BioMed Realty Trust Inc
Form 10-K
March 15, 2006

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

Form 10-K
ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005
Commission File Number: 1-32261
BIOMED REALTY TRUST, INC.
(Exact name of registrant as specified in its charter)

Maryland	**20-1142292**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
17140 Bernardo Center Drive, Suite 222 **San Diego, California**	**92128**
(Address of Principal Executive Offices)	*(Zip Code)*

(858) 485-9840
(Registrant s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, $0.01 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes o No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

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

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

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

The aggregate market value of the 46,371,216 shares of common stock held by non-affiliates of the registrant was $1,105,953,502 based upon the last reported sale price of $23.85 per share on the New York Stock Exchange on June 30, 2005, the last business day of its most recently completed second quarter.

The number of outstanding shares of the registrant s common stock, par value $0.01 per share, as of March 14, 2006 was 46,746,632.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement with respect to its May 19, 2006 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the registrant s fiscal year are incorporated by reference into Part III hereof.

BIOMED REALTY TRUST, INC.
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PART I

Item 1. *Business*

Forward-Looking Statements

We make statements in this report that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, our statements regarding anticipated growth in our funds from operations and anticipated market conditions, demographics and results of operations are forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as believes, expects, may, will, should, seeks, approximately, intends, plans, estimates or anticipates or the negative of these word or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments in the life science industry or the Boston or California regions,
- general economic conditions,
- our ability to compete effectively,
- defaults on or non-renewal of leases by tenants,
- increased interest rates and operating costs,
- our failure to obtain necessary outside financing,
- our ability to successfully complete real estate acquisitions, developments and dispositions,
- our failure to successfully operate acquired properties and operations,
- our failure to maintain our status as a real estate investment trust, or REIT,
- government approvals, actions and initiatives, including the need for compliance with environmental requirements,
- financial market fluctuations, and
- changes in real estate and zoning laws and increases in real property tax rates.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section below entitled Item 1A. Risk Factors.

General

As used herein, the terms we, us, our or the company refer to BioMed Realty Trust, Inc., a Maryland corporatio and any of our subsidiaries, including BioMed Realty, L.P., a Maryland limited partnership (our Operating

Partnership), and 201 Industrial Road, L.P., our predecessor. We are a REIT focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants primarily include biotechnology and pharmaceutical companies, scientific research

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institutions, government agencies and other entities involved in the life science industry. Our properties and primary acquisition targets are generally located in markets with well established reputations as centers for scientific research, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey.

We were formed on April 30, 2004 and commenced operations on August 11, 2004, after completing our initial public offering. Our initial public offering consisted of the sale of 27,000,000 shares of common stock at $15.00 per share, resulting in gross proceeds of $405.0 million. On August 16, 2004, in connection with the exercise of the underwriters over-allotment option, we issued an additional 4,050,000 shares of common stock and received gross proceeds of $60.8 million. The aggregate proceeds to us, net of underwriting discounts and commissions and offering costs, were approximately $429.3 million.

Simultaneously with our initial public offering, we obtained a $100.0 million revolving unsecured credit facility, which we used to finance acquisitions and for other corporate purposes prior to being replaced on May 31, 2005 with a $250.0 million revolving unsecured credit facility with KeyBank National Association and other lenders.

On June 27, 2005, we completed a follow-on common stock offering of 15,122,500 shares at $22.50 per share, resulting in gross proceeds of $340.3 million. The net proceeds of $324.0 million were used to repay the outstanding balance on our revolving credit facility, to repay our $100.0 million unsecured term loan, to acquire properties and for other corporate purposes.

As of December 31, 2005, we owned or had interests in 39 properties, located principally in Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey, consisting of 62 buildings with approximately 4.8 million rentable square feet of laboratory and office space, which was approximately 91.1% leased to 87 tenants. Of the approximately 423,000 square feet of unleased space, 274,677 square feet, or 64.9% of our unleased square footage, was under redevelopment. We also owned undeveloped land that we estimate can support up to 706,000 rentable square feet of laboratory and office space.

Our senior management team has significant experience in the real estate industry, principally focusing on properties designed for life science tenants. We operate as a fully integrated, self-administered and self-managed REIT, providing management, leasing, development and administrative services to our properties. As of February 28, 2006, we had 50 employees.

Our principal offices are located at 17140 Bernardo Center Drive, Suite 222, San Diego, California 92128. Our telephone number at that location is (858) 485-9840. Our website is located at www.biomedrealty.com. We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. You can also access on our website our Code of Business Conduct and Ethics, Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, and Nominating and Corporate Governance Committee Charter.

2005 Highlights

On January 11, 2005, we leased 61,826 rentable square feet in phase two of our Industrial Road property, located south of San Francisco, to Nuvelo, Inc. under a seven-year, triple-net lease. Nektar Therapeutics, an existing tenant at the property, had leased approximately 46,000 square feet of this space until August 2007, which it had never occupied. We agreed to terminate Nektar s lease of its phase two space in exchange for termination payments. Nektar continues to lease approximately 80,000 square feet of space in phase one of the property, which lease expires in October 2016.

On April 19, 2005, we entered into a lease amendment with Centocor, Inc., a subsidiary of Johnson & Johnson. Under the amendment, Centocor agreed to lease an additional 79,667 rentable square feet at our King of Prussia property located in Radnor, Pennsylvania through March 31, 2010. The new lease replaced the existing portion of the master lease with an affiliate of The Rubenstein Company, the original seller of the property, with respect to this space. Annualized base rent of $1.3 million and certain tenant reimbursements received under the new lease have correspondingly reduced the rent received under the master lease.

On May 31, 2005, we completed the acquisition of a portfolio of eight properties including one parking structure in Cambridge, Massachusetts, and an additional property in Lebanon, New Hampshire, from The Lyme Timber Company, an affiliate of Lyme Properties. We refer to these properties as the Cambridge portfolio. The Cambridge portfolio consists of ten buildings with an aggregate of approximately 1.1 million rentable square feet of laboratory and office space, which upon acquisition was 96.8% leased with an average remaining term of ten years, and includes the parking structure with 447 parking spaces. The purchase price was $523.6 million, excluding closing costs, and was funded through borrowings under three credit facilities with KeyBank National Association and other lenders, described below, and the assumption of approximately $131.2 million of mortgage indebtedness.

In order to finance the Cambridge portfolio acquisition and provide additional working capital, on May 31, 2005, we entered into three credit facilities with KeyBank and other lenders under which we initially borrowed $485.0 million of a total of $600.0 million available under these facilities. The credit facilities include a senior unsecured revolving credit facility of $250.0 million, under which we initially borrowed $135.0 million, a senior unsecured term loan facility of $100.0 million and a senior secured term loan facility of $250.0 million. We borrowed the full amounts under the senior unsecured term loan and senior secured term loan facilities. We repaid the senior unsecured term loan with the proceeds of our follow-on offering in June 2005. As of December 31, 2005, we had $17.0 million outstanding under our unsecured revolving credit facility and $250.0 million of outstanding borrowings under our senior secured term loan facility.

In addition to the acquisition of the Cambridge portfolio, during 2005, we acquired 13 properties containing approximately 978,149 rentable square feet of laboratory and office space that was 73.4% leased at acquisition.

From our initial public offering through December 31, 2005, we have declared aggregate dividends on our common stock and distributions on our operating partnership units of $1.4997 per common share and unit, representing five full quarterly dividends of $0.27 and a partial third quarter 2004 dividend of $0.1497 per common share and unit.

Subsequent Events

On January 12, 2006, we completed the acquisition of the land at 530 Fairview Avenue in Seattle, Washington through our joint venture with an affiliate of EDG Commercial Real Estate. The total purchase price was approximately $2.7 million, paid in cash. We entered into the joint venture to develop a five-story, 93,000 square-foot laboratory facility to be named the Fairview Research Center.

On January 13, 2006, we completed the acquisition of a property located at 900 Uniqema Boulevard in New Castle, Delaware. The property consists of an 11,293 square-foot single-story laboratory facility. The total purchase price of approximately $4.7 million was funded with cash and the assumption of approximately $1.8 million of mortgage indebtedness.

Growth Strategy

Our success and future growth potential is based upon the unique real estate opportunities within the life science industry. Our growth strategy is designed to meet the sizable demand and specialized requirements of life science tenants by leveraging the knowledge and expertise of a management team focused on serving this fast growing industry.

Our external growth strategy includes:

- an ability to capitalize on management s extensive acquisition expertise and extensive industry relationships among life science tenants, property owners and real estate brokers,

- a focus on acquiring properties leased to high quality life science tenants at attractive yields with potential upside through lease-up, redevelopment or additional development,
- the selective development of life science space in target market locations, and
- an emphasis on location of potential acquisitions in relation to academic and research institutions to support long-term value.

Our internal growth strategy includes:

- access to cost-effective capital, enabling us to finance tenant improvements and lease available space to high quality, long-term tenants,
- predictable and consistent earnings growth through annual contractual rent increases,
- close monitoring of our existing tenants to address opportunities to renew, extend or modify existing leases and find additional expansion opportunities,
- continual evaluation of redevelopment opportunities to convert existing office and warehouse space into laboratory space, and
- an ability to leverage tenant-financed improvements to encourage tenant renewals or to substantially increase rental rates at the end of the lease.

Target Markets

Our target markets Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania, New York/ New Jersey and research parks near or adjacent to universities have emerged as the primary hubs for research and development and production in the life science industry. Each of these markets benefits from the presence of mature life science companies, which provide scale and stability to the market, as well as academic and university environments and government entities to contribute innovation, research and personnel to the private sector. In addition, the clustered research environments within these target markets typically provide a high quality of life for the research professionals and a fertile ground for new life science ideas and ventures.

Positive Life Science Trends

We expect continued growth in the life science industry due to several factors:

- the aging of the U.S. population resulting from the transition of baby boomers to senior citizens, which has increased the demand for new drugs and services,
- the existing high level of, and continuing increase in, research and development expenditures, as represented by a recent Pharmaceutical Research and Manufacturers of America (PhRMA) survey indicating that research and development spending by its members climbed to a record $39.4 billion in 2005 from $37 billion in the prior year, and when combined with non-member companies, totaled a record $51.3 billion in 2005, and
- escalating health care costs, which drive the demand for better drugs, less expensive treatments and more services in an attempt to manage such costs.

We are uniquely positioned to benefit from these favorable dynamics, coupled with the corresponding positive impact on our life science industry tenants.

Experienced Management

We have created and continue to develop a life science real estate-oriented management team, dedicated to maximizing current and long-term returns and growth for our stockholders. Our executive officers have acquired, developed, owned, leased and managed in excess of $1.7 billion in life science real estate. Through this experience, our management team has established extensive industry relationships among life science

tenants, property owners and real estate brokers. In addition, our experienced independent board members provide management with a broad range of knowledge in real estate, the sciences, life science company operations, and large public company finance and management.

Regulation

General

Our properties are subject to various laws, ordinances and regulations, including regulations relating to common areas. We believe that we have the necessary permits and approvals to operate each of our properties.

Americans with Disabilities Act

Our properties must comply with Title III of the Americans with Disabilities Act, or ADA, to the extent that such properties are public accommodations as defined by the ADA. The ADA may require removal of structural barriers to access by persons with disabilities in certain public areas of our properties where such removal is readily achievable. We believe that our properties are in substantial compliance with the ADA and that we will not be required to make substantial capital expenditures to address the requirements of the ADA. The tenants are generally responsible for any additional amounts required to conform their construction projects to the ADA. However, noncompliance with the ADA could result in imposition of fines or an award of damages to private litigants. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our properties and to make alterations as appropriate in this respect.

Environmental Matters

Under various federal, state and local environmental laws and regulations, a current or previous owner, operator or tenant of real estate may be required to investigate and remove hazardous or toxic substances or petroleum product releases or threats of releases at such property, and may be held liable for property damage and for investigation, clean-up and monitoring costs incurred in connection with the actual or threatened contamination. Such laws typically impose clean-up responsibility and liability without regard to fault, or whether the owner, operator or tenant knew of or caused the presence of the contamination. The liability under such laws may be joint and several for the full amount of the investigation, clean-up and monitoring costs incurred or to be incurred or actions to be undertaken, although a party held jointly and severally liable may obtain contributions from the other identified, solvent, responsible parties of their fair share toward these costs. These costs may be substantial, and can exceed the value of the property. The presence of contamination, or the failure to properly remediate contamination, on a property may adversely affect the ability of the owner, operator or tenant to sell or rent that property or to borrow using such property as collateral, and may adversely impact our investment on that property.

Federal regulations require building owners and those exercising control over a building s management to identify and warn, via signs and labels, of potential hazards posed by workplace exposure to installed asbestos-containing materials, or ACMs, and potential ACMs in their building. The regulations also set forth employee training, record-keeping and due diligence requirements pertaining to ACMs and potential ACMs. Significant fines can be assessed for violating these regulations. Building owners and those exercising control over a building s management may be subject to an increased risk of personal injury lawsuits by workers and others exposed to ACMs and potential ACMs as a result of these regulations. The regulations may affect the value of a building containing ACMs and potential ACMs in which we have invested. Federal, state and local laws and regulations also govern the removal, encapsulation, disturbance, handling and/or disposal of ACMs and potential ACMs when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. Such laws may impose liability for improper handling or a release to the environment of ACMs and potential ACMs and may provide for fines to, and for third parties to seek recovery from, owners or operators of real properties for personal injury or improper work exposure associated with ACMs and potential ACMs. See Risk Factors Risks Related to the Real Estate Industry We could incur significant costs related to governmental regulation and private litigation over environmental matters involving asbestos-containing materials, which could adversely affect our operations, the value of our properties, and our ability to make distributions to our stockholders under Item 1A. below.

Federal, state and local laws and regulations also require removing or upgrading certain underground storage tanks and regulate the discharge of storm water, wastewater and any water pollutants; the emission of air pollutants; the generation, management and disposal of hazardous or toxic chemicals, substances or wastes; and workplace health and safety. Life science industry tenants, including certain of our tenants, engage in various research and development activities involving the controlled use of hazardous materials, chemicals, biological and radioactive compounds. Although we believe that the tenants activities involving such materials comply in all material respects with applicable laws and regulations, the risk of contamination or injury from these materials cannot be completely eliminated. In the event of such contamination or injury, we could be held liable for any damages that result, and any such liability could exceed our resources and our environmental remediation insurance coverage. See Risk Factors Risks Related to the Real Estate Industry We could incur significant costs related to government regulation and private litigation over environmental matters involving the presence, discharge or threat of discharge of hazardous or toxic substances, which could adversely affect our operations, the value of our properties, and our ability to make distributions to our stockholders under Item 1A. below.

In addition, our leases generally provide that (1) the tenant is responsible for all environmental liabilities relating to the tenant s operations, (2) we are indemnified for such liabilities and (3) the tenant must comply with all environmental laws and regulations. Such a contractual arrangement, however, does not eliminate our statutory liability or preclude claims against us by governmental authorities or persons who are not parties to such an arrangement. Noncompliance with environmental or health and safety requirements may also result in the need to cease or alter operations at a property, which could affect the financial health of a tenant and its ability to make lease payments. In addition, if there is a violation of such a requirement in connection with a tenant s operations, it is possible that we, as the owner of the property, could be held accountable by governmental authorities for such violation and could be required to correct the violation and pay related fines.

Prior to closing any property acquisition, we obtain environmental assessments in a manner we believe prudent in order to attempt to identify potential environment concerns at such properties. These assessments are carried out in accordance with an appropriate level of due diligence and generally include a physical site inspection, a review of relevant federal, state and local environmental and health agency database records, one or more interviews with appropriate site-related personnel, review of the property s chain of title and review of historic aerial photographs and other information on past uses of the property. We may also conduct limited subsurface investigations and test for substances of concern where the results of the first phase of the environmental assessments or other information indicates possible contamination or where our consultants recommend such procedures.

While we may purchase our properties on an as is basis, all of our purchase contracts contain an environmental contingency clause, which permits us to reject a property because of any environmental hazard at such property. We receive environmental reports on all prospective properties.

We believe that our properties comply in all material respects with all federal and state regulations regarding hazardous or toxic substances and other environmental matters.

Insurance

We carry comprehensive liability, fire, workers compensation, extended coverage, terrorism and rental loss insurance covering all of our properties under a blanket policy, except with respect to property and fire insurance on our McKellar Court and Science Center Drive properties, which is carried directly by the tenants. We believe the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for generally uninsurable losses such as loss from riots or acts of God. We also carry environmental remediation insurance for our properties. This insurance, subject to certain exclusions and deductibles, covers the cost to remediate environmental damage caused by future spills or the historic presence of previously undiscovered hazardous substances. We intend to carry similar insurance with respect to future acquisitions as appropriate. Our properties located in the

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San Diego, San Francisco and Seattle areas are subject to earthquakes. We presently carry earthquake insurance on our Industrial Road property in San Francisco and on our east coast properties, but do not carry earthquake insurance on our other properties in San Francisco or on our properties in San Diego or Seattle. The amount of earthquake insurance coverage we do carry may not be sufficient to fully cover losses from earthquakes. In addition, we may discontinue earthquake, terrorism or other insurance, or may elect not to procure such insurance, on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. See Risk Factors Risks Related to the Real Estate Industry Uninsured and underinsured losses could adversely affect our operating results and our ability to make distributions to our stockholders under Item 1A. below. However, we believe that all of our properties are adequately insured, consistent with industry standards.

Competition

We are one of only two publicly traded entities focusing primarily on the acquisition, management, expansion and selective development of properties designed for life science tenants (the other such entity being Alexandria Real Estate Equities, Inc.). However, various entities, including other REITs, such as health care REITs and suburban office property REITs, pension funds, insurance companies, investment funds and companies, partnerships, and developers invest in properties occupied by life science tenants and therefore compete for investment opportunities with us. Because properties designed for life science tenants typically contain improvements that are specific to tenants operating in the life science industry, we believe that we will be able to maximize returns on investments as a result of:

- our expertise in understanding the real estate needs of life science industry tenants,
- our ability to identify, acquire and develop properties with generic laboratory infrastructure that appeal to a wide range of life science industry tenants, and
- our expertise in identifying and evaluating life science industry tenants.

However, many of our competitors have greater financial resources than we do and may be able to accept more risks, including risks with respect to the creditworthiness of a tenant or the geographic proximity of its investments. In the future, competition from these entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. Further, as a result of their greater resources, those entities may have more flexibility than we do in their ability to offer rental concessions to attract tenants. These concessions could put pressure on our ability to maintain or raise rents and could adversely affect our ability to attract or retain tenants. Additionally, our ability to compete depends upon, among other factors, trends of the national and local economies, investment alternatives, financial condition and operating results of current and prospective tenants, availability and cost of capital, construction and renovation costs, taxes, governmental regulations, legislation and population trends.

Foreign Operations

We do not engage in any foreign operations or derive any revenue from foreign sources.

Segment Financial Information

Financial information by segment is presented in Note 11 to the consolidated financial statements in Item 8 of this report.

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Item 1A. ***Risk Factors***

Risks Related to Our Properties, Our Business and Our Growth Strategy

Because we lease our properties to a limited number of tenants, and to the extent we depend on a limited number of tenants in the future, the inability of any single tenant to make its lease payments could adversely affect our business and our ability to make distributions to our stockholders.

As of December 31, 2005, we had 87 tenants in 39 properties. Two of our tenants, Vertex Pharmaceuticals and Genzyme Corporation, represented 15.8% and 10.5%, respectively, of our consolidated rental revenues for the year ended December 31, 2005, and 12.3% and 7.2%, respectively, of our total leased rentable square footage. While we evaluate the creditworthiness of our tenants by reviewing available financial and other pertinent information, there can be no assurance that any tenant will be able to make timely rental payments or avoid defaulting under its lease. If a tenant defaults, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. Because we depend on rental payments from a limited number of tenants, the inability of any single tenant to make its lease payments could adversely affect us and our ability to make distributions to our stockholders.

Tenants in the life science industry face high levels of regulation, expense and uncertainty that may adversely affect their ability to pay us rent and consequently adversely affect our business.

Life science entities comprise the vast majority of our tenant base. Because of our dependence on a single industry, adverse conditions affecting that industry will more adversely affect our business, and thus our ability to make distributions to our stockholders, than if our business strategy included a more diverse tenant base. Life science industry tenants, particularly those involved in developing and marketing drugs and drug delivery technologies, fail from time to time as a result of various factors. Many of these factors are particular to the life science industry. For example:

- Our tenants require significant outlays of funds for the research and development and clinical testing of their products and technologies. If private investors, the government or other sources of funding are unavailable to support such development, a tenant s business may fail.

- The research and development, clinical testing, manufacture and marketing of some of our tenants products require federal, state and foreign regulatory approvals. The approval process is typically long, expensive and uncertain. Even if our tenants have sufficient funds to seek approvals, one or all of their products may fail to obtain the required regulatory approvals on a timely basis or at all. Furthermore, our tenants may only have a small number of products under development. If one product fails to receive the required approvals at any stage of development, it could significantly adversely affect our tenant s entire business and its ability to pay rent.

- Our tenants with marketable products may be adversely affected by health care reform efforts and the reimbursement policies of government or private health care payors.

- Our tenants may be unable to adequately protect their intellectual property under patent, copyright or trade secret laws. Failure to do so could jeopardize their ability to profit from their efforts and to protect their products from competition.

- Collaborative relationships with other life science entities may be crucial to the development, manufacturing, distribution or marketing of our tenants products. If these other entities fail to fulfill their obligations under these collaborative arrangements, our tenants businesses will suffer.

We cannot assure you that our tenants in the life science industry will be successful in their businesses. If our tenants businesses are adversely affected, they may have difficulty paying us rent.

Because particular upgrades are required for life science tenants, improvements to our properties involve greater expenditures than traditional office space, which costs may not be covered by the rents our tenants pay.

The improvements generally required for our properties infrastructure are more costly than for other property types. Typical infrastructural improvements include the following:

reinforced concrete floors,

upgraded roof structures for greater load capacity,

increased floor-to-ceiling clear heights,

heavy-duty HVAC systems,

enhanced environmental control technology,

significantly upgraded electrical, gas and plumbing infrastructure, and

laboratory benchwork.

Our tenants generally pay higher rent on our properties than tenants in traditional office space. However, we cannot assure you that our tenants will continue to do so in the future or that the rents paid will cover the additional costs of upgrading the properties.

Because of the unique and specific improvements required for our life science tenants, we may be required to incur substantial renovation costs to make our properties suitable for other life science tenants or other office tenants, which could adversely affect our operating performance.

We acquire or develop properties that include laboratory space and other features that we believe are generally desirable for life science industry tenants. However, different life science industry tenants may require different features in their properties, depending on each tenant s particular focus within the life science industry. If a current tenant is unable to pay rent and vacates a property, we may incur substantial expenditures to modify the property before we are able to re-lease the space to another life science industry tenant. This could hurt our operating performance and the value of your investment. Also, if the property needs to be renovated to accommodate multiple tenants, we may incur substantial expenditures before we are able to re-lease the space.

Additionally, our properties may not be suitable for lease to traditional office tenants without significant expenditures or renovations. Accordingly, any downturn in the life science industry may have a substantial negative impact on our properties values.

The geographic concentration of our properties in Boston and California makes our business particularly vulnerable to adverse conditions affecting these markets.

Ten of our 39 properties are located in the Boston area. As of December 31, 2005, these properties represented 39.6% of our annualized base rent and 26.3% of our total leased rentable square footage. In addition, 16 of our 39 properties are located in California, with nine in San Diego and seven in San Francisco. As of December 31, 2005, these properties represented 26.7% of our annualized base rent and 32.0% of our total leased rentable square footage. Because of this concentration in two geographic regions, we are particularly vulnerable to adverse conditions affecting Boston and California, including general economic conditions, increased competition, a downturn in the local life science industry, real estate conditions, terrorist attacks, earthquakes (with respect to California) and other natural disasters occurring in these regions. In addition, we cannot assure you that these markets will continue to grow or remain favorable to the life science industry. The performance of the life science industry and the economy in general in these geographic markets may affect occupancy, market rental rates and expenses, and thus may affect our performance and the value of our properties. We are also subject to greater risk of loss from earthquakes because of our properties concentration in California. The close proximity of our seven properties in San Francisco to a fault line makes them more vulnerable to earthquakes than properties in many other parts of the country.

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Our tax indemnification and debt maintenance obligations require us to make payments if we sell certain properties or repay certain debt, which could limit our operating flexibility.

In our formation transactions, our executive officers, Alan D. Gold, Gary A. Kreitzer, John F. Wilson, II and Matthew G. McDevitt, and certain other individuals contributed six properties to our operating partnership. If we were to dispose of these contributed assets in a taxable transaction, Messrs. Gold, Kreitzer, Wilson and McDevitt and the other contributors of those assets would suffer adverse tax consequences. In connection with these contribution transactions, we agreed to indemnify those contributors against such adverse tax consequences for a period of ten years. This indemnification will help those contributors to preserve their tax positions after their contributions. The tax indemnification provisions were not negotiated in an arm s length transaction but were determined by our management team. We have also agreed to use reasonable best efforts consistent with our fiduciary duties to maintain at least $8.0 million of debt, some of which must be property specific, that the contributors can guarantee in order to defer any taxable gain they may incur if our operating partnership repays existing debt. These tax indemnification and debt maintenance obligations may affect the way in which we conduct our business. During the indemnification period, these obligations may impact the timing and circumstances under which we sell the contributed properties or interests in entities holding the properties. For example, these tax indemnification payments could effectively reduce or eliminate any gain we might otherwise realize upon the sale or other disposition of the related properties. Accordingly, even if market conditions might otherwise dictate that it would be desirable to dispose of these properties, the existence of the tax indemnification obligations could result in a decision to retain the properties in our portfolio to avoid having to pay the tax indemnity payments. The existence of the debt maintenance obligations could require us to maintain debt at a higher level than we might otherwise choose. Higher debt levels could adversely affect our ability to make distributions to our stockholders.

While we may seek to enter into tax-efficient joint ventures with third-party investors, we currently have no intention of disposing of these properties or interests in entities holding the properties in transactions that would trigger our tax indemnification obligations. The involuntary condemnation of one or more of these properties during the indemnification period could, however, trigger the tax indemnification obligations described above. The tax indemnity would equal the amount of the federal and state income tax liability the contributor would incur with respect to the gain allocated to the contributor. The calculation of the indemnity payment would not be reduced due to the time value of money or the time remaining within the indemnification period. The terms of the contribution agreements also require us to gross up the tax indemnity payment for the amount of income taxes due as a result of the tax indemnity payment. Messrs. Gold, Kreitzer, Wilson and McDevitt are potential recipients of these indemnification payments. Because of these potential payments their personal interests may diverge from those of our stockholders.

We have a limited operating history as a REIT and as a public company and may not be successful in operating as a public REIT, which may adversely affect our ability to make distributions to stockholders.

We were formed in April 2004 and have a limited operating history as a REIT and as a public company. Our board of directors and executive officers have overall responsibility for our management, but only our Chief Executive Officer, Executive Vice President and one of our independent directors have prior experience in operating a business in accordance with the requirements of the Internal Revenue Code of 1986, as amended, or the Code, for maintaining qualification as a REIT. We cannot assure you that our management team s past experience will be sufficient to operate our company successfully as a REIT or as a public company. Failure to maintain REIT status would have an adverse effect on our cash available for distribution to stockholders and would adversely affect the price of our common stock.

Our expansion strategy may not yield the returns expected, may result in disruptions to our business, may strain our management resources and may adversely affect our operations.

We own properties principally in Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey, each of which is currently a leading market in the United States for the life science industry. We cannot assure you that these markets will remain favorable to the life science industry, that these markets will continue to grow or that we will be successful expanding in these markets.

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In addition to the 13 properties we acquired in connection with our initial public offering, we have acquired an additional 26 properties, and we expect to continue to expand. This anticipated growth will require substantial attention from our existing management team, which may divert management s attention from our current properties. Implementing our growth plan will also require that we expand our management and staff with qualified and experienced personnel and that we implement administrative, accounting and operational systems sufficient to integrate new properties into our portfolio. We also must manage future property acquisitions without incurring unanticipated costs or disrupting the operations at our existing properties. Managing new properties requires a focus on leasing and retaining tenants. If we fail to successfully integrate future acquisitions into our portfolio, or if newly acquired properties fail to perform as we expect, our results of operations, financial condition and ability to pay distributions could suffer.

We may be unable to acquire, develop or operate new properties successfully, which could harm our financial condition and ability to pay distributions to our stockholders.

We continue to evaluate the market for available properties and may acquire office, laboratory and other properties when opportunities exist. We also may develop or substantially renovate office and other properties. Acquisition, development and renovation activities are subject to significant risks, including:

changing market conditions, including competition from others, may diminish our opportunities for acquiring a desired property on favorable terms or at all. Even if we enter into agreements for the acquisition of properties, these agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction,

we may be unable to obtain financing on favorable terms (or at all),

we may spend more time or money than we budget to improve or renovate acquired properties or to develop new properties,

we may be unable to quickly and efficiently integrate new properties, particularly if we acquire portfolios of properties, into our existing operations,

market conditions may result in higher than expected vacancy rates and lower than expected rental rates,

if we develop properties, we may encounter delays or refusals in obtaining all necessary zoning, land use, building, occupancy and other required governmental permits and authorizations,

we are less familiar with the development of properties in markets outside of California,

acquired and developed properties may have defects we do not discover through our inspection processes, including latent defects that may not reveal themselves until many years after we put a property in service, and

we may acquire land, properties or entities owning properties which are subject to liabilities and for which, in the case of unknown liabilities, we may have limited or no recourse.

The realization of any of the above risks could significantly and adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock, ability to satisfy our debt service obligations and ability to pay distributions to our stockholders.

Our success depends on key personnel with extensive experience dealing with the real estate needs of life science tenants, and the loss of these key personnel could threaten our ability to operate our business successfully.

Our future success depends, to a significant extent, on the continued services of our management team. In particular, we depend on the efforts of Mr. Gold, our Chairman, President and Chief Executive Officer, Mr. Kreitzer, our Executive Vice President, General Counsel and Secretary, Mr. Wilson, our Chief Financial Officer, and Mr. McDevitt, our Regional Executive Vice President. Among the reasons that Messrs. Gold, Kreitzer, Wilson and McDevitt are important to our success is that each has a national or regional reputation in the life science industry based on their extensive real estate experience in dealing with life science tenants and properties. Each member of our management team has developed informal relationships through past business dealings with numerous members of the scientific community, life science investors, current and prospective life science industry tenants, and real estate brokers. We expect that their reputations will continue to attract business and investment opportunities before the active marketing of properties and will assist us in negotiations with lenders, existing and potential tenants, and industry personnel. If we lost their services, our relationships with such lenders, existing and prospective tenants, and industry personnel could suffer. We have entered into employment agreements with each of Messrs. Gold, Kreitzer, Wilson and McDevitt, but we cannot guarantee that they will not terminate their employment prior to the end of the term.

The bankruptcy of a tenant may adversely affect the income produced by and the value of our properties.

The bankruptcy or insolvency of a tenant may adversely affect the income produced by our properties. If any tenant becomes a debtor in a case under the Bankruptcy Code, we cannot evict the tenant solely because of the bankruptcy. The bankruptcy court also might authorize the tenant to reject and terminate its lease with us, which would generally result in any unpaid, pre-bankruptcy rent being treated as an unsecured claim. In addition, our claim against the tenant for unpaid, future rent would be subject to a statutory cap equal to the greater of (1) one year of rent or (2) 15% of the remaining rent on the lease (not to exceed three years of rent). This cap might be substantially less than the remaining rent actually owed under the lease. Additionally, a Bankruptcy Court may require us to turn over to the estate all or a portion of any deposits, amounts in escrow, or prepaid rents. Our claim for unpaid, pre-bankruptcy rent, our lease termination damages and claims relating to damages for which we hold deposits or other amounts that we were forced to repay would likely not be paid in full.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses and may have a negative impact on our business.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and new rules and regulations of the Securities and Exchange Commission and the New York Stock Exchange, or NYSE, are creating uncertainty for companies such as ours. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities. In particular, our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 and the related regulations regarding our required assessment of our internal control over financial reporting and our external auditors audit of that assessment has required the commitment of significant financial and managerial resources. We expect these efforts to require the continued commitment of significant resources. Further, our board members, Chief Executive Officer and Chief Financial Officer could face an increased risk of personal liability in connection with the performance of their duties. As a result, we may have difficulty attracting and retaining qualified board members and executive officers, which could harm our business. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed.

Future acts of terrorism or war or the risk of war may have a negative impact on our business.

The continued threat of terrorism and the potential for military action and heightened security measures in response to this threat may cause significant disruption to commerce. There can be no assurance that the armed hostilities will not escalate or that these terrorist attacks, or the United States responses to them, will not lead to further acts of terrorism and civil disturbances, which may further contribute to economic instability. Any armed conflict, civil unrest or additional terrorist activities, and the attendant political instability and societal disruption, may adversely affect our results of operations, financial condition and future growth.

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Risks Related to the Real Estate Industry

Significant competition may decrease or prevent increases in our properties occupancy and rental rates and may reduce our investment opportunities.

We are one of only two publicly traded entities focusing primarily on the acquisition, management, expansion and selective development of properties designed for life science tenants. However, various entities, including other REITs, such as health care REITs and suburban office property REITs, pension funds, insurance companies, investment funds and companies, partnerships, and developers invest in properties containing life science tenants and therefore compete for investment opportunities with us. Many of these entities have substantially greater financial resources than we do and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of a tenant or the geographic location of its investments. In the future, competition from these entities may reduce the number of suitable investment opportunities offered to us or increase the bargaining power of property owners seeking to sell. Further, as a result of their greater resources, those entities may have more flexibility than we do in their ability to offer rental concessions to attract tenants. This could put pressure on our ability to maintain or raise rents and could adversely affect our ability to attract or retain tenants. As a result, our financial condition, results of operations, cash flow, per share trading price of our common stock, ability to satisfy our debt service obligations and ability to pay distributions to our stockholders may be adversely affected.

Uninsured and underinsured losses could adversely affect our operating results and our ability to make distributions to our stockholders.

We carry comprehensive liability, fire, workers compensation, extended coverage, terrorism and rental loss insurance covering all of our properties under a blanket policy, except with respect to property and fire insurance on our McKellar Court and Science Center Drive properties, which is carried directly by the tenants. We believe the policy specifications and insured limits are appropriate given the relative risk of loss, the cost of the coverage and industry practice. We also carry environmental remediation insurance for our properties. This insurance, subject to certain exclusions and deductibles, covers the cost to remediate environmental damage caused by unintentional future spills or the historic presence of previously undiscovered hazardous substances. We intend to carry similar insurance with respect to future acquisitions as appropriate. We do not carry insurance for generally uninsurable losses such as loss from riots or acts of God. A substantial portion of our properties are located in San Diego and San Francisco, California and Seattle, Washington, areas especially subject to earthquakes. We presently carry earthquake insurance on our Industrial Road property in San Francisco and on our east coast properties, but do not carry earthquake insurance on our other properties in San Francisco or on our properties in San Diego or Seattle. The amount of earthquake insurance coverage we do carry may not be sufficient to fully cover losses from earthquakes. In addition, we may discontinue earthquake, terrorism or other insurance, or may elect not to procure such insurance, on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss.

If we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Our performance and value are subject to risks associated with the ownership and operation of real estate assets and with factors affecting the real estate industry.

Our ability to make expected distributions to our stockholders depends on our ability to generate revenues in excess of expenses, our scheduled principal payments on debt and our capital expenditure requirements. Events and conditions that are beyond our control may decrease our cash available for distribution and the value of our properties. These events include:

- local oversupply, increased competition or reduced demand for life science office and laboratory space,

- inability to collect rent from tenants, vacancies or our inability to rent space on favorable terms,

increased operating costs, including insurance premiums, utilities and real estate taxes,

the ongoing need for capital improvements, particularly in older structures,

costs of complying with changes in governmental regulations, including tax laws,

the relative illiquidity of real estate investments,

changing submarket demographics, and

civil unrest, acts of war and natural disasters, including earthquakes, floods and fires, which may result in uninsured and underinsured losses.

In addition, we could experience a general decline in rents or an increased incidence of defaults under existing leases if any of the following occur:

periods of economic slowdown or recession,

rising interest rates,

declining demand for real estate, or

the public perception that any of these events may occur.

Any of these events could adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock, ability to satisfy our debt service obligations and ability to pay distributions to our stockholders.

Illiquidity of real estate investments may make it difficult for us to sell properties in response to market conditions and could harm our financial condition and ability to make distributions.

Equity real estate investments are relatively illiquid and therefore will tend to limit our ability to vary our portfolio promptly in response to changing economic or other conditions. To the extent the properties are not subject to triple-net leases, some significant expenditures such as real estate taxes and maintenance costs are generally not reduced when circumstances cause a reduction in income from the investment. Should these events occur, our income and funds available for distribution could be adversely affected. Furthermore, our Landmark at Eastview property is subject to a ground lease until certain property subdivisions are completed, at which time the ground lease will terminate and we will obtain fee simple title to the property. If those subdivisions are not completed, the property will remain subject to the ground lease, which could make it more difficult to sell the property. In addition, our Colorow Drive property is subject to a ground lease, which could make it more difficult to sell the property. If any of the parking leases or licenses associated with our Cambridge portfolio were to expire, or if we were unable to assign these leases to a buyer, it would be more difficult for us to sell these properties and would adversely affect our ability to retain current tenants or attract new tenants at these properties. In addition, REIT requirements may subject us to a 100% tax on gain recognized from the sale of property if the property is considered to be held primarily for sale to customers in the ordinary course of our business. To prevent these taxes, we may comply with safe harbor rules relating to the number of properties sold in a year, how long we owned the properties, their tax bases and the cost of improvements made to those properties. However, we can provide no assurance that we will be able to successfully comply with these safe harbors. If compliance is possible, the safe harbor rules may restrict our ability to sell assets in the future and achieve liquidity that may be necessary to fund distributions.

We may be unable to renew leases, lease vacant space or re-lease space as leases expire, which could adversely affect our business and our ability to pay distributions to our stockholders.

If we cannot renew leases, we may be unable to re-lease our properties at rates equal to or above the current rate. Even if we can renew leases, tenants may be able to negotiate lower rates as a result of market conditions. Market conditions may also hinder our ability to lease vacant space in newly developed properties. In addition, we may enter into or acquire leases for properties that are specially suited to the needs of a particular tenant. Such properties may require renovations, tenant improvements or other concessions in order

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to lease them to other tenants if the initial leases terminate. Any of these factors could adversely impact our financial condition, results of operations, cash flow, per share trading price of our common stock, our ability to satisfy our debt service obligations and our ability to pay distributions to our stockholders.

We could incur significant costs related to government regulation and private litigation over environmental matters involving the presence, discharge or threat of discharge of hazardous or toxic substances, which could adversely affect our operations, the value of our properties, and our ability to make distributions to our stockholders.

Our properties may be subject to environmental liabilities. Under various federal, state and local laws, a current or previous owner, operator or tenant of real estate can face liability for environmental contamination created by the presence, discharge or threat of discharge of hazardous or toxic substances. Liabilities can include the cost to investigate, clean up and monitor the actual or threatened contamination and damages caused by the contamination (or threatened contamination). Environmental laws typically impose such liability regardless of:

- our knowledge of the contamination,
- the timing of the contamination,
- the cause of the contamination, or
- the party responsible for the contamination.

The liability under such laws may be strict, joint and several, meaning that we may be liable regardless of whether we knew of, or were responsible for, the presence of the contaminants, and the government entity or private party may seek recovery of the entire amount from us even if there are other responsible parties. Liabilities associated with environmental conditions may be significant and can sometimes exceed the value of the affected property. The presence of hazardous substances on a property may adversely affect our ability to sell or rent that property or to borrow using that property as collateral.

Some of our properties have had contamination in the past that required cleanup. We believe the contamination has been effectively remediated, and that any remaining contamination either does not require remediation or that the costs associated with such remediation will not be material. However, we cannot guarantee that such contamination does not continue to pose a threat to the environment or that we will not have continued liability in connection with such prior contamination. Our Kendall Square A and Kendall Square D properties are located on the site of a former manufactured gas plant. Various remedial actions were performed on these properties, including soil stabilization to control the spread of oil and hazardous materials in the soil. Another of our properties, Elliott Avenue, has known soil contamination beneath a portion of the building located on the property. Based on environmental consultant reports, management does not believe any remediation would be required unless major structural changes were made to the building that resulted in the soil becoming exposed. We do not expect these matters to materially adversely affect such properties value or the cash flows related to such properties, but we can provide no assurances to that effect.

Environmental laws also:

- may require the removal or upgrade of underground storage tanks,
- regulate storm water, wastewater and water pollutant discharge,
- regulate air pollutant emissions,
- regulate hazardous materials generation, management and disposal, and
- regulate workplace health and safety.

Life science industry tenants, our primary tenant industry focus, frequently use hazardous materials, chemicals, heavy metals, and biological and radioactive compounds. Our tenants controlled use of these materials subjects us and our tenants to laws that govern using, manufacturing, storing, handling and disposing of such materials and certain byproducts of those materials. We are unaware of any of our existing tenants violating applicable laws and regulations, but we and our tenants cannot completely eliminate the risk of contamination or injury from these materials. If our properties become contaminated, or if a party is injured, we could be held liable for any damages that result. Such liability could exceed our resources and any environmental remediation insurance coverage we have, which could adversely affect our operations, the value of our properties, and our ability to make distributions to our stockholders.

We could incur significant costs related to governmental regulation and private litigation over environmental matters involving asbestos-containing materials, which could adversely affect our operations, the value of our properties, and our ability to make distributions to our stockholders.

Environmental laws also govern the presence, maintenance and removal of asbestos-containing materials, or ACMs, and may impose fines and penalties if we fail to comply with these requirements. Failure to comply with these laws, or even the presence of ACMs, may expose us to third-party liability. Some of our properties contain ACMs, and we could be liable for such fines or penalties, as described above in Item 1. Business Regulation Environmental Matters.

Our properties may contain or develop harmful mold, which could lead to liability for adverse health effects and costs of remediating the problem, which could adversely affect the value of the affected property and our ability to make distributions to our stockholders.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Concern about indoor exposure to mold has been increasing because exposure to mold may cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold from the affected property. In addition, the presence of significant mold could expose us to liability to our tenants, their or our employees, and others if property damage or health concerns arise.

Compliance with the Americans with Disabilities Act and similar laws may require us to make significant unanticipated expenditures.

All of our properties are required to comply with the ADA. The ADA requires that all public accommodations must meet federal requirements related to access and use by disabled persons. Although we believe that our properties substantially comply with present requirements of the ADA, we have not conducted an audit of all of such properties to determine compliance. If one or more properties is not in compliance with the ADA, then we would be required to bring the offending properties into compliance. Compliance with the ADA could require removing access barriers. Non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants, or both. Additional federal, state and local laws also may require us to modify properties or could restrict our ability to renovate properties. Complying with the ADA or other legislation could be very expensive. If we incur substantial costs to comply with such laws, our financial condition, results of operations, cash flow, per share trading price of our common stock, our ability to satisfy our debt service obligations and our ability to pay distributions to our stockholders could be adversely affected.

We may incur significant unexpected costs to comply with fire, safety and other regulations, which could adversely impact our financial condition, results of operations, and ability to make distributions.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and safety requirements, building codes and land use regulations. Failure to comply with these requirements could subject us to governmental fines or private litigant damage awards. We believe that our properties are currently in material compliance with all applicable regulatory requirements. However, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow, the per share trading price of our common stock, our ability to satisfy our debt service obligations and our ability to pay distributions to our stockholders.

Risks Related to Our Organizational Structure

Conflicts of interest could result in our management acting other than in our stockholders best interests.

Our executive officers and directors beneficially own 6.2% of our common stock and exercise substantial influence over our business and, as a result, they may delay, defer or prevent us from taking actions that would be beneficial to our other stockholders. As of February 28, 2006, our executive officers, directors and entities affiliated with them beneficially owned an aggregate of 375,416 shares of our common stock and units which may be exchanged for 2,673,172 shares of our common stock, representing a total of approximately 6.2% of our outstanding common stock. Consequently, our executive officers and directors have substantial influence over us and could exercise their influence in a manner that may not be in the best interests of our stockholders.

We may choose not to enforce, or to enforce less vigorously, our rights under contribution and other agreements because of conflicts of interest with certain of our officers. Messrs. Gold, Kreitzer, Wilson and McDevitt, some of their spouses and parents, and other individuals and entities not affiliated with us or our management, had ownership interests in the properties contributed to our operating partnership in our formation transactions. Under the agreements relating to the contribution of those interests, we are entitled to indemnification and damages in the event of breaches of representations or warranties made by Messrs. Gold, Kreitzer, Wilson and McDevitt and other contributors. In addition, Messrs. Gold, Kreitzer, Wilson and McDevitt have entered into employment agreements with us pursuant to which they have agreed to devote substantially full-time attention to our affairs. None of these contribution and employment agreements were negotiated on an arm s-length basis. We may choose not to enforce, or to enforce less vigorously, our rights under these contribution and employment agreements because of our desire to maintain our ongoing relationships with the individuals involved.

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and may prevent stockholders from receiving a premium for their shares.

Our charter contains a 9.8% ownership limit that may delay, defer or prevent a change of control transaction. Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT. Unless exempted by our board of directors, no person may own more than 9.8% of the value of our outstanding shares of capital stock or more than 9.8% in value or number (whichever is more restrictive) of the outstanding shares of our common stock. The board may not grant such an exemption to any proposed transferee whose ownership of in excess of 9.8% of the value of our outstanding shares would result in the termination of our status as a REIT. These restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify as a REIT. The ownership limit may delay or impede a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

We could authorize and issue stock without stockholder approval that may delay, defer or prevent a change of control transaction. Our charter authorizes us to issue additional authorized but unissued shares of our common stock or preferred stock. In addition, our board of directors may classify or reclassify any unissued shares of our common stock or preferred stock and may set the preferences, rights and other terms of the classified or reclassified shares. The board may also, without stockholder approval, amend our charter to increase the authorized number of shares of our common stock or our preferred stock that we may issue. The board of directors could establish a series of common stock or preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Certain provisions of Maryland law could inhibit changes in control that may delay, defer or prevent a change of control transaction. Certain provisions of the Maryland General Corporation Law, or the MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control. In some cases, such an acquisition or change of control could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of their shares. These MGCL provisions include:

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder for certain periods. An interested stockholder is generally any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof. The business combinations are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder. After that period, the MGCL imposes special voting requirements on such combinations, and

- control share provisions that provide that control shares of our company acquired in a control share acquisition have no voting rights unless holders of two-thirds of our voting stock (excluding interested shares) consent. Control shares are shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors. A control share acquisition is the direct or indirect acquisition of ownership or control of control shares.

In the case of the business combination provisions of the MGCL, we opted out by resolution of our board of directors with respect to any business combination between us and any person provided such business combination is first approved by our board of directors (including a majority of directors who are not affiliates or associates of such person). In the case of the control share provisions of the MGCL, we opted out pursuant to a provision in our bylaws. However, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL. Further, we may opt in to the control share provisions of the MGCL in the future by amending our bylaws, which our board of directors can do without stockholder approval.

The partnership agreement of our operating partnership, Maryland law, and our charter and bylaws also contain other provisions that may delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Our board of directors may amend our investing and financing policies without stockholder approval, and, accordingly, our stockholders would have limited control over changes in our policies that could increase the risk we default under our debt obligations or that could harm our business, results of operations and share price.

Our board of directors has adopted a policy of limiting our indebtedness to approximately 60% of our total market capitalization. Total market capitalization is defined as the sum of the market value of our outstanding common stock (which may decrease, thereby increasing our debt-to-total capitalization ratio), plus the aggregate value of operating partnership units we do not own, plus the book value of our total consolidated indebtedness. However, our organizational documents do not limit the amount or percentage of debt that we may incur, nor do they limit the types of properties we may acquire or develop. Our board of directors may alter or eliminate our current policy on borrowing or investing at any time without stockholder approval. Changes in our strategy or in our investment or leverage policies could expose us to greater credit risk and interest rate risk and could also result in a more leveraged balance sheet. These factors could result in an increase in our debt service and could adversely affect our cash flow and our ability to make expected distributions to our stockholders. Higher leverage also increases the risk we would default on our debt.

We may invest in properties with other entities, and our lack of sole decision-making authority or reliance on a co-venturer s financial condition could make these joint venture investments risky.

We have in the past and may continue in the future to co-invest with third parties through partnerships, joint ventures or other entities. We may acquire non-controlling interests or share responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such events, we would not be in a position to exercise sole decision-making authority regarding the property or entity. Investments in entities may, under certain circumstances, involve risks not present were a third party not involved. These risks include the possibility that partners or co-venturers:

- might become bankrupt or fail to fund their share of required capital contributions,
- may have economic or other business interests or goals that are inconsistent with our business interests or goals, and
- may be in a position to take actions contrary to our policies or objectives.

Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. In addition, we may in certain circumstances be liable for the actions of our third-party partners or co-venturers if:

- we structure a joint venture or conduct business in a manner that is deemed to be a general partnership with a third party, in which case we could be liable for the acts of that third party,
- third-party managers incur debt or other liabilities on behalf of a joint venture which the joint venture is unable to pay, and the joint venture agreement provides for capital calls, in which case we could be liable to make contributions as set forth in any such joint venture agreement, or
- we agree to cross-default provisions or to cross-collateralize our properties with the properties in a joint venture, in which case we could face liability if there is a default relating to those properties in the joint venture or the obligations relating to those properties.

Risks Related to Our Capital Structure

Debt obligations expose us to increased risk of property losses and may have adverse consequences on our business operations and our ability to make distributions.

We have used and will continue to use debt to finance property acquisitions. Our use of debt may have adverse consequences, including the following:

- Required payments of principal and interest may be greater than our cash flow from operations.
- We may be forced to dispose of one or more of our properties, possibly on disadvantageous terms, to make payments on our debt.
- If we default on our debt obligations, the lenders or mortgagees may foreclose on our properties that secure those loans. Further, if we default under a mortgage loan, we will automatically be in default on any other loan that has cross-default provisions, and we may lose the properties securing all of these loans.
- A foreclosure on one of our properties will be treated as a sale of the property for a purchase price equal to the outstanding balance of the secured debt. If the outstanding balance of the secured debt exceeds our tax basis in the property, we would recognize taxable income on foreclosure without realizing any accompanying cash proceeds to pay the tax (or to make distributions based on REIT taxable income).
- We may not be able to refinance or extend our existing debt. If we cannot repay, refinance or extend our debt at maturity, in addition to our failure to repay our debt, we may be unable to make distributions to our stockholders at expected levels or at all.
- Even if we are able to refinance or extend our existing debt, the terms of any refinancing or extension may not be as favorable as the terms of our existing debt. If the refinancing involves a higher interest rate, it could adversely

affect our cash flow and ability to make distributions to stockholders.

As of February 28, 2006, we had outstanding mortgage indebtedness of $232.3 million and $250.0 million of borrowings under our secured term loan facility, secured by 13 of our properties, as well as $2.3 million associated with our unconsolidated partnership. We had $30.7 million outstanding under our $250.0 million revolving unsecured credit facility. We expect to incur additional debt in connection with future acquisitions. Our organizational documents do not limit the amount or percentage of debt that we may incur.

Our credit facilities include restrictive covenants relating to our operations, which could limit our ability to respond to changing market conditions and our ability to make distributions to our stockholders.

Our credit facilities impose restrictions on us that affect our distribution and operating policies and our ability to incur additional debt. For example, we are subject to a maximum leverage ratio of 60% during the terms of the loans, which could reduce our ability to incur additional debt and consequently reduce our ability to make distributions to our stockholders. Our credit facilities also contain limitations on our ability to make distributions to our stockholders in excess of those required to maintain our REIT status. Specifically, our credit facilities limit distributions to 95% of funds from operations or 100% of funds available for distribution plus cash payments received under master leases on our King of Prussia and Bayshore Boulevard properties, but not less than the minimum necessary to enable us to meet our REIT income distribution requirements. In addition, our credit facilities contain covenants that, among other things, limit our ability to further mortgage our properties or reduce insurance coverage, and that require us to maintain specified levels of net worth. These or other limitations may adversely affect our flexibility and our ability to achieve our operating plans.

We have and may continue to engage in hedging transactions, which can limit our gains and increase exposure to losses.

We have and may continue to enter into hedging transactions to protect us from the effects of interest rate fluctuations on floating rate debt. Our hedging transactions may include entering into interest rate swap agreements or interest rate cap or floor agreements, or other interest rate exchange contracts. Hedging activities may not have the desired beneficial impact on our results of operations or financial condition. No hedging activity can completely insulate us from the risks associated with changes in interest rates. Moreover, interest rate hedging could fail to protect us or adversely affect us because, among other things:

- Available interest rate hedging may not correspond directly with the interest rate risk for which we seek protection.

- The duration of the hedge may not match the duration of the related liability.

- The party owing money in the hedging transaction may default on its obligation to pay.

- The credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction.

- The value of derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments, or mark-to-market losses, would reduce our stockholders equity.

Hedging involves risk and typically involves costs, including transaction costs, that may reduce our overall returns on our investments. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distribution to stockholders. We generally intend to hedge as much of the interest rate risk as management determines is in our best interests given the cost of such hedging transactions. The REIT qualification rules may limit our ability to enter into hedging transactions by requiring us to limit our income from hedges. If we are unable to hedge effectively because of the REIT rules, we will face greater interest rate exposure than may be commercially prudent. In connection with our $250.0 million secured term loan, we entered into an interest rate swap agreement, which has the effect of fixing the interest rate on the secured term loan at 6.4%. Other than this interest rate swap, we have not entered into any hedging transactions.

Increases in interest rates could increase the amount of our debt payments and adversely affect our ability to pay distributions to our stockholders.

Interest we pay could reduce cash available for distributions. Additionally, if we incur variable rate debt, including borrowings under our senior secured term loan facility and our senior unsecured credit facilities, to the extent not adequately hedged, increases in interest rates would increase our interest costs. These increased interest costs would reduce our cash flows and our ability to make distributions to our stockholders. In addition, if we need to repay existing debt during a period of rising interest rates, we could be required to liquidate one or more of our investments in properties at times that may not permit realization of the maximum return on such investments.

If we fail to obtain external sources of capital, which is outside of our control, we may be unable to make distributions to our stockholders, maintain our REIT qualification, or fund growth.

In order to maintain our qualification as a REIT, we are required to distribute annually at least 90% of our net taxable income, excluding any net capital gain. In addition, we will be subject to income tax at regular corporate rates to the extent that we distribute less than 100% of our net taxable income, including any net capital gains. Because of these distribution requirements, we may not be able to fund future capital needs, including any necessary acquisition financing, from operating cash flow. Consequently, we rely on third-party sources to fund our capital needs. We may not be able to obtain financings on favorable terms or at all. Our access to third-party sources of capital depends, in part, on:

general market conditions,

the market s perception of our growth potential,

with respect to acquisition financing, the market s perception of the value of the properties to be acquired,

our current debt levels,

our current and expected future earnings,

our cash flow and cash distributions, and

the market price per share of our common stock.

Additionally, if the ground lease underlying our Landmark at Eastview property remains in place, it could be more difficult to borrow using that property as collateral. Our inability to obtain capital from third-party sources will adversely affect our business and limit our growth. Without sufficient capital, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations or make the cash distributions to our stockholders necessary to maintain our qualification as a REIT.

Risks Related to Our REIT Status

Our failure to qualify as a REIT under the Code would result in significant adverse tax consequences to us and would adversely affect our business and the value of our stock.

We believe that we have operated and intend to continue operating in a manner that is intended to allow us to qualify as a REIT for federal income tax purposes under the Code. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The fact that we hold substantially all of our assets through a partnership further complicates the application of the REIT requirements. Even a seemingly minor technical or inadvertent mistake could jeopardize our REIT status. Our REIT status depends upon various factual matters and circumstances that may not be entirely within our control. For example, in order to qualify as a REIT, at least 95% of our gross income in any year must be derived from qualifying sources, and we must satisfy a number of requirements regarding the composition of our assets. Also, we must make distributions to stockholders aggregating annually at least 90% of our REIT taxable income, excluding capital gains. In addition, new legislation, regulations, administrative interpretations or court decisions, each of which could have retroactive effect, may make it more difficult or impossible for us to qualify as a REIT, or could reduce the desirability of an investment in a REIT relative to other investments. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this report are not binding on the IRS or any court. Accordingly, we cannot be certain that we have qualified or will continue to qualify as a REIT.

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If we fail to qualify as a REIT in any tax year, we will face serious adverse tax consequences that would substantially reduce the funds available for distribution to our stockholders for each of the years involved because:

we would not be allowed to deduct distributions to stockholders in computing our taxable income and would be subject to federal income tax at regular corporate rates,

we could also be subject to the federal alternative minimum tax and possibly increased state and local taxes, and

unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year in which we were disqualified.

In addition, if we fail to qualify as a REIT, we will not be required to make distributions to stockholders, and all distributions to stockholders will be subject to tax as ordinary corporate distributions. As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital and would adversely affect the value of our common stock.

Even if we qualify as a REIT for federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flow.

Even if we remain qualified as a REIT for tax purposes, we may be subject to some federal, state and local taxes on our income or property. For example:

In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders. To the extent that we satisfy this distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on the undistributed amount.

We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years.

If we have net income from the sale or other disposition of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we must pay tax on that income at the highest corporate rate.

If we sell a property in a prohibited transaction, our gain from the sale would be subject to a 100% tax. A prohibited transaction is, in general, a sale or other disposition of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.

To maintain our REIT status, we may be forced to borrow funds during unfavorable market conditions to make distributions to our stockholders.

To qualify as a REIT, we must distribute to our stockholders certain amounts each year based on our income as described above. At times, we may not have sufficient funds to satisfy these distribution requirements and may need to borrow funds to maintain our REIT status and avoid the payment of income and excise taxes. These borrowing needs could result from:

differences in timing between the actual receipt of cash and inclusion of income for federal income tax purposes,

the effect of non-deductible capital expenditures,

the creation of reserves, or

required debt or amortization payments.

We may need to borrow funds at times when the then-prevailing market conditions are not favorable for these borrowings. These borrowings could increase our costs or reduce our equity and adversely affect the value of our common stock.

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To maintain our REIT status, we may be forced to forego otherwise attractive opportunities.

To qualify as a REIT, we must satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

The ownership limitations in our charter may restrict or prevent stockholders from engaging in certain transfers of our stock.

Our charter contains restrictions on the ownership and transfer of our capital stock that are intended to assist us in complying with the requirements imposed on REITs by the Code. The ownership limits contained in our charter provide that, subject to certain specified exceptions, no person or entity may own more than 9.8% of the value of our outstanding shares of capital stock, and no person or entity may own more than 9.8% (by number or value, whichever is more restrictive) of the outstanding shares of our common stock. Our charter also (1) prohibits any person from actually or constructively owning shares of our capital stock that would cause us to be closely held under Section 856(h) of the Code or would otherwise cause us to fail to qualify as a REIT and (2) voids any transfer that would result in shares of our capital stock being owned by fewer than 100 persons. The constructive ownership rules of the Code are complex, and may cause shares of our capital stock owned actually or constructively by a group of related individuals and/or entities to be constructively owned by one individual or entity. As a result, acquisition of less than 9.8% of the shares of our capital stock (or the acquisition of an interest in equity of, or in certain affiliates or subsidiaries of, an entity that owns, actually or constructively, our capital stock) by an individual or entity, could cause that individual or entity, or another individual or entity, to own constructively shares in a manner that would violate the 9.8% ownership limits or such other limit as provided in our charter or permitted by our board of directors. Our board of directors may, but in no event will be required to, waive the 9.8% ownership limit with respect to a particular stockholder if it determines that the ownership will not jeopardize our status as a REIT. As a condition of granting such a waiver, our board of directors may require a ruling from the IRS or an opinion of counsel satisfactory to our board and will obtain undertakings or representations from the applicant with respect to preserving our status as a REIT. Pursuant to our charter, if any purported transfer of our capital stock or any other event would result in any person violating the ownership limits set forth in our charter or otherwise permitted by our board of directors, then that number of shares in excess of the applicable limit will be automatically transferred, pursuant to our charter, to a trust, the beneficiary of which will be a qualified charitable organization we select or, under certain circumstances, the transfer of our capital stock or other event will be void and of no force or effect.

Risks Related to the Ownership of Our Stock

The market price and trading volume of our common stock may be volatile.

The market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- actual or anticipated variations in our quarterly operating results or dividends,
- changes in our funds from operations or earnings estimates,
- publication of research reports about us or the real estate industry,
- increases in market interest rates that lead purchasers of our shares to demand a higher yield,
- changes in market valuations of similar companies,

adverse market reaction to any additional debt we incur or acquisitions we make in the future,

additions or departures of key management personnel,

actions by institutional stockholders,

speculation in the press or investment community,

the realization of any of the other risk factors presented in this report, and

general market and economic conditions.

An increase in market interest rates may have an adverse effect on the market price of our securities.

Changes in market interest rates have historically affected the trading prices of equity securities issued by REITs. One of the factors that will influence the price of our common stock will be the dividend yield on our common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield. Further, higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could harm our financial condition and results of operations and could cause the market price of our common stock to fall.

Broad market fluctuations could negatively impact the market price of our common stock.

The stock market has experienced extreme price and volume fluctuations that have affected the market price of many companies in industries similar or related to ours and that have been unrelated to these companies operating performance. These broad market fluctuations could reduce the market price of our common stock. Furthermore, our operating results and prospects may be below the expectations of public market analysts and investors or may be lower than those of companies with comparable market capitalizations. Either of these factors could lead to a material decline in the market price of our common stock.

Our distributions to stockholders may decline at any time.

We may not continue our current level of distributions to stockholders. Our board of directors will determine future distributions based on a number of factors, including:

cash available for distribution,

operating results,

our financial condition, especially in relation to our anticipated future capital needs,

then current expansion plans,

the distribution requirements for REITs under the Code, and

other factors our board deems relevant.

The number of shares of our common stock available for future sale could adversely affect the market price of our common stock.

We cannot predict whether future issuances of shares of our common stock or the availability of shares for resale in the open market will decrease the market price per share of our common stock. As of February 28, 2006, we had outstanding 46,746,632 shares of our common stock, as well as units in our operating partnership which may be exchanged for 2,863,564 shares of our common stock. In addition, as of February 28, 2006, we had reserved an additional 1,925,868 shares of common stock for future issuance under our incentive award plan and have a warrant outstanding to Raymond James & Associates, Inc., issued in connection with our initial public offering, to purchase 270,000 shares of our common stock at $15.00 per share, the initial public offering price. Furthermore, in

October 2005, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission, which was declared effective in December 2005. The universal shelf registration statement may permit us, from time to time, to offer and sell up to $500 million of debt securities, common stock, preferred stock, warrants and other securities. Sales of substantial amounts of shares of our common stock in the public market, or upon exchange of operating partnership units, or the perception that such sales might occur, could adversely affect the market price of our common stock.

Any of the following could have an adverse effect on the market price of our common stock:

- the exchange of units for common stock,
- the exercise of any options granted to certain directors, executive officers and other employees under our incentive award plan,
- issuances of preferred stock with liquidation or distribution preferences, and
- other issuances of our common stock.

Additionally, the existence of units, options and shares of our common stock reserved for issuance upon exchange of units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of shares of our common stock may be dilutive to existing stockholders.

From time to time we also may issue shares of our common stock or operating partnership units in connection with property, portfolio or business acquisitions. We may grant additional demand or piggyback registration rights in connection with these issuances. Sales of substantial amounts of our common stock, or the perception that these sales could occur, may adversely affect the prevailing market price of our common stock or may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Existing Portfolio

At December 31, 2005, our portfolio consisted of 39 properties, which included 62 buildings with an aggregate of approximately 4.8 million rentable square feet of laboratory and office space. We also own five undeveloped land parcels adjacent to four of our existing properties that we believe can support up to 706,000 rentable square feet of laboratory and office space.

The following summarizes our existing portfolio at December 31, 2005:

Market	Number of Properties	Rentable Square Feet	Percent of Rentable Square Feet	Percent Leased	Annualized Base Rent Current(1)	Percent of Annualized Base Rent Current	Annualized Base Rent per Leased Square Foot Current
					(In thousands)		
Boston(2)	10	1,249,874	26.3%	97.1%	$ 47,197	39.6%	$ 38.89
San Francisco	7	955,593	20.1%	80.7%	16,596	14.0%	21.52
San Diego(3)	9	565,364	11.9%	87.9%	15,102	12.7%	30.39
New York/ New Jersey	2	823,948	17.3%	90.1%	14,710	12.4%	19.81
Pennsylvania	5	690,580	14.5%	92.4%	13,217	11.1%	20.72
Seattle	2	185,989	3.9%	100.0%	6,946	5.8%	37.34
Maryland	2	168,817	3.6%	100.0%	2,704	2.3%	16.02

University Related	Other	2	115,150	2.4%	100.0%	2,448	2.1%	21.26
Total/ Weighted Average		39	4,755,315	100.0%	91.1%	$ 118,920	100.0%	$ 27.45

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(1) In this and other tables, annualized current base rent is the monthly contractual rent under existing leases at December 31, 2005, multiplied by 12 months. Includes contractual amounts to be received pursuant to master lease agreements with the sellers on certain properties, which are not included in rental income for U.S. generally accepted accounting principles, or GAAP.

(2) Excludes parking revenue of $1,063,000 for 47 Erie Street Parking Structure.

(3) Includes the McKellar Court property, consisting of 72,863 square feet. We own the general partnership interest in the unconsolidated limited partnership that owns the McKellar Court property, which entitles us to 75% of the gains upon a sale of the property and 21% of the operating cash flows.

The following table sets forth information related to the properties we owned, or had an ownership interest in, at December 31, 2005:

	Rentable Square Feet	Percent Leased
Boston		
Albany Street	75,003	100.0%
Coolidge Avenue	37,400	100.0%
21 Erie Street	49,247	56.9%
40 Erie Street	100,854	100.0%
Fresh Pond Research Park	90,702	100.0%
Kendall Square A	302,919	96.7%
Kendall Square D	349,325	98.5%
Sidney Street	191,904	100.0%
Vassar Street	52,520	100.0%
47 Erie Street Parking Structure	447 Stalls	100.0%
San Francisco		
Ardentech Court	55,588	100.0%
Bayshore Boulevard	183,344	100.0%
Bridgeview Technology Park I and II	263,073	73.9%
Dumbarton Circle	44,000	100.0%
Eccles Avenue	152,145	100.0%
Industrial Road	169,490	83.6%
Kaiser Drive(1)	87,953	0.0%
San Diego		
Balboa Avenue	35,344	100.0%
Bernardo Center Drive	61,286	100.0%
Faraday Avenue	28,704	100.0%
McKellar Court(2)	72,863	100.0%
Nancy Ridge Drive	42,138	67.4%
Bunker Hill Street	105,364	69.0%
Science Center Drive	53,740	100.0%
Towne Centre Drive	115,870	100.0%
Waples Street(3)	50,055	56.1%
New York/ New Jersey		
Graphics Drive	72,300	44.3%

Landmark at Eastview(4)	751,648	94.5%

	Rentable Square Feet	Percent Leased
Pennsylvania		
Eisenhower Road	27,750	100.0%
George Patterson Boulevard	71,500	100.0%
King of Prussia(5)	427,109	100.0%
Phoenixville Pike	104,400	49.6%
1000 Uniqema Boulevard(6)	59,821	100.0%
Seattle		
Elliott Avenue	134,989	100.0%
Monte Villa Parkway	51,000	100.0%
Maryland		
Beckley Street	77,225	100.0%
Tributary Street	91,592	100.0%
University Related Other		
Colorow Drive(7)	93,650	100.0%
Lucent Drive(8)	21,500	100.0%
Total/ Weighted Average	4,755,315	91.1%

(1) The entire property was undergoing redevelopment at December 31, 2005.

(2) We own the general partnership interest in the limited partnership that owns the McKellar Court property, which entitles us to 75% of the gains upon a sale of the property and 21% of the operating cash flows.

(3) We own 70% of the limited liability company that owns the Waples Street property, which entitles us to 90% of the cash flow from operations up to a 9.5% cumulative annual return, and then 75% of such distributions thereafter. The other member of the limited liability company has the right to put its interest to us at fair value after completion of the initial improvements, and can require us to issue partnership units as payment for such interest.

(4) We own a leasehold interest in the property through a 99-year ground lease, which will convert into a fee simple interest upon the completion of certain property subdivisions.

(5) We own an 88.5% limited partnership interest and a 0.5% general partnership interest in the limited partnership that owns this property.

(6) Located in New Castle, Delaware.

(7) Located in Salt Lake City, Utah. We own a leasehold interest in the property through a ground lease that expires in December 2043, subject to our option to renew the ground lease for one additional ten-year period.

(8) Located in Lebanon, New Hampshire.

Tenant Information

As of December 31, 2005, our properties were leased to 87 tenants, and 93% of our annualized base rent was derived from tenants that were public companies or government agencies or their subsidiaries. The following table presents information regarding our 10 largest tenants based on percentage of our annualized base rent as of December 31, 2005:

Tenant	Leased Square Feet	Annualized Base Rent Current (In thousands)	Annualized Base Rent per Leased Square Feet Current	Percent Annualized Base Rent Current Total Portfolio	Lease Expiration Date(s)
Vertex Pharmaceuticals	583,474	$ 23,660	$ 40.55	19.9%	April 2018(1)
Genzyme Corporation	343,000	15,399	44.89	12.9%	July 2018
Centocor, Inc. (Johnson & Johnson)	331,398	7,839	23.65	6.6%	March 2010
Regeneron Pharmaceuticals, Inc.	211,813	3,950	18.65	3.3%	December 2007(2)
Illumina, Inc.	115,870	3,938	33.99	3.3%	August 2014
Nektar Therapeutics	79,917	3,812	47.70	3.2%	October 2016
Millennium Pharmaceuticals, Inc.	73,347	3,420	46.62	2.9%	September 2013
Chemtura Corporation	182,829	3,377	18.47	2.8%	December 2009
InterMune, Inc.	55,898	3,335	59.66	2.8%	April 2011
Chiron Corporation	71,153	2,944	41.38	2.5%	March 2008
Total/ Weighted Average(3)	2,048,699	$ 71,674	$ 34.99	60.2%	

(1) 41,532 square feet expires March 2009, 191,904 square feet expires August 2010, 59,322 square feet expires December 2010, and 290,716 square feet expires April 2018.

(2) 138,086 square feet expires in December 2007 and 73,727 square feet expires in December 2009.

(3) Without regard to any lease terminations and/or renewal options.

Lease Distribution

Our leases are typically structured for terms of five to fifteen years, with extension options, and include a fixed rental rate with scheduled annual escalations. The leases are generally triple-net. Triple-net leases are those in which tenants pay not only base rent, but also some or all real estate taxes and operating expenses of the leased property. Tenants typically reimburse us the full direct cost, without regard to a base year or expense stop, for use of lighting, heating and air conditioning, and certain capital improvements necessary to maintain the property in its original condition. We are generally responsible for structural repairs.

Lease Expirations

The following table presents a summary schedule of available space at December 31, 2005 and lease expirations over the next ten calendar years for leases in place at December 31, 2005. Additionally, we have space that is currently under a master lease arrangement at our King of Prussia property, which expires in 2008. The master lease at our Bayshore Boulevard property expired in February 2006. This table assumes that none of the tenants exercise renewal options or early termination rights, if any, at or prior to the scheduled expirations:

Year of Lease Expiration	Rentable Square Feet of Expiring Leases	Percent of Total Rentable Square Feet of Expiring Leases	Annualized Base Rent Current	Percent of Annualized Base Rent Current	Annualized Base Rent per Leased Square Foot Current
			(In thousands)		
2006(1)	252,305	5.8%	$ 4,818	4.1%	$ 19.10
2007	494,332	11.4%	9,680	8.1%	19.58
2008	257,215	5.9%	7,450	6.3%	28.96
2009	410,096	9.5%	9,350	7.9%	22.80
2010	781,736	18.0%	19,133	16.1%	24.47
2011	157,277	3.6%	5,340	4.5%	33.95
2012	217,318	5.0%	5,458	4.6%	25.11
2013	222,299	5.1%	4,914	4.1%	22.11
2014	238,252	5.5%	6,941	5.8%	29.13
2015	125,240	2.9%	3,045	2.6%	24.31
Thereafter	1,176,253	27.3%	42,791	35.9%	36.38
Total/ Weighted Average	4,332,323	100.0%	$ 118,920	100.0%	$ 27.45

(1) Includes current month to month leases.

Item 3. ***Legal Proceedings***

We are not currently a party to any legal proceedings nor, to our knowledge, is any legal proceeding threatened against us that would have a material adverse effect on our financial position, results of operations or liquidity.

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

None.

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PART II

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

Our common stock has been listed on the NYSE under the symbol BMR since August 6, 2004. On February 28, 2006, the reported closing sale price per share for our common stock on the NYSE was $27.68 and there were approximately 51 holders of record. The following table sets forth, for the periods indicated, the high, low and last sale prices in dollars on the NYSE for our common stock and the distributions we declared per share.

Period	High	Low	Last	Cash Dividend per Share
Period August 6, 2004 to September 30, 2004	$ 18.05	$ 15.75	$ 17.59	$ 0.1497
Fourth Quarter 2004	$ 22.95	$ 17.10	$ 22.21	$ 0.2700
First Quarter 2005	$ 22.40	$ 19.40	$ 20.60	$ 0.2700
Second Quarter 2005	$ 24.47	$ 19.39	$ 23.85	$ 0.2700
Third Quarter 2005	$ 25.60	$ 22.30	$ 24.80	$ 0.2700
Fourth Quarter 2005	$ 26.06	$ 22.25	$ 24.40	$ 0.2700

We intend to continue to declare quarterly distributions on our common stock. The actual amount and timing of distributions, however, will be at the discretion of our board of directors and will depend upon our financial condition in addition to the requirements of the Code, and no assurance can be given as to the amounts or timing of future distributions. In addition, our credit facility limits our ability to pay distributions to our common stockholders. The limitation is based on 95% of funds from operations or 100% of funds available for distribution plus cash payments received under master leases on our King of Prussia and Bayshore Boulevard properties, but not less than the minimum necessary to enable us to meet our REIT income distribution requirements. We do not anticipate that our ability to pay distributions will be impaired by the terms of our credit facility. However, there can be no assurances in that regard.

Subject to the distribution requirements applicable to REITs under the Code, we intend, to the extent practicable, to invest substantially all of the proceeds from sales and refinancings of our assets in real estate-related assets and other assets. We may, however, under certain circumstances, make a distribution of capital or of assets. Such distributions, if any, will be made at the discretion of our board of directors. Distributions will be made in cash to extent that cash is available for distribution.

Item 6. ***Selected Financial Data (not covered by Report of Independent Registered Public Accounting Firm)***

The following sets forth selected consolidated financial and operating information for BioMed Realty Trust, Inc. and for 201 Industrial Road, L.P., our predecessor. We have not presented historical information for BioMed Realty Trust, Inc. prior to August 11, 2004, the date on which we consummated our initial public offering, because during the period from our formation until our initial public offering, we did not have material corporate activity. The following data should be read in conjunction with our financial statements and notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this report.

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BIOMED REALTY TRUST, INC. AND BIOMED REALTY TRUST PREDECESSOR
(Dollars in thousands, except per share data)

	BioMed Realty Trust, Inc.		Predecessor			
	Year Ended December 31, 2005	Period August 11, 2004 through December 31, 2004	Period January 1, 2004 through August 17, 2004	Year Ended December 31, 2003	2002	2001(1)
Statements of Income:						
Revenues:						
Rental	$ 92,650	$ 19,432	$ 3,339	$ 6,275	$ 5,869	$ 4,421
Tenant recoveries	42,232	9,222	375	744	718	283
Other income	3,974					
Total revenues	138,856	28,654	3,714	7,019	6,587	4,704
Expenses:						
Rental operations	46,373	11,619	353	830	821	323
Depreciation and amortization	39,378	7,853	600	955	955	617
General and administrative	13,278	3,130				
Total expenses	99,029	22,602	953	1,785	1,776	940
Income from operations	39,827	6,052	2,761	5,234	4,811	3,764
Equity in net income (loss) of unconsolidated partnership	119	(11)				
Interest income	1,333	190		1	3	16
Interest expense	(23,226)	(1,180)	(1,760)	(2,901)	(3,154)	(2,722)
Income before minority interests	18,053	5,051	1,001	2,334	1,660	1,058
Minority interest in consolidated partnerships	267	145				
Minority interests in operating partnership	(1,274)	(414)				
Net income	$ 17,046	$ 4,782	$ 1,001	$ 2,334	$ 1,660	$ 1,058
Basic earnings per share	$ 0.44	$ 0.15				
Diluted earnings per share	$ 0.44	$ 0.15				
Weighted average common shares outstanding basic	38,913,103	30,965,178				

Weighted average common shares outstanding diluted	42,091,195	33,767,575			
Cash dividends declared per common share	$ 1.08	$ 0.4197			
Balance Sheet Data (at period end):					
Investments in real estate, net	$ 1,129,371	$ 468,530	$ 47,025	$ 47,853	$ 48,627
Total assets	1,337,310	581,723	50,056	50,732	50,500
Mortgage notes payable, net	246,233	102,236	37,208	37,743	36,879
Secured term loan	250,000				
Unsecured line of credit	17,000				
Total liabilities	586,162	137,639	37,597	38,560	37,962
Minority interest	20,673	22,267			
Stockholders equity and partners capital	730,475	421,817	12,459	12,169	12,538
Total liabilities and equity	1,337,310	581,723	50,056	50,732	50,500
Other Data:					
Cash flows from:(2)					
Operating activities	54,490	14,470	2,416	1,762	1,239
Investing activities	(602,007)	(457,191)	(105)	(159)	(17,703)
Financing activities	539,960	470,433	(2,666)	(1,210)	16,569

(1) Balance sheet data are unaudited.

(2) Cash flow information for 2004 is combined for BioMed Realty Trust and the Predecessor.

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

The following discussion should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this report. We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section above entitled Item 1. Business Forward-Looking Statements. Certain risk factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by the following discussion. For a discussion of such risk factors, see the section above entitled Item 1A. Risk Factors.

Overview

As used herein, the terms we, us, our or the Company refer to BioMed Realty Trust, Inc., a Maryland corporatio and any of our subsidiaries, including BioMed Realty, L.P., a Maryland limited partnership (our Operating Partnership), and 201 Industrial Road, L.P. (Industrial Road or our Predecessor). We operate as a fully integrated, self-administered and self-managed real estate investment trust (REIT) focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our properties and primary acquisition targets are generally located in markets with well established reputations as centers for scientific research, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey.

We were formed on April 30, 2004 and commenced operations on August 11, 2004, after completing our initial public offering. Our initial public offering consisted of the sale of 27,000,000 shares of common stock at $15.00 per share, resulting in gross proceeds of $405.0 million. On August 16, 2004, in connection with the exercise of the underwriters over-allotment option, we issued an additional 4,050,000 shares of common stock and received gross proceeds of $60.8 million. The aggregate proceeds to us, net of underwriting discounts and commissions and offering costs, were approximately $429.3 million. We issued a stock warrant in connection with our initial public offering to Raymond James & Associates, Inc., the lead underwriter, for the right to purchase 270,000 common shares at $15.00 per share, which equals the estimated fair value at the date of grant. The warrant became exercisable six months after our initial public offering and expires on August 11, 2009. From inception through August 11, 2004, neither the Company nor our Operating Partnership had any operations. Simultaneously with our initial public offering, we obtained a $100.0 million revolving unsecured credit facility, which we used to finance acquisitions and for other corporate purposes prior to being replaced on May 31, 2005 with a $250.0 million revolving unsecured credit facility with KeyBank National Association and other lenders.

On January 11, 2005, we leased 61,826 rentable square feet in phase two of our Industrial Road property, located south of San Francisco, to Nuvelo, Inc. under a seven-year, triple-net lease. Nektar Therapeutics, an existing tenant at the property, had leased approximately 46,000 square feet of this space until August 2007, which it had never occupied. We agreed to terminate Nektar s lease of its phase two space in exchange for termination payments. Nektar continues to lease approximately 80,000 square feet of space in phase one of the property, which lease expires in October 2016.

On April 19, 2005, we entered into a lease amendment with Centocor, Inc., a subsidiary of Johnson & Johnson. Under the amendment, Centocor agreed to lease an additional 79,667 rentable square feet at our King of Prussia property located in Radnor, Pennsylvania through March 31, 2010. The new lease replaced the existing portion of the master lease with an affiliate of The Rubenstein Company, the original seller of the property, with respect to this space. Annualized base rent of $1.3 million and certain tenant reimbursements received under the new lease have correspondingly reduced the rent received under the master lease.

On May 31, 2005, we completed the acquisition of a portfolio of eight properties including one parking structure in Cambridge, Massachusetts, and an additional property in Lebanon, New Hampshire, from The Lyme Timber Company, an affiliate of Lyme Properties. We refer to these properties as the Cambridge portfolio. The Cambridge portfolio consists of ten buildings with an aggregate of approximately 1.1 million rentable square feet of laboratory and office space, which upon acquisition was 96.8% leased with an average remaining term of ten years, and includes the parking structure with 447 parking spaces. The purchase price was $523.6 million, excluding closing costs, and was funded through borrowings under three credit facilities with KeyBank National Association and other lenders, described below, and the assumption of approximately $131.2 million of mortgage indebtedness.

In addition to the acquisition of the Cambridge portfolio, during 2005, we acquired 13 properties containing approximately 978,149 rentable square feet of laboratory and office space that was 73.4% leased at acquisition.

On June 27, 2005, we completed a follow-on common stock offering of 15,122,500 shares at $22.50 per share, resulting in gross proceeds of $340.3 million. The net proceeds of $324.0 million were used to repay the outstanding balance on our revolving credit facility, to repay our $100.0 million unsecured term loan, to acquire properties and for other corporate purposes.

On October 14, 2005, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission, which was declared effective on December 7, 2005. The universal shelf registration statement may permit us, from time to time, to offer and sell up to $500 million of debt securities, common stock, preferred stock, warrants and other securities.

From our initial public offering through December 31, 2005, we have declared aggregate dividends on our common stock and distributions on our operating partnership units of $1.4997 per common share and unit, representing five full quarterly dividends of $0.27 and a partial third quarter 2004 dividend of $0.1497 per common share and unit.

As of December 31, 2005, we owned or had interests in 39 properties, located principally in Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey, consisting of 62 buildings with approximately 4.8 million rentable square feet of laboratory and office space, which was approximately 91.1% leased to 87 tenants. Of the approximately 423,000 square feet of unleased space, 274,677 square feet, or 64.9% of our unleased square footage, was under redevelopment. We also owned undeveloped land that we estimate can support up to 706,000 rentable square feet of laboratory and office space.

Industrial Road was the largest of the properties contributed in our initial public offering and therefore has been identified as the accounting acquirer pursuant to paragraph 17 of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS 141). As such, the historical financial statements presented herein for Industrial Road were prepared on a stand-alone basis up to and including the acquisition date, August 17, 2004. Upon completion of our initial public offering, the interest in the Predecessor acquired from affiliates was recorded at historic cost. The acquisitions of the unaffiliated interests in the Predecessor and the interests in all of the other properties have been accounted for as a purchase in accordance with SFAS 141.

Factors Which May Influence Future Operations

Our corporate strategy is to continue to focus on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. As of December 31, 2005, our property portfolio was 91.1% leased to 87 tenants. Approximately 5.8% of our leased square footage expires during 2006 and approximately 11.4% of our leased square footage expires during 2007. Our leasing strategy for 2006 focuses on leasing currently vacant space and negotiating renewals for leases scheduled to expire during the year, and identifying new tenants or existing tenants seeking additional space to occupy the spaces for which we are unable to negotiate such renewals. Additionally, we will seek to lease space that is currently under a master lease arrangement at our King of Prussia property, which expires in 2008. The master lease at our Bayshore Boulevard property expired in February 2006. We also intend to proceed with new developments, when prudent.

The success of our leasing and development strategy will be dependent upon the general economic conditions in the United States and in our target markets of Boston, San Diego, San Francisco, Seattle,

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Maryland, Pennsylvania, New York/ New Jersey and research parks near or adjacent to universities. We are optimistic that market conditions will continue to improve during 2006 as evidenced by reduced vacancy rates for life science space in 2005. However, this is contingent upon continued strong job growth in our markets.

We believe that, on a portfolio basis, rental rates on leases expiring in 2006 and 2007 are at or below market rental rates that are currently being achieved in our markets. However, we cannot give any assurance that leases will be renewed or that available space will be released at rental rates equal to or above the current contractual rental rates or at all.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied resulting in a different presentation of our financial statements. On an ongoing basis, we evaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. Below is a discussion of accounting policies that we consider critical in that they address the most material parts of our financial statements, require complex judgment in their application or require estimates about matters that are inherently uncertain.

REIT Compliance

We have elected to be taxed as a REIT under the Code. Qualification as a REIT involves the application of highly technical and complex provisions of the Code to our operations and financial results and the determination of various factual matters and circumstances not entirely within our control. We believe that our current organization and method of operation comply with the rules and regulations promulgated under the Code to enable us to qualify, and continue to qualify, as a REIT. However, it is possible that we have been organized or have operated in a manner that would not allow us to qualify as a REIT, or that our future operations could cause us to fail to qualify.

If we fail to qualify as a REIT in any taxable year, then we will be required to pay federal income tax (including any applicable alternative minimum tax) and, in most of the states, state income tax on our taxable income at regular corporate tax rates. Even as a REIT, we may be subject to certain state and local taxes. If we lose our REIT status, then our net earnings available for investment or distribution to stockholders would be significantly reduced for each of the years involved, and we would no longer be required to make distributions to our stockholders.

Investments in Real Estate

Investments in real estate are carried at depreciated cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 to 40 years
Ground lease	Term of the related lease
Tenant improvements	Shorter of the useful lives or the terms of the related leases
Furniture, fixtures, and equipment	3 to 5 years
Acquired in-place leases	Non-cancelable term of the related lease
Acquired management agreements	Non-cancelable term of the related agreement

Purchase accounting was applied, on a pro-rata basis where appropriate, to the assets and liabilities of real estate entities in which we acquired an interest or a partial interest. The fair value of tangible assets of an acquired property (which includes land, buildings, and improvements) is determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land, buildings and improvements based on management s determination of the relative fair value of these assets. We determine the as-if-vacant fair value using methods similar to those used by independent appraisers. Factors considered by us in performing these analyses include an estimate of the carrying costs during the expected lease-up periods, current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand.

In allocating fair value to the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place leases are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (a) the contractual amounts to be paid pursuant to the in-place leases and (b) our estimate of the fair market lease rates for the corresponding in-place leases at acquisition, measured over a period equal to the remaining non-cancelable term of the leases. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. The capitalized below-market lease values are amortized as an increase to rental income over the remaining non-cancelable terms of the respective leases. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off.

The aggregate value of other acquired intangible assets, consisting of acquired in-place leases and acquired management agreements, are recorded based on a variety of components including, but not necessarily limited to: (a) the value associated with avoiding the cost of originating the acquired in-place leases (i.e. the market cost to execute a lease, including leasing commissions and legal fees, if any); (b) the value associated with lost revenue related to tenant reimbursable operating costs estimated to be incurred during the assumed lease-up period (i.e. real estate taxes, insurance and other operating expenses); (c) the value associated with lost rental revenue from existing leases during the assumed lease-up period; and (d) the value associated with avoided tenant improvement costs or other inducements to secure a tenant lease. The fair value assigned to the acquired management agreements are recorded at the present value (using a discount rate which reflects the risks associated with the management agreements acquired) of the acquired management agreements with certain tenants of the acquired properties. The values of in-place leases and management agreements are amortized to expense over the remaining non-cancelable period of the respective leases or agreements. If a lease were to be terminated prior to its stated expiration, all unamortized amounts related to that lease would be written off.

A variety of costs are incurred in the acquisition, development, construction, improvements and leasing of properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. Our capitalization policy on development properties is guided by SFAS No. 34, *Capitalization of Interest Cost* and SFAS No. 67, *Accounting for Costs and the Initial Rental Operations of Real Estate Properties*. The costs of land and buildings under development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. We consider a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity. We cease capitalization on the portion substantially completed and occupied or held available for occupancy, and capitalize only those costs associated with the portion under construction. Capitalized costs associated with unsuccessful acquisitions are charged to expense when an acquisition is abandoned.

Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repairs and maintenance costs include all costs that do not extend the useful life of an asset or increase its operating efficiency. Significant replacement and betterments represent costs that extend an asset s useful life or increase its operating efficiency.

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We compute depreciation and amortization on our properties using the straight-line method based on estimated useful asset lives.

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the term of the related lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in accrued straight-line rents on the accompanying consolidated balance sheets and contractually due but unpaid rents are included in accounts receivable. Recoveries from tenants, consisting of amounts due from tenants for real estate taxes, insurance and common area maintenance costs are recognized as revenue in the period the expenses are incurred. The reimbursements are recognized and presented in accordance with EITF, 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent* (EITF 99-19). EITF 99-19 requires that these reimbursements be recorded gross, as we are generally the primary obligor with respect to purchasing goods and services from third-party suppliers, have discretion in selecting the supplier and bear the credit risk. Lease termination fees are recognized when the related leases are canceled, collectibility is assured, and we have no continuing obligation to provide space to the former tenants.

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required rent and tenant recovery payments or defaults. We also maintain an allowance for accrued straight-line rents and amounts due from lease terminations.

Payments received under master lease agreements entered into with the sellers of the Bayshore and King of Prussia properties to lease space that was not producing rent at the time of the acquisition are recorded as a reduction to buildings and improvements rather than as rental income in accordance with EITF 85-27, *Recognition of Receipts from Made-Up Rental Shortfalls*.

Investments in Partnerships

We evaluate our investments in limited liability companies and partnerships under Financial Accounting Standards Board (FASB) Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* (FIN 46), an interpretation of Accounting Research Bulletin No. 51 *Consolidated Financial Statements* (ARB 51). FIN 46 provides guidance on the identification of entities for which control is achieved through means other than voting rights (variable interest entities or VIEs) and the determination of which business enterprise should consolidate the VIE (the primary beneficiary). Generally, FIN 46 applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that entity s activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

In June 2005, the FASB ratified the consensus in EITF Issue No. 04-5, *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 04-5), which provides guidance in determining whether a general partner controls a limited partnership. EITF 04-5 states that the general partner in a limited partnership is presumed to control that limited partnership. The presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause or (2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership s business and thereby preclude the general partner from exercising unilateral control over the partnership. If the criteria in EITF 04-5 are met, the consolidation of existing limited liability companies and partnerships accounted for under the equity method may be required. Our adoption of EITF 04-5 is expected to have no effect on net income or stockholders equity. EITF 04-5 is effective June 30, 2005 for new or modified limited partnership arrangements and effective January 1, 2006 for existing limited partnership arrangements.

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Results of Operations

The following is a comparison, for the years ended December 31, 2005 and 2004 and for the years ended December 31, 2004 and 2003, of the consolidated operating results of BioMed Realty Trust, Inc., the operating results of 201 Industrial Road, L.P., our predecessor, and the combined operating results of Bernardo Center Drive, Science Center Drive and Balboa Avenue. We refer to Bernardo Center Drive, Science Center Drive and Balboa Avenue as the Combined Contribution Properties. As part of our formation transactions, our predecessor was contributed to us in exchange for 1,461,451 units in our Operating Partnership, and the Combined Contribution Properties, which were under common management with our predecessor, were contributed to us in exchange for 1,153,708 units in our Operating Partnership.

Our predecessor is considered for accounting purposes to be our acquirer. As such, the historical financial statements presented herein for our predecessor were prepared on a stand-alone basis. The financial statements of the Combined Contribution Properties are presented herein on an historical combined basis. Management does not consider the financial condition and operating results of our predecessor on a stand-alone basis to be indicative of the historical operating results of our company taken as a whole. Therefore, the following discussion relates to the combined historical financial condition and operating results of our predecessor and the Combined Contribution Properties, over which our management has provided continuous common management throughout the applicable reporting periods. Subsequent to the dates they were contributed to us, the financial information for each of our predecessor and the Combined Contribution Properties is included in the financial information for BioMed Realty Trust, which commenced operations on August 11, 2004. Management believes this presentation provides a more meaningful discussion of the financial condition and operating results of BioMed Realty Trust, our predecessor and the Combined Contribution Properties. In order to present these results on a meaningful combined basis, the historical combined financial information for all periods presented includes combining entries to reflect the partner s capital of our predecessor which was not owned by management.

The following tables set forth the basis for presenting the historical financial information (in thousands).

			Year Ended December 31, 2004			
	BioMed Realty Trust, Inc.		Predecessor	Combined Contribution Properties		
	Year Ended December 31, 2005	Period August 11, 2004 through December 31, 2004	Period January 1, 2004 through August 17, 2004	Period January 1, 2004 through the Date of Contribution	Year Ended December 31, 2004 Combining Entries	Combined Year Ended December 31, 2004 Total
Years Ended December 31, 2005 and 2004:						
Revenues:						
Rental	$ 92,650	$ 19,432	$ 3,339	$ 2,831		$ 25,602
Tenant recoveries	42,232	9,222	375	479		10,076
Other income	3,974					

Total revenues	138,856	28,654	3,714	3,310		35,678
Expenses:						
Rental operations	46,373	11,619	353	353		12,325
Depreciation and amortization	39,378	7,853	600	543		8,996
General and administrative	13,278	3,130		97		3,227
Total expenses	99,029	22,602	953	993		24,548
Income from operations	39,827	6,052	2,761	2,317		11,130
Equity in net income/(loss) of unconsolidated partnership	119	(11)				(11)
Interest income	1,333	190		10		200
Interest expense	(23,226)	(1,180)	(1,760)	(1,594)		(4,534)
Income before minority interests	18,053	5,051	1,001	733		6,785
Minority interests	(1,007)	(269)		(223)	(582)	(1,074)
Net income	$ 17,046	$ 4,782	$ 1,001	$ 510	$ (582)	$ 5,711

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	Predecessor	Combined Contribution Properties	Combining Entries	Total
Year Ended December 31, 2003:				
Revenues:				
Rental	$ 6,275	$ 4,189		$ 10,464
Tenant recoveries	744	743		1,487
Total revenues	7,019	4,932		11,951
Expenses:				
Rental operations	830	633		1,463
Depreciation and amortization	955	854		1,809
General and administrative		155		155
Total expenses	1,785	1,642		3,427
Income from operations	5,234	3,290		8,524
Interest income	1	33		34
Interest expense	(2,901)	(2,449)		(5,350)
Income before minority interests	2,334	874		3,208
Minority interests		(297)	(1,367)	(1,664)
Net income	$ 2,334	$ 577	$ (1,367)	$ 1,544

Comparison of the Year Ended December 31, 2005 to the Year Ended December 31, 2004

Our results of operations for the years ended December 31, 2005 and 2004 include the accounts of our predecessor through the date of its contribution to us. Our predecessor is the largest of the properties contributed in our initial public offering and therefore has been identified as the accounting acquirer pursuant to paragraph 17 of SFAS No. 141, *Business Combinations*. As such, the historical financial statements presented herein for our predecessor were prepared on a stand-alone basis. The financial information for the Combined Contribution Properties also is included through the date of contribution for each property. Subsequent to the dates they were contributed to us, the financial information for each of our predecessor and the Combined Contribution Properties is included in the financial information for BioMed Realty Trust, which commenced operations on August 11, 2004.

Rental Revenues. Rental revenues increased $67.1 million to $92.7 million for the year ended December 31, 2005 compared to $25.6 million for the year ended December 31, 2004. The increase was primarily due to the inclusion of rental revenues for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering. Rental revenues for the additional properties acquired during 2004 and 2005 is net of amortization recorded for acquired above market leases and acquired lease obligations related to below market leases, both related to purchase accounting entries recorded upon acquisition of the interests in these properties.

Tenant Recoveries. Revenues from tenant reimbursements increased $32.1 million to $42.2 million for the year ended December 31, 2005 compared to $10.1 million for the year ended December 31, 2004. The increase was primarily due to the inclusion of tenant reimbursements for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering.

Other Income. Other income for the year ended December 31, 2005 is comprised primarily of a gain on early termination of the Nektar Therapeutics lease at our Industrial Road property of $3.5 million.

Rental Operations Expenses. Rental operations expenses increased $34.1 million to $46.4 million for the year ended December 31, 2005 compared to $12.3 million for the year ended December 31, 2004. The increase was primarily due to the inclusion of rental operations expenses for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering. These expenses include insurance, property taxes and other operating expenses, most of which were recovered from the tenants.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $30.4 million to $39.4 million for the year ended December 31, 2005 compared to $9.0 million for the year ended December 31, 2004. The increase was primarily due to the inclusion of depreciation and amortization expense for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering.

General and Administrative Expenses. General and administrative expenses increased $10.1 million to $13.3 million for the year ended December 31, 2005 compared to $3.2 million for the year ended December 31, 2004. The increase was primarily due to the hiring of personnel after our initial public offering, the addition of expenses relating to operating as a public company, the compensation expense related to restricted stock awards during the year ended December 31, 2005, and higher consulting and professional fees associated with corporate governance and Sarbanes-Oxley Section 404 implementation. The year ended December 31, 2005 included a $619,000 increase to general and administrative expense resulting from a correction of the expensing of restricted stock grants awarded to our executive officers and other employees at the time of our initial public offering in August 2004 that occurred in the periods prior to the year ended December 31, 2005.

Interest Income. Interest income increased $1.1 million to $1.3 million for the year ended December 31, 2005 from $200,000 for the year ended December 31, 2004. This is primarily due to interest earned on funds held by us following the consummation of our initial public offering and our follow-on offering in June 2005.

Interest Expense. Interest expense increased $18.7 million to $23.2 million for the year ended December 31, 2005 compared to $4.5 million for the year ended December 31, 2004. The increase in interest is a result of more overall debt outstanding during 2005 and the write off of $2.0 million of loan fees related to the early repayment and termination of our unsecured credit facility and our $100.0 million unsecured term loan facility, partially offset by a reduction of interest expense in 2005 due to the accretion of debt premium of $1.8 million.

Minority Interests. Minority interests decreased $100,000 to $1.0 million for the year ended December 31, 2005, compared to $1.1 million for the year ended December 31, 2004. The minority interest allocation for 2005 and 2004 are not comparable due to the initial public offering. The 2004 allocation includes the allocation to the limited partner unit holders of our operating partnership, offset by the allocation to the limited partner of our consolidated partnership, King of Prussia, for the period from August 11, 2004 through December 31, 2004, and the percentage allocation to non-controlling interests of the Combined Contribution Properties and for our predecessor for the period January 1, 2004 through date of contribution of the properties. The 2005 allocation includes the allocation to the limited partner unit holders of our operating partnership, offset by the allocation to the limited partners of our consolidated partnership, King of Prussia, for the year ended December 31, 2005.

Comparison of the Year Ended December 31, 2004 to the Year Ended December 31, 2003

Our results of operations for the years ended December 31, 2004 and 2003 include the accounts of our predecessor through the date of its contribution to us. Our predecessor was the largest of the properties contributed in our initial public offering and therefore has been identified as the accounting acquirer pursuant to paragraph 17 of SFAS No. 141, *Business Combinations.* As such, the historical financial statements presented herein for our predecessor were prepared on a stand-alone basis. The financial information for the Combined Contribution Properties also is included through the date of contribution for each property. Subsequent to the dates they were contributed to us, the financial information for each of our predecessor and the Combined Contribution Properties is included in the financial information for BioMed Realty Trust, which commenced operations on August 11, 2004.

Rental Revenues. Rental revenues increased $15.1 million to $25.6 million for the year ended December 31, 2004 compared to $10.5 million for the year ended December 31, 2003. The increase was

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primarily due to the inclusion of rental revenues for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering. Rental revenues for the additional properties acquired during 2004 is net of amortization of the value recorded for acquired above market leases and includes amortization of acquired lease obligations related to below market leases, both related to purchase accounting entries recorded upon acquisition of the interests in these properties.

Tenant Recoveries. Revenues from tenant reimbursements increased $8.6 million to $10.1 million for the year ended December 31, 2004 compared to $1.5 million for the year ended December 31, 2003. The increase was primarily due to the inclusion of tenant reimbursements for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering.

Rental Operations Expenses. Rental operations expenses increased $10.8 million to $12.3 million for the year ended December 31, 2004 compared to $1.5 million for the year ended December 31, 2003. The increase was primarily due to the inclusion of rental property operations expenses for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering. These expenses include insurance, property taxes and other operating expenses, most of which were recovered from the tenants.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $7.2 million to $9.0 million for the year ended December 31, 2004 compared to $1.8 million for the year ended December 31, 2003. The increase was primarily due to the inclusion of depreciation and amortization expense for the properties acquired in connection with our initial public offering as well as additional property acquisitions subsequent to our initial public offering.

General and Administrative Expenses. General and administrative expenses increased $3.0 million to $3.2 million for the year ended December 31, 2004 compared to $155,000 for the year ended December 31, 2003. The increase was primarily due to our initial public offering, the hiring of new personnel after our initial public offering, the addition of expenses relating to operating as a public company, and the compensation expense related to restricted stock awards accrued during the period from August 11, 2004 to December 31, 2004.

Interest Income. Interest income increased to $200,000 for the year ended December 31, 2004 from $34,000 for the year ended December 31, 2003. This is primarily due to interest earned on funds held by us following the consummation of our initial public offering.

Interest Expense. Interest expense decreased to $4.5 million for the year ended December 31, 2004 from $5.4 million for the year ended December 31, 2003. The decrease in interest is a result of the payoff of notes related to the Bernardo Center Drive and Balboa Avenue properties in connection with our initial public offering. In addition, interest expense was reduced in 2004 due to the accretion of debt premium, which decreased interest expense by $307,000.

Minority Interests. Minority interests decreased to $1.1 million for the year ended December 31, 2004 from $1.7 million for the year ended December 31, 2003. The minority interest allocation for 2004 and 2003 are not comparable due to the initial public offering. The 2003 allocation was a result of the percentage allocation to non-controlling interests of the Combined Contribution Properties and for our predecessor. The 2004 allocation includes the allocation to the limited partner unit holders of our operating partnership, offset by the allocation to the limited partner of our consolidated partnership, King of Prussia, for the period from August 11, 2004 through December 31, 2004, and the percentage allocation to non-controlling interests of the Combined Contribution Properties and for our predecessor for the period January 1, 2004 through date of contribution of the properties.

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Cash Flows

The following summary discussion of our cash flows is based on the consolidated statements of cash flows in Item 8. Financial Statements and Supplementary Data and is not meant to be an all inclusive discussion of the changes in our cash flows for the periods presented below (in thousands):

	Year Ended December 31,		
	BioMed Realty Trust, Inc. 2005	BioMed Realty Trust, Inc. and Predecessor 2004	Predecessor and Combined Contribution Properties 2003
Net cash provided by operating activities	$ 54,490	$ 14,470	$ 4,383
Net cash used in investing activities	(602,007)	(457,191)	(105)
Net cash provided by (used in) financing activities	539,960	470,433	(4,563)
Ending cash balance	20,312	27,869	355

Our statements of cash flows and those of our predecessor have been combined for the year ended December 31, 2004. The statements of cash flows of our predecessor have been combined with those of the Combined Contribution Properties for the year ended December 31, 2003 because management does not consider the cash flows of our predecessor on a stand-alone basis to be indicative of the historical cash flows of our company taken as a whole.

Comparison of the Year Ended December 31, 2005 to the Year Ended December 31, 2004

Net cash provided by operating activities increased $40.0 million to $54.5 million for the year ended December 31, 2005 compared to $14.5 million for the year ended December 31, 2004. The increase was primarily due to the increase in operating income before depreciation and amortization, non-cash compensation expense related to the vesting of restricted common stock, non-cash write off of intangible assets due to lease termination and loan repayment, and changes in other operating assets and liabilities.

Net cash used in investing activities increased $144.8 million to $602.0 million for the year ended December 31, 2005 compared to $457.2 million for the year ended December 31, 2004. The increase was primarily due to amounts paid to acquire interests in real estate properties partially offset by a decrease in funds received from prior owners for security deposits and funds held in escrow for acquisitions.

Net cash provided by financing activities increased $69.6 million to $540.0 million for the year ended December 31, 2005 compared to $470.4 million for the year ended December 31, 2004. The increase was primarily due to secured term loan proceeds offset by principal payments on mortgage loans, payments of dividends and distributions, and lower proceeds from common stock offerings.

Cash and cash equivalents were $20.3 million and $27.9 million at December 31, 2005 and 2004, respectively.

Comparison of the Year Ended December 31, 2004 to the Year Ended December 31, 2003

Net cash provided by operating activities increased $10.1 million to $14.5 million for the year ended December 31, 2004 compared to $4.4 million for the year ended December 31, 2003. The increase was primarily due to the acquisition of properties acquired in connection with our initial public offering.

Net cash used in investing activities increased $457.1 million to $457.2 million for the year ended December 31, 2004 compared to $105,000 for the year ended December 31, 2003. The increase was primarily due to $458.2 million paid to acquire properties, funds held in escrow for acquisitions, and the repayment of related party payables, partially offset by funds received from prior owners for security deposits and receipts of master lease payments.

Net cash provided by financing activities increased $475.0 million to $470.4 million for the year ended December 31, 2004 compared to net cash used of $4.6 million for the year ended December 31, 2003. The increase was primarily due to the net proceeds received from the initial public offering of our common stock

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on August 11, 2004 and the exercise of the underwriters over-allotment option on August 16, 2004, offset by the payment of offering costs, principal payments on mortgage notes payable, the payment of loan costs, distributions to owners of the predecessor, and dividends paid to stockholders.

Cash and cash equivalents were $27.9 million and $355,000 at December 31, 2004 and 2003, respectively.

Liquidity and Capital Resources

Our short-term liquidity requirements consist primarily of funds to pay for operating expenses and other expenditures directly associated with our properties, including:

- interest expense and scheduled principal payments on outstanding mortgage indebtedness,
- general and administrative expenses,
- future distributions expected to be paid to our stockholders, and
- capital expenditures, tenant improvements and leasing commissions.

We expect to satisfy our short-term liquidity requirements through our existing working capital and cash provided by our operations. Our rental revenue, provided by our triple-net leases, and minimal unreimbursed operating expenses generally provide cash inflows to meet our debt service obligations, pay general and administrative expenses, and fund regular distributions.

Our long-term liquidity requirements consist primarily of funds to pay for scheduled debt maturities, renovations, expansions and other non-recurring capital expenditures that need to be made periodically and the costs associated with acquisitions of properties that we pursue. We expect to satisfy our long-term liquidity requirements through our existing working capital, cash provided by operations, long-term secured and unsecured indebtedness, the issuance of additional equity or debt securities and the use of net proceeds from the disposition of non-strategic assets. We also expect to use funds available under our unsecured revolving credit facility to finance acquisition and development activities and capital expenditures on an interim basis.

In October 2005, we filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission, which was declared effective in December 2005. The universal shelf registration statement may permit us, from time to time, to offer and sell up to $500 million of debt securities, common stock, preferred stock, warrants and other securities. However, there can be no assurance that we will be able to complete any such offerings of securities.

Our total market capitalization at December 31, 2005 was approximately $1.7 billion based on the market closing price of our common stock at December 31, 2005 of $24.40 per share (assuming the conversion of 2,863,564 operating partnership units into common stock) and our debt outstanding was approximately $513.2 million (exclusive of accounts payable and accrued expenses). As a result, our debt to total market capitalization ratio was approximately 29.8% at December 31, 2005. Our board of directors adopted a policy of limiting our indebtedness to approximately 60% of our total market capitalization. However, our board of directors may from time to time modify our debt policy in light of current economic or market conditions including, but not limited to, the relative costs of debt and equity capital, market conditions for debt and equity securities and fluctuations in the market price of our common stock. Accordingly, we may increase or decrease our debt to market capitalization ratio beyond the limit described above.

On August 11, 2004, we entered into a $100.0 million revolving unsecured loan agreement, which bore interest at LIBOR plus 1.20%, or higher depending on our leverage ratio, or a reference rate, and was scheduled to expire on August 11, 2007. This credit facility was fully repaid and terminated on May 31, 2005 with funds drawn on our new credit facilities as discussed below.

On May 31, 2005, we entered into three credit facilities with KeyBank National Association and other lenders under which we initially borrowed $485.0 million of a total of $600.0 million available under these facilities. The credit facilities include an unsecured revolving credit facility of $250.0 million, under which we initially borrowed $135.0 million, an unsecured term loan of $100.0 million and a secured term loan of $250.0 million. We borrowed the full amounts under the unsecured term loan and secured term loan. The

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unsecured revolving credit facility has a maturity date of May 30, 2008 and bears interest at a floating rate equal to, at our option, either (1) reserve adjusted LIBOR plus a spread which ranges from 120 to 200 basis points, depending on our leverage, or (2) the higher of (a) the prime rate then in effect plus a spread which ranges from 0 to 50 basis points and (b) the federal funds rate then in effect plus a spread which ranges from 50 to 100 basis points, in each case, depending on our leverage. We may extend the maturity date of the unsecured credit facility to May 30, 2009 after satisfying certain conditions and paying an extension fee, and we may increase the amount of the revolving credit facility to $400.0 million upon satisfying certain conditions. The secured term loan, which has a maturity date of May 30, 2010, is secured by 13 of our properties and bears interest at a floating rate equal to, at our option, either (1) reserve adjusted LIBOR plus 225 basis points or (2) the higher of (a) the prime rate then in effect plus 50 basis points and (b) the federal funds rate then in effect plus 100 basis points. The secured term loan is also secured by our interest in any distributions from these properties and a pledge of the equity interests in a subsidiary owning one of these properties. We may not prepay the secured term loan prior to May 31, 2006. We entered into an interest rate swap agreement in connection with the closing of the credit facilities, which will have the effect of fixing the interest rate on the secured term loan at 6.4%. The $100.0 million unsecured term loan facility was fully repaid with the proceeds from our follow-on common stock offering and terminated on June 27, 2005. At December 31, 2005, we had $17.0 million in outstanding borrowings on our unsecured revolving credit facility and $250.0 million in outstanding borrowings on our secured term loan.

The terms of the credit agreements include certain restrictions and covenants, which limit, among other things, the payment of dividends, and the incurrence of additional indebtedness and liens. The terms also require compliance with financial ratios relating to the minimum amounts of net worth, fixed charge coverage, unsecured debt service coverage, interest coverage, the maximum amount of secured, variable-rate and recourse indebtedness, leverage ratio, and certain investment limitations. The dividend restriction referred to above provides that, except to enable us to continue to qualify as a REIT for federal income tax purposes, we will not for any fiscal quarter ended on or prior to September 30, 2005 or during any four consecutive quarters thereafter, make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of funds from operations, as defined, for such period, subject to other adjustments or make distributions in excess of 100% of funds available for distribution, as defined, for such period, subject to other adjustments. Management believes that it was in compliance with the covenants as of December 31, 2005.

A summary of our outstanding consolidated mortgage notes payable as of December 31, 2005 is as follows (in thousands):

	Stated Fixed Interest Rate	Effective Interest Rate	Principal Balance December 31, 2005	Principal Balance December 31, 2004	Maturity Date
Ardentech Court	7.25%	5.06%	$ 4,746	$ 4,828	July 1, 2012
Bayshore Boulevard	4.55%	4.55%	16,107	16,438	January 1, 2010
Bridgeview Technology Park I	8.07%	5.04%	11,732	11,825	January 1, 2011
Eisenhower Road	5.80%	4.63%	2,211	2,252	May 5, 2008
Elliott Avenue	7.38%	4.63%	16,526	16,996	November 24, 2007
40 Erie Street	7.34%	4.90%	19,575		August 1, 2008
Kendall Square D	6.38%	5.45%	72,395		December 1, 2018
Lucent Drive	5.50%	5.50%	5,899		January 21, 2015
Monte Villa Parkway	4.55%	4.55%	9,805	10,007	January 1, 2010
Nancy Ridge Drive	7.15%	5.38%	6,952		September 1, 2012

Science Center Drive	7.65%	5.04%	11,577	11,699	July 1, 2011
Sidney Street	7.23%	5.11%	31,426		June 1, 2012
Towne Centre Drive	4.55%	4.55%	22,396	22,856	January 1, 2010
			231,347	96,901	
Unamortized premium			14,886	5,335	
			$ 246,233	$ 102,236	

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Premiums were recorded upon assumption of the notes at the time of the related acquisition to account for above-market interest rates. Amortization of these premiums is recorded as a reduction to interest expense over the remaining term of the respective note.

As of December 31, 2005, principal payments due for our consolidated indebtedness (mortgage notes payable, secured term loan, and unsecured line of credit) were as follows (in thousands):

2006	$ 5,382
2007	21,213
2008	40,985
2009	4,618
2010	297,006
Thereafter	129,143
	$ 498,347

As noted above, we have entered into a derivative contract known as an interest rate swap in order to hedge the risk of increase in interest rates on our $250.0 million secured term loan. We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

Our objective in using derivatives is to add stability to interest expense and to manage our exposure to interest rate movements or other identified risks. To accomplish this objective, we primarily use interest rate swaps as part of our cash flow hedging strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. During 2005, one such derivative has been used to hedge the variable cash flows associated with existing variable-rate debt. We formally documented the hedging relationship and account for our interest rate swap agreement as a cash flow hedge.

As of December 31, 2005, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, we do not use derivatives for trading or speculative purposes and currently do not have any derivatives that are not designated as hedges. As of December 31, 2005, our one interest rate swap had a notional amount of $250.0 million, whereby we pay a fixed rate of 6.4% and receive the difference between the fixed rate and the one-month LIBOR rate plus 225 basis points. This agreement expires on June 1, 2010, and no initial investment was made to enter into this agreement. At December 31, 2005, the interest rate swap agreement had a fair value of $5.9 million which is included in other assets. The change in net unrealized gains of $5.9 million in 2005 for derivatives designated as cash flow hedges is separately disclosed in the consolidated statement of stockholders equity as accumulated other comprehensive income. An immaterial amount of hedge ineffectiveness on cash flow hedges due to mismatches in maturity dates of the swap and debt was recognized in other expense during 2005.

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The following table provides information with respect to our contractual obligations at December 31, 2005, including the maturities and scheduled principal repayments, but excluding related debt premiums and interest payments of our mortgage debt. We were not subject to any material capital lease obligations or unconditional purchase obligations as of December 31, 2005.

Contractual Obligations

Obligation	2006	2007	2008	2009	2010	Thereafter	Total
				(In thousands)			
Mortgage notes payable(1)	$ 5,382	$ 21,213	$ 40,985	$ 4,618	$ 297,006	$ 129,143	$ 498,347
Share of mortgage debt of unconsolidated partnership	25	27	29	32	2,142		2,255
Tenant obligations(2)	2,631						2,631
Construction projects	30,211	2,662					32,873
Total	$ 38,249	$ 23,902	$ 41,014	$ 4,650	$ 299,148	$ 129,143	$ 536,106

(1) Balance excludes $14.9 million of unamortized debt premium.

(2) Committed tenant-related obligations based on executed leases as of December 31, 2005.

Funds from Operations

We present funds from operations, or FFO, because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income. We compute FFO in accordance with standards established by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT, in its March 1995 White Paper (as amended in November 1999 and April 2002). As defined by NAREIT, FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. Our computation may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs. Further, FFO does not represent amounts available for management s discretionary use because of needed capital replacement or expansion, debt service obligations, or other commitments and uncertainties. FFO should not be considered as an alternative to net income (loss) (computed in accordance with GAAP) as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP) as an indicator of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to pay dividends or make distributions.

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The following table provides the calculation of our FFO and a reconciliation to net income for the year ended December 31, 2005 and for the period from August 11, 2004 through December 31, 2004 (in thousands, except per share amounts):

	Year Ended December 31, 2005	August 11, 2004 to December 31, 2004
Net income	$ 17,046	$ 4,782
Adjustments		
Minority interests in operating partnership	1,274	414
Depreciation and amortization real estate assets	39,428	7,903
Funds from operations	$ 57,748	$ 13,099
Funds from operations per share diluted	$ 1.37	$ 0.39
Weighted-average common shares outstanding diluted	42,091,195	33,767,575

Off Balance Sheet Arrangements

As of December 31, 2005, we had an investment in McKellar Court, L.P., which owns a single tenant occupied property located in San Diego. McKellar Court is a variable interest entity (VIE) as defined in FIN 46; however, we are not the primary beneficiary. The limited partner is also the only tenant in the property and will bear a disproportionate amount of any losses. We, as the general partner, will receive 21% of the operating cash flows and 75% of the gains upon sale of the property. We account for our general partner interest using the equity method. Significant accounting policies used by the unconsolidated partnership that owns this property are similar to those used by us. At December 31, 2005, our share of the debt related to this investment was equal to approximately $2.3 million. The debt has a maturity date of January 1, 2010 and bears interest at 8.56%. The assets and liabilities of McKellar Court were $17.1 million and $11.0 million, respectively, at December 31, 2005, and were $17.2 million and $11.2 million, respectively, at December 31, 2004. Our equity in net income (loss) of McKellar Court was $119,000 and ($11,000) for the years ended December 31, 2005 and 2004, respectively.

We have been determined to be the primary beneficiary in two other VIEs, which we consolidate and are further described in Note 9 to the consolidated financial statements.

Cash Distribution Policy

We elected to be taxed as a REIT under the Code commencing with our taxable year ended December 31, 2004. To qualify as a REIT, we must meet a number of organizational and operational requirements, including the requirement that we distribute currently at least 90% of our ordinary taxable income to our stockholders. It is our intention to comply with these requirements and maintain our REIT status. As a REIT, we generally will not be subject to corporate federal, state or local income taxes on taxable income we distribute currently (in accordance with the Code and applicable regulations) to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal, state and local income taxes at regular corporate rates and may not be able to qualify as a REIT for subsequent tax years. Even if we qualify for federal taxation as a REIT, we may be subject to certain state and local taxes on our income and to federal income and excise taxes on our undistributed taxable income, *i.e.*, taxable income not distributed in the amounts and in the time frames prescribed by the Code and applicable regulations thereunder.

From our initial public offering through December 31, 2005, we have declared aggregate dividends on our common stock and distributions on our operating partnership units of $1.4997 per common share and unit, representing five full quarterly dividends of $0.27 and a partial third quarter 2004 dividend of $0.1497 per common share and unit.

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Inflation

Some of our leases contain provisions designed to mitigate the adverse impact of inflation. These provisions generally increase rental rates during the terms of the leases either at fixed rates or indexed escalations (based on the Consumer Price Index or other measures). We may be adversely impacted by inflation on the leases that do not contain indexed escalation provisions. In addition, most of our leases require the tenant to pay an allocable share of operating expenses, including common area maintenance costs, real estate taxes and insurance. This may reduce our exposure to increases in costs and operating expenses resulting from inflation, assuming our properties remain leased and tenants fulfill their obligations to reimburse us for such expenses.

Our revolving loan agreement bears interest at a variable rate, which will be influenced by changes in short-term interest rates, and will be sensitive to inflation.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Our future income, cash flows and fair values relevant to financial instruments depend upon prevailing market interest rates. Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. The primary market risk to which we believe we are exposed is interest rate risk. Many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control contribute to interest rate risk.

At December 31, 2005, our debt consisted of 13 fixed-rate notes with a carrying value of $246.2 million (including $14.9 million of premium) and a weighted-average interest rate of 5.05%, our revolving credit facility with an outstanding balance of $17.0 million at a weighted average interest rate of 5.72% and our secured term loan with an outstanding balance of $250.0 million. We have entered into an interest rate swap agreement, which has the effect of fixing the interest rate on the secured term loan at 6.4%. To determine fair value, the fixed-rate debt is discounted at a rate based on an estimate of current lending rates, assuming the debt is outstanding through maturity and considering the notes collateral. At December 31, 2005, the fair value of the fixed-rate debt was estimated to be $240.5 million compared to the net carrying value of $246.2 million (including $14.9 million of premium). We do not believe that the interest rate risk represented by our fixed rate debt was material as of December 31, 2005 in relation to total assets of $1.3 billion and equity market capitalization of $1.2 billion of our common stock and operating units. At December 31, 2005, the fair value of the debt of our investment in unconsolidated partnership approximated the carrying value.

Based on our revolving credit facility balance at December 31, 2005, a 1% change in interest rates would change our interest costs by $170,000 per year. This amount was determined by considering the impact of hypothetical interest rates on our financial instruments. This analysis does not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of the magnitude discussed above, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this analysis assume no changes in our financial structure.

In order to modify and manage the interest rate characteristics of our outstanding debt and to limit the effects of interest rate risks on our operations, we may utilize a variety of financial instruments, including interest rate swaps, caps and treasury locks in order to mitigate our interest rate risk on a related financial instrument. The use of these types of instruments to hedge our exposure to changes in interest rates carries additional risks, including counterparty credit risk, the enforceability of hedging contracts and the risk that unanticipated and significant changes in interest rates will cause a significant loss of basis in the contract. To limit counterparty credit risk we will seek to enter into such agreements with major financial institutions with high credit ratings. There can be no assurance that we will be able to adequately protect against the foregoing risks and will ultimately realize an economic benefit that exceeds the related amounts incurred in connection with engaging in such hedging activities. We do not enter into such contracts for speculative or trading purposes.

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
BioMed Realty Trust, Inc.:

We have audited the accompanying consolidated balance sheets of BioMed Realty Trust, Inc. and subsidiaries as of December 31, 2005 and 2004, the related consolidated statements of income, stockholders equity, and comprehensive income of BioMed Realty Trust, Inc. and subsidiaries for the year ended December 31, 2005 and for the period from August 11, 2004 (commencement of operations) through December 31, 2004, the related statements of income and owners equity of Inhale 201 Industrial Road, L.P., as defined in note 1, for the period from January 1, 2004 through August 17, 2004 and the year ended December 31, 2003, the related consolidated statement of cash flows of BioMed Realty Trust, Inc. and subsidiaries for the year ended December 31, 2005, the related consolidated and combined statement of cash flows of BioMed Realty Trust, Inc. and subsidiaries and Inhale 201 Industrial Road, L.P. for the year ended December 31, 2004, and the related statement of cash flows of Inhale 201 Industrial Road, L.P. for the year ended December 31, 2003. In connection with our audits of the consolidated and combined financial statements, we have also audited the accompanying financial statement schedule III of BioMed Realty Trust, Inc. and subsidiaries as of December 31, 2005. These consolidated and combined financial statements are the responsibility of BioMed Realty Trust, Inc. s management. Our responsibility is to express an opinion on these consolidated and combined financial statements and the accompanying financial statement schedule III based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the consolidated financial position of BioMed Realty Trust, Inc. and subsidiaries as of December 31, 2005 and 2004, the consolidated results of operations of BioMed Realty Trust, Inc. and subsidiaries for the year ended December 31, 2005 and for the period from August 11, 2004 through December 31, 2004, the results of operations of Inhale 201 Industrial Road, L.P. for the period from January 1, 2004 through August 17, 2004 and the year ended December 31, 2003, the consolidated cash flows of BioMed Realty Trust, Inc. and subsidiaries for the year ended December 31, 2005, the consolidated and combined cash flows of BioMed Realty Trust, Inc. and subsidiaries and Inhale 201 Industrial Road, L.P. for the year ended December 31, 2004, and the cash flows of Inhale 201 Industrial Road, L.P. for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule III, when considered in relation to the basic consolidated and combined financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of BioMed Realty Trust, Inc. s internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 14, 2006 expressed an unqualified opinion on management s assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP

San Diego, California
March 14, 2006

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
BioMed Realty Trust, Inc.:

We have audited management s assessment, included in the accompanying Management s Report on Internal Control Over Financial Reporting, that BioMed Realty Trust, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). BioMed Realty Trust, Inc. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management s assessment and an opinion on the effectiveness of the Company s internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

In our opinion, management s assessment that BioMed Realty Trust, Inc. and subsidiaries maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, BioMed Realty Trust, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of BioMed Realty Trust, Inc. and subsidiaries as of December 31, 2005 and 2004, the related consolidated statements of income, stockholders equity, and comprehensive income of BioMed Realty Trust, Inc. and subsidiaries for the year ended December 31, 2005 and for the period from August 11, 2004 (commencement of operations) through December 31, 2004, the related statements of income and owners equity of Inhale 201 Industrial Road, L.P., as defined in note 1, for the period from January 1, 2004 through August 17, 2004 and the year ended December 31, 2003, the related

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consolidated statement of cash flows of BioMed Realty Trust, Inc. and subsidiaries for the year ended December 31, 2005, the related consolidated and combined statement of cash flows of BioMed Realty Trust, Inc. and subsidiaries and Inhale 201 Industrial Road, L.P. for the year ended December 31, 2004, and the related statement of cash flows of Inhale 201 Industrial Road, L.P. for the year ended December 31, 2003, and our report dated March 14, 2006 expressed an unqualified opinion on those consolidated and combined financial statements and the accompanying financial statement schedule III.

KPMG LLP

San Diego, California
March 14, 2006

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BIOMED REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2005	December 31, 2004
ASSETS		
Investments in real estate, net	$ 1,129,371	$ 468,530
Investment in unconsolidated partnership	2,483	2,470
Cash and cash equivalents	20,312	27,869
Restricted cash	5,487	2,470
Accounts receivable, net	9,873	1,837
Accrued straight-line rents, net	8,731	3,306
Acquired above market leases, net	8,817	8,006
Deferred leasing costs, net	136,640	61,503
Deferred loan costs, net	4,855	1,700
Prepaid expenses	2,164	1,531
Other assets	8,577	2,501
Total assets	$ 1,337,310	$ 581,723
LIABILITIES AND STOCKHOLDERS EQUITY		
Mortgage notes payable, net	$ 246,233	$ 102,236
Secured term loan	250,000	
Unsecured line of credit	17,000	
Security deposits	6,905	4,831
Due to affiliates		53
Dividends and distributions payable	13,365	9,249
Accounts payable, accrued expenses and other liabilities	23,012	7,529
Acquired below market leases, net	29,647	13,741
Total liabilities	586,162	137,639
Minority interests	20,673	22,267
Stockholders equity:		
Preferred stock, $.01 par value, 15,000,000 shares authorized, none issued or outstanding		
Common stock, $.01 par value, 100,000,000 shares authorized, 46,634,432 and 31,386,333 shares issued and outstanding at December 31, 2005 and December 31, 2004, respectively	466	314
Additional paid-in capital	760,749	434,075
Deferred compensation	(3,158)	(4,182)
Accumulated other comprehensive income	5,922	
Dividends in excess of earnings	(33,504)	(8,390)
Total stockholders equity	730,475	421,817

Total liabilities and stockholders equity	$	1,337,310	$	581,723

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)

	BIOMED REALTY TRUST, INC.		INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)	
	Year Ended December 31, 2005	Period August 11, 2004 through December 31, 2004	Period January 1, 2004 through August 17, 2004	Year Ended December 31, 2003
Revenues:				
Rental	$ 92,650	$ 19,432	$ 3,339	$ 6,275
Tenant recoveries	42,232	9,222	375	744
Other income	3,974			
Total revenues	138,856	28,654	3,714	7,019
Expenses:				
Rental operations	34,505	9,236	131	408
Real estate taxes	11,868	2,383	222	422
Depreciation and amortization	39,378	7,853	600	955
General and administrative	13,278	3,130		
Total expenses	99,029	22,602	953	1,785
Income from operations	39,827	6,052	2,761	5,234
Equity in net income (loss) of unconsolidated partnership	119	(11)		
Interest income	1,333	190		1
Interest expense	(23,226)	(1,180)	(1,760)	(2,901)
Income before minority interests	18,053	5,051	1,001	2,334
Minority interest in consolidated partnerships	267	145		
Minority interests in operating partnership	(1,274)	(414)		

Net income	$ 17,046	$ 4,782	$ 1,001	$ 2,334
Basic earnings per share	$ 0.44	$ 0.15		
Diluted earnings per share	$ 0.44	$ 0.15		
Weighted-average common shares outstanding:				
Basic	38,913,103	30,965,178		
Diluted	42,091,195	33,767,575		

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND
STATEMENTS OF OWNERS EQUITY
(In thousands, except share data)

	Number of Shares	Common Stock	Additional Paid-In Capital	Deferred Compensation	Accumulated Other Comprehensive Income	Dividends in Excess of Earnings	Owners Equity	Total
The Predecessor								
Balance at December 31, 2002		$	$	$	$	$	$ 12,169	$ 12,169
Distributions							(2,044)	(2,044)
Net income							2,334	2,334
Balance at December 31, 2003							12,459	12,459
Distributions							(1,215)	(1,215)
Net income							1,001	1,001
Balance at August 11, 2004							12,245	12,245
The Company								
Buyout of owners equity of Predecessor							(12,245)	(12,245)
Net proceeds from sale of common stock	31,050,000	311	429,024					429,335
Issuance of unvested restricted common stock	336,333	3	5,051	(5,054)				
Vesting of restricted common stock				872				872
Dividends						(13,172)		(13,172)
Net income						4,782		4,782
Balance at December 31, 2004	31,386,333	314	434,075	(4,182)		(8,390)		421,817
Net proceeds from sale of common	15,122,500	151	323,869					324,020

stock								
Net issuances of unvested restricted common stock	125,599	1	2,805	(2,806)				
Vesting of restricted common stock				3,830				3,830
Dividends						(42,160)		(42,160)
Net income						17,046		17,046
Unrealized gain on cash flow hedge					5,922			5,922
Balance at December 31, 2005	46,634,432	$ 466	$ 760,749	$ (3,158)	$ 5,922	$ (33,504)	$	$ 730,475

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

Balance at August 11, 2004	$	
Net income		4,782
Balance at December 31, 2004		4,782
Net income		17,046
Unrealized gain on cash flow hedge		5,922
Balance at December 31, 2005	$	22,968

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
(In thousands)

	BioMed Realty Trust, Inc. Year Ended December 31, 2005	BioMed Realty Trust, Inc. and Inhale 201 Industrial Road, L.P. (Predecessor) Year Ended December 31, 2004	Inhale 201 Industrial Road, L.P. (Predecessor) Year Ended December 31, 2003
Operating activities:			
Net income	$ 17,046	$ 5,783	$ 2,334
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39,378	8,453	955
Minority interest in consolidated partnerships	(267)	(145)	
Minority interests in operating partnership	1,274	414	
Bad debt expense	257	158	
Revenue reduction attributable to acquired above market leases	1,424	538	
Revenue recognized related to acquired below market leases	(3,332)	(251)	
Write off of capitalized costs for terminated leases	1,078		
Compensation expense related to restricted common stock	3,830	872	
Amortization of loan fees and costs	1,002	216	73
Write off of deferred loan costs due to repayment and extinguishment of debt	2,002		
Amortization of debt premium	(1,761)	(307)	
(Income)/loss from unconsolidated partnership	(119)	11	
Changes in operating assets and liabilities:			
Restricted cash	(3,017)	(2,470)	
Accounts receivable	(8,293)	(1,987)	
Accrued straight-line rents	(5,595)	(887)	(648)
Deferred leasing costs	(1,665)		
Prepaid expenses	(633)	(1,531)	

Other assets	821	(201)	133
Due to affiliates	(53)	53	
Security deposits	1,000		
Accounts payable, accrued expenses and other liabilities	10,113	5,751	(431)
Net cash provided by operating activities	54,490	14,470	2,416
Investing activities:			
Purchases of interests in and additions to investments in real estate and related intangible assets	(604,782)	(458,165)	(105)
Minority interest investment in consolidated partnerships	594		
Distributions received from unconsolidated partnership	106	27	
Receipts of master lease payments (reduction to investments in real estate)	2,025	1,327	
Security deposits received from prior owners of real estate	1,074	4,831	
Redemption of operating partnership units for cash	(173)		
Funds held in escrow for acquisitions (other assets)	(200)	(1,700)	
Additions to non-real estate assets	(651)	(511)	
Repayment of related party payables		(3,000)	
Net cash used in investing activities	(602,007)	(457,191)	(105)

	BioMed Realty Trust, Inc.	BioMed Realty Trust, Inc. and Inhale 201 Industrial Road, L.P. (Predecessor)	Inhale 201 Industrial Road, L.P. (Predecessor)
	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
Financing activities:			
Proceeds from common stock offering	340,256	465,753	
Payment of offering costs	(16,236)	(36,415)	
Payment of loan costs	(6,159)	(1,701)	(87)
Line of credit proceeds	244,175	33,900	
Line of credit repayments	(227,175)	(33,900)	
Secured term loan proceeds	250,000		
Unsecured term loan proceeds	100,000		
Unsecured term loan payments	(100,000)		
Proceeds from mortgage notes payable		49,300	227
Principal payments on mortgage notes payable	(3,759)	(234)	(762)
Distributions to operating partnership unit holders	(3,098)	(357)	
Dividends paid	(38,044)	(4,698)	
Distributions to owners of Predecessor		(1,215)	(2,044)
Net cash provided by (used in) financing activities	539,960	470,433	(2,666)
Net (decrease) increase in cash and cash equivalents	(7,557)	27,712	(355)
Cash and cash equivalents at beginning of year	27,869	157	512
Cash and cash equivalents at end of year	$ 20,312	$ 27,869	$ 157
Supplemental disclosure of cash flow information:			
Cash paid for interest (net of amounts capitalized of $708, $0 and $0, respectively)	$ 20,291	$ 3,040	$ 2,600
Supplemental disclosure of non-cash investing and financing activities:			
Accrual for dividends declared	12,592	8,474	
	773	775	

Accrual for distributions declared for operating partnership unit holders		
Restricted stock awards, net	2,806	5,054
Mortgage loans assumed (includes premium of $11,312, $5,642 and $0, respectively)	149,517	53,477
Accrued construction and tenant improvement costs	4,777	29
Accrued additions to non-real estate assets	124	
Accrued deferred leasing costs	469	
Historic cost basis of assets transferred from Predecessor (including $2,189 of accrued straight-line rents as of August 17, 2004)		48,569
Operating partnership units issued for interests in certain contributed properties		21,810
Investment in unconsolidated partnership acquired by issuing operating partnership units		2,508
Distributions in excess of equity balance to owners of Predecessor		5,131
Accrual for offering costs		(423)

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Description of Business

As used herein, the terms we, us, our or the Company refer to BioMed Realty Trust, Inc., a Maryland corporatio and any of our subsidiaries, including BioMed Realty, L.P., a Maryland limited partnership (our Operating Partnership), and 201 Industrial Road, L.P. (Industrial Road or our Predecessor). We operate as a fully integrated, self-administered and self-managed real estate investment trust (REIT) focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. The Company s tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. The Company s properties and primary acquisition targets are generally located in markets with well established reputations as centers for scientific research, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey.

The Company was incorporated in Maryland on April 30, 2004. On August 11, 2004, the Company commenced operations after completing its initial public offering (the Offering) of 27,000,000 shares of its common stock, par value $.01 per share. The Offering price was $15.00 per share resulting in gross proceeds of $405.0 million. On August 16, 2004, in connection with the exercise of the underwriters over-allotment option, the Company issued an additional 4,050,000 shares of common stock and received gross proceeds of $60.8 million. The aggregate proceeds to the Company, net of underwriting discounts and commissions and Offering costs, were approximately $429.3 million. The Company issued a stock warrant in connection with the Offering to the lead underwriter for the right to purchase 270,000 common shares at $15.00 per share, which equals the estimated fair value at the date of grant. The warrant became exercisable six months after the Offering date and expires on August 11, 2009. From inception through August 11, 2004, neither the Company nor its Operating Partnership had any operations. Simultaneously with the Offering, the Company obtained a $100.0 million revolving unsecured credit facility (Note 5), which was used to finance acquisitions and for other corporate purposes prior to being replaced on May 31, 2005 with a $250.0 million revolving unsecured credit facility with KeyBank National Association and other lenders (Note 5).

On June 27, 2005, the Company completed a follow-on common stock offering of 15,122,500 shares at $22.50 per share, resulting in gross proceeds of $340.3 million. The net proceeds of $324.0 million were used to repay the outstanding balance on the Company s revolving credit facility (Note 5), to repay its $100.0 million unsecured term loan (Note 5), to acquire properties and for other corporate purposes.

As of December 31, 2005, the Company owned or had interests in 39 properties, located principally in Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey, consisting of 62 buildings with approximately 4.8 million rentable square feet of laboratory and office space, which was approximately 91.1% leased to 87 tenants. Of the approximately 423,000 square feet of unleased space, 274,677 square feet, or 64.9% of our unleased square footage, was under redevelopment. The Company also owned undeveloped land that we estimate can support up to 706,000 rentable square feet of laboratory and office space.

Industrial Road was the largest of the properties contributed in the Offering and therefore was identified as the accounting acquirer pursuant to paragraph 17 of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* (SFAS 141). As such, the historical financial statements presented herein for Industrial Road were prepared on a stand-alone basis up to and including the acquisition date, August 17, 2004. Upon completion of the Offering, the interest in the Predecessor acquired from affiliates was recorded at historic cost. The acquisitions of the unaffiliated interests in the Predecessor and the interests in all of the other properties have been accounted for as a purchase in accordance with SFAS 141.

**BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, partnerships and limited liability companies it controls, and variable interest entities for which the Company has determined itself to be the primary beneficiary. All material intercompany transactions and balances have been eliminated. The Company consolidates entities the Company controls and records a minority interest for the portions not owned by the Company. Control is determined, where applicable, by the sufficiency of equity invested and the rights of the equity holders, and by the ownership of a majority of the voting interests, with consideration given to the existence of approval or veto rights granted to the minority shareholder. If the minority shareholder holds substantive participation rights, it overcomes the presumption of control by the majority voting interest holder. In contrast, if the minority shareholder simply holds protective rights (such as consent rights over certain actions), it does not overcome the presumption of control by the majority voting interest holder. With respect to the partnerships and limited liability companies, the Company determines control through a consideration of each party s financial interests in profits and losses and the ability to participate in major decisions such as the acquisition, sale or refinancing of principal assets.

Investments in Partnerships

The Company evaluates its investments in limited liability companies and partnerships under Financial Accounting Standards Board (FASB) Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* (FIN 46) an interpretation of Accounting Research Bulletin No. 51 *Consolidated Financial Statements* (ARB 51). FIN 46 provides guidance on the identification of entities for which control is achieved through means other than voting rights (variable interest entities or VIEs) and the determination of which business enterprise should consolidate the VIE (the primary beneficiary). Generally, FIN 46 applies when either (1) the equity investors (if any) lack one or more of the essential characteristics of a controlling financial interest, (2) the equity investment at risk is insufficient to finance that entity s activities without additional subordinated financial support or (3) the equity investors have voting rights that are not proportionate to their economic interests and the activities of the entity involve or are conducted on behalf of an investor with a disproportionately small voting interest.

In June 2005, the FASB ratified the consensus in EITF Issue No. 04-5, *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 04-5), which provides guidance in determining whether a general partner controls a limited partnership. EITF 04-5 states that the general partner in a limited partnership is presumed to control that limited partnership. The presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause or (2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership s business and thereby preclude the general partner from exercising unilateral control over the partnership. If the criteria in EITF 04-5 are met, the consolidation of existing limited liability companies and partnerships accounted for under the equity method may be required. Our adoption of EITF 04-5 is expected to have no effect on net income or stockholders equity. EITF 04-5 is effective June 30, 2005 for new or modified limited partnership arrangements and effective January 1, 2006 for existing limited partnership arrangements.

On a periodic basis, management assesses whether there are any indicators that the value of the Company s investments in partnerships may be impaired. An investment is impaired only if management s estimate of the value of the investment is less than the carrying value of the investment. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment

BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

over the value of the investment. Management does not believe that the value of any of the Company s investments in partnerships are impaired.

Investments in Real Estate

Investments in real estate are carried at depreciated cost. Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 to 40 years
Ground lease	Term of the related lease
Tenant improvements	Shorter of the useful lives or the terms of the related leases
Furniture, fixtures, and equipment (other assets)	3 to 5 years
Acquired in-place leases	Non-cancelable term of the related lease
Acquired management agreements	Non-cancelable term of the related agreement

Investments in real estate, net consists of the following (in thousands):

	December 31,	
	2005	2004
Land	$ 146,421	$ 68,762
Ground lease	14,210	14,210
Buildings and improvements	962,482	388,755
Construction in progress	8,582	42
Tenant improvements	19,580	30
	1,151,275	471,799
Accumulated depreciation	(21,904)	(3,269)
	$ 1,129,371	$ 468,530

Purchase accounting was applied, on a pro-rata basis where appropriate, to the assets and liabilities of real estate properties in which we acquired an interest or a partial interest. The fair value of tangible assets of an acquired property (which includes land, buildings, and improvements) is determined by valuing the property as if it were vacant, and the as-if-vacant value is then allocated to land, buildings and improvements based on management s determination of the relative fair value of these assets. We determine the as-if-vacant fair value using methods similar to those used by independent appraisers. Factors considered by us in performing these analyses include an estimate of the carrying costs during the expected lease-up periods, current market conditions and costs to execute similar leases. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand.

In allocating fair value to the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place leases are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (a) the contractual amounts to be paid pursuant to the in-place leases and (b) our estimate of the fair market lease rates for the corresponding in-place leases at acquisition, measured over a period equal to the remaining non-cancelable term of the leases. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. The capitalized below-market lease values are amortized as an increase to rental income over the remaining non-cancelable terms of the respective

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BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

leases. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related intangible will be written off.

The balance of acquired above market leases was comprised as follows (in thousands):

	December 31,	
	2005	2004
Acquired above market leases	$ 10,879	$ 8,544
Accumulated amortization	(2,062)	(538)
	$ 8,817	$ 8,006

The balance of acquired below market leases was comprised as follows (in thousands):

	December 31,	
	2005	2004
Acquired below market leases	$ 33,230	$ 13,992
Accumulated amortization	(3,583)	(251)
	$ 29,647	$ 13,741

The table below presents the estimated amortization during the next five years related to the acquired above and below market leases for properties owned at December 31, 2005 (in thousands):

	2006	2007	2008	2009	2010	Thereafter	Total
Amortization of:							
Acquired above market leases	$ (2,249)	$ (2,104)	$ (1,167)	$ (1,166)	$ (1,112)	$ (1,019)	$ (8,817)
Acquired below market leases	4,665	4,651	4,635	4,613	3,506	7,577	29,647
Net rental revenues increase	$ 2,416	$ 2,547	$ 3,468	$ 3,447	$ 2,394	$ 6,558	$ 20,830

The aggregate value of other acquired intangible assets consisting of acquired in-place leases and acquired management agreements (see deferred leasing costs below) are recorded based on a variety of components including, but not necessarily limited to: (a) the value associated with avoiding the cost of originating the acquired in-place leases (i.e. the market cost to execute a lease, including leasing commissions and legal fees, if any); (b) the value associated with lost revenue related to tenant reimbursable operating costs estimated to be incurred during the assumed lease-up period (i.e. real estate taxes, insurance and other operating expenses); (c) the value associated with lost rental revenue from existing leases during the assumed lease-up period; and (d) the value associated with avoided tenant improvement costs or other inducements to secure a tenant lease. The fair value assigned to the acquired management agreements are recorded at the present value (using a discount rate which reflects the risks associated with the management agreements acquired) of the acquired management agreements with certain tenants of the acquired properties. The values of in-place leases and management agreements are amortized to expense over the remaining non-cancelable period of the respective leases or agreements. If a lease were to be terminated prior to its stated expiration, all unamortized amounts related to that lease would be written off.

A variety of costs are incurred in the acquisition, development, construction, improvements and leasing of properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The Company s capitalization policy on development properties is guided by SFAS No. 34, *Capitalization of Interest Cost* and SFAS No. 67, *Accounting for Costs and the Initial Rental Operations of Real Estate Properties*. The costs of land and buildings under

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development include specifically identifiable costs. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but no later than one year from cessation of major construction activity. The Company ceases capitalization on the portion substantially completed and occupied or held available for occupancy, and capitalizes only those costs associated with the portion under construction. Interest costs capitalized for the years ended December 31, 2005, 2004, and 2003 were $708,000, $0, and $0, respectively. Capitalized costs associated with unsuccessful acquisitions are charged to expense when an acquisition is abandoned.

Repair and maintenance costs are charged to expense as incurred and significant replacements and betterments are capitalized. Repairs and maintenance costs include all costs that do not extend the useful life of an asset or increase its operating efficiency. Significant replacement and betterments represent costs that extend an asset s useful life or increase its operating efficiency.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset 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 future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. We maintain our cash at insured financial institutions. The combined account balances at each institution periodically exceed FDIC insurance coverage, and, as a result, there is a concentration of credit risk related to amounts in excess of FDIC limits. We believe that the risk is not significant.

Restricted Cash

Restricted cash primarily consists of cash deposits for real estate taxes, insurance and capital expenditures as required by certain mortgage notes payable.

Statements of Cash Flows

The statements of cash flows of the Company and the Predecessor have been combined for the year ended December 31, 2004 to make them comparable to the same period in 2005 for the Company and in 2003 for the Predecessor.

Deferred Leasing Costs

Leasing commissions and other direct costs associated with obtaining new or renewal leases are recorded at cost and amortized on a straight-line basis over the terms of the respective leases. Deferred leasing costs also include the net carrying value of acquired in-place leases and acquired management agreements, which are discussed above in investments in real estate.

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The balance of deferred leasing costs at December 31, 2005 was comprised as follows (in thousands):

	Balance at December 31, 2005	Accumulated Amortization	Net
Acquired in-place leases	$ 149,312	$ (22,577)	$ 126,735
Acquired management agreements	10,717	(2,505)	8,212
Deferred leasing and other direct costs	2,026	(333)	1,693
	$ 162,055	$ (25,415)	$ 136,640

The balance of deferred leasing costs at December 31, 2004 was comprised as follows (in thousands):

	Balance at December 31, 2004	Accumulated Amortization	Net
Acquired in-place leases	$ 57,663	$ (4,001)	$ 53,662
Acquired management agreements	8,151	(576)	7,575
Deferred leasing and other direct costs	361	(95)	266
	$ 66,175	$ (4,672)	$ 61,503

The estimated amortization expense for deferred leasing costs as of December 31, 2005 were as follows (in thousands):

2006	$ 24,500
2007	22,637
2008	19,453
2009	18,262
2010	10,833
Thereafter	40,955
	$ 136,640

Deferred Loan Costs

External costs associated with obtaining long-term financing are capitalized and amortized to interest expense over the terms of the related loans using the effective-interest method. Unamortized financing costs are charged to expense upon the early repayment or significant modification of the financing. Fully amortized deferred loan costs are removed from the books upon maturity of the debt. The balance includes $3.2 million and $162,000 of accumulated amortization at December 31, 2005 and 2004, respectively. Loan costs of $2.0 million were fully amortized during the year ended December 31, 2005 due to the full repayment and termination of the credit facility and unsecured term loan facility (Note 5).

Revenue Recognition

All leases are classified as operating leases and minimum rents are recognized on a straight-line basis over the term of the related lease. The impact of the straight-line rent adjustment increased revenue for the Company by $5,595,000 and $1,125,000 for the year ended December 31, 2005 and for the period August 11, 2004 through December 31, 2004, respectively. The impact of the straight-line rent adjustment decreased revenue for the Predecessor by $238,000 for the period January 1, 2004 through August 17, 2004 and increased revenue by $648,000 for the year ended December 31, 2003. Additionally, the impact of the amortization of acquired above market leases and acquired below market leases increased rental revenues by

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$1,808,000 for the year ended December 31, 2005. This includes a $100,000 decrease to revenue due to the write off of an above market lease that was terminated at our Industrial Road property. The impact of the amortization of acquired above market leases and acquired below market leases decreased rental revenues by $287,000 for the year ended December 31, 2004. The excess of rents recognized over amounts contractually due pursuant to the underlying leases are included in accrued straight-line rents on the accompanying consolidated balance sheets and contractually due but unpaid rents are included in accounts receivable.

Recoveries from tenants, consisting of amounts due from tenants for real estate taxes, insurance and common area maintenance costs are recognized as revenue in the period the expenses are incurred. The reimbursements are recognized and presented in accordance with EITF 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent* (EITF 99-19). EITF 99-19 requires that these reimbursements be recorded gross, as the Company is generally the primary obligor with respect to purchasing goods and services from third-party suppliers, has discretion in selecting the supplier and bears the credit risk.

Lease termination fees are recognized when the related leases are canceled, collectibility is assured, and we have no continuing obligation to provide space to former tenants. A gain on early termination of lease of $3.6 million for the year ended December 31, 2005 is included in other income on the consolidated statements of income and was primarily due to the early termination of a portion of the Nektar Therapeutics lease at our Industrial Road property. Accordingly, the related lease commissions and other related intangible assets have been fully amortized.

Payments received under master lease agreements entered into with the sellers of the Bayshore and King of Prussia properties to lease space that was not producing rent at the time of the acquisition are recorded as a reduction to buildings and improvements rather than as rental income in accordance with EITF 85-27, *Recognition of Receipts from Made-Up Rental Shortfalls*. Receipts under the master lease agreements totaled $2,025,000, $1,327,000, and $0 for the years ended December 31, 2005, 2004, and 2003, respectively. The master lease at Bayshore expired in February 2006. The master lease at King of Prussia will expire in June 2008 or sooner under the terms of the agreement if the vacant space is leased by a new tenant.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of tenants to make required rent and tenant recovery payments or defaults. We also maintain an allowance for accrued straight-line rents and amounts due from lease terminations. The computation of this allowance is based on the tenants payment history and current credit status. Bad debt expense included in rental operations expenses was $257,000, $158,000, and $0 for the years ended December 31, 2005, 2004, and 2003, respectively. The Company s allowance for doubtful accounts was $611,000, $158,000, and $0 as of December 31, 2005, 2004, and 2003, respectively. Included in the allowance for doubtful accounts was $196,000 related to master lease receipts not expected to be collected as of December 31, 2005.

Incentive Awards

The Company follows SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS 123) as amended by SFAS No. 148. SFAS 123 requires that compensation expense be recorded for the fair-value of restricted stock granted to employees and non-employee directors. The fair-value is recorded based on the market value of the common stock on the grant date as deferred compensation and is amortized to general and administrative expenses over the respective vesting periods. To the extent restricted stock is forfeited prior to vesting, the corresponding previously recognized expense is reversed as an offset to general and administrative expense.

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Equity Offering Costs

Underwriting commissions and offering costs are reflected as a reduction to additional paid-in-capital.

Income Taxes

The Company has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, commencing with our taxable year ended December 31, 2004. We believe we have qualified and continue to qualify as a REIT. A REIT is generally not subject to federal income tax on that portion of its taxable income that is distributed to its stockholders, provided that at least 90% of taxable income is distributed. Accordingly, no provision has been made for federal income taxes in the accompanying consolidated financial statements. REITs are subject to a number of organizational and operational requirements. If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) and, in most of the states, state income tax on its taxable income at regular corporate tax rates. The Company is subject to certain state and local taxes.

The Company has formed a taxable REIT subsidiary (a TRS). In general, a TRS may perform non-customary services for tenants, hold assets that we cannot hold directly and generally engage in any real estate or non-real estate related business. A TRS is subject to corporate federal income taxes on its taxable income at regular corporate tax rates (except for the operation or management of health care facilities or lodging facilities or the providing of any person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated). For the periods presented in the accompanying consolidated statements of income there is no tax provision for the TRS as the TRS had no substantial operations during 2005 or 2004.

The Predecessor was a partnership. Under applicable federal and state income tax rules, the allocated share of net income/loss from partnerships is reportable in the income tax returns of the partners and members. Accordingly, no income tax provision is included in the accompanying consolidated financial statements for the period from January 1, 2004 through August 17, 2004 and for the year ended December 31, 2003.

Dividends and Distributions

Earnings and profits, which determine the taxability of dividends and distributions to stockholders, will differ from income reported for financial reporting purposes due to the difference for federal income tax purposes in the treatment of revenue recognition, compensation expense, and in the estimated useful lives of real estate assets used to compute depreciation. The Company pays distributions quarterly to stockholders. Total common distributions were $0.4197 per common share, of which $0.283673 is treated as ordinary income for federal income tax purposes for the year ended December 31, 2004. The remaining common distribution of $0.136027 was reported for federal income tax purposes in the year ending December 31, 2005. Total common distributions were $1.08 per common share, of which $1.010305 is treated as ordinary income for federal income tax purposes for the year ended December 31, 2005, including the $0.136027 remaining from 2004. The remaining common distribution of $0.205722 will be reported for federal income tax purposes in the year ending December 31, 2006.

Management s Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reporting of revenue and expenses during the reporting period to prepare these

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consolidated financial statements in conformity with U.S. generally accepted accounting principles. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and reported amounts of revenue and expenses that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions or conditions.

Management considers those estimates and assumptions that are most important to the portrayal of the Company s financial condition and results of operations, in that they require management s most subjective judgments, to form the basis for the accounting policies used by the Company. These estimates and assumptions of items such as market rents, time required to lease vacant spaces, lease terms for incoming tenants and credit worthiness of tenants in determining the as-if-vacant value, in-place lease value and above and below market rents value are utilized in allocating purchase price to tangible and identified intangible assets upon acquisition of a property. These accounting policies also include management s estimates of useful lives in calculating depreciation expense on its properties and the ultimate recoverability (or impairment) of each property. If the useful lives of buildings and improvements are different from 10 to 40 years, it could result in changes to the future results of operations of the Company. Future adverse changes in market conditions or poor operating results of our properties could result in losses or an inability to recover the carrying value of the properties that may not be reflected in the properties current carrying value, thereby possibly requiring an impairment charge in the future.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. Minority Interests

In connection with our Offering, we acquired interests in six properties through our Operating Partnership that were previously owned by limited partnerships and a limited liability company in which certain officers of the Company or entities affiliated with them owned interests, and private investors and tenants who are not affiliated with them owned interests. Persons and entities owning the interests in four of the limited partnerships and the limited liability company, certain officers, some of their spouses and parents, and other individuals and entities not affiliated with us or our management, contributed to us all of their interests in these entities. In exchange for these interests, we issued an aggregate of 2,870,564 limited partnership units in our operating partnership and made cash payments in the aggregate amount of $20.5 million. Certain officers of the Company (including some of their spouses) received an aggregate of 2,673,172 limited partnership units having a value of $40.1 million based on the initial public offering price of our common stock of $15.00 per share.

Minority interests on the consolidated balance sheets relate primarily to the limited partnership units in the Operating Partnership (Units) that are not owned by the Company, which at December 31, 2005 and 2004 amounted to 5.83% and 8.46%, respectively, of Units outstanding. In conjunction with the formation of the Company, certain persons and entities contributing interests in properties to the Operating Partnership received Units. Limited partners who were issued Units in the formation transactions have the right, commencing on October 1, 2005, to require the Operating Partnership to redeem part or all of their Units. The Company may elect to acquire those Units in exchange for shares of the Company s common stock on a one-for-one basis, subject to adjustment in the event of stock splits, stock dividends, issuance of stock rights, specified extraordinary distributions and similar events, or pay cash based upon the fair market value of an equivalent number of shares of the Company s common stock at the time of redemption. In December 2005, a non-managing partner of the operating partnership tendered 7,000 limited partnership units in exchange for

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$173,320, or $24.76 per share. Minority interests also include the 11% interest of a limited partner in the limited partnership that owns the King of Prussia property, the 10% interest of a member in the limited liability company that owns the Waples property, and the 10% interest of a member in the limited liability company formed to acquire the Fairview property, which are consolidated entities of the Company.

4. Mortgage Notes Payable

A summary of our outstanding consolidated mortgage notes payable was as follows (dollars in thousands):

	Stated Fixed Interest Rate	Effective Interest Rate	Principal Balance December 31, 2005	Principal Balance December 31, 2004	Maturity Date
Ardentech Court	7.25%	5.06%	$ 4,746	$ 4,828	July 1, 2012
Bayshore Boulevard	4.55%	4.55%	16,107	16,438	January 1, 2010
Bridgeview Technology Park I	8.07%	5.04%	11,732	11,825	January 1, 2011
Eisenhower Road	5.80%	4.63%	2,211	2,252	May 5, 2008
Elliott Avenue	7.38%	4.63%	16,526	16,996	November 24, 2007
40 Erie Street	7.34%	4.90%	19,575		August 1, 2008
Kendall Square D	6.38%	5.45%	72,395		December 1, 2018
Lucent Drive	5.50%	5.50%	5,899		January 21, 2015
Monte Villa Parkway	4.55%	4.55%	9,805	10,007	January 1, 2010
Nancy Ridge Drive	7.15%	5.38%	6,952		September 1, 2012
Science Center Drive	7.65%	5.04%	11,577	11,699	July 1, 2011
Sidney Street	7.23%	5.11%	31,426		June 1, 2012
Towne Centre Drive	4.55%	4.55%	22,396	22,856	January 1, 2010
			231,347	96,901	
Unamortized premium			14,886	5,335	
			$ 246,233	$ 102,236	

The net carrying value of properties (investments in real estate) secured by our mortgage notes payable was $460.5 million and $174.7 million at December 31, 2005 and 2004, respectively.

The outstanding mortgage notes payable due to affiliates as of December 31, 2003 was repaid on August 17, 2004. Mortgage debt aggregating $77.0 million secured by the King of Prussia property was repaid in August 2004 concurrent with the purchase of the property.

Premiums were recorded upon assumption of the mortgage notes payable at the time of acquisition to account for above-market interest rates. Amortization of these premiums is recorded as a reduction to interest expense over the remaining term of the respective note using a method that approximates the effective-interest method.

5. Credit Facilities

On August 11, 2004, the Company entered into a $100.0 million revolving unsecured loan agreement, which bore interest at LIBOR plus 1.20%, or higher depending on the leverage ratio of the Company, or a reference rate, and was scheduled to expire on August 11, 2007. This credit facility was fully repaid and

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terminated on May 31, 2005 with funds drawn on our new credit facilities as discussed below. Accordingly, the related unamortized loan costs of $901,000 were fully amortized in the three months ended June 30, 2005.

On May 31, 2005, the Company entered into three credit facilities with KeyBank National Association and other lenders under which the Company initially borrowed $485.0 million of a total of $600.0 million available under these facilities. The credit facilities include an unsecured revolving credit facility of $250.0 million, under which the Company initially borrowed $135.0 million, an unsecured term loan of $100.0 million and a secured term loan of $250.0 million. The Company borrowed the full amounts under the unsecured term loan and secured term loan. The unsecured revolving credit facility has a maturity date of May 30, 2008 and bears interest at a floating rate equal to, at our option, either (1) reserve adjusted LIBOR plus a spread which ranges from 120 to 200 basis points, depending on our leverage, or (2) the higher of (a) the prime rate then in effect plus a spread which ranges from 0 to 50 basis points and (b) the federal funds rate then in effect plus a spread which ranges from 50 to 100 basis points, in each case, depending on our leverage. The Company may extend the maturity date of the unsecured credit facility to May 30, 2009 after satisfying certain conditions and paying an extension fee, and the Company may increase the amount of the revolving credit facility to $400.0 million upon satisfying certain conditions. The secured term loan, which has a maturity date of May 30, 2010, is secured by 13 of our properties and bears interest at a floating rate equal to, at our option, either (1) reserve adjusted LIBOR plus 225 basis points or (2) the higher of (a) the prime rate then in effect plus 50 basis points and (b) the federal funds rate then in effect plus 100 basis points. The secured term loan is also secured by our interest in any distributions from these properties and a pledge of the equity interests in a subsidiary owning one of these properties. The Company may not prepay the secured term loan prior to May 31, 2006. The Company entered into an interest rate swap agreement in connection with the closing of the credit facilities, which will have the effect of fixing the interest rate on the secured term loan at 6.4%. The $100.0 million unsecured term loan facility was fully repaid with the proceeds from our follow-on common stock offering (Note 1) and terminated on June 27, 2005. Accordingly, related loan costs of $1.1 million were fully amortized in the three months ended June 30, 2005. At December 31, 2005, the Company had $17.0 million in outstanding borrowings on its unsecured revolving credit facility and $250.0 million in outstanding borrowings on its secured term loan.

The terms of the credit agreements include certain restrictions and covenants, which limit, among other things, the payment of dividends, and the incurrence of additional indebtedness and liens. The terms also require compliance with financial ratios relating to the minimum amounts of net worth, fixed charge coverage, unsecured debt service coverage, interest coverage, the maximum amount of secured, variable-rate and recourse indebtedness, leverage ratio, and certain investment limitations. The dividend restriction referred to above provides that, except to enable the Company to continue to qualify as a REIT for federal income tax purposes, the Company will not for any fiscal quarter ended on or prior to September 30, 2005 or during any four consecutive quarters thereafter, make distributions with respect to common stock or other equity interests in an aggregate amount in excess of 95% of funds from operations, as defined, for such period, subject to other adjustments or make distributions in excess of 100% of funds available for distribution, as defined, for such period, subject to other adjustments. Management believes that it was in compliance with the covenants as of December 31, 2005.

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As of December 31, 2005, principal payments due for our consolidated indebtedness (mortgage notes payable, secured term loan, and unsecured line of credit) were as follows (in thousands):

2006	$	5,382
2007		21,213
2008		40,985
2009		4,618
2010		297,006
Thereafter		129,143
	$	498,347

6. Earnings Per Share

Earnings per share (EPS) is calculated based on the weighted number of shares of our common stock outstanding during the period. The effect of the outstanding Units, vesting of unvested restricted stock that has been granted or has been committed to be granted, and the assumed exercise of the stock warrant, using the treasury method, were dilutive and included in the calculation of diluted weighted-average shares for the year ended December 31, 2005 and for the period from August 11, 2004 through December 31, 2004.

The following table sets forth information related to the computations of basic and diluted EPS in accordance with SFAS No. 128, *Earnings per Share* (in thousands, except per share amounts):

	Year Ended December 31, 2005		Period August 11, 2004 through December 31, 2004	
Net income attributable to common shares	$	17,046	$	4,782
Minority interests in operating partnership		1,274		414
Adjusted net income attributable to common shares	$	18,320	$	5,196
Weighted-average common shares outstanding:				
Basic		38,913,103		30,965,178
Incremental shares from assumed conversion/exercise:				
Stock warrant		92,488		51,681
Vesting of restricted stock		215,078		90,173
Operating partnership units		2,870,526		2,660,543
Diluted		42,091,195		33,767,575
Earnings per share basic and diluted	$	0.44	$	0.15

7. Fair Value of Financial Instruments

SFAS No. 107, *Disclosure about Fair Value of Financial Instruments*, requires us to disclose fair value information about all financial instruments, whether or not recognized in the balance sheets, for which it is practicable to estimate fair value. Our disclosures of estimated fair value of financial instruments at December 31, 2005 and 2004, respectively, were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair value amounts.

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The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable, accrued straight-line rents, security deposits, accounts payable and accrued expenses approximate fair value due to the short-term nature of these instruments.

We calculate the fair value of our mortgage notes payable based on a currently available market rate assuming the loans are outstanding through maturity and considering the collateral. In determining the current market rate for fixed rate debt, a market spread is added to the quoted yields on federal government treasury securities with similar maturity dates to debt.

The fair market value of variable rate debt approximates book value because the interest rate is based on LIBOR plus a spread, which approximates a market interest rate. In accordance with SFAS No. 133, *Accounting for Derivative Investment and Hedging Activities*, the carrying value of interest rate swaps, as well as the underlying hedged liability, if applicable, are reflected at their fair value. We rely on quotations from a third party to determine these fair values.

At December 31, 2005, the aggregate fair value of our mortgage notes payable, unsecured line of credit and secured term loan was estimated to be $507.5 million compared to the carrying value of $513.2 million. At December 31, 2004, the aggregate fair value of our mortgage notes payable was estimated to be $101.2 million compared to the carrying value of $102.2 million. As of December 31, 2004, the fair value of the due to affiliates approximated the carrying value. As of December 31, 2005 and 2004, the fair value of the debt in the unconsolidated partnership approximated its carrying value.

8. Incentive Award Plan

The Company has adopted the BioMed Realty Trust, Inc. and BioMed Realty, L.P. 2004 Incentive Award Plan (the Plan). The Plan provides for the grant to directors, employees and consultants of the Company, and the Operating Partnership (and their respective subsidiaries) of stock options, restricted stock, stock appreciation rights, dividend equivalents, and other incentive awards. The Company has reserved 2,500,000 shares of common stock for issuance pursuant to the Plan, subject to adjustments as set forth in the Plan.

During 2005, the Company granted 129,674 shares of restricted stock under the Plan. For the year ended December 31, 2005, $1.3 million of stock-based compensation expense was recognized in general and administrative expense related to these grants. Compensation expense related to the 2005 grants to be recognized in future periods is $1.5 million at December 31, 2005.

Upon consummation of the Offering, the Company granted 8,000 shares of restricted stock with an aggregate value of $120,000 to four independent directors of the Board, which vested one year from the date of grant. After the Offering, the Company also granted 328,333 shares of restricted stock with an aggregate value of $4.9 million to certain officers and key employees pursuant to the Plan. The restricted shares generally vest in three equal installments on January 1, 2005, January 1, 2006 and January 1, 2007. Participants are entitled to cash dividends and may vote such awarded shares, but the sale or transfer of such shares is limited during the restricted period. Compensation expense for the portion of these restricted stock grants that vested during 2005 and 2004 of $2.5 million and $872,000, respectively, has been recognized in general and administrative expense. Compensation expense related to these grants to be recognized in future periods is $1.7 million at December 31, 2005.

In accordance with SFAS 123, the Company recorded deferred compensation of approximately $2.8 million and $5.1 million during 2005 and 2004, respectively for the grants described above based upon the market value for these shares on the dates of the award, and the related compensation charges are being amortized to expense on a straight-line basis over the respective service periods.

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The year ended December 31, 2005 included a $619,000 increase to general and administrative expense resulting from a correction to the expensing of restricted stock grants awarded to the Company s executive officers and other employees at the time of the Company s initial public offering in August 2004. Of this amount, $823,000 relates to the year ended December 31, 2004, which was partially offset by a decrease of $204,000 for the six months ended June 30, 2005. We do not believe that the correction to this expensing of restricted stock grants is material to the first and second quarters of 2005 or to our 2004 consolidated financial statements.

9. Investments in Partnerships

The accompanying consolidated financial statements include an investment in an unconsolidated entity in which the Company does not own a controlling interest. As of December 31, 2005 and 2004, we had an investment in McKellar Court, L.P. (McKellar Court). The acquisition of the investment in McKellar Court closed on September 30, 2004. McKellar Court is a variable interest entity as defined in FIN 46; however, the Company is not the primary beneficiary. The limited partner is also the only tenant in the property and is to bear a disproportionate amount of any losses. The Company, as the general partner, is to receive 21% of the operating cash flows and 75% of the gains upon sale of the property. We account for our general partner interest using the equity method. Significant accounting policies used by the unconsolidated partnership that owns this property are similar to those used by the Company. The assets and liabilities of McKellar Court were $17.1 million and $11.0 million, respectively at December 31, 2005, and were $17.2 million and $11.2 million, respectively, at December 31, 2004. The Company s share of unconsolidated mortgage debt was $2.3 million at December 31, 2005 and 2004. The Company s equity in net income (loss) of McKellar Court was $119,000 and ($11,000) for the years ended December 31, 2005 and 2004, respectively.

The accompanying consolidated financial statements include investments in two variable interest entities in which the Company is considered to be the primary beneficiary under FIN 46. As of December 31, 2005, we had a 90% interest in the entity that owns the Waples property and a 90% interest in the entity that will own the Fairview undeveloped land when acquired. These entities are consolidated in the accompanying consolidated financial statements. Equity interests in these partnerships not owned by us are classified as minority interest on the consolidated balance sheet as of December 31, 2005.

10. Derivative Financial Instruments

We record all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the resulting designation. Derivatives used to hedge the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives used to hedge the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges.

For derivatives designated as fair value hedges, changes in the fair value of the derivative and the hedged item related to the hedged risk are recognized in earnings. For derivatives designated as cash flow hedges, the effective portion of changes in the fair value of the derivative is initially reported in other comprehensive income (outside of earnings) and subsequently reclassified to earnings when the hedged transaction affects earnings, and the ineffective portion of changes in the fair value of the derivative is recognized directly in earnings. The Company assesses the effectiveness of each hedging relationship by comparing the changes in fair value or cash flows of the derivative hedging instrument with the changes in fair value or cash flows of the designated hedged item or transaction. For derivatives not designated as hedges, changes in fair value are recognized in earnings.

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Our objective in using derivatives is to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps as part of our cash flow hedging strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying principal amount. During 2005, one such derivative has been used to hedge the variable cash flows associated with existing variable-rate debt. We formally documented the hedging relationship and account for our interest rate swap agreement as a cash flow hedge.

As of December 31, 2005, no derivatives were designated as fair value hedges or hedges of net investments in foreign operations. Additionally, the Company does not use derivatives for trading or speculative purposes. As of December 31, 2005, our one interest rate swap had a notional amount of $250.0 million, whereby we pay a fixed rate of 6.4% and receive the difference between the fixed rate and the one-month LIBOR rate plus 225 basis points. This agreement expires on June 1, 2010, and no initial investment was made to enter into this agreement. At December 31, 2005, the interest rate swap agreement had a fair value of $5.9 million which is included in other assets. The change in net unrealized gains of $5.9 million in 2005 for derivatives designated as cash flow hedges is separately disclosed in the consolidated statement of stockholders equity as accumulated other comprehensive income. An immaterial amount of hedge ineffectiveness on our cash flow hedge due to mismatches in maturity dates of the swap and debt was recognized in other expense during 2005.

Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are received on the Company s variable-rate debt. The change in net unrealized gains/losses on cash flow hedges reflects recognition of $681,000 of net realized losses from accumulated other comprehensive income to interest expense during 2005. During 2006, the Company estimates that $1.4 million will be recognized as a reduction in interest expense.

The limited partner in the King of Prussia limited partnership has a put option that would require the Company to purchase the limited partner s interest in the property beginning August 21, 2007 through November 11, 2007 for $1.8 million less any distributions paid to the limited partner. If the put option is not exercised, then the Company has a call option beginning in May 11, 2008 through August 11, 2008 to purchase the limited partner s interest for $1.9 million less any distributions paid to the limited partner. If the Company does not exercise the option, then the limited partnership will continue in existence under the terms of the partnership agreement. The net fair value of the put and call options was $317,000 and $286,000 at December 31, 2005 and 2004, respectively, and is recorded as a net accrued liability included in accounts payable and accrued expenses on the consolidated balance sheets. In addition, the Company has recorded net change in fair value of the put and call options of $31,000 and $20,000 for the year ended December 31, 2005 and for the period from August 11, 2004 through December 31, 2004, respectively, which is recorded as a charge to income on the consolidated statements of income.

The other member in the Waples limited liability company has a put option that would require the Company to purchase the member s interest in the property at any time after completion of the initial tenant improvements at the property. If the put option is not exercised, then the Company has a call option to purchase the limited partner s interest after the second anniversary of the limited liability company agreement, January 25, 2007, but only while the Waples property is stabilized. If neither option is exercised, then the limited partnership will continue in existence under the terms of the partnership agreement. The agreement provides that the put and call option prices will be based on the fair value of the project at that time.

The other member in the Fairview limited liability company has a put option that would require the Company to purchase the member s interest in the property at any time after the first anniversary and before the fifth anniversary of the project completion date.

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The Company has a call option to purchase the limited partner s interest at any time after the first anniversary and before the fifth anniversary of the project completion date. If neither option is exercised, then the limited partnership will continue in existence under the terms of the partnership agreement. The agreement provides that the put and call option prices will be based on an intrinsic value of the project at that time. At December 31, 2005, the net fair value of the put and call options were $0 as the Fairview property had not yet been acquired.

11. Segment Information

The Company s segments are based on its methods of internal reporting which generally classifies operations by geographic area. The Company s segments by geographic area are Boston, San Francisco, San Diego, Seattle, New York/ New Jersey, Pennsylvania, Maryland, and University related/other. The rental operations expenses at the Corporate segment consists primarily of the corporate level management of the properties.

Net Operating Income is not a measure of operating results or cash flows from operating activities as measured by U.S. generally accepted accounting principles, is not indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity. Not all companies calculate Net Operating Income in the same manner. The Company considers Net Operating Income to be an appropriate supplemental measure to net income because it helps both investors and management to understand the core operations of the Company s properties. Net Operating Income is derived by deducting rental operations expenses from total revenues.

The Predecessor operated in one geographic area San Francisco.

Information by geographic area (dollars in thousands):

For the year ended December 31, 2005:

	Boston	San Francisco	San Diego	Seattle	New York and New Jersey	Pennsylvania	Maryland	University Related/ Other	Corporate	Total
Rental revenues and tenant recoveries	$ 39,672	$ 15,863	$ 16,183	$ 8,711	$ 35,138	$ 14,826	$ 4,081	$ 434	$ (26)	$ 134,882
Rental operations and real estate tax expenses	9,255	2,333	3,665	1,087	24,154	6,447	401	57	(1,026)	46,373
Net operating income	30,417	13,530	12,518	7,624	10,984	8,379	3,680	377	1,000	88,509
Equity in net income of unconsolidated partnership			119							119
Other income	1	3,501	463	1					8	3,974
Interest income	53	140	25	6	18	32	3	1	1,055	1,333
Depreciation and	(12,135)	(5,937)	(6,562)	(3,184)	(6,458)	(4,249)	(704)	(149)		(39,378)

amortization										
General and administrative			(4)						(13,274)	(13,278)
Interest expense	(4,135)	(1,360)	(1,740)	(1,348)		(110)		(191)	(14,342)	(23,226)
Minority interests						267			(1,274)	(1,007)
Net income	$ 14,201	$ 9,874	$ 4,819	$ 3,099	$ 4,544	$ 4,319	2,979	38	$ (26,827)	$ 17,046
Investment in unconsolidated partnership			$ 2,483							$ 2,483
Total assets	$ 575,492	$ 211,334	$ 157,776	$ 68,332	$ 107,846	$ 136,271	$ 32,024	$ 26,485	$ 21,750	$ 1,337,310

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	Boston	San Francisco	San Diego	Seattle	New York and New Jersey	Pennsylvania	Maryland	University Related/ Other	Corporate	Total
% of total revenues	29.4%	11.8%	12.0%	6.5%	26.1%	11.0%	3.0%	0.3%	(0.1)%	100.0%
% of total rental operations expense	20.0%	5.0%	7.9%	2.3%	52.1%	13.9%	0.9%	0.1%	(2.2)%	100.0%
% of total net operating income	34.4%	15.3%	14.1%	8.6%	12.4%	9.5%	4.2%	0.4%	1.1%	100.0%

For the period from August 11, 2004 through December 31, 2004:

	San Francisco	San Diego	Seattle	New York and New Jersey	Pennsylvania	Maryland	Corporate	Total
Rental revenues and tenant recoveries	$ 5,165	$ 4,621	$ 2,975	$ 11,167	$ 4,565	$ 161	$	$ 28,654
Rental operations and real estate tax expenses	732	820	421	7,194	2,197	17	238	11,619
Net operating income	4,433	3,801	2,554	3,973	2,368	144	(238)	17,035
Equity in net loss of unconsolidated partnership		(11)						(11)
Interest income	2	16	6	16	1		149	190
Depreciation and amortization	(1,326)	(1,689)	(1,193)	(2,279)	(1,337)	(29)		(7,853)
General and administrative							(3,130)	(3,130)
Interest expense	(269)	(200)	(301)		(43)		(367)	(1,180)
Minority interests					145		(414)	(269)

Net income	$ 2,840	$ 1,917	$ 1,066	$ 1,710	$ 1,134	115	$ (4,000)	$ 4,782
Investment in unconsolidated partnership		$ 2,470						$ 2,470
Total assets	$ 131,852	$ 129,908	$ 70,630	$ 101,794	$ 93,358	$ 31,833	$ 22,348	$ 581,723

	San Francisco	**San Diego**	**Seattle**	**New York and New Jersey**	**Pennsylvania**	**Maryland**	**Corporate**	**Total**
% of total revenues	18.0%	16.1%	10.4%	39.0%	15.9%	0.6%	0.0%	100.0%
% of total rental operations expense	6.3%	7.1%	3.6%	61.9%	18.9%	0.1%	2.1%	100.0%
% of total net operating income	26.0%	22.3%	15.0%	23.3%	13.9%	0.8%	(1.3)%	100.0%

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12. Future Lease Revenue

Total future minimum lease receipts under noncancelable operating tenant leases in effect at December 31, 2005 were as follows (in thousands):

2006	$	114,148
2007		112,051
2008		100,824
2009		98,421
2010		81,650
Thereafter		431,698
	$	938,792

The geographic concentration of future minimum lease receipts under noncancelable operating tenant leases in effect at December 31, 2005 to be received was as follows (in thousands):

Location		
Boston	$	480,027
San Francisco		134,962
San Diego		91,155
Seattle		30,787
New York/ New Jersey		54,264
Pennsylvania		60,371
Maryland		46,088
University Related/ Other		41,138
	$	938,792

13. Commitments and Contingencies

Ground Leases

The Company has a leasehold interest in the Landmark at Eastview property through a 99-year ground lease. Following the seller s completion of certain property subdivisions, the ground lease will terminate and a fee simple interest in the property will be transferred to the Company for no additional consideration. Under the terms of the ground lease, the Company has established an escrow deposit to be used by the seller to complete certain improvements required in connection with completing the property subdivisions. The amount is included in other assets on the consolidated balance sheets and had remaining balances of $788,000 and $1.25 million as of December 31, 2005, and December 31, 2004, respectively.

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We have a ground lease obligation on the Colorow Drive property expiring December 2043. The minimum commitment under this lease as of December 31, 2005 was as follows (in thousands):

2006	$ 185
2007	185
2008	187
2009	214
2010	214
Thereafter	11,758
	$ 12,743

Concentration of Credit Risk

Life science entities comprise the vast majority of the Company s tenant base. Because of the dependence on a single industry, adverse conditions affecting that industry will more adversely affect our business. Two of our tenants, Vertex Pharmaceuticals and Genzyme Corporation, comprised 15.8% and 10.5%, or $14.7 million and $9.7 million, respectively, of rental revenues for the year ended December 31, 2005. These tenants are located in our Boston market. Two of our tenants, Centocor, Inc. (a Johnson & Johnson subsidiary) and Nektar Therapeutics comprised 13.0% and 11.5%, or $2.5 million and $2.2 million, respectively, of rental revenues for the period from August 11, 2004 to December 31, 2004. These tenants are located in our Pennsylvania and San Francisco markets. The inability of these tenants to make lease payments could materially adversely affect our business.

We generally do not require collateral or other security from our tenants, other than security deposits or letters of credit.

Capital Commitments

As of December 31, 2005, we had approximately $35.5 million outstanding in capital commitments related to tenant improvements, renovation costs and general property-related capital expenditures, with approximately $32.8 million expected to be paid in 2006 and the remaining amount, approximately $2.7 million, expected to be paid in 2007.

Insurance

The Company carries insurance coverage on its properties of types and in amounts that it believes are in line with coverage customarily obtained by owners of similar properties. However, certain types of losses (such as from earthquakes and floods) may be either uninsurable or not economically insurable. Further, certain of the properties are located in areas that are subject to earthquake activity and floods. Should a property sustain damage as a result of an earthquake or flood, the Company may incur losses due to insurance deductibles, co-payments on insured losses or uninsured losses. Should an uninsured loss occur, the Company could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties.

Environmental Matters

The Company follows a policy of monitoring its properties for the presence of hazardous or toxic substances. The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company s business, assets or results of operations. There can be no assurance that such a material environmental liability does not exist. The existence of any such material

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environmental liability could have an adverse effect on the Company s results of operations and cash flow. The Company carries environmental remediation insurance for its properties. This insurance, subject to certain exclusions and deductibles, covers the cost to remediate environmental damage caused by future spills or the historic presence of previously undiscovered hazardous substances.

Tax Indemnification Agreements and Minimum Debt Requirements

As a result of the contribution of properties to the Operating Partnership, the Company has indemnified the contributors of the properties against adverse tax consequences if it directly or indirectly sells, exchanges or otherwise disposes of the properties in a taxable transaction before the tenth anniversary of the completion of the Offering. The Company also has agreed to use its reasonable best efforts to maintain at least $8.0 million of debt, some of which must be property specific, for a period of ten years following the date of the Offering to enable certain contributors to guarantee the debt in order to defer potential taxable gain they may incur if the Operating Partnership repays the existing debt.

14. Property Acquisitions

We acquired the following properties during the year ended December 31, 2005 (dollars in thousands):

				Deferred Leasing Costs					
Property	**Acquisition Date**	**Investment in Real Estate**	**Above Market Lease**	**In-Place Lease**	**Management Fee**	**Below Market Lease**	**Mortgage Note Assumed**	**Mortgage Note Premium**	**Total Cash Consideration**
Albany Street	5/31/2005	$ 33,235	$ 620	$ 4,232	$ 363	$	$	$	$ 38,450
Bridgeview Technology Park II	3/16/2005	14,588		2,166	242	(778)			16,218
Colorow Drive	12/22/2005	19,369							19,369
Coolidge Avenue	4/5/2005	9,862		977					10,839
Dumbarton Circle	5/27/2005	7,819		1,012	127				8,958
Eccles Avenue	12/1/2005	21,856	1,826	2,235	115				26,032
21 Erie Street	5/31/2005	21,738		1,301	264	(1,170)			22,133
40 Erie Street	5/31/2005	41,371		5,441	289		(20,192)	1,338	28,247
Faraday Avenue	9/19/2005	8,560							8,560
Fresh Pond Research Park	4/5/2005	21,822		1,617		(2,637)			20,802
George Patterson Boulevard	10/28/2005	13,001		1,976	211				15,188
	3/17/2005	7,377		400	10				7,787

Graphics Drive									
Kaiser Drive	8/25/2005	9,523							9,523
Kendall Square D	5/31/2005	169,880		28,072			(73,189)	5,520	130,283
Lucent Drive	5/31/2005	6,153		995			(6,014)		1,134
Nancy Ridge Drive	4/21/2005	12,407		1,158	95		(7,001)	768	7,427
Phoenixville Pike	4/5/2005	12,083		1,121	43				13,247
Sidney Street	5/31/2005	58,068		10,031	644	(14,032)	(31,809)	3,686	26,588
1000 Uniqema Boulevard	9/30/2005	14,568		1,735					16,303
Vassar Street	5/31/2005	15,881		2,434	163	(621)			17,857
Waples Street	3/1/2005	5,377							5,377
Kendall Square A	5/31/2005	126,104		24,746					150,850
		$ 650,642	$ 2,446	$ 91,649	$ 2,566	$ (19,238)	$ (138,205)	$ 11,312	$ 601,172
Weighted average intangible amortization life (in months)			44	122	85	70		118	
				77					

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We acquired the following properties during the year ended December 31, 2004 (dollars in thousands):

				Deferred Leasing Costs					
Property	**Acquisition Date**	**Investment in Real Estate**	**Above Market Lease**	**In-Place Lease**	**Management Fee**	**Below Market Lease**	**Mortgage Note Assumed**	**Mortgage Note Premium**	**Total Cash Consideration(1)**
Ardentech Court	11/18/2004	$ 8,114	$	$ 3,556	$ 116	$ (600)	$ (4,835)	$ 622	$ 6,973
Balboa Avenue(1)	8/13/2004	10,809		1,026	65	(317)			11,583
Bayshore Boulevard	8/17/2004	26,798	6,047	4,838	787	(1,586)			36,884
Beckley Street	12/17/2004	19,052				(3,860)			15,192
Bernardo Center Drive(1)	8/13/2004	16,294	383	2,554	144				19,375
Bridgeview Technology Park I	9/10/2004	16,031	924	4,245	293	(3,258)	(11,856)	1,932	8,311
Eisenhower Road(1)	8/13/2004	3,030		704	26		(2,270)	87	1,577
Elliott Avenue	8/24/2004	49,030		5,070	406		(17,145)	1,261	38,622
Industrial Road(1)	8/17/2004	53,718	691	438	27				54,874
King of Prussia	8/11/2004	81,044		7,448					88,492
Landmark at Eastview	8/12/2004	76,206	429	17,193	5,667	(83)			99,412
Monte Villa Parkway	8/17/2004	11,731		4,113	227				16,071
San Diego Science Center	10/21/2004	25,746	70	3,745	286	(48)			29,799
Science Center Drive(1)	9/24/2004	18,995		2,733	107	(1,722)	(11,729)	1,740	10,124
Towne Centre Drive	8/12/2004	42,224							42,224
Tributary Street	12/17/2004	12,645				(2,518)			10,127
		$ 471,467	$ 8,544	$ 57,663	$ 8,151	$ (13,992)	$ (47,835)	$ 5,642	$ 489,640
Weighted average			82	71	67	151		71	

intangible
amortization
life (in
months)

(1) The Company acquired Balboa Avenue, Bernardo Center Drive, Eisenhower Road, Industrial Road (Predecessor), Science Center Drive and a general partnership interest in McKellar Court from affiliates and others for an aggregate of approximately 2.9 million Units, aggregate cash consideration of approximately $77.0 million and the assumption of $14.0 million of debt (excluding $1.8 million of premium). The interest in the Predecessor was recorded at historic cost. The interests in the other properties acquired from affiliates were recorded in accordance with SFAS 141. McKellar Court is accounted for under the equity method.

15. Newly Issued Accounting Pronouncements

In December 2004, FASB issued SFAS No. 123R, *Share-Based Payment* (SFAS 123R). SFAS 123R replaces SFAS 123. SFAS 123R requires the compensation cost relating to share-based payment transactions be recognized in financial statements and be measured based on the fair value of the equity instrument issued. SFAS 123R is effective in annual reporting periods beginning after December 15, 2005. As of December 31, 2005, the Company s equity issuances for compensation have consisted entirely of restricted stock grants to directors and employees. The Company does not believe that the treatment of its restricted stock grants under SFAS 123R differs from the treatment under SFAS 123. As a result, the Company does not expect the adoption of SFAS 123R to have a material impact on the Company s results of operations, financial position, or liquidity.

In March 2005, the Financial Accounting Standards Board (FASB) issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 clarifies guidance provided in

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FASB Statement No. 143, Accounting for Asset Retirement Obligations. The term asset retirement obligation refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Entities are required to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability s fair value can be reasonably estimated. FIN 47 was effective as of the end of the first fiscal year ending after December 15, 2005. The adoption of FIN 47 did not have a material impact on the Company s consolidated financial statements.

In May 2005, FASB issued SFAS No. 154, *Accounting Changes and Error Corrections, a Replacement of APB Opinion No. 20 and FASB Statement No. 3* (SFAS 154). SFAS 154 establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to a newly adopted accounting principle. Previously, most changes in accounting principle were recognized by including the cumulative effect of changing to the new accounting principle in net income of the period of the change. Under SFAS 154, retrospective application requires (1) the cumulative effect of the change to the new accounting principle on periods prior to those presented to be reflected in the carrying amounts of assets and liabilities as of the beginning of the first period presented, (2) an offsetting adjustment, if any, to be made to the opening balance of retained earnings (or other appropriate components of equity) for that period, and (3) financial statements for each individual prior period presented to be adjusted to reflect the direct period-specific effects of applying the new accounting principle. Special retroactive application rules apply in situations where it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Indirect effects of a change in accounting principle are required to be reported in the period in which the accounting change is made. SFAS 154 carries forward the guidance in APB Opinion 20 *Accounting Changes* requiring justification of a change in accounting principle on the basis of preferability. SFAS 154 also carries forward without change the guidance contained in APB Opinion 20, for reporting the correction of an error in previously issued financial statements and for a change in an accounting estimate. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The adoption of SFAS 154 is not expected to have a material impact the Company s consolidated financial statements upon its adoption on January 1, 2006.

In June 2005, the FASB ratified the consensus in EITF Issue No. 04-5, *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 04-5), which provides guidance in determining whether a general partner controls a limited partnership. EITF 04-5 states that the general partner in a limited partnership is presumed to control that limited partnership. The presumption may be overcome if the limited partners have either (1) the substantive ability to dissolve the limited partnership or otherwise remove the general partner without cause or (2) substantive participating rights, which provide the limited partners with the ability to effectively participate in significant decisions that would be expected to be made in the ordinary course of the limited partnership s business and thereby preclude the general partner from exercising unilateral control over the partnership. If the criteria in EITF 04-5 are met, the consolidation of existing limited liability companies and partnerships accounted for under the equity method may be required. Our adoption of EITF 04-5 is expected to have no effect on net income or shareholders equity. EITF 04-5 is effective June 30, 2005 for new or modified limited partnership arrangements and effective January 1, 2006 for existing limited partnership arrangements.

16. Subsequent Events

On January 12, 2006, we completed the acquisition of the land at 530 Fairview Avenue in Seattle, Washington through our joint venture with an affiliate of EDG Commercial Real Estate. The total purchase

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price was approximately $2.7 million, paid in cash. We entered into the joint venture to develop a five-story, 93,000 square-foot laboratory facility to be named the Fairview Research Center.

On January 13, 2006, we completed the acquisition of a property located at 900 Uniqema Boulevard in New Castle, Delaware. The property consists of an 11,293 square-foot single-story laboratory facility. The total purchase price of approximately $4.7 million was funded with cash and the assumption of approximately $1.8 million of mortgage indebtedness.

During the first quarter, the Company granted 112,200 shares of restricted stock with an aggregate value of approximately $3.0 million that vests over a period of three years to officers and employees pursuant to the Plan.

17. Quarterly Financial Information (unaudited)

The tables below reflect the Company s and the Predecessor s selected quarterly information for the years ended December 31, 2005 and 2004 (in thousands, except per share data).

	2005 Quarter Ended			
	December 31	**September 30**	**June 30**	**March 31**
Total revenues	$ 44,492	$ 41,330	$ 28,529	$ 24,505
Income/(loss) before minority interests	$ 4,804	$ 5,479	$ 1,505	$ 6,265
Minority interests	$ (235)	$ (278)	(65)	$ (429)
Net income/(loss)	$ 4,569	$ 5,201	$ 1,440	$ 5,836
Net income per share basic	$ 0.10	$ 0.11	$ 0.05	$ 0.19
Net income per share diluted	$ 0.10	$ 0.11	$ 0.05	$ 0.19

	2004 Quarter Ended				
	BioMed Realty Trust, Inc.(1)		Predecessor(2)		
	December 31	**August 11 to September 30**	**July 1 to August 17**	**June 30**	**March 31**
Total revenues	$ 19,670	$ 8,984	$ 278	$ 1,724	$ 1,712
Income/(loss) before minority interests	$ 3,146	$ 1,905	$ (261)	$ 631	$ 631
Minority interests	$ (191)	$ (78)	$		$
Net income/(loss)	$ 2,955	$ 1,827	$ (261)	$ 631	$ 631
Net income per share basic	$ 0.10	$ 0.06	$		$
Net income per share diluted	$ 0.09	$ 0.06	$		$

(1) The Company commenced operations on August 11, 2004, after completing the Offering.

(2)

Represents results of the Predecessor prior to completion of the Offering and acquisition of the Predecessor on August 17, 2004.

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BIOMED REALTY TRUST, INC. AND
INHALE 201 INDUSTRIAL ROAD, L.P. (PREDECESSOR)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION
As of December 31, 2005
(In thousands)

			Initial Cost				Gross amount carried at December 31, 2005					
y	Year Built/ Renovated	Encumbrances (1)	Land	Ground Lease	Buildings and Improvements	Costs Capitalized Subsequent to Acquisition	Land	Ground Lease	Buildings and Improvements	Total (2)(4)	Accumulated Depreciation (3)(4)	
	1922/1998	$	$ 1,942	$	$ 31,293	$	$ 1,942	$	$ 31,293	$ 33,235	$ (456)	$
h	1997/2001	4,746	2,742		5,379		2,742		5,379	8,121	(151)	
	1968/2000		1,316		9,493	67	1,316		9,560	10,876	(336)	
e d	2000	16,107	3,667		22,661	2,969	3,667		25,630	29,297	(828)	
	1999		1,480		17,590		1,480		17,590	19,070	(458)	
rive	1974/1992		2,580		13,714		2,580		13,714	16,294	(471)	
ew gy	1977/2002	11,732	1,315		14,716	2,451	1,315		17,167	18,482	(506)	
ew gy	1977/2002		1,522		13,066		1,522		13,066	14,588	(259)	
	2004				19,369				19,369	19,369		
	1962/1999		2,760		7,102		2,760		7,102	9,862	(126)	
on	1990		2,723		5,096		2,723		5,096	7,819	(235)	
	1965/1995		21,257		599		21,257		599	21,856	(24)	
ver	1973/2000	2,211	416		2,614		416		2,614	3,030	(90)	
	1925/2004	16,526	10,124		38,911	39	10,124		38,950	49,074	(1,337)	
	1925/2004		3,366		18,372	18	3,366		18,390	21,756	(268)	
	1996	19,575	7,593		33,778		7,593		33,778	41,371	(493)	

	N/A				694				694	694		
	1986		1,370		7,190		1,370		7,190	8,560	(46)	
nd	1948/2002		3,500		18,322	38	3,500		18,360	21,860	(324)	
d	1996/2005		1,575		11,426		1,575		11,426	13,001	(24)	
	1992/2001		800		6,577	125	800		6,702	7,502	(130)	
l	2001/2005		12,000		41,718	12,874	12,000		54,592	66,592	(1,939)	
rive	1990		3,430		6,093	300	3,430		6,393	9,823		
	2002	72,395	3,572		166,308	406	3,572		166,714	170,286	(2,441)	
oad	1954/2004		12,813		67,333	37	12,813		67,370	80,183	(2,340)	
k at	1958/1999			14,210	61,996	3,921	82	14,210	65,835	80,127	(2,458)	
rive	2004	5,899	265		5,888		265		5,888	6,153	(86)	
illa	1996/2002	9,805	1,020		10,711		1,020		10,711	11,731	(368)	
idge	1983/2001	6,952	2,344		10,063		2,344		10,063	12,407	(178)	
ille	1989		1,204		10,879	228	1,204		11,107	12,311	(197)	
o	1973/2002		3,871		21,875	34	3,871		21,909	25,780	(661)	
rive	1995	11,577	2,630		16,365	75	2,630		16,440	19,070	(528)	
treet	2000	31,426	7,580		50,488		7,580		50,488	58,068	(738)	
rive	2001	22,396	10,720		31,504	24	10,720		31,528	42,248	(1,082)	
	1983/1998		2,060		10,597		2,060		10,597	12,657	(276)	
d	1999		1,350		13,218		1,350		13,218	14,568	(82)	
treet	1950/1998		2,040		13,841		2,040		13,841	15,881	(202)	
	1983/2005		2,470		2,907	6,192	2,470		9,099	11,569		
	2002		4,922		121,182		4,922		121,182	126,104	(1,766)	
		$ 231,347	$ 146,339	$ 14,210	$ 960,928	$ 29,798	$ 146,421	$ 14,210	$ 990,644	$ 1,151,275	$ (21,904)	$ 1,

(1) Excludes unamortized debt premium of $14,886.

(2) The aggregate gross cost of the Company s rental property for federal income tax purposes approximated $1,260,226 as of December 31, 2005 (unaudited).

(3) Depreciation of the ground lease and building and improvements are recorded on a straight-line basis over the estimated useful lives ranging from the life of the lease to 40 years.

(4) The following table reconciles the historical cost and related accumulated depreciation as follows (in thousands):

	BioMed Realty Trust, Inc.(5)		Predecessor(5)	
	Year Ended December 31, 2005	August 11, thru December 31, 2004	January 1, thru August 17, 2004	December 31, 2003
Investment in real estate:				
Balance at beginning of period/year	$ 471,799	$	$ 49,588	$ 49,483
Property acquisitions	650,642	471,467		
Improvements	28,834	332		105
Balance at end of period/year	$ 1,151,275	$ 471,799	$ 49,588	$ 49,588
Accumulated Depreciation:				
Balance at beginning of period/year	$ (3,269)	$	$ (2,563)	$ (1,630)
Depreciation expense	(18,635)	(3,269)	(586)	(933)
Balance at end of period/year	$ (21,904)	$ (3,269)	$ (3,149)	$ (2,563)

(5) BioMed Realty Trust, Inc. commenced operations on August 11, 2004 after completion of our Offering. Industrial Road is the largest of the properties acquired in the Offering and therefore has been identified as the accounting acquirer, or Predecessor, pursuant to paragraph 17 of SFAS 141. As such, the information presented herein for our Predecessor were prepared on a stand-alone basis up to and including the acquisition date, August 17, 2004. Upon completion of the Offering, the interest in the Predecessor acquired from affiliates was recorded at historic cost. The acquisitions of the unaffiliated interests in the Predecessor and the interests in all of the other properties have been accounted for as a purchase in accordance with SFAS 141.

See accompanying report of independent registered public accounting firm.

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

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, we have an investment in an unconsolidated entity. As we manage this entity, our disclosure controls and procedures with respect to such entity are essentially consistent with those we maintain with respect to our consolidated entities. As required by Rule 13a-15(b) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective and were operating at a reasonable assurance level.

Management s Report on Internal Control Over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. 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 (3) 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.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the company, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Management has used the framework set forth in the report entitled Internal Control Integrated Framework published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission to evaluate the effectiveness of the company s internal control over financial reporting. Based on

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its evaluation, management has concluded that the company s internal control over financial reporting was effective as of December 31, 2005, the end of the company s most recent fiscal year. KPMG LLP, our independent registered public accounting firm, has issued an attestation report on management s assessment of the company s internal control over financial reporting as of December 31, 2005, as stated in their report which is included herein.

Changes in Internal Control

There has been no change in our internal control over financial reporting during the quarter ended December 31, 2005 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

As required by Section 303A.12(a) of the NYSE Listed Company Manual, our Chief Executive Officer made his annual certification to the NYSE on June 14, 2005 stating that he was not aware of any violation by our company of the corporate governance listing standards of the NYSE. In addition, we have filed, as exhibits to this Annual Report on Form 10-K, the certifications of our Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 to be filed with the Securities and Exchange Commission regarding the quality of our public disclosure.

The information concerning our directors and executive officers required by Item 10 will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

Pursuant to instruction G(3) to Form 10-K, information concerning audit committee financial expert disclosure set forth under the heading Information Regarding the Board Committees of the Board Audit Committee will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

Pursuant to instruction G(3) to Form 10-K, information concerning compliance with Section 16(a) of the Exchange Act concerning our directors and executive officers set forth under the heading entitled General Section 16(a) Beneficial Ownership Reporting Compliance will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. ***Executive Compensation***

The information concerning our executive compensation required by Item 11 will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

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

The information concerning the security ownership of certain beneficial owners and management and related stockholder matters required by Item 12 will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions***

The information concerning certain relationships and related transactions required by Item 13 will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services***

The information concerning our principal accountant fees and services required by Item 14 will be included in the Proxy Statement to be filed relating to our 2006 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Financial Statements and Financial Statement Schedule

The following consolidated financial information is included as a separate section of this Annual Report on Form 10-K:

(b) Exhibits

Exhibit Number	Description
3.1	Articles of Amendment and Restatement of BioMed Realty Trust, Inc.(1)
3.2	Amended and Restated Bylaws of BioMed Realty Trust, Inc.(1)
4.1	Form of Certificate for Common Stock of BioMed Realty Trust, Inc.(2)
10.1	Second Amended and Restated Agreement of Limited Partnership of BioMed Realty, L.P. dated as of August 13, 2004.(1)

Exhibit Number	Description
10.2	Registration Rights Agreement dated as of August 13, 2004 among BioMed Realty Trust, Inc. and the persons named therein.(1)
10.3	2004 Incentive Award Plan.(1)
10.4	Form of Restricted Stock Award Agreement under the 2004 Incentive Award Plan.(3)
10.5	Form of Indemnification Agreement between BioMed Realty Trust, Inc. and each of its directors and officers.(2)
10.6	Employment Agreement between BioMed Realty Trust, Inc. and Alan D. Gold dated as of August 6, 2004.(1)
10.7	Employment Agreement between BioMed Realty Trust, Inc. and Gary A. Kreitzer dated as of August 6, 2004.(1)
10.8	Employment Agreement between BioMed Realty Trust, Inc. and John F. Wilson, II dated as of August 6, 2004.(1)
10.9	Employment Agreement between BioMed Realty Trust, Inc. and Matthew G. McDevitt dated as of August 6, 2004.(1)
10.10	First Amendment to Employment Agreement between BioMed Realty Trust, Inc. and Matthew G. McDevitt dated as of February 27, 2006.(4)
10.11	Contribution Agreement between Alan D. Gold and BioMed Realty, L.P. dated as of May 4, 2004.(2)
10.12	Contribution Agreement between Gary A. Kreitzer and BioMed Realty, L.P. dated as of May 4, 2004.(2)
10.13	Contribution Agreement between John F. Wilson, II and BioMed Realty, L.P. dated as of May 4, 2004.(2)
10.14	Contribution Agreement between Matthew G. McDevitt and BioMed Realty, L.P. dated as of May 4, 2004.(2)
10.15	Form of Contribution Agreement between the additional contributors and BioMed Realty, L.P. dated as of May 4, 2004.(2)
10.16	Stock Purchase Warrant issued to Raymond James & Associates, Inc. dated as of August 11, 2004.(4)
10.17	

	Agreement to Enter Lease of Real Property between Eastview Holdings LLC and BMR-Landmark at Eastview LLC dated as of June 21, 2004.(2)
10.18	First Amendment to Agreement to Enter Lease of Real Property between Eastview Holdings LLC and BMR-Landmark at Eastview LLC dated as of June 23, 2004.(2)
10.19	Agreement of Purchase and Sale for Partnership Interests among Radnor Properties Associates-II, L.P., Radnor GP-145 KOP, L.L.C., BMR-145 King of Prussia Road GP LLC and BioMed Realty L.P. dated as of June 24, 2004.(2)
10.20	Purchase and Sale Agreement and Escrow Instructions among F&S Hayward, Inc., Foster Enterprises, Syme Family Partners L.P. and BMR-Bridgeview Technology Park LLC dated as of June 10, 2004.(2)
10.21	Purchase Agreement among Douglas P. Wilson, BMR-Bayshore Boulevard LLC, GAL-Brisbane L.P., Brisbane Tech LLC and Roger C. Stuhlmuller dated as of May 24, 2004.(2)
10.22	Amendment to Purchase Agreement among Douglas P. Wilson, BMR-Bayshore Boulevard LLC, GAL-Brisbane L.P., Brisbane Tech LLC and Roger C. Stuhlmuller dated as of June 16, 2004.(2)
10.23	Agreement of Purchase and Sale between Elliott Park LLC and BMR-201 Elliott Avenue LLC dated as of June 3, 2004.(2)
10.24	Purchase and Sale Agreement and Escrow Instructions between Illumina, Inc. and BMR-9885 Towne Centre Drive LLC dated as of June 18, 2004.(2)
10.25	Purchase and Sale Agreement and Escrow Instructions among Phase 3 Science Center LLC, Ahwatukee Hills Investors, LLC, J. Alexander s LLC and BMR-3450 Monte Villa Parkway LLC dated as of June 2, 2004.(2)

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Exhibit Number	Description
10.26	Radnor Technology and Research Center Lease between Radnor Properties-145 KOP, L.P. and Centocor, Inc. dated as of March 8, 2002.(2)
10.27	First Amendment to Radnor Technology and Research Center Lease between Radnor Properties-145 KOP, L.P. and Centocor, Inc. dated as of June 21, 2002.(2)
10.28	Second Amendment to Radnor Technology and Research Center Lease between Radnor Properties-145 KOP, L.P. and Centocor, Inc. dated as of March 3, 2003.(2)
10.29	Third Amendment to Radnor Technology and Research Center Lease between Radnor Properties-145 KOP, L.P. and Centocor, Inc. dated as of January 19, 2004.(2)
10.30	Redemption Agreement among Nektar Therapeutics (formerly known as Inhale Therapeutic Systems, Inc.), SciMed Prop III, Inc., 201 Industrial Partnership and Inhale 201 Industrial Road, L.P. dated as of June 23, 2004.(2)
10.31	Amended and Restated Build-to-Suit Lease between Inhale 201 Industrial Road, L.P. and Nektar Therapeutics (formerly known as Inhale Therapeutic Systems, Inc.).(1)
10.32	Amendment to Amended and Restated Built-to-Suit Lease dated as of January 11, 2005 between BMR-201 Industrial Road LLC and Nektar Therapeutics.(3)
10.33	Revolving Loan Agreement dated as of August 11, 2004 by and among BioMed Realty Trust, Inc., BioMed Realty, L.P., the other borrowers and lenders party thereto, U.S. Bank National Association, as Administrative Agent, Lead Arranger and Swing Loan Bank, Keybank National Association, as Syndication Agent, and Royal Bank of Canada, as Documentation Agent.(1)
10.34	Master Loan Agreement dated December 28, 2004 between BMR-Bayshore Boulevard LLC, BMR-3450 Monte Villa Parkway LLC and BMR-9885 Towne Centre Drive LLC, and The Northwestern Mutual Life Insurance Company.(5)
10.35	Deed of Trust and Security Agreement (First Priority) dated December 28, 2004 by BMR-Bayshore Boulevard LLC in favor of The Northwestern Mutual Life Insurance Company.(5)
10.36	Deed of Trust and Security Agreement (First Priority) dated December 28, 2004 by BMR-3450 Monte Villa Parkway LLC in favor of The Northwestern Mutual Life Insurance Company.(5)
10.37	Deed of Trust and Security Agreement (First Priority) dated December 28, 2004 by BMR-9885 Towne Centre Drive LLC in favor of The Northwestern Mutual Life Insurance Company.(5)

10.38	Deed of Trust and Security Agreement (Second Priority) dated December 28, 2004 by BMR-Bayshore Boulevard LLC in favor of The Northwestern Mutual Life Insurance Company.(5)
10.39	Deed of Trust and Security Agreement (Second Priority) dated December 28, 2004 by BMR-3450 Monte Villa Parkway LLC in favor of The Northwestern Mutual Life Insurance Company.(5)
10.40	Deed of Trust and Security Agreement (Second Priority) dated December 28, 2004 by BMR-9885 Towne Centre Drive LLC in favor of The Northwestern Mutual Life Insurance Company.(5)
10.41	Fraudulent Conveyance Indemnity Agreement dated December 28, 2004 by BioMed Realty Trust, Inc. in favor of The Northwestern Mutual Life Insurance Company.(5)
10.42	BioMed Realty 401(k) Retirement Savings Plan.(3)
10.43	First Amendment to the BioMed Realty 401(k) Retirement Savings Plan.(3)
10.44	Second Amendment to the BioMed Realty 401(k) Retirement Savings Plan.(3)
10.45	Good Faith Amendment to the BioMed Realty 401(k) Retirement Savings Plan.(4)
10.46	Third Amendment to the BioMed Realty 401(k) Retirement Savings Plan.(4)
10.47	Agreement for Purchase of Real Estate, dated as of April 15, 2005, between BioMed Realty, L.P. and The Lyme Timber Company.(6)
10.48	Radnor Technology and Research Center Office and Cafeteria Lease, dated as of June 21, 2002, between BMR-145 King of Prussia Road LP and Centocor, Inc.(7)
10.49	First Amendment to Lease, dated as of January 19, 2004, between BMR-145 King of Prussia Road LP and Centocor, Inc.(7)
10.50	Second Amendment to Radnor Technology and Research Center Office and Cafeteria Lease, dated as of April 19, 2005, between BMR-145 King of Prussia Road LP and Centocor, Inc.(7)

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Exhibit Number	Description
10.51	Secured Term Loan Agreement, dated as of May 31, 2005, by and among BioMed Realty, L.P., KeyBank National Association, as Administrative Agent, and certain lenders party thereto.(8)
10.52	Form of Secured Term Loan Note.(8)
10.53	Unsecured Credit Agreement, dated as of May 31, 2005, by and among BioMed Realty, L.P., KeyBank National Association, as Administrative Agent, and certain lenders party thereto.(8)
10.54	Form of Line Note under Unsecured Credit Agreement.(8)
10.55	Form of Term Note under Unsecured Credit Agreement.(8)
10.56	Assumption, Consent and Loan Modification Agreement, dated as of May 31, 2005, by and among KS Parcel D, LLC, The Lyme Timber Company, BioMed Realty Trust, Inc., BMR 500 Kendall Street LLC and The Variable Annuity Life Insurance Company.(8)
10.57	Promissory Note, dated as of November 21, 2003, to The Variable Annuity Life Insurance Company.(8)
10.58	Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Leases and Rents, dated as of November 21, 2003, in favor of The Variable Annuity Life Insurance Company.(8)
10.59	Lease, dated as of August 28, 2000, by and between Kendall Square, LLC and Genzyme Corporation.(8)
10.60	First Amendment to Lease, dated as of August 1, 2003, by and between Kendall Square, LLC and Genzyme Corporation.(8)
10.61	Lease, dated as of January 18, 2001, by and between Kendall Square, LLC and Vertex Pharmaceuticals Incorporated.(8)
10.62	First Amendment to Lease, dated as of May 9, 2002, by and between Kendall Square, LLC and Vertex Pharmaceuticals Incorporated.(8)
10.63	Second Amendment to Lease, dated as of September 16, 2003, by and between KS Parcel A, LLC, as successor to Kendall Square, LLC, and Vertex Pharmaceuticals Incorporated.(8)
10.64	Third Amendment to Lease, dated as of December 22, 2003, by and between KS Parcel A, LLC, as successor to Kendall Square, LLC, and Vertex Pharmaceuticals Incorporated.(8)
10.65	Fourth Amendment to Lease, dated as of September 30, 2004, by and between KS Parcel A, LLC, as successor to Kendall Square, LLC, and Vertex Pharmaceuticals Incorporated.(8)

10.66	Fifth Amendment to Lease, dated as of April 15, 2005, by and between KS Parcel A, LLC, as successor to Kendall Square, LLC, and Vertex Pharmaceuticals Incorporated.(8)
10.67	Sixth Amendment to Lease, dated as of September 23, 2005, by and between BMR-675 West Kendall Street LLC, as successor to Kendall Square, LLC, and Vertex Pharmaceuticals Incorporated.(9)
10.68	Seventh Amendment to Lease, dated as of January 23, 2006, by and between BMR-675 West Kendall Street LLC, as successor to Kendall Square, LLC, and Vertex Pharmaceuticals Incorporated.(4)
10.69	Lease, dated as of September 17, 1999, by and between Trustees of Fort Washington Realty Trust and Vertex Pharmaceuticals Incorporated.(8)
10.70	Lease, dated March 3, 1995, by and between Fort Washington Limited Partnership and Vertex Pharmaceuticals Incorporated.(8)
10.71	First Amendment to Lease, dated as of December 1996, by and between David E. Clem and David M. Roby, as Trustees of Fort Washington Realty Trust, and Vertex Pharmaceuticals Incorporated.(8)
10.72	Second Amendment to Lease, dated as of June 13, 1997, by and between David E. Clem and David M. Roby, as Trustees of Fort Washington Realty Trust, and Vertex Pharmaceuticals Incorporated.(8)

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Exhibit Number	Description
10.73	Third Amendment to Lease, dated as of October 1, 1998, by and between David E. Clem and David M. Roby, as Trustees of Fort Washington Realty Trust, and Vertex Pharmaceuticals Incorporated.(8)
10.74	Fourth Amendment to Lease, dated as of February 22, 2000, by and between David E. Clem and David M. Roby, as Trustees of Fort Washington Realty Trust, and Vertex Pharmaceuticals Incorporated.(8)
10.75	Fifth Amendment to Lease, dated as of May 1, 1999, by and between David E. Clem and David M. Roby, as Trustees of Fort Washington Realty Trust, and Vertex Pharmaceuticals Incorporated.(8)
10.76	Sixth Amendment to Lease, dated as of April 6, 2005, by and between David E. Clem and David M. Roby, as Trustees of Fort Washington Realty Trust, and Vertex Pharmaceuticals Incorporated.(8)
21.1	List of Subsidiaries of BioMed Realty Trust, Inc.(4)
23.1	Consent of KPMG LLP.(4)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(4)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.(4)
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(4)

(1) Incorporated herein by reference to BioMed Realty Trust Inc. s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 20, 2004.

(2) Incorporated herein by reference to BioMed Realty Trust Inc. s Registration Statement of Form S-11, as amended (File No. 333-115204), filed with the Securities and Exchange Commission on May 5, 2004.

(3) Incorporated herein by reference to BioMed Realty Trust Inc. s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 14, 2005.

(4) Filed herewith.

(5) Incorporated herein by reference to BioMed Realty Trust Inc. s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 4, 2005.

(6) Incorporated herein by reference to BioMed Realty Trust Inc. s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 19, 2005.

(7) Incorporated herein by reference to BioMed Realty Trust Inc. s Current Report on Form 8-K filed with the Securities and Exchange Commission on April 25, 2005.

(8) Incorporated herein by reference to BioMed Realty Trust Inc. s Current Report on Form 8-K filed with the Securities and Exchange Commission on June 3, 2005.

(9) Incorporated herein by reference to BioMed Realty Trust Inc. s Current Report on Form 8-K filed with the Securities and Exchange Commission on September 29, 2005.

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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.

BioMed Realty Trust, Inc.

/s/ Alan D. Gold

Alan D. Gold
Chairman of the Board, President and
Chief Executive Officer
(Principal Executive Officer)

/s/ John F. Wilson, II

John F. Wilson, II
Chief Financial Officer
(Principal Financial Officer)

/s/ Karen A. Sztraicher

Karen A. Sztraicher
Vice President   Chief Accounting Officer
(Principal Accounting Officer)

Dated: March 14, 2006

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

Signature	Title	Date
/s/ Barbara R. Cambon Barbara R. Cambon	Director	March 14, 2006
/s/ Edward A. Dennis Edward A. Dennis	Director	March 14, 2006
/s/ Gary A. Kreitzer Gary A. Kreitzer	Executive Vice President, General Counsel, Secretary and Director	March 14, 2006
/s/ Mark J. Riedy Mark J. Riedy	Director	March 14, 2006
/s/ Theodore D. Roth	Director	March 14, 2006

Theodore D. Roth		
/s/ M. Faye Wilson	Director	March 14, 2006
M. Faye Wilson		

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