BioMed Realty Trust Inc
Form 10-K
February 09, 2011

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

Form 10-K
ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010
Commission file number: 1-32261 (BioMed Realty Trust, Inc.)
000-54089 (BioMed Realty, L.P.)
BIOMED REALTY TRUST, INC.
BIOMED REALTY, L.P.
(Exact name of registrant as specified in its charter)

Maryland	**20-1142292 (BioMed Realty Trust, Inc.)** **20-1320636 (BioMed Realty, L.P.)**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
17190 Bernardo Center Drive **San Diego, California**	**92128**
(Address of Principal Executive Offices)	*(Zip Code)*

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

	Title of Each Class	Name of Each Exchange on Which Registered
BioMed Realty Trust, Inc.	Common Stock, $0.01 Par Value	New York Stock Exchange
BioMed Realty Trust, Inc.	7.375% Series A Cumulative Redeemable Preferred Stock, $0.01 Par Value	New York Stock Exchange
BioMed Realty, L.P.	None	None

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

BioMed Realty Trust, Inc.	None
BioMed Realty, L.P.	None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933.

BioMed Realty Trust, Inc.	Yes þ No o
BioMed Realty, L.P.	Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

BioMed Realty Trust, Inc.	Yes o No þ

BioMed Realty, L.P. Yes o No þ

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

BioMed Realty Trust, Inc. Yes þ No o
BioMed Realty, L.P. Yes þ No o

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

BioMed Realty Trust, Inc. Yes þ No o
BioMed Realty, L.P. Yes o No o

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

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

BioMed Realty Trust, Inc.:

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

BioMed Realty, L.P.:

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

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

BioMed Realty Trust, Inc. Yes o No þ
BioMed Realty, L.P. Yes o No þ

The aggregate market value of the 112,647,612 shares of common stock of BioMed Realty Trust, Inc. held by non-affiliates of the registrant was $1,812,500,077 based upon the last reported sale price of $16.09 per share on the New York Stock Exchange on June 30, 2010, the last business day of its most recently completed second quarter.

The number of outstanding shares of the BioMed Realty Trust, Inc. s common stock, par value $0.01 per share, as of February 7, 2011 was 131,292,931.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the BioMed Realty Trust, Inc. s Proxy Statement with respect to its May 25, 2011 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the registrant s fiscal year are incorporated by reference into Part III hereof.

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EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the fiscal year ended December 31, 2010 of BioMed Realty Trust, Inc., a Maryland corporation, and BioMed Realty, L.P., a Maryland limited partnership of which BioMed Realty Trust, Inc. is the parent company and general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to we, us, our or our company refer to BioMed Realty Trust, Inc. together w its consolidated subsidiaries, including BioMed Realty, L.P. Unless otherwise indicated or unless the context requires otherwise, all references in this report to our operating partnership or the operating partnership refer to BioMed Realty, L.P. together with its consolidated subsidiaries.

BioMed Realty Trust, Inc. operates as a real estate investment trust, or REIT, and the general partner of BioMed Realty, L.P. As of December 31, 2010, BioMed Realty Trust, Inc. owned an approximate 97.8% partnership interest and other limited partners, including some of our directors, executive officers and their affiliates, owned the remaining 2.2% partnership interest (including long term incentive plan units) in BioMed Realty, L.P. As the sole general partner of BioMed Realty, L.P., BioMed Realty Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership s day-to-day management and control.

There are a few differences between our company and our operating partnership, which are reflected in the disclosure in this report. We believe it is important to understand the differences between our company and our operating partnership in the context of how BioMed Realty Trust, Inc. and BioMed Realty, L.P. operate as an interrelated consolidated company. BioMed Realty Trust, Inc. is a REIT, whose only material asset is its ownership of partnership interests of BioMed Realty, L.P. As a result, BioMed Realty Trust, Inc. does not conduct business itself, other than acting as the sole general partner of BioMed Realty, L.P., issuing public equity from time to time and guaranteeing certain debt of BioMed Realty, L.P. BioMed Realty Trust, Inc. itself does not hold any indebtedness but guarantees some of the secured and unsecured debt of BioMed Realty, L.P. BioMed Realty, L.P. holds substantially all the assets of the company and holds the ownership interests in the company s joint ventures. BioMed Realty, L.P. conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by BioMed Realty Trust, Inc., which are generally contributed to BioMed Realty, L.P. in exchange for partnership units, BioMed Realty, L.P. generates the capital required by the company s business through BioMed Realty, L.P. s operations, by BioMed Realty, L.P. s direct or indirect incurrence of indebtedness or through the issuance of partnership units.

Noncontrolling interests and stockholders equity and partners capital are the main areas of difference between the consolidated financial statements of BioMed Realty Trust, Inc. and those of BioMed Realty, L.P. The partnership and long term incentive plan units in BioMed Realty, L.P. that are not owned by BioMed Realty Trust, Inc. are accounted for as partners capital in BioMed Realty, L.P. s financial statements and as noncontrolling interests in BioMed Realty Trust, Inc. s financial statements. The noncontrolling interests in BioMed Realty, L.P. s financial statements include the interests of joint venture partners. The noncontrolling interests in BioMed Realty Trust, Inc. s financial statements include the same noncontrolling interests at the BioMed Realty, L.P. level as well as the limited partnership unitholders of BioMed Realty, L.P., not including BioMed Realty Trust, Inc. The differences between stockholders equity and partners capital result from the differences in the equity issued at the BioMed Realty Trust, Inc. and the BioMed Realty, L.P. levels.

We believe combining the annual reports on Form 10-K of BioMed Realty Trust, Inc. and BioMed Realty, L.P. into this single report will:

- better reflect how management and the analyst community view the business as a single operating unit,
- enhance investor understanding of our company by enabling them to view the business as a whole and in the same manner as management,
- be more efficient for our company and result in savings in time, effort and expense, and
- be more efficient for investors by reducing duplicative disclosure and providing a single document for their review.

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To help investors understand the significant differences between our company and our operating partnership, this report presents the following separate sections for each of BioMed Realty Trust, Inc. and BioMed Realty, L.P.:

- consolidated financial statements,
- the following notes to the consolidated financial statements:
  - Debt,
  - Equity / Partners Capital, and
  - Earnings Per Share / Unit,
- Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, and
- Liquidity and Capital Resources in Management s Discussion and Analysis of Financial Condition and Results of Operations.

This report also includes separate Item 9A. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of BioMed Realty Trust, Inc. and BioMed Realty, L.P. in order to establish that the Chief Executive Officer and the Chief Financial Officer of BioMed Realty Trust, Inc. have made the requisite certifications and BioMed Realty Trust, Inc. and BioMed Realty, L.P. are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

BIOMED REALTY TRUST, INC. AND BIOMED REALTY, L.P.
FORM 10-K ANNUAL REPORT
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PART IV

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PART I

Item 1. ***Business***

Forward-Looking Statements

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

- adverse economic or real estate developments in the life science industry or in our target markets, including the inability of our tenants to obtain funding to run their businesses,
- our dependence on significant tenants,
- our failure to obtain necessary outside financing on favorable terms or at all, including the continued availability of our unsecured line of credit,
- general economic conditions, including downturns in the national and local economies,
- volatility in financial and securities markets,
- defaults on or non-renewal of leases by tenants,
- our inability to compete effectively,
- increased interest rates and operating costs,
- our inability to successfully complete real estate acquisitions, developments and dispositions,
- risks and uncertainties affecting property development and construction,
- our failure to successfully operate acquired properties and operations,
- reductions in asset valuations and related impairment charges,
- the loss of services of one or more of our executive officers,
- BioMed Realty Trust, Inc. s failure to qualify or continue to qualify as a REIT,
- our failure to maintain our investment grade credit ratings with the rating agencies,
- government approvals, actions and initiatives, including the need for compliance with environmental requirements,

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- the effects of earthquakes and other natural disasters,
- lack of or insufficient amounts of insurance, and
- changes in real estate, zoning and other laws and increases in real property tax rates.

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

General

We own, acquire, develop, redevelop, lease and manage laboratory and office space for the life science industry. Our tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our properties are generally located in markets with well-established reputations as centers for scientific research, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/New Jersey. BioMed Realty Trust, Inc., a Maryland corporation, and BioMed Realty, L.P., a Maryland limited partnership, were formed on April 30, 2004 and commenced operations on August 11, 2004, after completing BioMed Realty Trust, Inc. s initial public offering. BioMed Realty Trust, Inc. operates as a REIT for federal income tax purposes. BioMed Realty, L.P. is the entity through which BioMed Realty Trust, Inc. conducts its business and owns its assets. At December 31, 2010, our portfolio consisted of 85 properties, representing 147 buildings with an aggregate of approximately 12.2 million rentable square feet.

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 property management, leasing, development and administrative services to our properties. As of February 7, 2011, we had 159 employees.

Our principal offices are located at 17190 Bernardo Center Drive, San Diego, California 92128. Our telephone number at that location is (858) 485-9840. Our website is located at www.biomedrealty.com. We make available through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. You can also access on our website our Code of Business Conduct and Ethics, Corporate Governance Guidelines, Audit Committee Charter, Compensation Committee Charter, and Nominating and Corporate Governance Committee Charter.

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2010 Highlights

Leasing

During 2010, we executed 52 leasing transactions representing approximately 876,000 square feet, including 35 new leases totaling approximately 463,000 square feet and 17 leases amended to extend their terms, totaling approximately 413,000 square feet. Significant transactions included:

Property	Market	Tenant	Square Feet
New Leases			
301 Binney Street	Boston/Cambridge	Ironwood Pharmaceuticals, Inc.	50,000
Graphics Drive	New York/New Jersey	Cenlar FSB	41,000
Phoenixville Pike	Pennsylvania	Benten Bioservices, Inc.	35,000
6828 Nancy Ridge Drive	San Diego	Integrated DNA Technologies	18,000
Faraday Avenue	San Diego	Isis Pharmaceuticals, Inc.	29,000
Gazelle Court	San Diego	Isis Pharmaceuticals, Inc.	176,000
Bridgeview Technology Park	San Francisco	GenturaDx	25,000
Kaiser Drive	San Francisco	Soraa, Inc.	50,000
Pacific Research Center	San Francisco	Sierra Atlantic, Inc.	15,000
Pacific Research Center	San Francisco	iMany, Inc.	15,000
Pacific Research Center	San Francisco	CCBR-SYNARC, Inc.	50,000
Pacific Research Center	San Francisco	StemCells, Inc.	43,000
Renewals, Amendments or Extensions			
George Patterson Boulevard	Pennsylvania	Rhodia, Inc.	71,500
Phoenixville Pike	Pennsylvania	Cephalon, Inc.	23,000
Bayshore Boulevard	San Francisco	XDx, Inc.	46,000
Bridgeview Technology Park	San Francisco	MedImmune, LLC	24,000

Acquisitions

During 2010, we acquired approximately 1.5 million rentable square feet of laboratory and office space for $608.7 million, which was 94.6% leased at acquisition on a weighted-average basis:

Property	Market	Rentable Square Feet(1)	Investment	Percent Leased at Acquisition
55/65 West Watkins Mill Road	Maryland	82,405	$ 14,385	100.0%
Gazelle Court (2)	San Diego		11,623	100.0%
Medical Center Drive	Maryland	217,983	53,000	100.0%
50 West Watkins Mill Road	Maryland	57,410	14,200	100.0%
4775/4785 Executive Drive (3)	San Diego	62,896	27,280	
Paramount Parkway	University Related-Other	61,603	17,549	100.0%
11388 Sorrento Valley Road	San Diego	35,940	12,420	100.0%
4570 Executive Drive	San Diego	125,219	63,500	100.0%
10240 Science Center Drive	San Diego	49,347	17,750	100.0%
Sorrento West	San Diego	163,799	29,390	94.3%
Sorrento Plaza	San Diego	31,184	9,875	100.0%
Science Center at Oyster Point	San Francisco	204,887	133,250	100.0%
Gateway Business Park (4)	San Francisco	284,013	164,946	100.0%
Patriot Drive	University Related-Other	48,394	8,570	82.0%

Weston Parkway	University Related-Other	30,589	6,100	100.0%
3525 John Hopkins Court	San Diego	48,306	24,900	100.0%
Total / weighted average		1,503,975	$ 608,738	94.6%

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(1) Rentable square feet at time of acquisition.

(2) The total estimated cost for this property is $77.5 million upon the completion of construction of an approximately 176,000 square foot building.

(3) Acquisition also included land with development potential of an additional 103,000 square feet.

(4) Acquisition also included development rights to permit development of 1,230,000 square feet on the existing site (including existing square footage).

Financings

Significant financing activity during 2010 included the following:

- Received investment grade corporate credit ratings from two ratings agencies.
- Raised in excess of $950 million in debt and equity capital:
  - Completed a private placement of $180.0 million of 3.75% exchangeable senior notes due 2030.
  - Completed a private placement of $250.0 million of 6.125% unsecured senior notes due 2020.
  - Completed two follow-on public offerings of common stock, raising approximately $508.2 million in net proceeds.
  - Raised approximately $15.4 million in net proceeds from the sale of 951,000 shares of common stock under the company s continuous equity offering program established in September 2009.
- Voluntarily prepaid the $250.0 million previously outstanding under the company s secured term loan.
- Repurchased approximately $26.4 million principal amount of the company s exchangeable senior notes due 2026.

Senior Management

During 2010, we further strengthened the depth of our senior management team with the following announcements:

- February 2010 We promoted Matthew G. McDevitt to the position of Executive Vice President, Real Estate.
- May 2010 We promoted Greg N. Lubushkin to the position of Chief Financial Officer.
- September 2010 We promoted John P. Bonanno to the position of Senior Vice President, Leasing & Development.
- September 2010 We added Bruce D. Steel as Managing Director, BioMed Ventures.
- October 2010 We added Anne L. Hoffman as Senior Vice President, Leasing & Development.
- December 2010 We promoted Jonathan P. Klassen to the position of Vice President, Assistant General Counsel and Secretary.
- December 2010 We promoted Stephen A. Willey to the position of Vice President, Chief Accounting Officer.

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Dividends

During 2010, we declared aggregate dividends on BioMed Realty Trust, Inc. s common stock of $0.63 per common share and aggregate dividends on BioMed Realty Trust, Inc. s preferred stock of $1.84376 per preferred share.

Distributions

During 2010, we declared aggregate distributions on BioMed Realty, L.P. s operating partnership units and long-term incentive plan units (individually referred to as LTIP units and collectively with the operating partnership units referred to as OP units) of $0.63 per OP unit and aggregate distributions on BioMed Realty, L.P. s preferred units of $1.84376 per preferred unit.

Growth Strategy

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

Our internal growth strategy includes:

- negotiating leases with contractual rental rate increases in order to provide predictable and consistent earnings growth,
- creating strong relationships with our tenants to enable us to identify and capitalize on opportunities to renew or extend existing leases or to provide expansion space,
- redeveloping currently owned non-laboratory space into higher yielding laboratory facilities, and
- developing new laboratory and office space on land we have acquired for development.

Our external growth strategy includes:

- acquiring well-located properties leased to high-quality life science tenants with attractive in-place yields and long-term growth potential,
- investing in properties with leasing opportunities, capitalizing on our industry relationships to enter into new leases, and
- investing in redevelopment and development projects, capitalizing on our development platform that we believe will serve as an additional catalyst for future growth.

Target Markets

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

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Positive Life Science Industry Trends

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

- the aging of the U.S. population resulting from the transition of baby boomers to senior citizens, which has increased the demand for new drugs and health care treatment alternatives to extend, improve and enhance their quality of life,
- the high level of research and development expenditures, as represented by a Pharmaceutical Research and Manufacturers of America (PhRMA) survey indicating that research and development spending by U.S. pharmaceutical research and biotechnology companies climbed to a record $65.3 billion in 2009, and
- escalating health care costs, which drive the demand for better drugs, less expensive treatments and more services in an attempt to manage such costs.

We are uniquely positioned to benefit from these favorable long-term dynamics through the demand for space for research, development and production by our life science industry tenants.

Experienced Management

We have created and continue to develop a premier life science real estate-oriented management team, dedicated to maximizing current and long-term returns for our stockholders. Alan D. Gold, our company s Chief Executive Officer and Chairman, has acquired, developed, financed, owned, leased or managed in excess of $5.1 billion in life science real estate. Through this experience, our management team has established extensive industry relationships among life science tenants, property owners and real estate brokers. In addition, our experienced independent board members provide management with a broad range of knowledge in real estate, the sciences, life science company operations, and large public company finance and management.

Regulation

General

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

Americans with Disabilities Act

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

Environmental Matters

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

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

Federal, state and local environmental laws and regulations also require removing or upgrading certain underground storage tanks and regulate the discharge of storm water, wastewater and other pollutants; the emission of air pollutants; the generation, management and disposal of hazardous or toxic chemicals, substances or wastes; and workplace health and safety. Life science industry tenants, including certain of our tenants, engage in various research and development activities involving the controlled use of hazardous materials, chemicals, biological and radioactive compounds. Some of our tenants, particularly those in the biotechnology, life sciences and technology manufacturing industries, routinely handle hazardous substances and wastes as part of their operations at our properties, including acetonitrile, alcohol, ammonia, argon, batteries, carbon dioxide, chemical solvents, cryogenic gases, dichlorophenol, diesel fuel for emergency generators, fluorine, hydrocarbons, hydrogen, medical waste, methane, naturalyte acid, neon, nitrogen, nitrous oxide, oxygen, radioactive material and tetrahydrofuran. Many of these compounds and materials are used in the experiments, clinical trials, research and development and light manufacturing efforts conducted by our tenants. Although we believe that the tenants activities involving such materials comply in all material respects with applicable laws and regulations, the risk of contamination or injury from these materials cannot be completely eliminated. In the event of such contamination or injury, we could be held liable for any damages that result, and any such liability could exceed our resources and our environmental remediation insurance coverage. Licensing requirements governing use of radioactive materials by tenants may also restrict the use of or ability to transfer space in buildings we own. See Risk Factors Risks Related to the Real Estate Industry We could incur significant costs related to government regulation and private litigation over environmental matters involving the presence, discharge or threat of discharge of hazardous or toxic substances, which could adversely affect our operations, the value of our properties, and our ability to make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders under Item 1A. below.

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

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

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

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

Insurance

We carry comprehensive general liability, fire and extended coverage, terrorism and loss of rental income insurance covering all of our properties under a blanket portfolio policy, with the exception of property insurance on our McKellar Court property in San Diego and 9911 Belward Campus Drive and Shady Grove Road properties in Maryland, which is carried directly by the tenants in accordance with the terms of their respective leases, and builders risk policies for any projects under construction. In addition, we carry workers compensation coverage for injury to our employees. We believe the policy specifications and insured limits are adequate given the relative risk of loss, cost of the coverage and standard 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, as well as third-party bodily injury and property damage claims related to the release of hazardous substances. We intend to carry similar insurance with respect to future acquisitions as appropriate. A substantial portion of our properties are located in areas subject to earthquake loss, such as San Diego and San Francisco, California and Seattle, Washington. Although we presently carry earthquake insurance on our properties, the amount of earthquake insurance coverage we 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 the premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. See Risk Factors Risks Related to the Real Estate Industry Uninsured and underinsured losses could adversely affect our operating results and our ability to make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders under Item 1A. below.

Competition

We face competition from various entities for investment opportunities in properties for life science tenants, including other REITs, such as health care REITs and suburban office property REITs, pension funds, insurance companies, investment funds and companies, partnerships, and developers. Because properties designed for life science tenants typically contain improvements that are specific to tenants operating in the life science industry, we believe that we will be able to maximize returns on investments as a result of:

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

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

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Foreign Operations

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

Item 1A. *Risk Factors*

For purposes of this section, the term stockholders means the holders of shares of BioMed Realty Trust, Inc. s common stock and preferred stock and the term unitholders means the holders of BioMed Realty, L.P. s OP units and preferred units.

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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

As of December 31, 2010, we had 160 tenants in 85 total properties. Two of our tenants, Human Genome Sciences and Vertex Pharmaceuticals, represented 12.1% and 8.8%, respectively, of our annualized base rent as of December 31, 2010, and 9.9% and 7.3%, respectively, of our total leased rentable square footage. 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.

Our revenue and cash flow, and consequently our ability to make distributions to BioMed Realty, L.P. s unitholders and BioMed Realty Trust, Inc. s stockholders, could be materially adversely affected if any of our significant tenants were to become bankrupt or insolvent, suffer a downturn in their business, curtail or suspend their operations, or fail to renew their leases at all or renew on terms less favorable to us than their current terms.

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

- Our tenants require significant outlays of funds for the research and development and clinical testing of their products and technologies and many of them have a history of recurring losses. The current economic environment has significantly impacted the ability of these companies to access the capital markets, including both equity financing through public offerings and debt financing. The pace of venture capital funding has also declined from previous levels, further restricting access to capital for these companies. In addition, state and federal government budgets have been negatively impacted by the current economic environment and, as a result certain programs, including grants related to biotechnology research and development, may be at risk of being eliminated or cut back significantly. If private investors, the government, public markets 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.

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- 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.
- Legislation to reform the U.S. healthcare system may include government intervention in product pricing and other changes that adversely affect reimbursement for our tenants marketable products. In addition, sales of many of our tenants marketable products are dependent, in large part, on the availability and extent of reimbursement from government health administration authorities, private health insurers and other organizations. Changes in government regulations, price controls or third-party payors reimbursement policies may reduce reimbursement for our tenants marketable products and adversely impact our tenants businesses.

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 default on their obligations to third parties, including their obligations to pay rent or pay for tenant improvements relating to space they lease, which could adversely affect our financial condition, results of operations and cash flow.

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. An unsecured claim may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. 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. During the years ended December 31, 2010 and 2009, we incurred $0 and approximately $534,000, respectively, of rental operations expense related to early lease terminations and tenant receivables that were deemed to be uncollectible due to tenants that filed for bankruptcy at the time of lease termination or shortly thereafter.

We may fail to obtain the financial results expected from the properties we acquire, develop or renovate, making them unprofitable or less profitable than we had expected, or operate new properties successfully, which could harm our financial condition and ability to make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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

- 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 and economic conditions may result in higher than expected vacancy rates and lower than expected rental rates,
- we may face higher operating costs than we anticipated for properties that we acquire, develop or renovate, including insurance premiums, utilities, real estate taxes and costs of complying with changes in governmental regulations,
- we may face higher requirements for capital improvements than we anticipated for properties that we acquire, develop or renovate, particularly in older structures,

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- we may fail to retain tenants that have pre-leased our properties under development if we do not complete the construction of these properties in a timely manner or to the tenants specifications,
- we have a limited history in conducting ground-up construction activities,
- 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,
- 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 securities, ability to satisfy our debt service obligations and ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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.

We cannot assure you that our tenants will pay higher rents on our properties than tenants in traditional office space 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.

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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 Alan D. Gold, our Chairman and Chief Executive Officer, R. Kent Griffin, Jr., our President and Chief Operating Officer, Greg N. Lubushkin, our Chief Financial Officer, Gary A. Kreitzer, our Executive Vice President and General Counsel, and Matthew G. McDevitt, our Executive Vice President, Real Estate. Among the reasons that Messrs. Gold, Griffin, Lubushkin, Kreitzer and McDevitt are important to our success are that they have extensive real estate and finance experience, and strong reputations within the life science industry. 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, Griffin, Kreitzer and McDevitt, but we cannot guarantee that they will not terminate their employment prior to the end of the term. We do not have an employment agreement with Mr. Lubushkin.

We may not be successful in acquiring and integrating properties that meet our investment criteria, which may impede our growth.

In addition to the 13 properties we acquired in connection with our initial public offering in August 2004, as of December 31, 2010, we had acquired or had acquired an interest in an additional 72 properties (net of property dispositions). We continue to evaluate the market of available properties and may acquire properties when strategic opportunities exist. 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 also may be unable to obtain financing on favorable terms (or at all), including continued access to our unsecured line of credit, which may be necessary or desirable to fund property acquisitions. We may not be able to quickly and efficiently integrate any properties that we acquire into our organization and manage and lease the new properties in a way that allows us to realize the financial returns that we expect. In addition, we may incur unanticipated costs to make necessary improvements or renovations to acquired properties. Furthermore, our efforts to integrate new property acquisitions may divert management s attention away from or cause disruptions to the operations at our existing properties. If we fail to successfully acquire new properties or integrate them 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.

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

Eighteen of our properties are located in the Boston area. As of December 31, 2010, these properties represented 33.6% of our annualized base rent and 23.6% of our total leased square footage. Eight of our properties are located in Maryland. As of December 31, 2010, these properties represented 15.4% of our annualized base rent and 16.1% of our total leased square footage. In addition, 37 of our properties are located in California, with 24 in San Diego and 13 in San Francisco. As of December 31, 2010, these properties represented 31.3% of our annualized base rent and 35.4% of our total leased square footage. Because of this concentration in three geographic regions, we are particularly vulnerable to adverse conditions affecting Boston, Maryland and California, including general economic conditions, increased competition, a downturn in the local life science industry, real estate conditions, terrorist attacks, earthquakes and wildfires and other natural disasters occurring in these regions. In addition, we cannot assure you that these markets will continue to grow or remain favorable to the life science industry. The performance of the life science industry and the economy in general in these geographic markets may affect occupancy, market rental rates and expenses, and thus may affect our performance and the value of our properties. We are also subject to greater risk of loss from earthquakes or wildfires because of our properties concentration in California. The close proximity of our

13 properties in San Francisco to a fault line makes them more vulnerable to earthquakes than properties in many other parts of the country. Likewise, the wildfires occurring in the San Diego area, most recently in 2003 and in 2007, may make the 24 properties we own in the San Diego area more vulnerable to fire damage or destruction than properties in many other parts of the country.

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

In our formation transactions, certain of our executive officers, Messrs. Gold, and Kreitzer, and certain other individuals contributed properties to our operating partnership. If we were to dispose of these contributed assets in a taxable transaction, Messrs. Gold, and Kreitzer 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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s 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, and Kreitzer are potential recipients of these indemnification payments. Because of these potential payments their personal interests may diverge from those of BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

Risks Related to the Real Estate Industry

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 BioMed Realty, L.P. s unitholders and BioMed Realty Trust, Inc. s 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,
- potential changes in U.S. accounting standards regarding leases making leasing of our properties less attractive to tenants,
- increased operating costs, including insurance premiums, utilities and real estate taxes,
- the ongoing need for capital improvements, particularly in older structures,
- unanticipated delays in the completion of our development or redevelopment projects,

costs of complying with changes in governmental regulations, including usage, zoning, environmental and 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:

the continuation or worsening of the current economic environment,
future 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 BioMed Realty Trust, Inc. s common stock or preferred stock, ability to satisfy our debt service obligations and ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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

Equity real estate investments are relatively illiquid and therefore will tend to limit our ability to vary our portfolio promptly in response to changing economic or other conditions. To the extent the properties are not subject to triple-net leases, some significant expenditures such as real estate taxes and maintenance costs are generally not reduced when circumstances cause a reduction in income from the investment. Should these events occur, our income and funds available for distribution could be adversely affected. If any of the parking leases or licenses associated with our Cambridge portfolio were to expire, or if we were unable to assign these leases to a buyer, it would be more difficult for us to sell these properties and would adversely affect our ability to retain current tenants or attract new tenants at these properties. In addition, as a REIT, BioMed Realty Trust, Inc. may be subject to a 100% tax on net income derived from the sale of property considered to be held primarily for sale to customers in the ordinary course of our business. We may seek to avoid this tax by complying with certain safe harbor rules that generally limit the number of properties we may sell in a given year, the aggregate expenditures made on such properties prior to their disposition, and how long we retain such properties before disposing of them. However, we can provide no assurance that we will always be able to 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.

Declining real estate valuations and impairment charges could adversely affect our earnings and financial condition.

We review the carrying value of our properties when circumstances, such as adverse market conditions (including conditions resulting from the ongoing challenges facing the U.S. economy), indicate potential impairment may exist. We base our review on an estimate of the future cash flows (excluding interest charges) expected to result from the real estate investment s use and eventual disposition. We consider factors such as future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If our evaluation indicates that we may be unable to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair value of the property. These losses have a direct impact on our net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. A worsening real estate market may cause us to reevaluate the assumptions used in our impairment analysis. Although we generally plan to own and operate our existing portfolio of properties over the long term, our ability and/or our intent with regard to the operation of our properties may change to dictate an earlier sale date, and an impairment loss may be recognized in connection with such a proposed sale to reduce the property to the lower of the carrying amount or fair-value less costs to sell. Such impairment charges could be material, and could adversely affect our financial condition, results of operations and per share trading price of BioMed Realty Trust, Inc. s common stock and preferred stock.

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 make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

If we cannot renew leases, we may be unable to re-lease our properties at rates equal to or above the current rate. Even if we can renew leases, tenants may be able to negotiate lower rates as a result of market conditions. Market conditions may also hinder our ability to lease vacant space in newly developed or redeveloped 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 BioMed Realty Trust, Inc. s common stock or preferred stock, our ability to satisfy our debt service obligations and our ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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

We face competition from various entities for investment opportunities in properties for life science tenants, including other REITs, such as health care REITs and suburban office property REITs, pension funds, insurance companies, investment funds and companies, partnerships, and developers. 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 BioMed Realty Trust, Inc. s common stock or preferred stock, ability to satisfy our debt service obligations and ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders may be adversely affected.

Uninsured and underinsured losses could adversely affect our operating results and our ability to make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

We carry comprehensive general liability, fire and extended coverage, terrorism and loss of rental income insurance covering all of our properties under a blanket portfolio policy, with the exception of property insurance on our McKellar Court, 9911 Belward Campus Drive and Shady Grove Road locations, which is carried directly by the tenants in accordance with the terms of their respective leases, and builders risk policies for any projects under construction. In addition, we carry workers compensation coverage for injury to our employees. 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, as well as third-party bodily injury and property damage claims related to the release of hazardous substances. We intend to carry similar insurance with respect to future acquisitions as appropriate. A substantial portion of our properties are located in areas subject to earthquake loss, such as San Diego and San Francisco, California and Seattle, Washington. Although we presently carry earthquake insurance on our properties, the amount of earthquake insurance coverage we 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 the premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss.

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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.

The financial condition of one or more of these insurance companies could significantly deteriorate to the point that they may be unable to pay future insurance claims. This risk has increased as a result of the current economic environment and ongoing disruptions in the financial markets. The inability of any of these insurance companies to pay future claims under our policies may adversely affect our financial condition and results of operations.

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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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

- the owner s 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. In most cases, 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 to us. However, we cannot guarantee that additional contamination will not be discovered in the future or any identified contamination will 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 properties, in Cambridge, Massachusetts, 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 of the Elliott Avenue property would be required unless major structural changes were made to the building that resulted in the soil becoming exposed. In addition, the remediation of certain environmental conditions at off-site parcels located in Cambridge, Massachusetts, which was an assumed obligation of our joint venture, PREI II LLC, has been substantially completed as of December 31, 2009. We do not expect these matters to materially adversely affect such properties value or the cash flows related to such properties, but we can provide no assurances to that effect.

Environmental laws also:

- may require the removal or upgrade of underground storage tanks,
- regulate the discharge of storm water, wastewater and other pollutants,
- 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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders. Licensing requirements governing use of radioactive materials by tenants may also restrict the use of or ability to transfer space in buildings we own.

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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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

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

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

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

All of our properties are required to comply with the ADA. The ADA requires that all public accommodations must meet federal requirements related to access and use by disabled persons. Although we believe that our properties substantially comply with present requirements of the ADA, we have not conducted an audit of all of such properties to determine compliance. If one or more properties are not in compliance with the ADA, then we would be required to bring the non-compliant 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 and/or attorneys fees to private litigants, or both. Additional federal, state and local laws also may require us to modify properties or could restrict our ability to renovate properties. Complying with the ADA or other legislation could be very expensive. If we incur substantial costs to comply with such laws, our financial condition, results of operations, cash flow, per share trading price of our common stock or preferred stock, our ability to satisfy our debt service obligations and our ability to pay distributions to BioMed Realty, L.P. s unitholders and BioMed Realty Trust, Inc. s stockholders could be adversely affected.

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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. In addition, we do not know whether existing requirements will change or whether future requirements, including any requirements that may emerge from pending or future climate change legislation, 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 BioMed Realty Trust, Inc. s common stock or preferred stock, our ability to satisfy our debt service obligations and our ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

Risks Related to Our Capital Structure

A downgrade in our investment grade credit rating could materially adversely affect our business and financial condition.

In April 2010, we received investment grade corporate credit ratings from two rating agencies. There can be no assurance that we will be able to maintain our current credit ratings. Any downgrades in terms of ratings or outlook by either or both of the rating agencies could have a material adverse impact on our cost and availability of capital, which could in turn have a material adverse impact on our financial condition, results of operations and liquidity and a material adverse effect on the market price of BioMed Realty Trust, Inc. s common stock.

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:

- 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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s 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 unitholders and stockholders.
- One or more lenders under our $720.0 million unsecured line of credit could refuse to fund their financing commitment to us or could fail, and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all.
- 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).

As of December 31, 2010, we had outstanding mortgage indebtedness of $652.3 million, excluding $5.6 million of debt premium; $19.8 million of outstanding aggregate principal amount of the Notes due 2026, excluding $278,000 of debt discount; $180.0 million of outstanding aggregate principal amount of the Notes due 2030; $250.0 million of outstanding aggregate principal amount of the Notes due 2020, excluding $2.4 million of debt discount; $392.5 million in outstanding borrowings under our $720.0 million unsecured line of credit; and $40.7 million of borrowings under a secured loan and $40.5 million of borrowings under a secured construction loan representing our proportionate share of indebtedness in our unconsolidated partnerships. We expect to incur additional debt in connection with future acquisitions and development. Our organizational documents do not limit the amount or percentage of debt that we may incur. As of December 31, 2010, the principal payments due for our consolidated indebtedness were $424.3 million in 2011, $45.2 million in 2012 and $25.7 million in 2013. In addition, our portion of the principal payments due for our unconsolidated indebtedness relating to our PREI joint ventures was $40.5 million in 2011 and $40.7 million in 2012, after taking into account the effect of extensions signed in January 2011. Given current economic conditions including, but not limited to, the credit crisis and related turmoil in the global financial system, we may be unable to refinance these obligations when due, which may negatively affect our ability to conduct operations.

Disruptions in the financial markets and the downturn of the broader U.S. economy could affect our ability to obtain debt financing on reasonable terms, or at all, and have other adverse effects on us.

In recent years, the U.S. credit markets have experienced significant dislocations and liquidity disruptions. These circumstances have materially impacted liquidity in the debt markets, making financing terms for some borrowers less attractive, and in certain cases have resulted in the unavailability of certain types of debt financing. Uncertainty in the credit markets may negatively impact our ability to access additional debt financing or to refinance existing debt maturities on reasonable terms (or at all), which may negatively affect our ability to conduct operations, make acquisitions and fund current and future development and redevelopment projects. In addition, if the financial position of the lenders under our unsecured line of credit worsened they could default on their obligations to make available to us the funds under that facility. A prolonged downturn in the credit markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly. In addition, these factors could make it more difficult for us to sell properties or adversely affect the price we receive for properties that we do sell, as prospective buyers may experience increased costs of debt financing or difficulties in obtaining debt financing. Adverse events in the credit markets could also have an adverse effect on other financial markets in the United States and globally, including the stock markets, which could make it more difficult or costly for us to raise capital through the issuance of common stock, preferred stock or other equity securities.

Reduced access to liquidity could have a negative impact on the U.S. economy, affecting consumer confidence and spending and negatively impacting the volume and pricing of real estate transactions. If there were a downturn in the national economy, the value of our properties, as well as the income we receive from our properties, could be adversely affected.

Disruptions in the financial markets could also have other adverse effects on us or the economy generally, which could adversely affect our ability to service our debt obligations and our ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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 or the amount of the hedge may not match the duration or amount of the related liability.
- The party owing money in the hedging transaction may default on its obligation to pay.

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

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

Hedging involves risk and typically involves costs, including transaction costs, that may reduce our overall returns on our investments. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distribution to stockholders. We generally intend to hedge as much of the interest rate risk as management determines is in our best interests given the cost of such hedging transactions. The REIT qualification rules may limit our ability to enter into hedging transactions by requiring us to limit our income from hedges. If we are unable to hedge effectively because of the REIT rules, we will face greater interest rate exposure than may be commercially prudent.

As of December 31, 2010, we had two interest rate swaps with an aggregate notional amount of $150.0 million that expire in August 2011, under which, at each monthly settlement date, we either (1) receive the difference between a fixed interest rate (the Strike Rate) and one-month LIBOR if the Strike Rate is less than LIBOR or (2) pay such difference if the Strike Rate is greater than LIBOR.

For further detail regarding our interest rate swaps, see Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

The terms governing our unsecured line of credit and the Notes due 2020 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 BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

The terms of our unsecured line of credit 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 requirement (as defined) during the term of the loan, which could reduce our ability to incur additional debt and consequently reduce our ability to pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders. The terms of our unsecured line of credit also contain limitations on our ability to make distributions to BioMed Realty Trust, Inc. s stockholders in excess of those required to maintain BioMed Realty Trust, Inc. s REIT status. Specifically, the terms of our unsecured line of credit limit distributions to 95% of funds from operations, but not less than the minimum necessary to enable us to meet BioMed Realty Trust, Inc. s REIT income distribution requirements. In addition, the terms of our unsecured line of credit 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. The indenture governing the Notes due 2020 also contains financial and operating covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to (1) consummate a merger, consolidation or sale of all or substantially all of our assets and (2) incur additional secured and unsecured indebtedness.

The covenants relating to our unsecured line of credit and the Notes due 2020 may adversely affect our flexibility and our ability to achieve our operating plans. Our ability to comply with these covenants and other provisions relating to our credit agreement and the Notes due 2020 may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events adversely impacting us. The breach of any of these covenants could result in a default under our indebtedness, which could cause those and other obligations to become due and payable. If any of our indebtedness is accelerated, we may not be able to repay it, pursue our business plan or make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

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If we fail to obtain external sources of capital, which is outside of our control, we may be unable to make distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders, maintain our REIT qualification, or fund growth.

In order to maintain BioMed Realty Trust, Inc. s qualification as a REIT and to avoid incurring a nondeductible excise tax, we are required, among other things, to distribute annually at least 90% of BioMed Realty Trust, Inc. s REIT 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 BioMed Realty Trust, Inc. s 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 or preferred stock.

Our inability to obtain capital from third-party sources will adversely affect our business and limit our growth. Without sufficient capital, we may not be able to acquire or develop properties when strategic opportunities exist, satisfy our debt service obligations or make the cash distributions to BioMed Realty Trust, Inc. s stockholders necessary to maintain our qualification as a REIT. For distributions with respect to the taxable years ending on or before December 31, 2011, recent Internal Revenue Service, or IRS, guidance allows BioMed Realty Trust, Inc. to satisfy up to 90% of BioMed Realty Trust, Inc. s distribution requirements through the distribution of shares of BioMed Realty Trust, Inc. s common stock, provided certain conditions are met.

Increases in interest rates could increase the amount of our debt payments, adversely affecting our ability to service our debt obligations and pay distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders.

Interest we pay could reduce cash available for payments with respect to distributions. Additionally, if we incur variable rate debt, including borrowings under our $720.0 million unsecured line of credit, 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 payments with respect to distributions to BioMed Realty, L.P. s unitholders and BioMed Realty Trust, Inc. s stockholders. In addition, if we need to repay existing debt during a period of rising interest rates, we could be required to liquidate one or more of our investments in properties at times that may not permit realization of the maximum return on such investments.

Risks Related to Our Organizational Structure

BioMed Realty Trust, Inc. s 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.

BioMed Realty Trust, Inc. s charter, including the articles supplementary with respect to its preferred stock, contains ownership limits that may delay, defer or prevent a change of control transaction. BioMed Realty Trust, Inc s charter, with certain exceptions, authorizes BioMed Realty Trust, Inc. s directors to take such actions as are necessary and desirable to preserve its qualification as a REIT. Unless exempted by its board of directors, no person may own more than 9.8% of the value of BioMed Realty Trust, Inc. s outstanding shares of capital stock or more than 9.8% in value or number (whichever is more restrictive) of the outstanding shares of its common stock or Series A preferred stock. The board may not grant such an exemption to a person whose ownership in excess of 9.8% of BioMed Realty Trust, Inc. s outstanding shares would result in BioMed Realty Trust, Inc. s failure to qualify as a REIT. These restrictions on transferability and ownership will not apply if BioMed Realty Trust, Inc. s board of directors determines that it is no longer in BioMed Realty Trust, Inc. s best interests 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 BioMed Realty

Trust, Inc. s common stock or otherwise be in the best interests of its stockholders.

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BioMed Realty Trust, Inc. could authorize and issue stock without stockholder approval that may delay, defer or prevent a change of control transaction. BioMed Realty Trust, Inc. s charter authorizes it to issue additional authorized but unissued shares of its common stock or preferred stock. In addition, BioMed Realty Trust, Inc. s board of directors may classify or reclassify any unissued shares of BioMed Realty Trust, Inc. s 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 BioMed Realty Trust, Inc. s charter to increase or decrease the authorized number of shares of BioMed Realty Trust, Inc. s common stock or preferred stock that it may issue. The board of directors could establish a class or series of common stock or preferred stock that could, depending on the terms of such class or series, delay, defer or prevent a transaction or a change of control that might involve a premium price for BioMed Realty Trust, Inc. s common stock or otherwise be in the best interests of its stockholders.

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

- business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder or an affiliate of an interested stockholder for certain periods. An interested stockholder is generally any person who beneficially owns 10% or more of the voting power of BioMed Realty Trust, Inc. s outstanding voting shares or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of BioMed Realty Trust, Inc. s then outstanding stock. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. Business combinations with an interested stockholder are prohibited for five years after the most recent date on which the stockholder becomes an interested stockholder. After that period, the MGCL imposes two super-majority voting requirements on such business combinations, and
- control share provisions that provide that holders of control shares of BioMed Realty Trust, Inc. acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter (excluding interested shares). Control shares are voting shares that, when aggregated with all other shares owned by the stockholder or in respect of which the stockholder is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors. A control share acquisition is the direct or indirect acquisition of ownership or control of control shares.

In the case of the business combination provisions of the MGCL, we opted out by resolution of BioMed Realty Trust, Inc. s board of directors with respect to any business combination between us and any person provided such business combination is first approved by BioMed Realty Trust, Inc. s 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 BioMed Realty Trust, Inc. s bylaws. However, BioMed Realty Trust, Inc. s 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 BioMed Realty Trust, Inc. s bylaws, which BioMed Realty Trust, Inc. s board of directors can do without stockholder approval.

The partnership agreement of BioMed Realty, L.P., Maryland law, and BioMed Realty Trust, Inc. s 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 BioMed Realty Trust, Inc. s common stock or otherwise be in the best interest of BioMed Realty Trust, Inc. s stockholders.

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BioMed Realty Trust, Inc. s board of directors may amend our investing and financing policies in a manner that could increase the risk we default under our debt obligations or that could harm our business and results of operations.

BioMed Realty Trust, Inc. s board of directors has adopted a policy of targeting our indebtedness at approximately 50% of our total asset book value. 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. BioMed Realty Trust, Inc. s 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 distributions to BioMed Realty, L.P. s unitholders or BioMed Realty Trust, Inc. s stockholders. Higher leverage also increases the risk we could 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.

We have investments in joint ventures with PREI, which were formed in the second quarter of 2007. While we, as managing member, are authorized to carry out the day-to-day management of the business and affairs of the PREI joint ventures, PREI s prior written consent is required for certain decisions, including decisions relating to financing, budgeting and the sale or pledge of interests in the properties owned by the PREI joint ventures.

In addition, each of the PREI operating agreements includes a put/call option whereby either member can cause the limited liability company to sell certain properties in which it holds leasehold interests to us at any time after the fifth anniversary and before the seventh anniversary of the acquisition date. The put/call option may be exercised at a time we do not deem favorable for financial or other reasons, including the availability of cash at such time and the impact of tax consequences resulting from any sale.

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Risks Related to BioMed Realty Trust, Inc. s REIT Status

BioMed Realty Trust, Inc. s failure to qualify as a REIT under the Code would result in significant adverse tax consequences to us and would adversely affect our business.

We believe that we have operated and intend to continue operating in a manner intended to allow BioMed Realty Trust, Inc. to qualify as a REIT for federal income tax purposes under the Internal Revenue Code of 1986, as amended, or the Code. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The fact that we hold substantially all of our assets through our operating partnership further complicates the application of the REIT requirements. Even a seemingly minor technical or inadvertent mistake could jeopardize BioMed Realty Trust, Inc. s REIT status. BioMed Realty Trust, Inc. s REIT status depends upon various factual matters and circumstances that may not be entirely within our control. For example, in order for BioMed Realty Trust, Inc. to qualify as a REIT, at least 95% of our gross income in any year must be derived from qualifying sources, and we must satisfy a number of requirements regarding the composition of our assets. Also, BioMed Realty Trust, Inc. must make distributions to stockholders aggregating annually at least 90% of BioMed Realty Trust, Inc. s REIT taxable income, excluding capital gains. In addition, new legislation, regulations, administrative interpretations or court decisions, each of which could have retroactive effect, may make it more difficult or impossible for BioMed Realty Trust, Inc. 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 BioMed Realty Trust, Inc. qualifies as a REIT, and the statements in this report are not binding on the IRS or any court. Accordingly, we cannot be certain that BioMed Realty Trust, Inc. has qualified or will continue to qualify as a REIT.

If BioMed Realty Trust, Inc. fails to qualify as a REIT in any taxable year, we will face serious adverse tax consequences that would substantially reduce the funds available to make payments of principal and interest on the debt securities we issue and for distribution to BioMed Realty Trust, Inc. s stockholders. If BioMed Realty Trust, Inc. fails to qualify as a REIT:

- 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, BioMed Realty Trust, Inc. could not elect to be taxed as a REIT for four taxable years following the year in which BioMed Realty Trust, Inc. was disqualified.

In addition, if BioMed Realty Trust, Inc. fails to qualify as a REIT, we will not be required to make distributions to stockholders; however, all distributions to BioMed Realty Trust, Inc. s stockholders would be subject to tax as qualifying corporate dividends to the extent of our current and accumulated earnings and profits. As a result of all these factors, BioMed Realty Trust, Inc. s failure to qualify as a REIT could impair our ability to expand our business and raise capital and would adversely affect the value of BioMed Realty Trust, Inc. s common stock and preferred stock.

To maintain BioMed Realty Trust, Inc. s REIT status, we may be forced to borrow funds during unfavorable market conditions to make distributions to BioMed Realty Trust, Inc. s stockholders.

For BioMed Realty Trust, Inc. to qualify as a REIT, we generally must distribute to BioMed Realty Trust, Inc. s stockholders at least 90% of our REIT taxable income each year, determined by excluding any net capital gain, and we will be subject to regular corporate income taxes to the extent that we distribute less than 100% of our REIT taxable income each year. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. For distributions with respect to taxable years ending on or before December 31, 2011, recent IRS guidance allows us to satisfy up to 90% of these requirements through the distribution of shares of BioMed Realty Trust, Inc. s common stock, provided certain conditions are met. To maintain BioMed Realty Trust, Inc. s REIT status and avoid the payment of income and excise taxes we may need to borrow funds to meet the REIT distribution requirements. 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.

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

To maintain BioMed Realty Trust, Inc. s REIT status, we may be forced to forego otherwise attractive opportunities.

For BioMed Realty Trust, Inc. 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 BioMed Realty Trust, Inc. s stockholders and the ownership of BioMed Realty Trust, Inc. s stock. We may be required to make distributions to BioMed Realty Trust, Inc. s 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.

Risks Related to the Ownership of BioMed Realty Trust, Inc. Stock

The market price and trading volume of BioMed Realty Trust, Inc. s common stock may be volatile.

The market price of BioMed Realty Trust, Inc. s common stock has recently been, and may continue to be, volatile. In addition, the trading volume in BioMed Realty Trust, Inc. s common stock may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of BioMed Realty Trust, Inc. s common stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect BioMed Realty Trust, Inc. s share price or result in fluctuations in the price or trading volume of BioMed Realty Trust, Inc. s common stock include:

- actual or anticipated variations in our quarterly operating results or distributions,
- 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 BioMed Realty Trust, Inc. s shares to demand a higher yield,
- changes in market valuations of similar companies,
- adverse market reaction to any additional debt we incur or acquisitions we make in the future,
- additions or departures of key management personnel,
- actions by institutional stockholders,
- speculation in the press or investment community,
- the realization of any of the other risk factors presented in this report, and
- general market and economic conditions.

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Broad market fluctuations could negatively impact the market price of BioMed Realty Trust, Inc. s common stock or preferred stock.

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

Market interest rates may have an adverse effect on the market price of BioMed Realty Trust, Inc. s securities.

One of the factors that will influence the price of BioMed Realty Trust, Inc. s common stock and preferred stock will be the dividend yield on such stock (as a percentage of the price of the stock) relative to market interest rates. An increase in market interest rates may lead prospective purchasers of BioMed Realty Trust, Inc. s common stock or Series A preferred stock to expect a higher dividend yield, and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of BioMed Realty Trust, Inc. s common stock and Series A preferred stock to fall.

Our distributions to unitholders and stockholders may decline at any time.

We may not continue our current level of distributions to unitholders and stockholders. BioMed Realty Trust, Inc. s board of directors will determine future distributions based on a number of factors, including:

- cash available for distribution,
- operating results,
- our financial condition, especially in relation to our anticipated future capital needs,
- then current expansion plans,
- the distribution requirements for REITs under the Code, and
- other factors our board deems relevant.

In April 2009, in an effort to maintain financial flexibility in light of the current capital markets environment, we reset our annual dividend rate on shares of BioMed Realty Trust, Inc. s common stock and the annual distribution rate on BioMed Realty, L.P. s OP units to $0.44 per share or unit, starting in the second quarter of 2009. We subsequently increased these rates to $0.56 per share or unit, starting in the fourth quarter of 2009, to $0.60 per share or unit, starting in the second quarter of 2010, and to $0.68 per share or unit, starting in the third quarter of 2010. The decision to declare and pay dividends on shares of BioMed Realty Trust, Inc. s common stock or distributions to BioMed Realty, L.P. s OP units in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of BioMed Realty Trust, Inc. s board of directors in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors. Any change in our dividend policy could have a material adverse effect on the market price of BioMed Realty Trust, Inc. s common stock.

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The number of shares of BioMed Realty Trust, Inc. s common stock available for future sale could adversely affect the market price of BioMed Realty Trust, Inc. s common stock.

We cannot predict whether future issuances of shares of BioMed Realty Trust, Inc. s common stock or the availability of shares for resale in the open market will decrease the market price per share of BioMed Realty Trust, Inc. s common stock. As of December 31, 2010, 131,046,509 shares of BioMed Realty Trust, Inc. s common stock were issued and outstanding, as well as BioMed Realty L.P. s operating partnership units and LTIP units which may be exchanged for 2,593,538 and 407,712 shares of BioMed Realty Trust, Inc. s common stock, respectively, based on the number of shares of common stock, operating partnership units and LTIP units outstanding as of December 31, 2010. In addition, as of December 31, 2010, we had reserved an additional 2,509,809 shares of common stock for future issuance under our incentive award plan, 534,107 shares potentially issuable upon exchange of the Notes due 2026 (based on the exchange rate as of December 31, 2010), and 9,914,076 shares potentially issuable upon exchange of the Notes due 2030 (based on the exchange rate as of December 31, 2010). Sales of substantial amounts of shares of BioMed Realty Trust, Inc. s common stock in the public market, or upon exchange of operating partnership units, LTIP units, the Notes due 2026 or the Notes due 2030, or the perception that such sales might occur, could adversely affect the market price of BioMed Realty Trust, Inc. s common stock.

Furthermore, under the rules adopted by the Securities and Exchange Commission in December 2005 regarding registration and offering procedures, if we meet the definition of a well-known seasoned issuer under Rule 405 of the Securities Act, we are permitted to file an automatic shelf registration statement that will be immediately effective upon filing. On September 4, 2009, we filed such an automatic shelf registration statement, as amended, which may permit us, from time to time, to offer and sell debt securities, common stock, preferred stock, warrants and other securities to the extent necessary or advisable to meet our liquidity needs.

Any of the following could have an adverse effect on the market price of BioMed Realty Trust, Inc. s common stock:

- the exchange of operating partnership units, LTIP units, the Notes due 2026 or the Notes due 2030,
- additional grants of LTIP units, restricted stock or other securities to our directors, executive officers and other employees under our incentive award plan,
- additional issuances of preferred stock with liquidation or distribution preferences, and
- other issuances of BioMed Realty Trust, Inc. s common stock.

Additionally, the existence of operating partnership units, LTIP units, the Notes due 2026 or the Notes due 2030 and shares of BioMed Realty Trust, Inc. s common stock reserved for issuance upon exchange of operating partnership units, LTIP units, the Notes due 2026 or the Notes due 2030 and under our incentive award plan may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of shares of BioMed Realty Trust, Inc. s common stock may be dilutive to existing stockholders.

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

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Existing Portfolio

At December 31, 2010, our portfolio consisted of 85 properties, representing 147 buildings with an aggregate of approximately 12.2 million rentable square feet.

The following reflects the classification of our properties between stabilized (operating properties in which more than 90% of the rentable square footage is under lease), lease up (operating properties in which less than 90% of the rentable square footage is under lease), long-term lease up (our Pacific Research Center property), development (properties that are currently under development through ground up construction), redevelopment properties (properties that are currently being prepared for their intended use), pre-development (development properties that are engaged in activities related to planning, entitlement, or other preparations for future construction) and development potential (representing management s estimates of rentable square footage if development of these properties was undertaken) at December 31, 2010:

	Consolidated Portfolio			Unconsolidated Partnership Portfolio			Total Portfolio		
	Properties	**Rentable Square Feet**	**Percent Leased**	**Properties**	**Rentable Square Feet**	**Percent Leased**	**Properties**	**Rentable Square Feet**	**Percent Leased**
Stabilized	53	6,518,536	98.6%	4	72,863	100.0%	57	6,591,399	98.6%
Lease up	22	2,998,293	65.0%	3	881,695	44.1%	25	3,879,988	60.2%
Current operating portfolio	75	9,516,829	88.0%	7	954,558	48.3%	82	10,471,387	84.4%
Long-term lease up	1	1,389,517	24.0%			n/a	1	1,389,517	24.0%
Total operating portfolio	76	10,906,346	79.9%	7	954,558	48.3%	83	11,860,904	77.3%
Development	1	176,000	100.0%			n/a	1	176,000	100.0%
Redevelopment			n/a			n/a			n/a
Pre-development	1	152,145				n/a	1	152,145	
Total property portfolio	78	11,234,491	79.1%	7	954,558	48.3%	85	12,189,049	76.7%
Development potential		2,626,000						2,626,000	
Total portfolio		13,860,491						14,815,049	

Our total portfolio by market at December 31, 2010 was as follows:

		Current (1)			Expiration (2)		
Market	**Leased Square Feet**	**Annualized Base Rent** (in thousands)	**Percent of Annualized Base Rent**	**Annualized Base Rent per Leased Sq Ft**	**Annualized Base Rent** (in thousands)	**Percent of Annualized Base Rent**	**Annualized Base Rent per Leased Sq Ft**

Boston (3)	2,201,857	$ 118,915	33.6%	$	54.01	$ 128,303	30.4%	$	58.27
San Francisco	1,596,534	56,166	15.8%		35.18	70,260	16.6%		44.01
San Diego (3)	1,713,821	54,925	15.5%		32.05	69,793	16.5%		40.72
Maryland	1,502,766	54,402	15.4%		36.20	70,858	16.8%		47.15
New York / New Jersey	1,060,042	35,512	10.0%		33.50	44,387	10.5%		41.87
Pennsylvania	710,005	15,707	4.4%		22.12	17,213	4.1%		24.24
Seattle	180,136	7,711	2.2%		42.81	9,160	2.2%		50.85
University Related Other	381,390	11,068	3.1%		29.02	12,128	2.9%		31.80
Total Portfolio / Weighted Average	9,346,551	$ 354,406	100.0%	$	37.92	$ 422,102	100.0%	$	45.16

(1) In this and other tables, annualized current base rent is the monthly contractual rent under existing leases at December 31, 2010, or if rent has not yet commenced, the first monthly rent amount that will be due at rent commencement, multiplied by 12 months.

(2) Annualized base rent at expiration is the monthly contractual rent as of date of expiration of the applicable lease (not including any extension option(s)), multiplied by 12 months.

(3) We are a member of the unconsolidated limited liability companies that own a portfolio of properties in Cambridge, Massachusetts, and we are entitled to approximately 20% of the operating cash flows. We also own the general partnership interest in the unconsolidated limited partnership that owns the McKellar Court property, which entitles us to 75% of the gains upon a sale of the property and 22% of the operating cash flows.

Properties we owned, or had an ownership interest in, at December 31, 2010 were as follows:

Property	Rentable Square Feet	Percent Leased
Boston		
Albany Street	75,003	100.0%
Center for Life Science ǀ Boston	704,159	91.1%
Charles Street	47,912	100.0%
Coolidge Avenue	37,400	34.7%
21 Erie Street	48,627	100.0%
40 Erie Street	100,854	100.0%
47 Erie Street Parking Structure	447 Stalls	n/a
Fresh Pond Research Park	90,702	56.8%
675 West Kendall Street (Kendall A)	302,919	98.7%
500 Kendall Street (Kendall D)	349,325	98.5%
Sidney Street	191,904	100.0%
Vassar Street	52,520	0.0%
San Francisco		
Ardentech Court	55,588	100.0%
Ardenwood Venture (1)	72,500	38.1%
Bayshore Boulevard	183,344	100.0%
Bridgeview Technology Park I	201,567	62.1%
Bridgeview Technology Park II	50,400	50.0%
Dumbarton Circle	44,000	100.0%
Eccles Avenue (2)	152,145	0.0%
Forbes Boulevard	237,984	50.0%
Industrial Road	171,965	83.8%
Gateway Business Park	284,013	100.0%
Kaiser Drive	87,953	56.8%
Pacific Research Center	1,389,517	24.0%
Science Center at Oyster Point	204,887	100.0%
Maryland		
Beckley Street	77,225	100.0%
9911 Belward Campus Drive	289,912	100.0%
9920 Belward Campus Drive	51,181	100.0%
Medical Center Drive	217,983	100.0%
Shady Grove Road	635,058	100.0%
Tributary Street	91,592	100.0%
50 West Watkins Mill Road	57,410	100.0%
55 / 65 West Watkins Mill Road	82,405	100.0%
San Diego		
Balboa Avenue	35,344	100.0%
Bernardo Center Drive	61,286	100.0%
4570 Executive Drive	125,219	100.0%
4775 / 4785 Executive Drive	62,896	0.0%
Faraday Avenue	28,704	100.0%
Gazelle Court(3)	176,000	100.0%
3525 John Hopkins Court	48,306	100.0%
3545-3575 John Hopkins Court	72,192	29.7%

6114-6154 Nancy Ridge Drive	196,557	100.0%
6828 Nancy Ridge Drive	42,138	100.0%
Pacific Center Boulevard	66,745	100.0%
Road to the Cure	67,998	79.6%
San Diego Science Center	105,364	75.7%
10240 Science Center Drive	49,347	100.0%
10255 Science Center Drive	53,740	100.0%
Sorrento Valley Boulevard	54,924	100.0%
11388 Sorrento Valley Road	35,940	100.0%
Sorrento Plaza	31,184	100.0%
Sorrento West	163,799	91.1%
Torreyana Road	81,204	100.0%
9865 Towne Centre Drive	94,866	100.0%
9885 Towne Centre Drive	104,870	100.0%
Waples Street	50,055	100.0%
New York/New Jersey		
Graphics Drive	72,300	89.8%
Landmark at Eastview	743,550	85.3%
Landmark at Eastview II	360,520	100.0%
One Research Way	49,421	0.0%

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Property	Rentable Square Feet	Percent Leased
Pennsylvania		
Eisenhower Road	27,750	59.7%
George Patterson Boulevard	71,500	100.0%
King of Prussia	427,109	87.7%
Phoenixville Pike	104,400	95.7%
Spring Mill Drive	76,561	100.0%
900 Uniqema Boulevard (4)	11,293	100.0%
1000 Uniqema Boulevard (4)	59,821	100.0%
Seattle		
Elliott Avenue	154,341	0.0%
500 Fairview Avenue	22,213	100.0%
530 Fairview Avenue	96,188	66.8%
Monte Villa Parkway	51,000	100.0%
217th Place	67,799	62.9%
University Related Other		
Lucent Drive (5)	21,500	100.0%
Paramount Parkway(6)	61,603	100.0%
Patriot Drive(7)	48,394	82.0%
Trade Centre Avenue (8)	78,023	100.0%
Walnut Street (9)	149,984	100.0%
Weston Parkway(10)	30,589	100.0%
Total Consolidated Portfolio/Weighted-Average	11,234,491	79.1%
Unconsolidated Portfolio:		
McKellar Court (11)	72,863	100.0%
320 Bent Street (12)	184,405	78.8%
301 Binney Street (12)	417,290	58.3%
301 Binney Garage (12)	503 Stalls	n/a
650 E. Kendall Street (Kendall B) (12)	280,000	0.0%
350 E. Kendall Street Garage (Kendall F) (12)	1,409 Stalls	n/a
Kendall Crossing Apartments (12)	37 Apts.	n/a
Total Portfolio/Weighted-Average	12,189,049	76.7%

(1) We own an 87.5% membership interest in the limited liability company that owns this property.

(2) The property was under pre-development at December 31, 2010.

(3) The property was under development at December 31, 2010.

(4) Located in New Castle, Delaware.

(5) Located in Lebanon, New Hampshire.

(6) Located in Morrisville, North Carolina.

(7) Located in Durham, North Carolina.

(8) Located in Longmont, Colorado.

(9) Located in Boulder, Colorado.

(10) Located in Cary, North Carolina.

(11) We own the general partnership interest in the limited partnership that owns the McKellar Court property, which entitles us to 75% of the extraordinary cash flows after repayment of the partners capital contributions and 22% of the operating cash flows. The property is located in San Diego, California.

(12) We are a member of the limited liability companies that own a portfolio of properties in Cambridge, Massachusetts, which entitles us to approximately 20% of the operating cash flows.

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Tenant Information

As of December 31, 2010, our consolidated and unconsolidated properties were leased to 160 tenants, and 87% of our annualized base rent was derived from tenants that were research institutions or public companies or their subsidiaries. The following is a summary of our ten largest tenants based on percentage of our annualized base rent as of December 31, 2010:

Tenant	Leased Square Feet	Annualized Base Rent Current (1) (In thousands)	Annualized Base Rent per Leased Square Foot Current	Percent of Annualized Base Rent - Current Total Portfolio	Lease Expiration Date(s)
Human Genome Sciences, Inc.	924,970	$ 42,756	$ 46.22	12.1%	June 2026
Vertex Pharmaceuticals Incorporated (2)	685,286	31,167	45.48	8.8%	Multiple
Elan Pharmaceuticals, Inc. (3)	419,628	26,121	62.25	7.4%	Multiple
Beth Israel Deaconess Medical Center, Inc.	362,364	25,543	70.49	7.2%	July 2023
Regeneron Pharmaceuticals, Inc.(4)	564,547	22,818	40.42	6.4%	Multiple
Genzyme Corporation	343,000	15,464	45.08	4.4%	August 2018
Merck & Co., Inc. (5)	214,946	10,003	46.54	2.8%	Multiple
Children s Hospital Corporation	150,215	9,151	60.92	2.6%	May 2023
Ironwood Pharmaceuticals, Inc. (6)	163,646	8,787	53.70	2.5%	February 2016
Centocor Ortho Biotech, Inc. (Johnson & Johnson)	374,387	8,490	22.68	2.4%	April 2014
Total / Weighted Average (7)	4,202,989	$ 200,300	$ 47.66	56.6%	

(1) Based on current annualized base rent. Current annualized base rent is the monthly contractual rent as of the current quarter ended, or if rent has not yet commenced, the first monthly rent payment due at each rent commencement date, multiplied by twelve months.

(2) 20,608 square feet expires May 2012, 81,204 square feet expires October 2013, 292,758 square feet expires January 2016, and 290,716 square feet expires May 2018.

(3) 5,198 square feet expires January 2011, 138,963 square feet expires December 2012, 15,482 square feet expires January 2013, 55,098 square feet expires December 2014, 115,888 square feet expires April 2024, and 88,999 square feet expires February 2025.

(4) 16,725 square feet expires March 2011, 6,568 square feet expires August 2011, and 541,254 square feet expires July 2024.

(5) We own 20% of the limited liability company that owns 320 Bent, a property at which this tenant leases 145,304 square feet. This tenant also guarantees rent on 39,053 square feet leased at Landmark at Eastview and 30,589

square feet leased at Weston Parkway. 39,053 square feet expires July 2012, 30,589 square feet expires January 2014 and 145,304 square feet expires September 2016.

(6) We own 20% of the limited liability company that owns 301 Binney, at which this tenant leases 163,646 square feet.

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

Lease Terms

Our leases are typically structured for terms of five to 15 years, with extension options, and include a fixed rental rate with scheduled annual escalations. From time to time, we offer rent concessions to new tenants, including periods of free rent or contractual rent discounted from prevailing market rates. Any decision to offer a rent concession, however, is made on a case-by-case basis after taking into account factors such as anticipated lease terms, general and local market conditions, local practices and tenant characteristics. Approximately 98.8% of current annualized base rent at December 31, 2010 was earned from triple-net leases. Triple-net leases are those in which tenants pay not only base rent, but also some or all real estate taxes and operating expenses of the leased property. Current annualized base rent is the monthly contractual rent as of the current quarter ended, or if rent has not yet commenced, the first monthly rent payment due at each rent commencement date, multiplied by twelve months. Tenants typically reimburse us for the full direct cost, without regard to a base year or expense stop, for use of lighting, heating and air conditioning, and certain capital improvements necessary to maintain the property in its original condition. We are generally responsible for structural repairs.

Item 3. ***Legal Proceedings***

Although we are involved in legal proceedings arising in the ordinary course of business, we are not currently a party to any legal proceedings nor is any legal proceeding threatened against us that we believe would have a material adverse effect on our financial position, results of operations or liquidity.

Item 4. ***(Removed and Reserved)***

PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (BioMed Realty Trust, Inc.)***

BioMed Realty Trust, Inc. s common stock has been listed on the New York Stock Exchange, or NYSE, under the symbol BMR since August 6, 2004. On February 7, 2011, the reported closing sale price per share for BioMed Realty Trust, Inc. s common stock on the NYSE was $18.20 and there were approximately 240 holders of record. The following table sets forth, for the periods indicated, the high, low and last sale prices in dollars on the NYSE for our common stock and the distributions we declared per share.

Period	High	Low	Last	Cash Dividend per Common Share
First Quarter 2009	$ 13.52	$ 6.02	$ 6.77	$ 0.335
Second Quarter 2009	$ 12.21	$ 6.47	$ 10.23	$ 0.110
Third Quarter 2009	$ 15.31	$ 9.16	$ 13.80	$ 0.110
Fourth Quarter 2009	$ 16.59	$ 12.62	$ 15.78	$ 0.140
First Quarter 2010	$ 17.88	$ 13.36	$ 16.54	$ 0.140
Second Quarter 2010	$ 19.50	$ 15.04	$ 16.09	$ 0.150
Third Quarter 2010	$ 19.25	$ 14.79	$ 17.92	$ 0.170
Fourth Quarter 2010	$ 19.50	$ 16.64	$ 18.65	$ 0.170

Information about our equity compensation plans is incorporated by reference in Item 12 of Part III of this annual report on Form 10-K.

Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities (BioMed Realty, L.P.)

There is no established public trading market for BioMed Realty, L.P. s OP units. As of February 7, 2011, there were 19 holders of record of BioMed Realty, L.P. s OP units, including BioMed Realty Trust, Inc. The following table sets forth, for the periods indicated, the distributions we declared with respect to BioMed Realty, L.P. s OP units for the periods indicated.

Period	Cash Distribution per Unit
First Quarter 2009	$ 0.335
Second Quarter 2009	$ 0.110
Third Quarter 2009	$ 0.110
Fourth Quarter 2009	$ 0.140
First Quarter 2010	$ 0.140
Second Quarter 2010	$ 0.150
Third Quarter 2010	$ 0.170
Fourth Quarter 2010	$ 0.170

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As of December 31, 2010, there were 133,640,047 operating partnership units and 407,712 LTIP units outstanding, and (1) there were no operating partnership units subject to outstanding options or warrants to purchase, (2) there were no securities convertible into BioMed Realty, L.P. s operating partnership units and (3) there were no operating partnership units that have been, or are proposed to be, publicly offered by us. As of December 31, 2010, there were 101,669,117 operating partnership units which could be sold pursuant to Rule 144 under the Securities Act, subject to other restrictions on transfer in the securities laws or in BioMed Realty, L.P. s partnership agreement. Currently, pursuant to the terms of BioMed Realty, L.P. s partnership agreement, any transfer of OP units by the limited partners, except to us, as general partner, to an affiliate of the transferring limited partner, to other original limited partners, to immediate family members of the transferring limited partner, to a trust for the benefit of a charitable beneficiary, or to a lending institution as collateral for a bona fide loan, subject to specified limitations, will be subject to a right of first re

Total revenues for reportable segments	$95,809	$78,034	$292,155	$199,007
Elimination of intersegment revenues	(2,029)	(1,248)	(4,012)	(3,949)
Corporate revenues	368	666	1,283	1,915
Total consolidated revenues	$94,148	$77,452	$289,426	$196,973

Income before income taxes:				
Total income before income taxes for reportable segments	$46,264	$31,793	$126,359	$88,167
Elimination of intersegment profits	(767)	(171)	(644)	(388)
Unallocated corporate income	147	445	529	1,320

Income before income taxes, consolidated
$45,644 $32,067 $126,244 $89,099

Total assets of the Company among its industry segments and a reconciliation of reportable segment assets to the Company s consolidated total assets as of September 30, 2003 and December 31, 2002 follows:

	September 30, 2003	December 31, 2002
	(Unaudited)	
	(Dollars in thousands)	
Assets:		
Banking	$6,995,792	$5,453,321
Mortgage Banking	885,387	908,660
Other	137,988	111,005
Total assets for reportable segments	8,019,167	6,472,986
Parent company assets	50,892	62,971
Elimination of intersegment balances	(235,058)	(258,711)
Consolidated total assets	$7,835,001	$6,277,246

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Item 2: Management s Discussion and Analysis

Cautionary Statement Regarding Forward-Looking Statements

A number of the presentations and disclosures in this Form 10-Q, including, without limitation, statements regarding the level of allowance for loan losses, the rate of delinquencies and amounts of charge-offs, and the rates of loan growth, and any statements preceded by, followed by or which include the words may, could, should, will, would, hope, might, believe, expect, anticipate, estimate, intend, expressions constitute forward-looking statements. These forward-looking statements, implicitly and explicitly, include the assumptions underlying the statements and other information with respect to our beliefs, plans, objectives, goals, expectations, anticipations, estimates, intentions, financial condition, results of operations, future performance and business, including our expectations and estimates with respect to our revenues, expenses, earnings, return on equity, return on assets, efficiency ratio, asset quality and other financial data and capital and performance ratios.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, these statements involve risks and uncertainties that are subject to change based on various important factors (some of which are beyond our control). The following factors, among others, could cause our financial performance to differ materially from our goals, plans, objectives, intentions, expectations and other forward-looking statements:

the strength of the United States economy in general and the strength of the regional and local economies within our markets;

adverse changes in the local real estate market, as most of the Company s loans are concentrated in Puerto Rico and Florida and a substantial portion of these loans have real estate as collateral;

the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System;

inflation, interest rate, market and monetary fluctuations;

adverse changes in asset quality and the resulting credit risk-related losses and expenses;

our timely development of new products and services in a changing environment, including the features, pricing and quality of our products and services compared to the products and services of our competitors;

the willingness of users to substitute competitors products and services for our products and services;

the impact of changes in financial services policies, laws and regulations, including laws, regulations and policies concerning taxes, banking, securities and insurance, and the application thereof by regulatory bodies;

technological changes;

changes in consumer spending and savings habits; and

regulatory or judicial proceedings.

If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained in this Form 10-Q. Therefore, we caution you not to place undue reliance on our forward-looking information and statements.

We do not intend to update our forward-looking information and statements, whether written or oral, to reflect change. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

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General

R&G Financial Corporation (the Company) is a Puerto Rico chartered diversified financial holding company that, through its wholly-owned subsidiaries, is engaged in banking, mortgage banking, securities and insurance brokerage activities. The Company, currently in its 31st year of operations, operates 31 bank branches mainly located in the northeastern section of Puerto Rico, 15 bank branches in the Orlando and Tampa/St. Petersburg Florida markets, 6 mortgage and 6 commercial lending offices in the continental United States, and 44 mortgage offices in Puerto Rico, including 24 facilities located within Premier Bank s branches.

The Company is engaged in providing a full range of banking services through R-G Premier Bank of Puerto Rico (Premier Bank), its Puerto Rico commercial bank, and R-G Crown Bank (formerly Crown Bank, F.S.B.) (Crown Bank), its Florida-based federal savings bank acquired in June 2002. Banking activities include commercial banking services, corporate and construction lending, consumer lending and credit cards, offering a variety of deposit products and, to a lesser extent, trust and investment services through private banking.

The Company is also engaged in mortgage banking activities. Mortgage banking activities are conducted through R&G Mortgage Corp., Puerto Rico s second largest mortgage banker, The Mortgage Store of Puerto Rico, Inc., also a Puerto Rico mortgage company, and Continental Capital Corporation, a New York mortgage banking subsidiary of Crown Bank with offices in New York, North Carolina and Florida. Mortgage banking activities include the origination, purchase, sale and servicing of mortgage loans on single-family residences, the issuance and sale of various types of mortgage-backed securities, the holding of mortgage loans, mortgage-backed securities and other investment securities for sale or investment, and the purchase and sale of servicing rights associated with such mortgage loans and, to a lesser extent, the origination of construction loans and mortgage loans secured by income producing real estate and land (the mortgage banking business).

The Company is also engaged in insurance brokerage through Home & Property Insurance Corp., a Puerto Rico insurance agency, and securities brokerage through R-G Investments Corporation, a Puerto Rico licensed broker-dealer.

The Company is the second largest mortgage loans originator and servicer of mortgage loans on single family residences in Puerto Rico. R&G Financial s mortgage servicing portfolio amounted to approximately $10.9 billion as of September 30, 2003, compared to $11.3 billion as of the same date a year ago, a decrease of 2.9%. R&G Financial s servicing portfolio during such period was affected by a high level of prepayments due to lower interest rates. Nonetheless, R&G Financial s strategy is to increase the size of its mortgage servicing portfolio by relying principally on internal loan originations.

As part of its strategy to maximize net interest income, R&G Financial maintains a substantial portfolio of mortgage-backed and investment securities. At September 30, 2003, the Company held securities available for sale with a fair market value of $3.2 billion, which included $2.4 billion of mortgage-backed securities, of which $363.0 million consisted of Puerto Rico GNMA securities, the interest on which is tax-exempt to the Company. These securities are generally held by the Company for longer periods prior to sale in order to maximize the tax-exempt interest received thereon. R&G Financial s lower effective tax rate compared to the maximum statutory rate reflect the exemption under Puerto Rico law of the net interest income derived from such securities. In addition, the Company invests in certain U.S. agency securities that are exempt from Puerto Rico taxation and are not subject to federal income taxation. Finally, through an international banking subsidiary, the Company may invest in various U.S. securities, the income on which is exempt from Puerto Rico income taxation and is also not subject to federal income taxation.

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A substantial portion of R&G Financial s total mortgage loan originations has been comprised of refinance loans. R&G Financial s future results could be adversely affected by a significant increase in mortgage interest rates that reduces refinancing activity. However, the Company believes that refinancing activity is less sensitive to interest rate changes in Puerto Rico than in the mainland United States because a significant amount of refinance loans are made for debt consolidation purposes.

R&G Financial customarily sells or securitizes into mortgage-backed securities substantially all the loans it originates, except for certain non-conforming conventional mortgage loans and certain consumer, construction, land, and commercial loans which are held for investment and classified as loans receivable.

Financial Condition

At September 30, 2003, total assets amounted to $7.8 billion, as compared to $6.3 billion at December 31, 2002. The $1.56 billion or 24.8% increase in total assets since the beginning of the year was primarily the result of a $618.9 million or 24.2% increase in mortgage-backed and investment securities available for sale, and a $994.4 million or 36.0% increase in loans receivable, net, due to record loan production during the nine month period ended September 30, 2003 of $3.4 billion, a 64.1% increase when compared to the corresponding period in 2002.

At September 30, 2003, R&G Financial had $3.5 billion of borrowings (consisting of securities sold under agreements to repurchase, notes payable, FHLB advances and other borrowings), compared to $2.7 billion at December 31, 2002. R&G Financial utilized repurchase agreements and deposits to fund its growth during the period; total deposits grew 22.5% from $2.8 billion at December 31, 2002 to $3.4 billion at September 30, 2003, whereas repurchase agreements increased by $622.6 million or 41.8%.

At September 30, 2003, R&G Financial s allowance for loan losses totaled $35.7 million, which represented a $3.1 million or 9.3% increase from the level maintained at December 31, 2002. At September 30, 2003, R&G Financial s allowance represented approximately 0.90% of the total loan portfolio and 40.69% of total non-performing loans. However, excluding R&G Financial s residential loan portfolio, which has minimal charge-off experience, the allowance for loan losses to total loans and to total non-performing loans would have been 2.11% and 133.17%, respectively, at September 30, 2003, compared to 2.39% and 98.12% at December 31, 2002.

Non-performing loans amounted to $87.8 million at September 30, 2003, an increase of $9.6 million when compared to $78.2 million at December 31, 2002. The increase is primarily related to a $17.6 million increase in delinquent residential real estate loans over 90 days past due. At September 30, 2003, $61.0 million or 69.4% of non-performing loans consisted of residential mortgage loans in which R&G Financial has historically experienced a low level of loan charge-offs. As a result, R&G Financial s aggregate charge-offs as a percentage of total average loans outstanding amounted to 0.38% during the nine months ended September 30, 2003 and 0.41% during the year ended December 31, 2002. Although loan delinquencies have historically been higher in Puerto Rico than in the United States, actual foreclosures and the resulting loan charge-offs have historically been lower than in the United States.

Real estate owned properties of the Company also increased 19.5% from $15.5 million at December 31, 2002 to $18.6 million at September 30, 2003. The increase is mostly related to residential real estate loans foreclosed by the Company during the period.

Stockholders equity increased from $662.2 million at December 31, 2002 to $725.1 million at September 30, 2003. The $62.9 million or 9.5% increase was due primarily to the net income recognized during the period, net of dividends paid.

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Results of Operations

During the three and nine months ended September 30, 2003, R&G Financial reported net income of $34.3 million and $94.9 million, or $0.89 and $2.43 of earnings per diluted share, respectively, compared to net income of $25.0 million and $69.2 million or $0.63 and $1.81 of earnings per diluted share for the comparative periods in 2002. Such results reflect an increase in earnings per diluted share of 41.3% and 34.3% for the three and nine months periods ending September 30, 2003 over the comparable periods in 2002.

Net interest income increased by $25.2 million or 23.0% during the nine month period ended September 30, 2003 to $134.5 million, due to a $1.6 billion increase in the average balance of interest-earning assets, partially offset by a 21 basis point decrease in the net interest margin from 2.96% to 2.75%. Contributing to the increase in average earning assets were the assets of Crown Bank, the Company s Florida-based banking subsidiary acquired in June 2002. The decrease in the Company s net interest margin during the period is due primarily to the repricing at lower rates of interest of a portion of the Company s earning assets as a result of an increase in prepayments in the Company s loans and investment securities portfolio caused by lower interest rates.

The provision for loan losses amounted to $13.0 million during the nine months ended September 30, 2003, a 4.2% decrease over the prior comparable period, reflecting the fact that approximately 69.4% of total non-performing loans as of September 30, 2003 consist of residential mortgage loans, in which the Company s historical charge-off experience has been very low.

R&G Financial also experienced an increase in non-interest income during the nine months ended September 30, 2003 over the comparable period. Net gain on sale of loans increased by $50.1 million or 86.7% over the prior comparable period, as a result of record loan production and sales. Total loan production during the nine months ended September 30, 2003 amounted to $3.4 billion compared to $2.1 billion during the prior comparable period. Loan administration and servicing fees also increased by $8.2 million or 26.5% over the comparable periods, due to an increase in the average outstanding loan servicing portfolio as a result of the $2.6 billion portfolio acquired in connection with the acquisition of Crown Bank in June 2002. Other fee income also increased by $8.4 million or 67.5%. Such increase reflects the added contributions made by the Company s insurance agency and broker-dealer subsidiaries, as well as the fee income generated through the operations of Crown Bank.

Net interest income increased by $6.4 million or 15.6% to $47.7 million during the quarter ended September 30, 2003 over the prior comparable period, due to a 1.4 billion increase in the average balance of interest-earning assets, partially offset by a 24 basis points decrease in the net interest margin from 2.96% to 2.72%. Net gain on sale of loans increased 23.7% to $30.2 million during the three month ended September 30, 2003, together with a $1.4 million or 12.5% increase in loan administration and servicing fees and a $3.4 million or 75.0% increase in other fee income.

Total expenses increased by $55.3 million or 51.3% during the nine months ended September 30, 2003 over the comparable 2002 period, partially due to a $12.9 million or 40.3% increase in employee compensation and benefits associated with general growth in Company operations, including expenses associated with the operations of Crown Bank. The increase in total expenses was also due to a $38.2 million or 61.9% increase in other administrative and general expenses, which includes an $18.4 million increase in expenses associated with impairment charges (including unscheduled amortization) of the Company s servicing asset, as well as increased expenses related to the operations of Crown Bank.

Increased unscheduled amortization amounts are a result of higher prepayment speeds in the Company s servicing portfolio. The increases in prepayments reflect decreases in interest rates for new mortgage loans, which reached historically low levels during the second quarter of 2003. During the third quarter of 2003, however, interest rates for mortgage loans increased from the last quarter, and prepayment speeds have declined from the last quarter as a result. The value of the Company s servicing portfolio is expected to increase if rates remain at the current or higher levels due to lower prepayment speeds. Unscheduled amortization amounts are expected to continue, however, although at a lower pace, until prepayment speeds further decline.

Total expenses increased by $3.1 million or 6.9% during the three month period ended September 30, 2003 over the prior comparable period, due to a $2.8 million or 22.7% increase in employee compensation and benefits, and a $1.4 million or 26.3% increase in occupancy expenses, partially offset by a $1.1 million or 3.9% decrease in other general and administrative expenses, which includes a $6.2 million decrease in expenses associated with impairment charges of the Company s servicing asset.

Interest Rate Risk Management

The following table summarizes the anticipated maturities or repricing or R&G Financial s interest-earning assets and interest-bearing liabilities as of September 30, 2003, based on the information and assumptions set forth in the notes below. For purposes of this presentation, the interest earning components of loans held for sale and mortgage-backed securities held in connection with the Company s mortgage banking business as well as all securities held for trading, are assumed to mature within one year. In addition, investments held by the Company which have call features are presented according to their contractual maturity date.

(Dollars in Thousands)	Within Three Months	Four to Twelve Months	More Than One Year to Three Years	More Than Three Years to Five Years	Over Five Years	Total
Interest-earning assets(1):						
Loans receivable	$1,075,306	$ 441,078	$ 690,636	$423,844	$1,158,446	$3,789,310
Mortgage loans held for sale	55,518	27,184	62,437	50,413	44,983	240,535
Mortgage-backed securities(2)(3)	152,097	433,091	510,370	294,201	1,108,940	2,498,699
Investment Securities(3)	190,226	189,589	191,709	195,381	22,456	789,361
Other interest-earning assets(4)	95,004					95,004
Total	$1,568,151	$1,090,942	$1,455,152	$963,839	$2,334,825	$7,412,909
Interest bearing liabilities:						
Deposits (5)						
NOW and Super NOW accounts	$ 27,381	$ 76,669	$ 84,282	$ 68,268	$ 291,044	$ 547,644
Passbook savings accounts	8,712	25,266	62,905	50,324	201,296	348,503
Regular and commercial checking	20,226	56,632	62,256	50,427	214,977	404,518
Certificates of deposit	246,064	742,110	633,675	502,215	1,893	2,125,957
FHLB advances	281,125		494,600	183,000	140,000	1,098,725
Securities sold under agreements to repurchase (6)	932,849	449,462	501,871	125,000	138,000	2,147,182
Other borrowings(7)	64,904	137,468				202,372
Total	1,581,261	1,487,607	1,839,589	979,234	987,210	6,874,901
Effect of hedging instruments	170,000		(65,000)	(25,000)	(80,000)	
Excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ 156,890	($ 396,665)	($ 449,437)	($ 40,395)	$1,267,615	$ 538,008
Cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities	$ 156,890	($ 239,775)	($ 689,212)	($729,607)	$ 538,008	
Cumulative excess (deficiency) of interest-earning assets over interest-bearing liabilities as a percent of total	2.00%	-3.06%	-8.80%	-9.31%	6.87%	

assets					

(footnotes on following page)

(1) Adjustable-rate loans are included in the period in which interest rates are next scheduled to adjust rather that in the period in which they are due, and fixed-rate loans are included in the periods in which they are scheduled to be repaid, based on scheduled amortization, in each case as adjusted to take into account estimated prepayments.

(2) Reflects estimated prepayments in the current interest rate environment.

(3) Includes securities held for trading, available for sale and held to maturity.

(4) Includes securities purchased under agreement to resell, time deposits with other banks and federal funds sold.

(5) Does not include non-interest-bearing deposit accounts.

(6) Includes federal funds purchased, if any,

(7) Comprised of warehousing lines, notes payable and other borrowings.

As of September 30, 2003, the Company had a one year negative gap of approximately $239.8 million, which constituted 3.1% of total assets at such date, compared to a positive gap of approximately $498.1 million or 7.9% of total assets at December 31, 2002. R&G Financial had a positive gap within one year until June 30, 2003, due primarily to an increasing amount of adjustable rate loans resulting from greater emphasis in commercial and construction lending as well as to the extension during 2001 and 2002 of the maturity dates of certain borrowings of the Company into longer-term maturities at very attractive rates, taking advantage of consecutive reductions in interest rates during such years. Even though the emphasis in commercial lending continues, R&G Financial s one year negative gap as of September 30, 2003 is due to an increase in the amount of prepayments on its investments securities portfolio with call options, as a result of a relatively low interest rate environment. In addition, in light of the recent steepening of the yield curve, the Company opted to fund a larger proportion of its growth during the quarter through shorter term funding sources in an attempt to maximize its net interest income. Nonetheless, management continues the active management of its gap position in an attempt to maintain a positive gap. The Company estimates that as of September 30, 2003, close to 44.7% of all borrowings of the Company had maturity dates longer than one year.

While the above table presents the Company s loans receivable portfolio held for investment purposes according to its maturity date, from time to time the Company may negotiate special transactions with FHLMC and/or FNMA or other third party investors for the sale of such loans. There can be no assurance, however, that the Company will be successful in consummating any such transactions.

The following table presents for the periods indicated R&G Financial s total dollar amount of interest from average interest-earning assets and the resultant yields, as well as the interest expense on average interest-bearing liabilities expressed both in dollars and rates, and the net interest margin. The table does not reflect any effect of income taxes. All average balances are based on the average of month-end balances for non-banking subsidiaries and average daily balances for banking subsidiaries in each case during the periods presented.

(Dollars in thousands)	For the three month period ended September 30, 2003 Average Balance	Interest	Yield / Rate	2002 Average Balance	Interest	Yield / Rate
Interest-Earning Assets:						
Cash and cash equivalents(1)	$ 145,879	$ 510	1.40%	$ 164,721	$ 306	0.74%
Investment securities held for trading	4,998	24	1.92%			
Investment securities available for sale	587,195	5,836	3.98%	586,240	8,029	5.48%
Investment securities held to maturity	31,549	374	4.74%	27,414	369	5.38%
Mortgage-backed securities held for trading	49,189	800	6.51%	77,719	1,106	5.69%
Mortgage-backed securities available for sale	2,248,109	26,478	4.71%	1,795,230	27,547	6.14%
Mortgage-backed securities held to maturity	38,527	540	5.61%	48,520	693	5.71%
Loans receivable, net (2)	3,808,755	59,528	6.25%	2,784,689	50,086	7.19%
FHLB Stock	103,460	1,257	4.86%	93,066	776	3.34%
Total interest-earning assets	7,017,661	$95,347	5.43%	5,577,599	$88,912	6.38%
Non-interest-earning assets	527,905			203,668		
Total assets	$7,545,566			$5,781,267		
Interest-Bearing Liabilities:						
Deposits	$3,414,109	$23,362	2.74%	$2,698,319	$23,826	3.53%
Securities sold under agreements to repurchase (3)	1,931,273	12,144	2.52%	1,376,646	12,708	3.69%
Notes payable	224,238	1,519	2.71%	232,472	1,795	3.09%
Other borrowings(4)	1,034,100	10,579	4.09%	827,888	9,273	4.48%
Total interest-bearing liabilities	6,603,720	$47,604	2.88%	5,135,325	$47,602	3.71%
Non-interest-bearing liabilities	228,914			40,993		
Total liabilities	6,832,634			5,176,318		
Stockholders equity	712,932			604,949		
Total liabilities and stockholders equity	$7,545,566			$5,781,267		
Net interest income; interest rate spread (5)		$47,743	2.55%		$41,310	2.67%
Net interest margin			2.72%			2.96%
Average interest-earning assets to average interest-bearing liabilities			106.27%			108.61%

(footnotes on page 27)

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(Dollars in thousands)	For the nine month period ended September 30, 2003 Average Balance	2003 Interest	2003 Yield / Rate	2002 Average Balance	2002 Interest	2002 Yield / Rate
Interest-Earning Assets:						
Cash and cash equivalents(1)	$ 123,614	$ 1,093	1.18%	$ 91,933	$ 902	1.31%
Investment securities held for trading	2,117	24	1.51%			
Investment securities available for sale	581,096	18,746	4.30%	563,497	23,950	5.67%
Investment securities held to maturity	30,798	1,142	4.94%	25,093	1,020	5.42%
Mortgage-backed securities held for trading	53,833	2,731	6.76%	84,241	3,480	5.51%
Mortgage-backed securities available for sale	2,135,204	80,559	5.03%	1,677,697	77,901	6.19%
Mortgage-backed securities held to maturity	41,731	1,788	5.71%	49,982	2,183	5.82%
Loans receivable, net (2)	3,444,204	166,490	6.45%	2,354,631	127,569	7.22%
FHLB Stock	98,917	3,588	4.84%	79,151	2,241	3.77%
Total interest-earning assets	6,511,514	$276,161	5.65%	4,926,225	$239,246	6.48%
Non-interest-earning assets	553,114			338,364		
Total assets	$7,064,628			$5,264,589		
Interest-Bearing Liabilities:						
Deposits	$3,129,486	$ 68,023	2.90%	$2,340,924	$ 65,416	3.73%
Securities sold under agreements to repurchase (3)	1,801,577	37,729	2.79%	1,399,763	37,764	3.60%
Notes payable	228,706	5,528	3.22%	252,815	5,152	2.72%
Other borrowings(4)	1,008,906	30,348	4.01%	643,326	21,550	4.47%
Total interest-bearing liabilities	6,168,675	$141,628	3.06%	4,636,828	$129,882	3.73%
Non-interest-bearing liabilities	203,559			112,911		
Total liabilites	6,372,234			4,749,739		
Stockholders equity	692,394			514,850		
Total liabilities and stockholders equity	$7,064,628			$5,264,589		
Net interest income; interest rate spread (5)		$134,533	2.59%		$109,364	2.75%
Net interest margin			2.75%			2.96%
Average interest-earning assets to average interest-bearing liabilities			105.56%			106.24%

(footnotes on following page)

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(1) Comprised of cash and due from banks, securities purchased under agreements to resell, time deposits with other banks and other short term investments.

(2) Includes mortgage loans held for sale and non-accrual loans.

(3) Includes federal funds purchased, if any.

(4) Comprised of long-term debt, advances from the FHLB and other borrowings.

(5) Interest rate spread represents the difference between R&G Financial s weighted average yield on interest-earning assets and the weighted average rate on interest-bearing liabilities. Net interest margin represents net interest income as a percent of average interest-earning assets.

Mortgage Loan Servicing

The following table sets forth certain information regarding the mortgage loan servicing portfolio of R&G Financial for the periods indicated.

	At or for the nine month period ended September 30,	
	2003	2002
	(Dollars in thousands)	
Composition of Servicing Portfolio at period end:		
GNMA	$ 2,385,047	$ 2,721,221
FNMA/FHLMC	5,147,685	5,926,375
Other mortgage loans (4)	3,391,531	2,602,507
Total servicing portfolio (4)	$ 10,924,263	$ 11,250,103
Activity in the Servicing Portfolio:		
Beginning servicing portfolio	$ 10,991,945	$ 7,224,571
Add: Loan originations and purchases	2,216,772	1,529,819
Servicing of portfolio loans acquired (3)	1,007,374	4,168,844
Less: Sale of servicing rights (1)	(209,560)	(176,644)
Run-offs (2)	(3,082,268)	(1,496,487)
Ending servicing portfolio (4)	$ 10,924,263	$ 11,250,103
Number of loans serviced	150,159	162,823
Average loan size	$ 73	$ 69
Average servicing fee rate	0.49%	0.51%

(1) Corresponds to loans sold, servicing released, by Continental Capital.

(2) Run-off refers to regular amortization of loans, prepayments and foreclosures.

(3) Includes $2.6 billion in June 2002 acquired in connection with the acquisition of Crown Bank.

(4) At the dates shown, included $1.8 billion and $981.1 million, respectively, serviced for Premier Bank, which constituted 16.3% and 8.7% of the total servicing portfolio, and $120.6 million and $120.8 million, respectively, serviced for Crown Bank, which constituted 1.1% and 1.1%, respectively, of the total servicing portfolio at such dates.

Substantially all of the mortgage loans in R&G Financial s servicing portfolio are secured by single (one-to-four) family residences secured by real estate located in Puerto Rico. At September 30, 2003, approximately 29.6% of the Company s mortgage servicing portfolio was related to mortgages secured by real property located outside Puerto Rico.

The Company reduces the sensitivity of its servicing income to increases in prepayment rates through a strong retail origination network that has increased or maintained the size of R&G Financial s servicing portfolio even during periods of high prepayments. In addition, a substantial portion of the Company s servicing portfolio consists of tax-exempt FHA/VA mortgage loans which carry lower interest rates than those on conventional loans, which tends to reduce risks related to R&G Financial s servicing portfolio. During the nine month periods ended September 30, 2003 and 2002, the Company recognized $19.0 million and $7.2 million, respectively, of unscheduled amortization on mortgage servicing rights.

Liquidity and Capital Resources

Liquidity - Liquidity refers to the Company s ability to generate sufficient cash to meet the funding needs of current loan demand, savings deposit withdrawals, principal and interest payments with respect to outstanding borrowings and to pay operating expenses. It is management s policy to maintain greater liquidity than required in order to be in a position to fund loan purchases and originations, to meet withdrawals from deposit accounts, to make principal and interest payments with respect to outstanding borrowings and to make investments that take advantage of interest rate spreads. The Company monitors its liquidity in accordance with guidelines established by the Company and applicable regulatory requirements. The Company s need for liquidity is affected by loan demand, net changes in deposit levels and the scheduled maturities of its borrowings. The Company can minimize the cash required during the times of heavy loan demand by modifying its credit policies or reducing its marketing efforts. Liquidity demand caused by net reductions in deposits are usually caused by factors over which the Company has limited control. The Company derives its liquidity from both its assets and liabilities. Liquidity is derived from assets by receipt of interest and principal payments and prepayments, by the ability to sell assets at market prices and by utilizing unpledged assets as collateral for borrowings. Liquidity is derived from liabilities by maintaining a variety of funding sources, including deposits, advances from the FHLB of New York and Atlanta (the FHLB) and other short and long-term borrowings.

The Company s liquidity management is both a daily and long-term function of funds management. Liquid assets are generally invested in short-term investments such as securities purchased under agreements to resell, federal funds sold and certificates of deposit in other financial institutions. If the Company requires funds beyond its ability to generate them internally, various forms of both short and long-term borrowings provide an additional source of funds. At September 30, 2003, the Company had $143.9 million in borrowing capacity under unused warehousing and other lines of credit and $1.0 billion in borrowings capacity under unused lines of credit with the FHLB.

At September 30, 2003, the Company had outstanding commitments to originate and/or purchase mortgage and non-mortgage loans of $596.5 million (including unused lines of credit). Certificates of deposit which are scheduled to mature within one year totaled $978.7 million at September 30, 2003, and borrowings that are scheduled to mature within the same period amounted to $1.9 billion. The Company anticipates that it will have sufficient funds available to meet its current loan commitments.

Capital Resources - The FDIC s capital regulations establish a minimum 3.0 % Tier I leverage capital requirement for the most highly-rated state-chartered, non-member banks, with an additional cushion of at least 100 to 200 basis points for all other state-chartered, non-member banks, which effectively will increase the minimum Tier 1 leverage ratio for such other banks from 4.0% to 5.0% or more. Under the FDIC s regulations, the highest-rated banks are those that the FDIC determines are not anticipating or experiencing significant growth and have well diversified risk, including no undue interest rate risk exposure, excellent asset quality, high liquidity, good earnings and, in general, which are considered a strong banking organization and are rated composite 1 under the Uniform Financial Institutions Rating System. Leverage or core capital is defined as the sum of common stockholders equity (including retained earnings), noncumulative perpetual preferred stock and related surplus, and minority interests in consolidated subsidiaries, minus all intangible assets other than certain qualifying supervisory goodwill and certain purchased mortgage servicing rights.

The FDIC also requires that banks meet a risk-based capital standard. The risk-based capital standard for banks requires the maintenance of total capital (which is defined as Tier I capital and supplementary (Tier 2) capital) to risk weighted assets of 8%. In determining the amount of risk-weighted assets, all assets, plus certain off-balance sheet assets, are multiplied by a risk-weight of 0% to 100%, based on the risks the FDIC believes are inherent in the type of asset or item. The components of Tier 1 capital are equivalent to those discussed above under the 3% leverage capital standard. The components of supplementary capital include certain perpetual preferred stock, certain mandatory convertible securities, certain subordinated debt and intermediate preferred stock and general allowances for loan and lease losses. Allowance for loan and lease losses includable in supplementary capital is limited to a maximum of 1.25% of risk-weighted assets. Overall, the amount of capital counted toward supplementary capital cannot exceed 100% of core capital. At September 30, 2003, Premier Bank met each of its capital requirements, with Tier 1 leverage capital, Tier 1 risk-based capital and total risk-based capital ratios of 6.52%, 11.49% and 12.43%, respectively. At September 30, 2003 Crown Bank also met each of its capital requirements, with Tier 1 leverage capital, Tier 1 risk-based capital and total risk-based capital ratios of 6.57%, 9.99% and 10.66%, respectively. Thus, at September 30, 2003 both Premier Bank and Crown Bank were well capitalized institutions under the capital adequacy regulatory guidelines.

In addition, the Federal Reserve Board has promulgated capital adequacy guidelines for bank holding companies which are substantially similar to those adopted by FDIC regarding state-chartered banks, as described above. R&G Financial is currently in compliance with such regulatory capital requirements.

Inflation and Changing Prices

The unaudited consolidated financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars (except with respect to securities which are carried at market value), without considering changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, substantially all of the assets and liabilities of the Company are monetary in nature. As a result, interest rates have a more significant impact on the Company s performance than the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services.

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Item 3: Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures about market risks at December 31, 2002 are presented in Item 7A of the Company s Annual report on Form 10-K. Information at September 30, 2003 is presented on page 23 of this Report. Management believes there have been no material changes in the Company s market risk since December 31, 2002.

Item 4: Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer along with the Company s Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures pursuant to the Securities Exchange Act of 1934 (Exchange Act) Rule 13a-15(b). Based upon that evaluation, the Company s Chief Executive Officer along with the Company s Chief Financial Officer concluded that the Company s disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company s periodic Securities and Exchange Commission (SEC) filings. There has not been any change in the Company s internal control over financial reporting that occurred during the Company s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Disclosure controls and procedures are Company controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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PART II - OTHER INFORMATION

Item 1: Legal Proceedings

The Registrant is involved in routine legal proceedings occurring in the ordinary course of business which, in the aggregate, are believed by management to be immaterial to the financial condition and results of operations of the Registrant.

Item 2: Changes in Securities

Not applicable

Item 3: Defaults Upon Senior Securities

Not applicable

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

Not applicable

Item 5: Other Information

Not applicable.

Item 6: Exhibits and Reports on Form 8-K.

(a) Item 601 Exhibits.

No.	Description
2.1	Amended and Restated Agreement and Plan of Merger by and between R&G Financial Corporation, R-G Premier Bank of Puerto Rico and R-G Interim Premier Bank, dated as of September 27, 1996 (1)
2.2.0	Agreement and Plan of Reorganization among R&G Financial Corporation, R&G Acquisition Holdings Corporation, The Crown Group, Inc. and Crown Bank, a Federal Savings Bank dated as of December 19, 2001 (2)
2.2.1	Amendment No. 2 to Agreement and Plan of Reorganization among R&G Financial Corporation, R&G Acquisition Holdings Corporation, The Crown Group, Inc. and Crown Bank, a Federal Savings Bank dated as of February 27, 2002 (3)
3.1.0	Certificate of Incorporation of R&G Financial Corporation (4)
3.1.1	Certificate of Amendment to Certificate of Incorporation of R&G Financial Corporation (4)
3.1.2	Amended and Restated Certificate of Incorporation of R&G Financial Corporation (5)
3.1.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of R&G Financial Corporation (6)
3.1.4	Second Certificate of Amendment to Amended and Restated Certificate of Incorporation of R&G Financial Corporation (15)
3.1.5	Certificate of Resolution designating the terms of the Series A Preferred Stock (7)
3.1.6	Certificate of Resolution designating the terms of the Series B Preferred Stock (8)
3.1.7	Certificate of Designation for Series C Preferred Stock (12)
3.1.8	Certificate of Designation for Series D Preferred Stock (13)
3.2	Bylaws of R&G Financial Corporation (4)
4.0	Form of Stock Certificate of R&G Financial Corporation (4)

4.1	Form of Series A Preferred Stock Certificate of R&G Financial Corporation (9)
4.2	Form of Series B Preferred Stock Certificate of R&G Financial Corporation (10)

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No.	Description
4.3	Form of Series C Preferred Stock Certificate of R&G Financial Corporation (11)
4.4	Form of Series D Preferred Stock Certificate of R&G Financial Corporation (14)
10.1	Master Purchase, Servicing and Collection Agreement between R&G Mortgage Corporation and R-G Premier Bank of Puerto Rico dated February 16, 1990, as amended on April 1, 1991, December 1, 1991, February 1, 1994 and July 1, 1994 (4)
10.2	Master Custodian Agreement between R&G Mortgage Corporation and R-G Premier Bank of Puerto Rico dated February 16, 1990, as amended on June 27, 1996 (4)
10.3	Master Production Agreement between R&G Mortgage and R-G Premier Bank of Puerto Rico dated February 16, 1990, as amended on August 30, 1991 and March 31, 1995 (4)
10.4	Data Processing Computer Service Agreement between R&G Mortgage and R-G Premier Bank of Puerto Rico dated December 1, 1994 (4)
10.5	Securitization Agreement by and between R&G Mortgage and R-G Premier Bank of Puerto Rico, dated as of July 1, 1995 (4)
10.6	R&G Financial Corporation Stock Option Plan (4)(*)
10.7	Guarantee Agreement between R&G Financial Corporation, R&G Acquisition Holdings Corporation and Wilmington Trust as Guarantee Trustee with respect to the Capital Securities issued by R&G Capital Trust I, dated as of April 10, 2002 (16)
10.8	Guarantee Agreement between R&G Financial Corporation and U.S. Bank National Association as Guarantee Trustee with respect to the Capital Securities issued by R&G Capital Trust IV, LLT, dated as of August 8, 2003
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act

(1) Incorporated by reference from the Registration Statement on Form S-4 (Registration No. 333-13199) filed by the Registrant with the Securities and Exchange Commission (SEC) on October 1, 1996.

(2) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on December 20, 2001.

(3) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on February 28, 2002.

(4) Incorporated by reference from the Registration Statement on Form S-1 (Registration No. 333-06245) filed by the Registrant with the SEC on September 18, 1996, as amended.

(5) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on November 19, 1999.

(6) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on June 12, 2001.

(7) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on August 31, 1998.

(8) Incorporated by reference from the Registrant s Form 10-K filed with the SEC on April 13, 2000.

(9) Incorporated by reference from the Registrant s Registration Statement on Form S-3 (Registration No. 333-60923) filed with the SEC on August 7, 1998.

(10) Incorporated by reference from the Registrant s Registration Statement on Form S-3 (Registration No. 333-90463) filed with the SEC on November 5, 1999.

(11) Incorporated by reference from the Registrant s Registration Statement on Form S-3 (File No. 333-55834) filed with the SEC on February 16, 2001.

(12) Incorporated by reference from the Registrant s Form 10-K filed with the SEC on April 2, 2001.

(13) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on March 7, 2002.

(14) Incorporated by reference from the Registrant s Registration Statement on Form S-3 (File No. 333-81214) filed with the SEC on January 22, 2002.

(15) Incorporated by reference from the Registrant s Current Report on Form 8-K filed with the SEC on June 18, 2002.

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(16) Incorporated by reference from the Registrant s Form 10-Q filed with the SEC on November 14, 2002.

(*) Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

The Registrant filed the following Reports on Form 8-K during the quarter ended September 30, 2003:

(1) Form 8-K filed on July 17, 2003 with an attached press release announcing the Registrant s earnings for the quarter ended June 30, 2003.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

R&G FINANCIAL CORPORATION

Date: November 14, 2003

By: /S/ VICTOR J. GALAN

Víctor J. Galán, Chairman
and Chief Executive Officer
(Principal Executive Officer)

By: /S/ JOSEPH R. SANDOVAL

Joseph R. Sandoval
Executive Vice President
and Chief Financial Officer
(Principal Financial and
Accounting Officer)