BioMed Realty Trust Inc
Form S-11/A
June 16, 2005

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As filed with the Securities and Exchange Commission on June 16, 2005

Registration No. 333-125525

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

Amendment No. 1
to
Form S-11
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

BioMed Realty Trust, Inc.
(Exact Name of Registrant as Specified in Its Governing Instruments)
17140 Bernardo Center Drive, Suite 222
San Diego, California 92128
(858) 485-9840
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)
Alan D. Gold
Chairman, President and Chief Executive Officer
BioMed Realty Trust, Inc.
17140 Bernardo Center Drive, Suite 222
San Diego, California 92128
(858) 485-9840
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 16, 2005

PROSPECTUS

11,000,000 Shares
BioMed Realty Trust, Inc.
Common Stock

BioMed Realty Trust, Inc. is a real estate investment trust, or REIT, focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our current properties and our primary acquisition targets are 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. Since the completion of our initial public offering in August 2004, when we acquired 13 properties with an aggregate of 2.3 million rentable square feet of laboratory and office space, we have acquired an additional 20 properties bringing our total real estate portfolio to 33 properties with an aggregate of 4.3 million rentable square feet of laboratory and office space.

We are offering 11,000,000 shares of our common stock in this offering. All of the shares of our common stock offered pursuant to this prospectus are being sold by us.

Our common stock is listed on the New York Stock Exchange under the symbol BMR. The last reported sale price of our common stock on the New York Stock Exchange on June 14, 2005 was $22.35 per share.

To assist us in complying with certain federal income tax requirements applicable to REITs, our charter contains certain restrictions relating to the ownership and transfer of our stock, including an ownership limit of 9.8% on our common stock.

You should consider the risks that we have described in Risk Factors beginning on page 11 before buying shares of our common stock.

	Per Share	Total ($ in 000s)
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may purchase up to an additional 1,650,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus, to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on or before , 2005.

The date of this prospectus is , 2005

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. We are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

This document is for distribution in the United Kingdom only to persons of a kind described in Articles 19 or 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or who otherwise may lawfully receive it.

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company and the historical and pro forma financial statements appearing elsewhere in this prospectus, including under the caption Risk Factors. References in this prospectus to we, our, us and our company refer to BioMed Realty Trust, Inc., a Maryland corporation, BioMed Realty, L.P., and any of our other subsidiaries. BioMed Realty, L.P. is a Maryland limited partnership of which we are the sole general partner and to which we refer in this prospectus as our operating partnership. Unless otherwise indicated, the information contained in this prospectus is as of March 31, 2005 and assumes that the underwriters over-allotment option is not exercised.

BioMed Realty Trust, Inc.

We are a REIT focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our current properties and our primary acquisition targets are 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 completed an initial public offering, or IPO, of our common stock in August 2004 and raised net proceeds of approximately $429.3 million. In connection with the IPO, we acquired 13 properties with an aggregate of 2.3 million rentable square feet of laboratory and office space. Since the completion of the IPO, we have acquired an additional 20 properties with an aggregate of 2.0 million rentable square feet of laboratory and office space for aggregate cash consideration of $546.9 million and the assumption of $143.0 million of debt. As of May 31, 2005, we owned 33 properties with an aggregate of 4.3 million rentable square feet of laboratory and office space, which was approximately 92.2% leased to 76 tenants. Of the remaining unleased space, 204,071 square feet, or 4.8% of our total rentable square footage, was under redevelopment.

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.

Our executive 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. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the Securities and Exchange Commission.

Recent Developments

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 Lyme portfolio. The Lyme 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 and the assumption of approximately $131.2 million of indebtedness.

In order to finance the Lyme 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. The senior unsecured facilities have a maturity date of May 30, 2008 and bear 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 secured credit facility, which has a maturity date of May 30, 2010, is initially 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 facility 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 facility 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%.

In addition to the acquisition of the Lyme portfolio, since March 31, 2005, we have acquired Fresh Pond Research Park in Cambridge, Massachusetts, Coolidge Avenue in Watertown, Massachusetts, Phoenixville Pike in Malvern, Pennsylvania, Nancy Ridge Drive in San Diego and Dumbarton Circle in Fremont, California, for aggregate cash consideration of $56.9 million and the assumption of $7.0 million of debt. These properties contain a total of 318,640 rentable square feet of laboratory and office space.

On April 19, 2005, we entered into a lease amendment with Centocor, Inc., a subsidiary of Johnson & Johnson. Under the amendment, Centocor has agreed to lease an additional 79,667 rentable square feet at our King of Prussia property located in Radnor, Pennsylvania from May 1, 2005 through March 31, 2010. The new lease replaces 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 will correspondingly reduce the rent received under the master lease.

Our Properties

The following table presents an overview of our property portfolio as of May 31, 2005:

Property Location	Number of Buildings	Rentable Square Feet	Year Built/ Renovated	Percent Ownership	Approximate Percentage Lab Space	Percent Leased	Annualized Base Rent ($ in 000s)	Primary Tenant
Boston								
Kendall Square D(1)	1	349,325	2002	100%	0%	98%	$ 15,397	Genzyme Corporation
Kendall Square A(1)	1	302,919	2002	100%	65%	97%	14,536	Vertex Pharmaceuticals
Sidney Street	1	191,904	2000	100%	60%	100%	4,063	Vertex Pharmaceuticals
40 Erie Street	1	100,854	1996	100%	70%	100%	4,098	Vertex Pharmaceuticals
Fresh Pond Research Park(1)	6	90,702	1948/2002	100%	45%	83%	1,027	Curis
Albany Street	2	75,003	1922/1998	100%	65%	100%	3,460	Millennium Pharmaceuticals
Vassar Street(2)	1	52,520	1950/1998	100%	65%	100%	1,372	Monsanto Company

21 Erie Street	1	48,238	1925/2004	100%	20%	58%	769	Metabolix
Coolidge Avenue(1)	1	37,400	1962/1999	100%	65%	100%	935	V.I. Technologies
Lucent Drive(1)(3)	1	21,500	2004	100%	70%	100%	548	Trustees of Dartmouth College
47 Erie Street Parking Structure(1)	1	N/A	1998	100%	N/A	100%	1,178	Various
New York/New Jersey								
Landmark at Eastview(4)	8	751,648	1958/1999	100%	65%	95%	14,105	Regeneron Pharmaceuticals
Graphics Drive	1	72,300	1992/2001	100%	12%	15%	148	Medeikon
San Francisco								
Bridgeview	3	263,073	1977/2002	100%	30%	82%	2,752	Cell Genesys
Bayshore Boulevard	3	183,344	2000	100%	75%	100%	4,203	Intermune
Industrial Road(5)	1	171,965	2001	100%	50%	82%	5,480	Nektar Therapeutics
Ardentech Court	1	55,588	1997/2001	100%	40%	100%	1,010	Vicuron Pharmaceuticals
Dumbarton Circle	1	44,000	1990	100%	50%	100%	633	ARYx Therapeutics

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Property Location	Number of Buildings	Rentable Square Feet	Year Built/ Renovated	Percent Ownership	Approximate Percentage Lab Space	Percent Leased	Annualized Base Rent ($ in 000s)	Primary Tenant
Pennsylvania								
King of Prussia(6)	5	427,109	1954/2004	89%	50%	100%	9,060	Centocor
Phoenixville Pike	1	104,400	1989	100%	50%	57%	783	Cephalon
Eisenhower Road	1	27,750	1973/2000	100%	20%	100%	378	Crane Environmental
San Diego								
Towne Centre Drive(7)	3	115,870	2001	100%	50%	100%	3,824	Illumina
Bunker Hill Street	1	105,364	1973/2002	100%	60%	84%	3,137	SCVSI
McKellar Court	1	72,863	1988	(8)	50%	100%	1,671	Quidel Corporation
Bernardo Center Drive(9)	1	61,286	1974/1992	100%	0%	100%	2,113	University of California Regents
Science Center Drive	1	53,740	1995	100%	80%	100%	1,660	Ligand Pharmaceuticals
Waples Street(1)	1	43,036	1983	(10)	N/A	0%	0	None (under redevelopment)
Nancy Ridge Drive	1	42,138	1983/2001	100%	70%	100%	1,350	BioMedica
Balboa Avenue	1	35,344	1968/2000	100%	0%	100%	642	General Services Administration
Seattle								
Elliott Avenue	1	134,989	1925/1984	100%	60%	100%	5,204	Chiron Corporation
Monte Villa Parkway	1	51,000	1996/2002	100%	60%	100%	1,615	Nastech Pharmaceutical
Maryland								
Tributary Street	1	91,592	1983/1998	100%	70%	100%	1,050	Guilford Pharmaceuticals
Beckley Street	1	77,225	1999	100%	70%	100%	1,575	Guilford Pharmaceuticals
Total/Weighted Average	56	4,255,989			50%	92%	$ 109,776	

(1) This property is managed by a third party not affiliated with us.

(2) Monsanto Company is the guarantor under the sublease of its wholly owned subsidiary Cereon Genomics, LLC.

(3) Located in Lebanon, New Hampshire.

(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) Includes rent from a lease with Nuvelo, Inc., which is expected to commence in September 2005.

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

(7) A portion of one of the buildings on this property, representing 6,600 square feet, is subleased by Illumina to an unaffiliated third party for a period of 47 years, for which we will receive no economic benefit.

(8) 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.

(9) This property is occupied by the Centre for Health Care as a medical office facility. Centre for Health Care, which occupies the property with the consent of the University of California Regents, pays the monthly rent and other obligations, but the University of California Regents remain ultimately liable under the lease.

(10) 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 after completion of the initial improvements, and can require us to issue partnership units as payment for such interest.

In these tables and other tables throughout this prospectus:

Year built/renovated includes the year in which construction was completed and, where applicable, the year of most recent major renovation.

Approximate percentage laboratory space is based on management s estimates and reflects the percentage of built-out, leased space that is considered laboratory space.

Annualized base rent means the monthly contractual rent under existing leases at May 31, 2005, or if rent has not yet commenced, the first monthly rent payment due, multiplied by twelve 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 under U.S. generally accepted accounting principles, or GAAP. In the case of triple-net leases, annualized base rent does not include real estate taxes and insurance, common area and other operating expenses, substantially all of which are borne by the tenants.

Primary tenant represents the tenant in each property that has the highest annualized base rent at May 31, 2005.

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Industry Overview

The life science industry represents a large and fast growing segment of the U.S. economy. In 2004, according to the Centers for Medicaid and Medicare Services, or CMS, health care spending grew 7.5% to an estimated $1.8 trillion, and represented 15.4% of U.S. gross domestic product. CMS projects that annual health care spending will grow faster than the broader economy for the next ten years, reaching $3.6 trillion in 2014, representing 18.7% of U.S. gross domestic product. Within the life science industry, we primarily focus on the following tenants: biotechnology and pharmaceutical companies, scientific research institutions and government agencies.

Life science entities have unique and strategic location and facility needs with respect to laboratory and office space. Specifically, many of these entities desire properties that are strategically located near leading academic and research institutions and that have unique design and construction elements necessary to accommodate their mission-critical research, product development, clinical testing and manufacturing activities.

We target facilities located in markets containing mature and established centers of medical research and biotechnology development, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/New Jersey. According to a 2004 study by Rosen Consulting, which we commissioned, or the Rosen Study, these target markets have in excess of 87.0 million rentable square feet of life science real estate, not including owner-occupied properties. Also, according to the Rosen Study, the average market occupancy rate for life science real estate in these markets is seven percentage points greater than the occupancy rate for generic office properties. These target markets contain highly respected public and private scientific research and medical institutions, which create demand for life science laboratory and office space.

Investment Highlights

We believe that life science tenants have been underserved by commercial property investors and lenders, creating a unique market for us with significant investment opportunities. We believe that the following factors distinguish our business model from other owners/operators of real estate:

Experienced management team with demonstrated track record. Our senior executive officers have worked together for a number of years focused on investing in properties for lease to tenants in the life science industry.

Positive life science industry trends. Based on the long-term trends and projections for the life science industry, we expect to see growth in revenues and research and development spending from biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry over the foreseeable future.

Quality portfolio in high barrier-to-entry markets. Our properties are well-located in each of our primary target markets, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/ New Jersey. We consider these properties to be high quality based on their strategic location in our primary target markets and significant level of improvements.

Highly scalable business model. We intend to acquire assets with triple-net leases, which will enable us to manage a large property portfolio with a cost-effective management infrastructure. Triple-net refers to leases where the tenant is responsible for the payment or reimbursement of its pro rata share of substantially all operating costs of the property, including property taxes, insurance, maintenance and utilities. Under some of the triple-net leases, we may remain responsible for the maintenance and repair of structural components of the building.

Conservative balance sheet with growth capacity. Upon completion of this offering, we will have $496.0 million in total debt, resulting in a debt-to-total market capitalization ratio of 32.9%, based on our outstanding indebtedness and our closing stock price as of June 14, 2005. We believe our

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conservative balance sheet will provide us with access to significant growth capital to fund future property acquisitions.

Strong tenant base. As of May 31, 2005, 91.6% of our annualized base rent was derived from tenants that are public companies or government agencies, and 33.3% of our annualized base rent was derived from investment grade tenants (according to Standard & Poor s) or their subsidiaries.

Summary Risk Factors

You should carefully consider the matters discussed in the Risk Factors section beginning on page 11 before you decide whether to invest in our common stock. The material risks include:

As of May 31, 2005, we had 76 tenants in 33 properties. Two of our tenants, Vertex Pharmaceuticals and Genzyme Corporation, represented 20.7% and 14.0%, respectively, of our annualized base rent and 14.9% and 8.7%, respectively, of our total leased rentable square footage, and our ten largest tenants comprised 64.0% of our annualized base rent. To the extent we are dependent 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 stockholders.

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 the value of your investment in us and our ability to make distributions to you, than if our business strategy included a more diverse industry tenant base.

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.

Ten of our properties are located in the Boston area. In addition, 13 of our properties are located in California, with eight in San Diego and five in San Francisco. Because of our concentration in these geographic regions, we are particularly vulnerable to adverse conditions affecting these areas. In addition, we cannot assure you that these markets will continue to grow or will remain favorable to the life science industry.

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. 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 limit our operating flexibility.

We were formed in April 2004 and have a limited operating history as a REIT and as a public company. 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.

We expect to continue to expand and may not be able to adapt our management and operational systems to respond to the acquisition and integration of additional properties without unanticipated disruption or expense, which may harm our cash flow and ability to pay distributions.

We use debt to finance our property acquisitions. After we complete this offering, we expect to have outstanding mortgage indebtedness of approximately $246.0 million (including unamortized debt premium of $12.0 million) and $250.0 million of borrowings under our secured term loan facility, secured by 13 of our properties, based on our outstanding indebtedness as of June 14, 2005. We expect to incur additional debt in connection with future acquisitions and additional borrowings under our revolving credit facility. Our organizational documents do not limit the amount or percentage of debt that we may incur. Our use of debt may cause a material decrease in cash available for distributions.

We have and may continue to enter into interest rate hedging transactions, which may reduce our net income because they may be unsuccessful or the counterparties to hedging transactions may not perform their obligations. We may be unable to effectively hedge against interest rate risks because the REIT qualification rules require us to limit our income from hedging transactions.

We face significant competition, which may decrease or prevent increases in our properties occupancy and rental rates and may reduce our investment opportunities.

If we experience an uninsured loss or a loss in excess of insurance 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 those properties were irreparably damaged.

Our charter, the Maryland General Corporation Law, or MGCL, and the partnership agreement of our operating partnership contain provisions, including a 9.8% limit on ownership of our common stock, that may delay or prevent a change of control transaction or limit the opportunity for stockholders to receive a premium for their common stock in such a transaction.

If we ever fail to qualify as a REIT for federal income tax purposes, we will be taxed as a corporation, and our liability for federal, state and local income taxes would significantly increase. This would result in a material decrease in cash available for distribution and would adversely affect the price of our common stock.

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The Offering

Common stock offered by us	11,000,000 shares(1)
Common stock to be outstanding after this offering	42,444,558 shares(2)
Use of proceeds	We expect that the net proceeds of this offering will be approximately $234.3 million after deducting underwriting discounts and commissions and our expenses (and approximately $269.5 million if the underwriters exercise their over-allotment option in full). We will contribute the net proceeds of this offering to our operating partnership. Our operating partnership will subsequently use the net proceeds as follows: $100.0 million to repay indebtedness under our senior unsecured term loan facility, $127.5 million to repay indebtedness under our senior unsecured revolving credit facility, based on outstanding borrowings as of June 14, 2005, and $6.8 million to fund future property acquisitions and for other general corporate and working capital purposes.
New York Stock Exchange symbol	BMR

(1) 12,650,000 shares of common stock if the underwriters exercise their over-allotment option in full.

(2) 44,094,558 shares of common stock if the underwriters exercise their over-allotment option in full. Based on the number of shares of common stock outstanding as of May 31, 2005 and excludes (a) 2,870,564 shares issuable upon conversion of outstanding units of our operating partnership, (b) 2,105,442 shares available for future issuance under our incentive award plan and (c) 270,000 shares issuable upon exercise of a warrant issued to Raymond James & Associates, Inc. in connection with our IPO.

Distribution Policy

Since our IPO through March 31, 2005, we have declared aggregate dividends on our common stock and distributions on our operating partnership units of $0.6897 per common share and unit, representing a full quarterly dividend for each of the fourth quarter of 2004 and first quarter of 2005 of $0.27 per common share and unit and a partial dividend for the third quarter of 2004 of $0.1497 per common share and unit. In addition, on June 3, 2005, we declared a dividend for the second quarter of 2005 of $0.27 per common share and unit payable to holders of record on June 15, 2005. The dividends are equivalent to an annual rate of $1.08 per common share and unit.

To maintain our qualification as a REIT, we are required and intend to make annual distributions to our stockholders of at least 90% of our taxable income (which does not necessarily equal net income as calculated in accordance with GAAP). Distributions will be authorized by our board of directors and declared by us out of funds legally available therefor based upon a variety of factors our directors deem relevant. We cannot assure you that our distribution policy will not change in the future. Our ability to pay distributions to our stockholders will depend, in part, upon our receipt of distributions from our operating partnership, which we control, and will be based on revenues we derive from our rental properties. Distributions to our stockholders generally will be taxable as ordinary income to our stockholders and will not, in most cases, be eligible for the recently enacted 15% federal tax rate on certain corporate dividends.

Our charter allows us to issue preferred stock with a preference on distributions. We currently have no intention to issue any preferred stock, but if we do, the dividend preference on the preferred stock could limit our ability to make a dividend distribution to our common stockholders.

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SUMMARY SELECTED FINANCIAL DATA

The following table sets forth selected financial and operating data on a pro forma and historical basis for BioMed Realty Trust, Inc., and on an historical basis for Inhale 201 Industrial Road, L.P., or 201 Industrial. We have not presented historical information for BioMed Realty Trust, Inc. prior to August 11, 2004, the date on which we consummated our IPO, because during the period from our formation until our IPO we did not have any material corporate activity and because we believe that a discussion of the results of BioMed Realty Trust, Inc. during that period would not be meaningful.

You should read the following pro forma and historical information in conjunction with our pro forma consolidated financial statements and historical financial statements and notes thereto, as well as with Management s Discussion and Analysis of Financial Condition and Results of Operations, which are included elsewhere in this prospectus.

The selected historical balance sheet information as of December 31, 2004 for BioMed Realty Trust, Inc. and as of December 31, 2003 and 2002 for 201 Industrial, and the historical statements of income and other data for the period from August 11, 2004 through December 31, 2004 for BioMed Realty Trust, Inc. and for the period from January 1, 2004 through August 17, 2004 and for the years ended December 31, 2003 and 2002 for 201 Industrial, have been derived from our historical financial statements audited by KPMG LLP, independent registered public accountants, whose report with respect thereto is included elsewhere in this prospectus, except as it relates to the historical balance sheet information as of December 31, 2002 of 201 Industrial, which report is not included in this prospectus. 201 Industrial is the largest property contributed to the company in connection with our formation transactions and therefore has been identified as the accounting acquirer pursuant to paragraph 17 of Statement of Financial Accounting Standards, or SFAS, No. 141. The contribution of 201 Industrial as part of our formation transactions was completed on August 17, 2004. The contribution of the interests in all of the other contribution properties and all acquisitions have been accounted for as a purchase in accordance with SFAS No. 141. The historical balance sheet information at March 31, 2005, and the historical statement of operations and other data for the three months ended March 31, 2005 and 2004, have been derived from the unaudited historical financial statements of BioMed Realty Trust, Inc. and 201 Industrial.

The unaudited pro forma consolidated balance sheet data are presented as if this offering had occurred on March 31, 2005. The unaudited pro forma consolidated statements of operations and other data for the three months ended March 31, 2005 and the year ended December 31, 2004, are presented as if this offering, the IPO, and all acquisitions and contributions had occurred on January 1, 2004. The pro forma information is not necessarily indicative of what our actual financial position or results of operations would have been as of or for the periods indicated, nor does it purport to represent our future financial position or results of operations.

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BioMed Realty Trust, Inc. and Inhale 201 Industrial Road, L.P. (Predecessor)
(Dollars in thousands, except per share data)

	BioMed Realty Trust, Inc.					Predecessor		
	Three Months Ended March 31,			Year Ended December 31,	Period August 11, 2004 through December 31,	Period January 1, 2004 through August 17,	Year Ended December 31,	
	Pro Forma	Historical		Pro Forma	Historical	Historical	Historical	
	2005	2005	2004(1)	2004	2004	2004	2003	2002
Statements of Income:								
Revenues:								
Rental	$ 27,695	$ 14,214	$ 1,562	$ 111,696	$ 19,432	$ 3,339	$ 6,275	$ 5,869
Tenant recoveries	11,853	7,254	150	41,142	9,222	375	744	718
Other income	3,488	3,003		1,378				
Total revenues	43,036	24,471	1,712	154,216	28,654	3,714	7,019	6,587
Expenses:								
Rental operations	8,529	6,395	65	33,093	10,030	265	408	372
Real estate taxes	4,670	1,788	88	16,453	1,589	88	422	449
Depreciation and amortization	11,118	6,191	242	42,807	7,853	600	955	955
General and administrative	2,572	2,550		10,357	3,130			
Total expenses	26,889	16,924	395	102,710	22,602	953	1,785	1,776
Income from operations	16,147	7,547	1,317	51,506	6,052	2,761	5,234	4,811
Equity in net income (loss) of unconsolidated partnership	51	51		(44)	(11)			
Interest income	78	78		496	190		1	3
Interest expense	(8,122)	(1,411)	(686)	(28,823)	(1,180)	(1,760)	(2,901)	(3,154)

Income before minority interests	8,154	6,265	631	23,135	5,051	1,001	2,334	1,660
Minority interests	(418)	(429)		(1,171)	(269)			
Net income	$ 7,736	$ 5,836	$ 631	$ 21,964	$ 4,782	$ 1,001	$ 2,334	$ 1,660
Basic earnings per share(3)	$ 0.18	$ 0.19		$ 0.52	$ 0.15			
Diluted earnings per share(4)	$ 0.18	$ 0.19		$ 0.52	$ 0.15			
Weighted average common shares outstanding basic	42,129,613	31,129,613		41,965,178	30,965,178			
Weighted average common shares outstanding diluted	45,148,820	34,148,820		44,767,575	33,767,575			
Cash dividends declared per common share		$ 0.27			$ 0.42			
Balance Sheet Data (at period end)								
Rental properties, net	$ 1,035,489	$ 489,136	$ 46,792		$ 468,488		$ 47,025	$ 47,853
Total assets	1,228,970	601,617	49,933		581,723		50,056	50,732
Mortgages and other secured loans	496,981	101,594	36,971		102,236		37,208	37,743
Unsecured line of credit		19,500						
Total liabilities	554,275	159,258	37,353		137,639		37,597	38,563
Minority interests	22,486	22,486			22,267			
Stockholders equity and partners capital	652,209	419,873	12,580		421,817		12,459	12,169
Total liabilities and equity	1,228,970	601,617	49,933		581,723		50,056	50,732
Other Data:								
Funds from operations(5)	$ 19,381			$ 66,265				
Cash flows from:								

Operating activities	10,062	687	13,959(2)	2,416	1,762
Investing activities	(32,197)		(456,680)(2)	(105)	(159)
Financing activities	9,836	(756)	470,433(2)	(2,666)	(1,210)

(1) Represents the results and financial position of the Predecessor for the three months ended March 31, 2004.

(2) Consolidated and combined cash flow information of BioMed Realty Trust, Inc. and the Predecessor for the year ended December 31, 2004.

(3) Basic earnings per share equals net income divided by the number of shares of our common stock outstanding excluding the weighted average of the number of unvested shares of restricted stock. Pro forma basic earnings per share is computed assuming this offering was consummated as of the first day of the period presented.

(4) Diluted earnings per share equals pro forma net income divided by the sum of the number of shares of our common stock outstanding excluding the weighted average number of unvested shares of restricted stock, plus an amount computed using the treasury stock method with respect to the unvested shares of our restricted stock. Pro forma diluted earnings per share is computed assuming this offering was consummated as of the first day of the period presented.

(5) As defined by the National Association of Real Estate Investment Trusts, or NAREIT, funds from operations, or 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. We present 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 NAREIT in its March 1995 White Paper (as amended in

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November 1999 and April 2002), which 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.

	Pro Forma	
	Three Months Ended March 31, 2005	Year Ended December 31, 2004
Reconciliation of Pro Forma Funds from Operations		
Pro forma net income	$ 7,736	$ 21,964
Adjustments:		
Pro forma minority interests	527	1,494
Pro forma real estate depreciation and amortization	11,118	42,807
Pro forma funds from operations	$ 19,381	$ 66,265

RISK FACTORS

An investment in our common stock involves risks. In addition to other information contained in this prospectus, you should carefully consider the following factors before acquiring shares of our common stock offered by this prospectus. The occurrence of any of the following risks might cause you to lose all or a part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled Forward-Looking Statements.

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 you.

As of May 31, 2005, we had 76 tenants in 33 properties. Two of our tenants, Vertex Pharmaceuticals and Genzyme Corporation, represented 20.7% and 14.0%, respectively, of our annualized base rent, and 14.9% and 8.7%, respectively, of our total leased rentable square footage, and our ten largest tenants comprised 64.0% of our annualized base rent. 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 you.

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 you, 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 33 properties are located in the Boston area. As of May 31, 2005, these properties represented 43.2% of our annualized base rent and 31.1% of our total leased rentable square footage. In addition, 13 of our 33 properties are located in California, with eight in San Diego and five in San Francisco. As of May 31, 2005, these properties represented 25.9% of our annualized base rent and 28.3% 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

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earthquakes because of our properties concentration in California. The close proximity of our five properties in San Francisco to a fault line makes them more vulnerable to earthquakes than properties in many other parts of the country.

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.

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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 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.

In addition to the 13 properties we acquired in connection with our IPO, we have acquired an additional 20 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 you.

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 you.

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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 Vice President, Acquisitions. 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.

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 you 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, areas especially subject to earthquakes. We presently carry earthquake insurance on our Industrial Road property in San Francisco but do not carry earthquake insurance on our other properties in San Francisco or San Diego. 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 you.

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. If any of the parking leases or licenses associated with the Lyme 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 confiscatory taxes 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 you.

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 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 you.

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 you.

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

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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 you.

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 you.

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 below in Business and Properties 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 you.

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 Americans with Disabilities Act of 1990, as amended, or 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

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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 you 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 you.

Risks Related to Our Organizational Structure

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

Our Chairman, President and Chief Executive Officer beneficially owns 4.4% of our common stock and exercises substantial influence over our business and, as a result, he may delay, defer or prevent us from taking actions that would be beneficial to our other stockholders. As of May 31, 2005, Mr. Gold, our Chairman, President and Chief Executive Officer, beneficially owned 136,867 shares of our common stock and units which may be exchanged for 1,320,780 shares of our common stock, representing a total of approximately 4.4% of our outstanding common stock, or approximately 3.3% of our outstanding common stock upon completion of this offering. Consequently, Mr. Gold has substantial influence over us and could exercise his 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 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 you with the opportunity to realize a premium over the then-prevailing market price of your 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.

We have opted out of these provisions of the MGCL. 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, you 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 you. 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 March 31, 2005, we had outstanding mortgage indebtedness of $101.6 million (including unamortized debt premium of $5.1 million), secured by eight properties, as well as $2.3 million associated with our unconsolidated partnership. We had $19.5 million outstanding under our $100.0 million unsecured credit facility. Upon completion of this offering, we expect to have outstanding mortgage indebtedness of approximately $246.0 million (including unamortized debt premium of $12.0 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, based on our outstanding indebtedness as of June 14, 2005. 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.

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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. For the period from August 11, 2004 to March 31, 2005, we were not a party to any hedging transactions. In connection with the KeyBank $250.0 million secured term loan, we have entered into an interest rate swap agreement, which will have the effect of fixing the interest rate on the secured term loan at 6.4%.

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 you. 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

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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 will allow us to qualify as a REIT for federal income tax purposes under the Code. However, the REIT qualification requirements under the Code are complex and technical, and the judicial and administrative interpretations of these Code provisions are limited. 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. 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 prospectus are not binding on the IRS or any court. Accordingly, we cannot be certain that we will be successful in qualifying as a REIT.

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 you 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.

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If we sell a property in a prohibited transaction, our gain from the sale would be subject to a 100% penalty 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.

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 you 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 This Offering

Several of our underwriters may have conflicts of interest that arise out of a contractual relationship with affiliates of those underwriters.

We have entered into credit facilities with a number of financial institutions, including KeyBank National Association, an affiliate of KeyBanc Capital Markets, Royal Bank of Canada, an affiliate of RBC Capital Markets Corporation, and Raymond James Bank, FSB, an affiliate of Raymond James & Associates, Inc., which facilities allow for total borrowings of $600.0 million. As members of the credit facility syndicate, these affiliates will benefit from this offering because substantially all of the net proceeds of this offering will be used to repay loans made under such facilities prior to this offering. This repayment gives the identified affiliates an interest in the successful completion of this offering beyond the customary underwriting discounts and commissions received by the underwriters in this offering. This could result in a conflict of interest, as our underwriters obligations to us and the investors in this offering may conflict with those of their affiliates.

The market price and trading volume of our common stock may be volatile following this offering, and you could experience a loss if you sell your shares.

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. If the market price of our common stock declines significantly, you may be unable to resell your shares at or above the public offering price. 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,