mpus evard	Newtown Square	PA	5,026	2,244	4,217	2,694	2,244	6,911	9,155	914	1998	1998	40
aster	Devon	PA		1,689	6,756	369	1,689	7,126	8,814	2,108	1990	1998	40

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ue ark ue Cassett	King Of Prussia	PA		1,916	4,378	2,502	1,916	6,880	8,796	2,215	1968	1998	40
North n Road	Berwyn King Of Prussia	PA		1,695	6,779	(0)	1,695	6,779	8,474	1,144	1997	2001	40
gdale		PA		1,303	5,201	1,386	1,303	6,587	7,890	2,393	1979	1996	40
nut	Exton	PA		838	3,370	3,501	838	6,870	7,709	1,423	1986	1997	40
2250 r Pike Progress	Philadelphia Plymouth Meeting	PA			7,688	0		7,688	7,688	96	#N/A	2007	40
		PA		1,104	4,627	1,558	1,104	6,185	7,289	2,235	1984	1996	40
	Horsham	PA		1,399	5,629	230	1,399	5,859	7,258	2,075	1986	1996	40
nerly	Exton	PA		1,195	4,779	911	1,195	5,690	6,885	1,279	1999	2001	40
nerly	Exton	PA		1,368	5,471	19	1,368	5,490	6,858	934	1996	2001	40
ast esford	Wayne	PA		1,350	5,401	32	1,350	5,433	6,783	569	1998	2003	40
irst ue irst ue mpus eward	King Of Prussia King Of Prussia Newtown Square	PA		1,287	5,151	219	1,287	5,369	6,657	1,661	1966	1998	40
		PA		618	2,473	3,257	618	5,729	6,348	1,661	1966	1998	40
		PA	4,914	1,108	5,155	46	1,108	5,201	6,309	1,597	2001	1997	40
nerly	Exton	PA		982	3,927	1,313	982	5,240	6,222	875	1991	2001	40
homas Way mpus eward	Exton Newtown Square	PA		1,075	4,299	679	1,075	4,979	6,053	1,096	1988	2001	40
		PA	4,498	1,112	4,067	825	1,112	4,892	6,004	1,104	1998	1999	40
dale	King Of Prussia	PA		1,020	3,839	989	1,020	4,828	5,848	2,009	1961	1998	40
prise	Horsham	PA		1,303	5,188	(659)	1,303	4,529	5,832	1,545	1990	1996	40
mpus eward	Newtown Square	PA	5,622	1,164	3,896	672	1,164	4,568	5,732	769	2002	2000	40
nwood	Malvern	PA		848	3,394	1,316	849	4,710	5,558	652	1991	2001	40
	Exton	PA		994	3,978	583	994	4,560	5,555	789	1991	2001	40

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inery													
61 Fifth ue	King Of Prussia	PA		1,097	4,391	31	1,097	4,422	5,519	1,298	1967	1998	40
inery													
delphia	Exton	PA		906	3,623	882	906	4,505	5,411	826	1988	2001	40
ne	Philadelphia	PA		532	2,196	2,680	628	4,780	5,408	755	Various	1998	40
r ark ue	King Of Prussia	PA		1,012	4,048	336	1,012	4,384	5,396	1,203	1964	1998	40
dale ward	Exton	PA		970	3,878	274	970	4,152	5,122	691	1997	2001	40
inery													
Paoli	Exton	PA		894	3,576	391	894	3,967	4,861	835	1991	2001	40
mpus ward	Malvern	PA		458	559	3,746	488	4,275	4,763	1,063	2000	2000	40
Butler	Newtown Square	PA	3,168	787	3,312	571	787	3,883	4,670	1,354	1990	1996	40
West	Plymouth Meeting	PA		661	2,727	1,092	662	3,818	4,480	1,262	1984	1996	40
antown	Plymouth Meeting	PA		685	2,773	887	685	3,661	4,345	1,552	1984	1996	40
Thomas Way	Exton	PA		806	3,256	194	806	3,450	4,256	1,306	1990	1996	40
inery													
dale	Exton	PA		777	3,107	306	777	3,413	4,190	679	1990	2001	40
assador	King Of Prussia	PA		689	2,756	678	689	3,434	4,123	1,267	1962	1998	40
prise	Allentown	PA		761	3,046	160	761	3,206	3,967	780	1991	1999	40
inery													
West antown	West Goshen	PA		731	2,946	51	731	2,997	3,728	995	1989	1997	40
Thomas Way	Exton	PA		635	2,548	(48)	635	2,500	3,135	885	1987	1996	40
Thomas Way	Plymouth Meeting	PA		481	1,976	475	482	2,450	2,932	994	1984	1996	40
	Exton	PA		526	2,112	163	527	2,274	2,801	843	1990	1996	40
	Malvern	PA		473	1,892	376	473	2,268	2,741	622	1985	2001	40

nwood

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
Schedule III
Real Estate and Accumulated Depreciation - December 31, 2007
(in thousands)

	City	State	Encumbrances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007			Accumulated Depreciation at December 31, 2007 (b)	Year of Construction	Year Acquired
				Land	Improvements	Acquisition	Land	Improvements	Total (a)			
avenue	King Of Prussia	PA		547	2,190	0	547	2,190	2,737	643	1960	1998
Young Way	Exton	PA		496	1,983	0	496	1,984	2,479	335	1997	2001
le Road	King of Prussia	PA		439	432	1,480	439	1,912	2,351	327	2000	2000
le Road	King of Prussia	PA		396	3,343	(1,637)	396	1,706	2,102	745	1962	1998
wood Drive	Malvern	PA		324	1,295	242	324	1,537	1,861	382	1984	2001
th Road	Plymouth Meeting	PA		1,043	555		1,043	555	1,598	38	N/A	2000
ale Drive	Exton	PA		236	931	275	236	1,206	1,442	387	1986	1997
le Road	Exton	PA		262	1,048	125	262	1,173	1,435	198	1996	2001
ford Road	Berwyn	PA		218			218		218		N/A	N/A
DELAWARE												
e Street	Trenton	NJ		8,926	35,735	1,987	8,926	37,723	46,648	10,866	1989	1998
te Street	Trenton	NJ		6,016	24,091	27	6,016	24,119	30,134	7,019	1988	1998
ing Street	Wilmington	DE		6,141	21,140	438	6,141	21,578	27,719	2,834	1989	2004
Drive	Lawrenceville	NJ		4,876	19,284	3,326	5,057	22,430	27,486	7,222	1989	1998
Drive West	Marlton	NJ		3,727	17,620	2,647	3,727	20,267	23,994	3,513	1986	2004
re Avenue	Wilmington	DE		6,368	13,739	1,513	6,369	15,251	21,620	2,404	1989	2004
Drive	Lawrenceville	NJ		3,701	14,802	1,390	3,812	16,081	19,893	1,744	1984	2003
te Drive	Mt. Laurel	NJ		3,569	14,436	1,565	3,569	16,001	19,570	4,513	1984	1998
antic Drive	Mt. Laurel	NJ		3,206	12,857	2,442	3,206	15,298	18,505	4,879	1990	1997
Plaza 1000	Voorhees	NJ		2,732	10,942	4,274	2,732	15,216	17,948	5,626	1988	1997
Drive	Lawrenceville	NJ	13,236	2,291	12,221	3,155	2,648	15,019	17,667	5,115	2000	2000
Parkway	Wilmington	DE	9,853	2,545	10,195	4,820	2,545	15,015	17,560	4,415	1989	1996
Drive	Lawrenceville	NJ	11,379	2,811	17,996	(5,155)	2,922	12,729	15,652	4,067	1985	1998
antic Drive	Mt. Laurel	NJ		3,061	12,254	170	3,061	12,424	15,485	4,008	1991	1997
	Newtown	PA		1,784	9,811	3,007	1,784	12,818	14,602	2,541	2002	2000

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wine

nd Boulevard	Mt. Laurel	NJ		443		13,014	1,447	12,009	13,457	375	2005	2000
Drive	Lawrenceville	NJ	9,277	2,410	9,700	1,191	2,507	10,794	13,301	3,101	1987	1998
nd Boulevard	Mt. Laurel	NJ		2,297	9,288	1,316	2,297	10,604	12,901	3,778	1988	1997
ive	Marlton	NJ		2,074	8,415	2,238	2,074	10,652	12,727	3,423	1987	1997
ive East	Cherry Hill	NJ		2,144	8,798	1,063	2,144	9,862	12,005	1,865	1988	2001
orce Drive	Newark	DE	11,575	2,528	9,220	86	2,528	9,306	11,834	1,699	1997	2002
field Road	Cherry Hill	NJ	10,505	2,142	9,120	391	2,142	9,511	11,653	3,538	1990	1996
atic Drive	Mt. Laurel	NJ	8,959	2,202	8,823	528	2,203	9,351	11,553	3,213	1989	1997
n Way	Mt. Laurel	NJ		2,061	8,180	1,143	2,061	9,323	11,384	2,956	1989	1997
ive East	Cherry Hill	NJ		2,069	8,275	894	2,069	9,169	11,238	1,781	1989	2001
ater Drive	Marlton	NJ		1,880	7,521	1,515	1,880	9,035	10,916	1,730	1989	2001
te Drive	Mt. Laurel	NJ		1,736	6,877	828	1,736	7,705	9,441	2,457	1986	1998
r Parkway	Wilmington	DE		2,802	11,217	(4,688)	2,802	6,529	9,331	41	1987	2001
ive East	Cherry Hill	NJ		1,645	6,579	827	1,645	7,407	9,051	1,405	1986	2001
hip Drive	Mt. Laurel	NJ		1,518	6,154	1,205	1,518	7,359	8,877	2,545	1982	1998
Drive	Moorestown	NJ		1,643	6,663	497	1,644	7,159	8,803	2,223	1976	1998
hip Drive	Mt. Laurel	NJ		1,421	5,768	1,262	1,421	7,030	8,451	1,897	1980	1998
hip Drive	Mt. Laurel	NJ		1,565	6,342	481	1,565	6,824	8,388	1,878	1981	1998
hip Drive	Mt. Laurel	NJ		1,493	6,055	617	1,494	6,671	8,165	1,904	1979	1998
Drive	Lawrenceville	NJ		1,174	4,696	2,163	1,226	6,806	8,033	1,390	1982	2002
os Gate	Mt. Laurel	NJ		934	6,287		953	6,812	7,764	927	2005	2000
atic Drive	Mt. Laurel	NJ	5,662	1,472	5,895	109	1,472	6,005	7,476	1,952	1989	1997
enton Road	Gibbsboro	NJ		1,345	5,366	457	1,345	5,823	7,168	1,826	1980	1997
orce Drive	Newark	DE		1,160	4,633	1,156	1,160	5,789	6,949	1,970	1989	1997
ntree Centre	Marlton	NJ		323	6,024	558	324	6,582	6,905	4,473	1984	1986
orce Drive	Newark	DE	5,765	911	4,414	1,018	911	5,432	6,343	1,004	1998	2002
ater Drive	Marlton	NJ		1,043	4,171	932	1,043	5,104	6,146	865	1986	2001
Drive	Mount Laurel	NJ		1,016	4,064	585	1,016	4,649	5,665	817	1987	2001
ree Centre	Marlton	NJ		264	4,693	600	264	5,293	5,557	3,522	1983	1986
ree Centre	Marlton	NJ		345	4,440	613	345	5,054	5,398	3,015	1982	1986
rive	Marlton	NJ		818	3,461	56	818	3,517	4,335	1,201	1987	1997
rive	Marlton	NJ		703	2,819	771	703	3,590	4,293	1,269	1986	1997
atic Drive	Mt. Laurel	NJ	2,911	714	5,085	(1,524)	714	3,561	4,275	1,079	1998	1997
enton Road	Gibbsboro	NJ		769	3,055	437	769	3,492	4,261	1,195	1986	1997
n Drive	Marlton	NJ		606	2,887	659	606	3,545	4,152	1,405	1997	1996
Drive	Moorestown	NJ		657	2,674	448	657	3,122	3,779	910	1975	1998
Piazza	Voorhees	NJ		696	2,802	225	696	3,027	3,723	1,047	1990	1997
te Drive	Mt. Laurel	NJ		636	2,584	307	636	2,891	3,527	796	1986	1998
Drive	Marlton	NJ		588	2,369	381	588	2,749	3,338	921	1987	1997
te Drive	Mt. Laurel	NJ		611	2,426	152	611	2,578	3,189	697	1986	1998
s Drive	Marlton	NJ		539	2,168	243	539	2,411	2,950	855	1987	1997
Promenade	Voorhees	NJ		531	2,052	151	532	2,203	2,734	759	1988	1997
venue	Gibbsboro	NJ		244	971	225	244	1,196	1,440	394	1983	1997
venue	Gibbsboro	NJ		231	921	121	231	1,041	1,273	332	1983	1997
Drive	Moorestown	NJ		223	913	0	223	913	1,136	248	1979	1998
nton Road	Gibbsboro	NJ		114	964	3	114	967	1,081	293	1986	1997
venue	Gibbsboro	NJ		183	726	84	183	811	993	279	1974	1997

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BRANDYWINE OPERATING PARTNERSHIP, L.P.
Schedule III
Real Estate and Accumulated Depreciation - December 31, 2007
(in thousands)

City	State	Encumberances at December 31, 2007	Initial Cost			Gross Amount at Which Carried December 31, 2007			Accumulated Depreciation at December 31, 2007 (b)	Year of Construction	Year Acquired
			Land	Building and Improvements	Net Improvements (Retirements) Since Acquisition	Land	Improvements	Total (a)			
Gibbsboro	NJ		185	730	42	185	772	957	246	1974	1999
Gibbsboro	NJ		93	364	63	93	428	520	129	1972	1999
Gibbsboro	NJ		21	81	3	21	84	105	25	1987	1999
Gibbsboro	NJ		9	32	26	9	58	67	16	1968	1999
Austin	TX		5,152	37,928	3,512	5,250	41,343	46,593	3,024	1984	2000
Austin	TX		4,188	41,229	481	4,250	41,648	45,898	2,165	2001	2000
Austin	TX		3,538	34,346	2,267	3,605	36,547	40,151	2,524	2000	2000
Austin	TX		3,698	34,912	1,150	3,768	35,992	39,759	3,433	1999	2000
Austin	TX		3,290	31,548	652	3,369	32,120	35,489	1,926	2001	2000
Coppell	TX	20,112	1,516	14,895	8	1,517	14,903	16,420	1,246	1998	2000
Austin	TX		1,227	10,959	460	1,250	11,395	12,646	553	1999	2000
Richmond	VA		9,808	38,255	5,632	9,808	43,887	53,695	13,231	1986	1999
Richmond	VA	13,513	5,450	21,892	1,864	5,450	23,757	29,206	7,061	1988	1999
Richmond	VA		4,925	19,699	257	5,181	19,700	24,881	206	1990	2000

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Richmond	VA		4,922	19,689	251	5,172	19,690	24,862	205	2000	2000
Richmond	VA		4,552	18,414	236	4,552	18,650	23,202	626	1986	2000
Richmond	VA		2,917	11,454	2,530	2,917	13,984	16,901	2,665	1989	2000
Richmond	VA		2,824	11,297	251	3,074	11,298	14,372	118	1994	2000
Richmond	VA		2,482	8,846	2,278	2,482	11,124	13,606	3,064	1976	1999
Richmond	VA		2,599	10,396	251	2,849	10,397	13,246	108	1998	2000
Richmond	VA		2,594	10,377	251	2,844	10,378	13,222	108	1999	2000
Richmond	VA		1,857	7,702	892	1,857	8,594	10,451	2,228	1991	1999
Richmond	VA			10,288	0		10,288	10,288	415	2007	2000
Glen Allen	VA		1,640	6,567	1,312	1,640	7,879	9,519	2,023	1996	1999
Durham	NC		1,622	6,419	910	1,581	7,370	8,951	2,182	1985	1999
Richmond	VA		1,202	4,820	1,863	1,202	6,683	7,885	1,762	1987	1999
Richmond	VA	3,425	1,362	5,489	834	1,362	6,323	7,685	1,665	1988	1999
Henrico	VA		1,069	4,281	1,902	1,069	6,183	7,252	2,302	1980	1999
Richmond	VA	2,840	1,110	4,474	581	1,110	5,055	6,165	1,551	1988	1999
Richmond	VA		391	5,410	123	391	5,533	5,924	812	2001	1999
Richmond	VA		1,061	4,241	234	1,061	4,475	5,536	1,276	1975	1999
Richmond	VA		1,020	4,067	391	1,020	4,458	5,478	1,255	1989	1999
Richmond	VA	2,447	985	3,973	142	985	4,115	5,100	1,148	1988	1999
Richmond	VA		582	2,433	243	582	2,677	3,258	758	1991	1999
Richmond	VA		512	2,049	304	512	2,354	2,865	684	1989	1999

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Richmond VA	530	2,123	176	530	2,299	2,829	659	1994	199
Richmond VA	550	2,203	37	550	2,240	2,790	617	1993	199
Richmond VA	502	2,014	157	502	2,171	2,673	595	1985	199
Richmond VA	507	2,034	15	507	2,049	2,556	563	1986	199
Richmond VA	423	1,695	269	423	1,964	2,387	559	1985	199
Richmond VA	455	1,822	18	455	1,840	2,295	504	1987	199
Richmond VA	353	1,416	288	353	1,704	2,057	571	1988	199
Richmond VA	356	1,427	271	356	1,698	2,054	469	1982	199
Richmond VA	387	1,552	111	387	1,662	2,050	503	1983	199
Richmond VA	281	1,125	251	281	1,377	1,657	417	1986	199
Richmond VA	264	1,059	10	264	1,069	1,334	293	1984	199
Total:	\$ 611,898	\$ 720,198	\$ 3,705,120	\$ 387,701	\$ 727,979	\$ 4,085,584	\$ 4,813,563	\$ 558,908	

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Table of Contents(a) Reconciliation
of Real Estate:

The following table reconciles the real estate investments from January 1, 2005 to December 31, 2007 (in thousands):

	2007	2006	2005
Balance at beginning of year	\$ 4,927,305	\$ 2,560,061	\$ 2,483,134
Additions:			
Acquisitions	158,399	2,370,241	71,783
Capital expenditures	179,691	334,238	47,732
Less:			
Dispositions	(451,832)	(229,824)	(42,588)
Assets transferred to held-for-sale		(107,411)	
Balance at end of year	\$ 4,813,563	\$ 4,927,305	\$ 2,560,061

The aggregate cost for federal income tax purposes is \$4.5 billion as of December 31, 2007.

(b) Reconciliation
of Accumulated
Depreciation:

The following table reconciles the accumulated depreciation on real estate investments from January 1, 2005 to December 31, 2007 (in thousands):

	2007	2006	2005
Balance at beginning of year	\$ 515,698	\$ 390,333	\$ 325,802

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Additions:				
Depreciation expense	continued operations	167,160	162,503	78,465
Depreciation expense	discontinued operations	4,748	12,305	171
Acquisitions			1,037	
Less:				
Dispositions		(128,698)	(44,430)	(14,105)
Assets transferred to held-for-sale			(6,050)	
Balance at end of year		\$ 558,908	\$ 515,698	\$ 390,333

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**G&I INTERCHANGE OFFICE LLC
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2007**

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Report of Independent Registered Public Accounting Firm

To the Members of
G&I Interchange Office, LLC:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, Members' equity, and cash flows present fairly, in all material respects, the financial position of G&I Interchange Office, LLC (the Company) at December 31, 2007, and the results of its operations and its cash flows for the period from October 24, 2007 (Inception) to December 31, 2007, in conformity with accounting principles generally accepted in the United States of America. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

March 27, 2008

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**G&I INTERCHANGE OFFICE LLC
CONSOLIDATED BALANCE SHEET
(in thousands)**

	December 31, 2007
ASSETS	
Real estate investments:	
Land	\$ 36,741
Building and improvements	148,468
Tenant improvements	19,058
	204,267
Accumulated depreciation	(388)
Real estate investments, net	203,879
Accrued rent receivable	41
Deferred costs, net of accumulated amortization of \$7	1,285
Intangible assets, net of accumulated amortization of \$421 (Note 3)	48,485
Related party assets (Note 7)	8,011
Other assets	1,237
Total assets	\$ 262,938
 LIABILITIES AND MEMBERS EQUITY	
Mortgage notes payable (Note 4)	\$ 184,000
Accounts payable and accrued expenses	154
Security deposits and deferred rents	1,606
Acquired below market leases, net of accumulated amortization of \$53 (Note 3)	6,539
Total liabilities	192,299
Minority interest (See Note 1)	3,205
Commitments and contingencies (Note 8)	
Members' equity (Note 5)	67,434
Total liabilities, minority interest, and Members' equity	\$ 262,938

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

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G&I INTERCHANGE OFFICE LLC
CONSOLIDATED STATEMENT OF INCOME
(in thousands)

		Period from Inception (October 24, 2007) to December 31, 2007
Revenue		
Rental income	\$	991
Tenant reimbursements		82
Total revenues		1,073
Expenses		
Property operating expenses		236
Real estate taxes		111
Interest		385
Depreciation and amortization		767
Total expenses		1,499
Loss before minority interest		(426)
Minority interest		
Net loss	\$	(426)

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

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G&I INTERCHANGE OFFICE LLC
CONSOLIDATED STATEMENT OF MEMBERS EQUITY
For the Period from Inception (October 24, 2007) to December 31, 2007
(in thousands)

	G&I VI Investment Interchange Office LLC	Brandywine Operating Partnership, L.P.	Total
Balance at Inception (October 24, 2007)	\$	\$	\$
Contributions	54,288	13,572	67,860
Net loss	(341)	(85)	(426)
Balance at December 31, 2007	53,947	13,487	67,434

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

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G&I INTERCHANGE OFFICE LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

	Period from Inception (October 24, 2007) to December 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (426)
Adjustments to reconcile net loss to net cash from operating activities	
Depreciation and amortization	767
Straight line rents and amortization of above/below market intangibles	(51)
Deferred financing cost amortization	7
Other assets	(1,237)
Accounts payable and accrued expenses	154
Net cash used in operating activities	(786)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash paid for property acquisitions	(229,806)
Property advance	(3,205)
Construction receivable from affiliate of member	(3,200)
Net cash used in investing activities	(236,211)
CASH FLOWS FROM FINANCING ACTIVITIES	
Mortgage notes payable	184,000
Payment of deferred financing costs	(1,291)
Contributions from member	54,288
Net cash from financing activities	236,997
NET CHANGE IN CASH AND CASH EQUIVALENTS	
CASH AND CASH EQUIVALENTS Beginning of period	
CASH AND CASH EQUIVALENTS End of period	
SUPPLEMENTAL DISCLOSURE:	
Cash paid during the year for interest	\$ 379
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITY:	
Contributions from member	13,572
Tenant security deposits and deferred rents	1,606
Related party assets	(1,606)
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The accompanying notes are an integral part of these consolidated financial statements.

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G&I INTERCHANGE OFFICE LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2007

(in thousands of dollars, except square footage)

1. ORGANIZATION AND NATURE OF OPERATIONS

G&I Interchange Office LLC (the Company) was formed on October 24, 2007 (the Inception Date), as a Delaware Limited Liability Company. Two wholly-owned subsidiaries of Brandywine Operating Partnership, L.P. (collectively, Brandywine) were admitted as members of the Company on December 19, 2007. The other member of the Company is G&I VI Investment Interchange Office LLC (G&I VI), an investment vehicle advised by DRA Advisors LLC.

Neither G&I VI nor DRA Advisors LLC is affiliated with Brandywine.

The Company was formed for the purpose of acquiring, owning, leasing and managing 29 office buildings (collectively, the Properties) totaling approximately 1,616,000 net rentable square feet. The Properties are located in the Montgomery, Bucks, and Lehigh counties in Pennsylvania.

On December 19, 2007, Brandywine transferred to the Company 100% of its ownership interests in 26 of the Properties and transferred to the Company an 89% ownership interest in three of the Properties (89/11 Properties) with Brandywine's remaining 11% ownership interest reflected as minority interest on the consolidated balance sheet of the Company.

As of December 31, 2007, G&I VI and Brandywine maintain an 80% and 20% interest in the Company, respectively. The Company engaged Brandywine to perform property management and leasing services for the Properties (See Note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Consolidation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the financial position, results of operations, and cash flows of the Company and the Properties in which the Company has a controlling interest.

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity (VIE), and if the Company is deemed to be the primary beneficiary, in accordance with FASB Interpretation No. 46R, Consolidation of Variable Interest Entities (FIN 46R). When an entity is not deemed to be a VIE, the Company considers the provisions of EITF 04-05, Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights (EITF 04-05). The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs which the Company controls and in which the limited partners do not have the ability to dissolve the entity or remove the Company without cause nor substantive participating rights. The 89/11 Properties are considered VIEs of which the Company is the primary beneficiary and therefore these properties are consolidated. The Company will reconsider its 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, if certain events occur that are likely to cause a change in the original determinations. The portion of the 89/11 Properties not owned by the Company is presented as minority interest as of December 31, 2007. All intercompany accounts and transactions have been eliminated in consolidation.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Management makes significant estimates regarding revenue, impairment of long-lived assets, allowance for doubtful accounts and deferred costs.

Real Estate Investments

Real estate investments are carried at historical cost less accumulated depreciation and impairment losses, if any. The cost of real estate investments reflects their purchase price or development cost. Costs incurred for the acquisition and renovation of an operating property are capitalized to the Company's investment in that property. Ordinary repairs and maintenance are expensed as incurred; major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives. Fully-depreciated assets are removed from the accounts.

The cost of buildings and improvements are depreciated using the straight-line method based on the following useful lives: buildings and improvements (five to 51 years) and tenant improvements (the shorter of the lease term or the life of the asset).

In accordance with SFAS 144, long-lived assets, such as real estate investments and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The other assets and liabilities related to assets classified as held-for-sale are presented separately in the consolidated balance sheet. The Company had no properties classified as held for sale at December 31, 2007.

Purchase Price Allocation

The Company allocates the purchase price of properties to net tangible and identified intangible assets acquired based on fair values. Above-market and below-market 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) the Company's estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease. Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. Capitalized below-market lease values are amortized as an increase to rental income over the remaining non-cancelable terms of the respective leases, including any below market fixed-rate renewal periods.

Other intangible assets also include amounts representing the value of tenant relationships and in-place leases based on the Company's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. The Company estimates the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, including leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases. The Company estimates of value are made using methods similar to those used by independent appraisers or by using independent appraisals. Factors considered by the

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Company in this analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily approximate six months. The Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. The Company also uses the information obtained as a result of its pre-acquisition due diligence as part of its consideration of FIN 47 *Accounting for Conditional Asset Retirement Obligations* (FIN 47), and when necessary, will record a conditional asset retirement obligation as part of its purchase price.

Characteristics considered by the Company in allocating value to its tenant relationships include the nature and extent of the Company's business relationship with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals, among other factors. 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-cancelable term of the respective leases and any below market fixed-rate renewal periods.

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

Deferred Costs

The Company has capitalized as deferred costs certain expenditures related to the leasing and financing of the Properties. Deferred leasing commissions are amortized, on a straight-line basis, over the terms of the related leases. Deferred financing costs are charged to interest expense over the terms of the related debt.

Revenue Recognition

Rental income from leases is recognized on a straight-line basis regardless of when payments are due. The cumulative difference between rental income recognized and contractual lease payments is recorded as accrued rent receivable on the accompanying balance sheet. For the period from the Inception Date to December 31, 2007, the straight-line rent adjustment increased revenue by \$41.

Certain lease agreements also contain provisions that require tenants to reimburse a pro-rata share of real estate taxes and certain common area maintenance costs subject to their proportionate share of increases over their respective base year amounts. These amounts are included in tenant reimbursements on the accompanying consolidated statement of income and are recorded when earned.

Other Assets

As of December 31, 2007, other assets included prepaid real estate taxes of \$1,217 and prepaid service contracts of \$20.

Deferred Rent

Deferred rent represents revenue received from tenants prior to their due dates.

Income Taxes

The Company has elected to be treated as a partnership for federal tax purposes and is therefore not taxed directly. The taxable income or loss of the Company is included in the income tax returns of the members; accordingly, no provision for income tax expense or benefit is reflected in the accompanying consolidated financial statements.

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The Company's tax returns and the amount of allocable Company profit and losses are subject to examination by federal and state taxing authorities. If such examination results in changes to Company profits or losses, then the tax liability of the partners would be changed accordingly.

3. INTANGIBLE ASSETS and LIABILITIES

As of December 31, 2007, the Company's intangible assets and liabilities are comprised of the following:

Customer relationship value	\$ 22,334
Value of in-place leases	21,891
Above-market lease assets	4,681
 Total intangible assets	 48,906
 Less: Accumulated amortization	 (421)
 Intangible assets, net	 \$ 48,485
 Acquired lease liability (below market rent)	 \$ 6,592
 Less: Accumulated amortization	 (53)
 Acquired lease liability, net	 \$ 6,539

As of December 31, 2007, the Company's annual amortization for its intangible assets/liabilities are as follows (in thousands, assumes no early terminations):

	Assets	Liabilities
2008	\$ 10,958	\$ 1,494
2009	7,920	1,284
2010	6,759	1,009
2011	5,842	893
2012	4,557	567
Thereafter	12,449	1,292
 Total	 \$ 48,485	 \$ 6,539

4. MORTGAGE NOTES PAYABLE

On December 19, 2007, the Company obtained four mortgage notes payable aggregating \$184,000 to finance the Properties, each with a maturity date of January 1, 2015. The mortgage notes payable require interest only payments through January 1, 2011 at an interest rate of 5.78% per annum and, after that date, interest and principal payments based on a 30 year amortization schedule through December 1, 2014. All unpaid principal is due upon maturity. The mortgages are collateralized by a first lien mortgage and an assignment of rents and leases on the Properties owned by the Company.

The mortgage notes are not prepayable for the first two years. Thereafter, the loans may be prepaid in whole or in part subject to prepayment penalties. A partial prepayment to release one or more of the properties from the lien is based on specifically allocated loan balance by property, subject to certain financial covenants with respect to the remaining properties.

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The Company believes that the carrying amount of the mortgage notes payable as of December 31, 2007 approximates the fair value based on the fact the mortgage notes payable were entered into on December 19, 2007.

As of December 31, 2007, the Company's aggregate principal payments are as follows (in thousands):

2008	\$
2009	
2010	
2011	2,152
2012	2,482
Thereafter	179,366
Total	\$ 184,000

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Table of Contents**5. MEMBERS EQUITY****Allocation of Net Income (Loss)**

Net income (loss) is allocated to the members in accordance with the provisions of the Operating Agreement. Losses are generally allocated ratably. Certain incentives are provided to Brandywine to maximize the performance of the Company. Accordingly, the relative percentage of the total distributions actually received by Brandywine and G&I VI will vary depending on Company income.

Distributions of Cash Flows from Operations

Distributions of cash flows from operations, as defined in the operating agreement of the Company, are to be made quarterly to the members in accordance with their percentage interests.

Distributions of Net Proceeds from Capital Transactions

Distributions of net proceeds from a capital transaction are to be made, first, to return capital contributions of the members, pro rata in accordance with the percentage interests of the members, then to each member pro rata in accordance with their percentage until an internal rate of return hurdle has been achieved, and thereafter in accordance with an adjusted percentage that reflects Brandywine's residual profits interest in the Company.

6. LEASING ARRANGEMENTS

The Company leases the Properties to tenants under operating leases with expiration dates extending to the year 2018. Future minimum rentals under noncancelable operating leases, excluding tenant reimbursements of operating costs, as of December 31, 2007, are as follows:

Year	Minimum Rent
2008	\$ 26,406
2009	22,953
2010	20,940
2011	17,892
2012	13,690
Thereafter	33,859

The Company may also receive reimbursements from tenants for certain property operating expenses, including but not limited to, common area maintenance costs, insurance and real estate taxes.

7. RELATED PARTY TRANSACTIONS

An affiliate of Brandywine provides management services to the Properties and in return receives a management fee equal to 3% of the monthly Effective Gross Revenue (as defined in the Operating Agreement). For the period from December 19, 2007 to December 31, 2007, the Company incurred approximately \$10 for these services which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

In addition, other payroll and administrative costs, based on a Property per square foot amount, are allocated from Brandywine to the Company. For the period from December 19, 2007 to December 31, 2007, the Company incurred approximately \$37 for these services which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

Brandywine occupies approximately 6,700 square feet of office space in the Properties for approximately \$11 in monthly rent.

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Upon transfer of certain of the Properties to the Company, Brandywine received \$3,200 in exchange for the execution and delivery of an agreement related to future capital expenditures of the Company. This agreement requires Brandywine to fund \$3,200 of the first \$6,000 of capital expenditures incurred by the Company. The amount paid to Brandywine is included in related party assets on the accompanying consolidated balance sheet.

Upon transfer of certain of the Properties on December 19, 2007, the Company advanced Brandywine \$3,205 which Brandywine expects to repay together with interest at 8.5% per annum in approximately 3 years. The amount paid to Brandywine is included in related party assets on the accompanying consolidated balance sheet.

As a condition to transferring the Properties, Brandywine is required to fund the amount of tenant security deposits received from tenants prior to December 19, 2007 to the Company. The total amount of tenant security deposits is \$1,287 and is included in related party assets since this amount is receivable by the Company at December 31, 2007. This amount is also included in security deposits and deferred rents on the accompanying consolidated balance sheet to reflect the amount of security deposits funded by tenants to Brandywine prior to December 19, 2007.

Certain of the Properties' tenants prepaid their January 2008 rent by making payments to Brandywine rather than to the Company. The total prepayments made by tenants to Brandywine is \$319 and is included in related party assets since this amount is a receivable to the Company at December 31, 2007. This amount is also included in security deposits and deferred rents on the accompanying consolidated balance sheet to reflect the prepayment of January 2008 rents made by the Properties' tenants.

A summary of related party receivables as of December 31, 2007 is as follows:

Capital expenditure receivable	\$ 3,200
Property advance	3,205
Tenant security deposit receivable	1,287
Deferred rent receivable	319
	\$ 8,011

8. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may, from time to time, enter into contracts or agreements with tenants and other vendors that commit the Company to specific or contingent liabilities. As of December 31, 2007, there were no contracts or agreements with tenants or vendors that management considers significant (either individually or in the aggregate) to the financial position or results of operations of the Company. The Company is also subject to legal claims in the ordinary course of business as a property owner.

As an owner and operator of real estate, the Company is subject to various environmental laws of federal, state, and local governments. Compliance with these laws has not had a material effect on the financial statements and management does not believe it will have such an impact in the future.