BioMed Realty Trust Inc
Form 10-Q
August 05, 2011

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

Form 10-Q
QUARTERLY REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2011
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.)**
(State or other jurisdiction of incorporation or organization)	**20-1320636 (BioMed Realty, L.P.)** *(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)

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 þ No o

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 number of outstanding shares of BioMed Realty Trust, Inc. s common stock, par value $0.01 per share, as of August 4, 2011 was 131,259,602.

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended June 30, 2011 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 June 30, 2011, 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 operating 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 quarterly reports on Form 10-Q of BioMed Realty Trust, Inc. and BioMed Realty, L.P. into this single report:

- better reflects how management and the analyst community view the business as a single operating unit,
- enhances investor understanding of our company by enabling them to view the business as a whole and in the same manner as management,
- is more efficient for our company and results in savings in time, effort and expense, and
- is 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,
- Liquidity and Capital Resources in Management s Discussion and Analysis of Financial Condition and Results of Operations, and
- Unregistered Sales of Equity Securities and Use of Proceeds.

This report also includes separate Item 4. 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-Q QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011
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PART I FINANCIAL INFORMATION

ITEM 1. *CONSOLIDATED FINANCIAL STATEMENTS*

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

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Investments in real estate, net	$ 3,584,259	$ 3,536,114
Investments in unconsolidated partnerships	55,313	57,265
Cash and cash equivalents	12,033	21,467
Restricted cash	6,614	9,971
Accounts receivable, net	2,486	5,874
Accrued straight-line rents, net	116,896	106,905
Acquired above-market leases, net	26,340	30,566
Deferred leasing costs, net	123,299	125,060
Deferred loan costs, net	12,325	11,499
Other assets	53,285	55,033
Total assets	$ 3,992,850	$ 3,959,754
LIABILITIES AND EQUITY		
Mortgage notes payable, net	$ 623,121	$ 657,922
Exchangeable senior notes, net	199,706	199,522
Unsecured senior notes, net	645,246	247,571
Unsecured line of credit	121,200	392,450
Security deposits	11,571	11,749
Dividends and distributions payable	31,089	27,029
Accounts payable, accrued expenses and other liabilities	79,274	98,826
Derivative instruments	580	3,826
Acquired below-market leases, net	7,201	7,963
Total liabilities	1,718,988	1,646,858
Equity:		
Stockholders equity:		
Preferred stock, $.01 par value, 15,000,000 shares authorized: 7.375% Series A cumulative redeemable preferred stock, $230,000,000 liquidation preference ($25.00 per share), 9,200,000 shares issued and outstanding at June 30, 2011 and December 31, 2010	222,413	222,413
Common stock, $.01 par value, 200,000,000 shares authorized, 131,259,602 and 131,046,509 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	1,313	1,310
Additional paid-in capital	2,371,762	2,371,488
Accumulated other comprehensive loss	(66,880)	(70,857)
Dividends in excess of earnings	(264,507)	(221,176)
Total stockholders equity	2,264,101	2,303,178

Noncontrolling interests	9,761	9,718
Total equity	2,273,862	2,312,896
Total liabilities and equity	$ 3,992,850	$ 3,959,754

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data)
(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Revenues:				
Rental	$ 81,436	$ 72,380	$ 161,653	$ 142,980
Tenant recoveries	24,821	20,273	49,402	41,099
Other income	541	259	1,288	1,589
Total revenues	106,798	92,912	212,343	185,668
Expenses:				
Rental operations	21,162	17,077	41,678	34,928
Real estate taxes	10,338	8,703	21,020	17,424
Depreciation and amortization	35,788	26,469	69,625	55,385
General and administrative	7,519	6,449	14,940	12,718
Acquisition related expenses	334	1,819	653	1,968
Total expenses	75,141	60,517	147,916	122,423
Income from operations	31,657	32,395	64,427	63,245
Equity in net loss of unconsolidated partnerships	(466)	(100)	(1,115)	(377)
Interest income	79	51	204	71
Interest expense	(23,457)	(21,870)	(44,772)	(43,131)
Gain/(loss) on derivative instruments	383	(497)	(628)	(347)
Loss on extinguishment of debt	(249)	(1,444)	(292)	(2,265)
Net income	7,947	8,535	17,824	17,196
Net income attributable to noncontrolling interests	(68)	(95)	(175)	(216)
Net income attributable to the Company	7,879	8,440	17,649	16,980
Preferred stock dividends	(4,241)	(4,241)	(8,481)	(8,481)
Net income available to common stockholders	$ 3,638	$ 4,199	$ 9,168	$ 8,499
Net income per share available to common stockholders:				
Basic and diluted earnings per share	$ 0.03	$ 0.04	$ 0.07	$ 0.08
Weighted-average common shares outstanding:				
Basic	129,858,098	109,707,274	129,815,154	104,000,339

Diluted	132,840,932	113,956,077	132,803,097	108,298,135

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income available to common stockholders and noncontrolling interests	$ 3,706	$ 4,294	$ 9,343	$ 8,715
Other comprehensive income:				
Unrealized gain on derivative instruments, net	892	2,897	3,461	5,825
Amortization of deferred interest costs	1,760	1,781	3,525	3,567
Equity in other comprehensive income/(loss) of unconsolidated partnerships	8	4	36	(11)
Deferred settlement payments on interest rate swaps, net	(36)	(240)	(88)	(485)
Reclassification of unrealized loss on equity securities	825		825	
Reclassification on sale of equity securities				(538)
Unrealized loss on equity securities	(1,375)		(3,692)	
Total other comprehensive income	2,074	4,442	4,067	8,358
Comprehensive income	5,780	8,736	13,410	17,073
Comprehensive income attributable to noncontrolling interests	(114)	(206)	(265)	(440)
Comprehensive income attributable to common stockholders	$ 5,666	$ 8,530	$ 13,145	$ 16,633

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except share data)
(Unaudited)

	Series A Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss)/Income	Dividends in Excess of Earnings	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2010	$ 222,413	131,046,509	$ 1,310	$ 2,371,488	$ (70,857)	$ (221,176)	$ 2,303,178	$ 9,718	$ 2,312,896
Net issuances of unvested restricted common stock		191,822	2	(2,409)			(2,407)		(2,407)
Conversion of OP units to common stock		21,271	1	(50)			(49)	49	
Vesting of share-based awards				3,656			3,656		3,656
Reallocation of equity to noncontrolling interests				(923)			(923)	923	
Common stock dividends						(52,499)	(52,499)		(52,499)
OP unit distributions								(1,194)	(1,194)
Net income						17,649	17,649	175	17,824
Preferred stock dividends						(8,481)	(8,481)		(8,481)
Reclassification of unrealized loss on equity securities					807		807	18	825
Unrealized loss on equity securities					(3,611)		(3,611)	(81)	(3,692)
Amortization of deferred interest costs					3,447		3,447	78	3,525
Unrealized gain on derivative instruments, net					3,334		3,334	75	3,409

Balance at June 30, 2011	$ 222,413	131,259,602	$ 1,313	$ 2,371,762	$ (66,880)	$ (264,507)	$ 2,264,101	$ 9,761	$ 2,273,862

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating activities:		
Net income	$ 17,824	$ 17,196
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,625	55,385
Allowance for doubtful accounts	931	254
Non-cash revenue adjustments	5,145	(796)
Other non-cash adjustments	6,621	7,805
Compensation expense related to restricted common stock and LTIP units	3,656	3,514
Distributions representing a return on capital from unconsolidated partnerships	816	860
Changes in operating assets and liabilities:		
Restricted cash	3,357	3,808
Accounts receivable	2,715	1,022
Accrued straight-line rents	(10,249)	(14,232)
Deferred leasing costs	(9,402)	(1,740)
Other assets	524	(10,355)
Security deposits	(339)	705
Accounts payable, accrued expenses and other liabilities	(9,452)	5
Net cash provided by operating activities	81,772	63,431
Investing activities:		
Purchases of interests in and additions to investments in real estate and related intangible assets	(120,518)	(155,247)
Purchases of equity securities	(2,050)	
Proceeds from the sale of equity securities		1,227
Funds held in escrow for acquisitions		(18,378)
Net cash used in investing activities	(122,568)	(172,398)
Financing activities:		
Proceeds from common stock offering		243,931
Payment of common stock offering costs		(9,744)
Payment of deferred loan costs	(3,378)	(8,402)
Unsecured line of credit proceeds	145,475	229,142
Unsecured line of credit payments	(416,725)	(456,308)
Principal payments on mortgage notes payable	(33,268)	(3,647)
Secured term loan repayments		(250,000)
Repurchases of exchangeable senior notes due 2026		(24,306)
Proceeds from exchangeable senior notes due 2030		180,000
Proceeds from unsecured senior notes	397,460	247,442

Deferred settlement payments on interest rate swaps, net	(88)	(485)
Distributions to operating partnership unit and LTIP unit holders	(1,107)	(857)
Dividends paid to common stockholders	(48,526)	(27,901)

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	Six Months Ended June 30, 2011	2010
Dividends paid to preferred stockholders	(8,481)	(8,481)
Net cash provided by financing activities	31,362	110,384
Net (decrease)/increase in cash and cash equivalents	(9,434)	1,417
Cash and cash equivalents at beginning of period	21,467	19,922
Cash and cash equivalents at end of period	$ 12,033	$ 21,339
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest (net of amounts capitalized of $3,311 and $2,946, respectively)	$ 35,927	$ 33,330
Supplemental disclosure of non-cash investing and financing activities:		
Accrual for preferred stock dividends declared	$ 4,241	$ 4,241
Accrual for common stock dividends declared	26,252	17,037
Accrual for distributions declared for operating partnership unit and LTIP unit holders	596	450
Accrued additions to real estate and related intangible assets	26,691	13,357

See accompanying notes to consolidated financial statements.

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BIOMED REALTY, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands, except unit data)

	June 30, 2011 (Unaudited)	December 31, 2010
ASSETS		
Investments in real estate, net	$ 3,584,259	$ 3,536,114
Investments in unconsolidated partnerships	55,313	57,265
Cash and cash equivalents	12,033	21,467
Restricted cash	6,614	9,971
Accounts receivable, net	2,486	5,874
Accrued straight-line rents, net	116,896	106,905
Acquired above-market leases, net	26,340	30,566
Deferred leasing costs, net	123,299	125,060
Deferred loan costs, net	12,325	11,499
Other assets	53,285	55,033
Total assets	$ 3,992,850	$ 3,959,754
LIABILITIES AND CAPITAL		
Mortgage notes payable, net	$ 623,121	$ 657,922
Exchangeable senior notes, net	199,706	199,522
Unsecured senior notes, net	645,246	247,571
Unsecured line of credit	121,200	392,450
Security deposits	11,571	11,749
Distributions payable	31,089	27,029
Accounts payable, accrued expenses and other liabilities	79,274	98,826
Derivative instruments	580	3,826
Acquired below-market leases, net	7,201	7,963
Total liabilities	1,718,988	1,646,858
Capital:		
Partners capital:		
Preferred units, 7.375% Series A cumulative redeemable preferred units, $230,000,000 liquidation preference ($25.00 per unit), 9,200,000 units issued and outstanding at June 30, 2011 and December 31, 2010	222,413	222,413
Limited partners capital, 2,979,979 and 3,001,250 units issued and outstanding at June 30, 2011 and December 31, 2010, respectively	9,993	9,918
General partner s capital, 131,259,602 and 131,046,509 units issued and outstanding at June 30, 2011 and December 31, 2010, respectively	2,107,170	2,150,314
Accumulated other comprehensive loss	(65,482)	(69,549)
Total partners capital	2,274,094	2,313,096
Noncontrolling interests deficit	(232)	(200)
Total capital	2,273,862	2,312,896

Total liabilities and capital	$ 3,992,850	$ 3,959,754

See accompanying notes to consolidated financial statements.

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BIOMED REALTY, L.P.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except unit data)
(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Revenues:				
Rental	$ 81,436	$ 72,380	$ 161,653	$ 142,980
Tenant recoveries	24,821	20,273	49,402	41,099
Other income	541	259	1,288	1,589
Total revenues	106,798	92,912	212,343	185,668
Expenses:				
Rental operations	21,162	17,077	41,678	34,928
Real estate taxes	10,338	8,703	21,020	17,424
Depreciation and amortization	35,788	26,469	69,625	55,385
General and administrative	7,519	6,449	14,940	12,718
Acquisition related expenses	334	1,819	653	1,968
Total expenses	75,141	60,517	147,916	122,423
Income from operations	31,657	32,395	64,427	63,245
Equity in net loss of unconsolidated partnerships	(466)	(100)	(1,115)	(377)
Interest income	79	51	204	71
Interest expense	(23,457)	(21,870)	(44,772)	(43,131)
Gain/(loss) on derivative instruments	383	(497)	(628)	(347)
Loss on extinguishment of debt	(249)	(1,444)	(292)	(2,265)
Net income	7,947	8,535	17,824	17,196
Net loss attributable to noncontrolling interests	14	14	32	21
Net income attributable to the Operating Partnership	7,961	8,549	17,856	17,217
Preferred unit distributions	(4,241)	(4,241)	(8,481)	(8,481)
Net income available to unitholders	$ 3,720	$ 4,308	$ 9,375	$ 8,736
Net income per unit available to unitholders:				
Basic and diluted earnings per unit	$ 0.03	$ 0.04	$ 0.07	$ 0.08
Weighted-average units outstanding:				
Basic	132,782,072	112,582,265	132,742,123	106,890,664
Diluted	132,782,072	113,956,077	132,742,123	108,298,135

See accompanying notes to consolidated financial statements.

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BIOMED REALTY, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income available to unitholders and noncontrolling interests	$ 3,706	$ 4,294	$ 9,343	$ 8,715
Other comprehensive income:				
Unrealized gain on derivative instruments, net	892	2,897	3,461	5,825
Amortization of deferred interest costs	1,760	1,781	3,525	3,567
Equity in other comprehensive income/(loss) of unconsolidated partnerships	8	4	36	(11)
Deferred settlement payments on interest rate swaps, net	(36)	(240)	(88)	(485)
Reclassification of unrealized loss on equity securities	825		825	
Reclassification on sale of equity securities				(538)
Unrealized loss on equity securities	(1,375)		(3,692)	
Total other comprehensive income	2,074	4,442	4,067	8,358
Comprehensive income	$ 5,780	$ 8,736	$ 13,410	$ 17,073

See accompanying notes to consolidated financial statements.

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BIOMED REALTY, L.P.
CONSOLIDATED STATEMENTS OF CAPITAL
(In thousands, except unit data)
(Unaudited)

	Preferred Series A		Limited Partner s Capital		General Partner s Capital		Accumulated Other Comprehensive	Total Partner	Noncontrolling Interests	Total
	Units	Amount	Units	Amount	Units	Amount	(Loss)/Income	Equity	Deficit	Equity
alance at ecember 31, 010	9,200,000	$ 222,413	3,001,250	$ 9,918	131,046,509	$ 2,150,314	$ (69,549)	$ 2,313,096	$ (200)	$ 2,312,89
et issuances f unvested stricted OP nits					191,822	(2,407)		(2,407)		(2,40
onversion of P units			(21,271)	49	21,271	(49)				
esting of hare-based wards						3,656		3,656		3,65
eallocation of quity to mited partners				1,013		(1,013)				
istributions		(8,481)		(1,194)		(52,499)		(62,174)		(62,17
et income		8,481		207		9,168		17,856	(32)	17,82
eclassification f unrealized ss on equity curities							825	825		82
nrealized loss n equity curities							(3,692)	(3,692)		(3,69
mortization f deferred terest costs							3,525	3,525		3,52
nrealized gain n derivative struments, t							3,409	3,409		3,40
alance at une 30, 2011	9,200,000	$ 222,413	2,979,979	$ 9,993	131,259,602	$ 2,107,170	$ (65,482)	$ 2,274,094	$ (232)	$ 2,273,86

See accompanying notes to consolidated financial statements.

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BIOMED REALTY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating activities:		
Net income	$ 17,824	$ 17,196
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	69,625	55,385
Allowance for doubtful accounts	931	254
Non-cash revenue adjustments	5,145	(796)
Other non-cash adjustments	6,621	7,805
Compensation expense related to share-based payments	3,656	3,514
Distributions representing a return on capital from unconsolidated partnerships	816	860
Changes in operating assets and liabilities:		
Restricted cash	3,357	3,808
Accounts receivable	2,715	1,022
Accrued straight-line rents	(10,249)	(14,232)
Deferred leasing costs	(9,402)	(1,740)
Other assets	524	(10,355)
Security deposits	(339)	705
Accounts payable, accrued expenses and other liabilities	(9,452)	5
Net cash provided by operating activities	81,772	63,431
Investing activities:		
Purchases of interests in and additions to investments in real estate and related intangible assets	(120,518)	(155,247)
Purchases of equity securities	(2,050)	
Proceeds from the sale of equity securities		1,227
Funds held in escrow for acquisitions		(18,378)
Net cash used in investing activities	(122,568)	(172,398)
Financing activities:		
Proceeds from issuance of OP units		234,187
Payment of deferred loan costs	(3,378)	(8,402)
Unsecured line of credit proceeds	145,475	229,142
Unsecured line of credit payments	(416,725)	(456,308)
Principal payments on mortgage notes payable	(33,268)	(3,647)
Secured term loan repayments		(250,000)
Repurchases of exchangeable senior notes due 2026		(24,306)
Proceeds from exchangeable senior notes due 2030		180,000
Proceeds from unsecured senior notes	397,460	247,442
Deferred settlement payments on interest rate swaps, net	(88)	(485)

	Six Months Ended June 30, 2011	2010
Distributions paid to unitholders	(49,633)	(28,758)
Distributions paid to preferred unitholders	(8,481)	(8,481)
Net cash provided by financing activities	31,362	110,384
Net (decrease)/increase in cash and cash equivalents	(9,434)	1,417
Cash and cash equivalents at beginning of period	21,467	19,922
Cash and cash equivalents at end of period	$ 12,033	$ 21,339
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest (net of amounts capitalized of $3,311 and $2,946, respectively)	$ 35,927	$ 33,330
Supplemental disclosure of non-cash investing and financing activities:		
Accrual for unit distributions declared	$ 26,848	$ 17,487
Accrual for preferred unit distributions declared	4,241	4,241
Accrued additions to real estate and related intangible assets	26,691	13,357

See accompanying notes to consolidated financial statements.

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BIOMED REALTY TRUST, INC.
BIOMED REALTY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization of the Parent Company and Description of Business

BioMed Realty Trust, Inc., a Maryland corporation (the Parent Company), was incorporated in Maryland on April 30, 2004. On August 11, 2004, the Parent Company commenced operations after completing its initial public offering. The Parent Company operates as a fully integrated, self-administered and self-managed real estate investment trust (REIT) focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry principally through its subsidiary, BioMed Realty, L.P., a Maryland limited partnership (the Operating Partnership and together with the Parent Company referred to as the Company). The Company s tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. The Company s properties are generally located in markets with well-established reputations as centers for scientific research, including Boston, San Diego, San Francisco, Seattle, Maryland, Pennsylvania and New York/New Jersey.

The Parent Company is the sole general partner of the Operating Partnership and, as of June 30, 2011, owned a 97.8% interest in the Operating Partnership. The remaining 2.2% interest in the Operating Partnership is held by limited partners. Each partner s percentage interest in the Operating Partnership is determined based on the number of operating partnership units and long-term incentive plan units (LTIP units and together with the operating partnership units, the OP units) owned as compared to total OP units (and potentially issuable OP units, as applicable) outstanding as of each period end and is used as the basis for the allocation of net income or loss to each partner.

2. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying interim financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments and eliminations, consisting of normal recurring adjustments necessary for a fair presentation of the financial statements for these interim periods have been recorded. These financial statements should be read in conjunction with the audited consolidated financial statements and notes therein included in the Company s annual report on Form 10-K for the year ended December 31, 2010.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, partnerships and limited liability companies it controls, and variable interest entities for which the Company has determined itself to be the primary beneficiary. All material intercompany transactions and balances have been eliminated. The Company consolidates entities the Company controls and records a noncontrolling interest for the portions not owned by the Company. Control is determined, where applicable, by the sufficiency of equity invested and the rights of the equity holders, and by the ownership of a majority of the voting interests, with consideration given to the existence of approval or veto rights granted to the minority stockholder. If the minority stockholder holds substantive participating rights, it overcomes the presumption of control by the majority voting interest holder. In contrast, if the minority stockholder simply holds protective rights (such as consent rights over certain actions), it does not overcome the presumption of control by the majority voting interest holder.

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Investments in Partnerships and Limited Liability Companies

The Company has determined that it is the primary beneficiary in five variable interest entities, or VIEs, consisting of single-tenant properties in which the tenant has a fixed-price purchase option, which are consolidated and reflected in the accompanying consolidated financial statements. Selected financial data of the VIEs at June 30, 2011 and December 31, 2010 consist of the following:

	June 30, 2011	December 31, 2010
Investment in real estate, net	$ 395,844	$ 375,428
Total assets	434,444	414,993
Total debt	147,000	147,000
Total liabilities	157,953	161,697

Investments in Real Estate, Net

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

	June 30, 2011	December 31, 2010
Land	$ 587,277	$ 578,753
Land under development	53,468	47,920
Buildings and improvements	3,222,174	3,160,392
Construction in progress	117,532	91,027
	3,980,451	3,878,092
Accumulated depreciation	(396,192)	(341,978)
	$ 3,584,259	$ 3,536,114

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

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review of recoverability is based on an estimate of the future undiscounted cash flows (excluding interest charges) expected to result from the long-lived asset s use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a long-lived asset, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair-value of the property. The Company is required to make subjective assessments as to whether there are impairments in the values of its investments in long-lived assets. These assessments have a direct impact on the Company s 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. Although the Company s strategy is to hold its properties over the long-term, if the Company s strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized to reduce the property to the lower of the carrying amount or fair-value, and such loss could be material. As of and through June 30, 2011, no assets have been identified as impaired and no such impairment losses have been recognized.

Accumulated Amortization

Deferred leasing costs, acquired above-market leases, acquired below-market leases, and lease incentives are recorded net of accumulated amortization. Accumulated amortization balances consisted of the following (in thousands):

	June 30,	December 31,

	2011	2010
Deferred leasing costs	$ 165,904	$ 150,702
Acquired above-market leases	17,408	12,572
Acquired below-market leases	32,954	32,193
Lease incentives	6,768	5,698

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Investments

Investments in equity securities, which are included in other assets on the accompanying consolidated balance sheets, consisted of the following (in thousands):

	June 30, 2011	December 31, 2010
Available-for-sale securities, cost basis	$ 4,557	$ 4,133
Other-than-temporary unrealized loss	(825)	
Unrealized loss	(2,940)	(73)
Available-for-sale securities, fair-value(1)	792	4,060
Cost method securities, cost basis	2,050	
Total equity securities	$ 2,842	$ 4,060

(1) Determination of fair-value is classified as Level 1 in the fair-value hierarchy based on the use of quoted prices in active markets.

The Company s investments in available-for-sale securities of two publicly traded companies currently have fair market values that are less than the Company s initial cost basis in these securities due to decreases in their respective stock prices during the six months ended June 30, 2011. During the three months ended June 30, 2011, the Company reclassified to general and administrative expense from accumulated other comprehensive loss, an unrealized loss, considered to be other than temporary, of approximately $825,000 relating to its investment in securities of one of these companies. With respect to the Company s investment in the securities of the other of these publicly traded companies, the investment has had a fair-value less than the Company s initial cost basis for less than 12 months and management has the intent and ability to retain the investment for a period of time sufficient to allow for an anticipated recovery in market value. Management will continue to periodically evaluate whether any investment, the market value of which is less than the Company s initial cost basis, should be considered other-than-temporarily-impaired. If other than temporary impairment is considered to exist, the related unrealized loss will be reclassified from accumulated other comprehensive income and recorded as a reduction of net income.

The Company s remaining investments consisted of securities in privately-held companies or funds, which are recorded at cost basis due to the Company s lack of control or significant influence over such companies or funds. No value is recorded upon receipt of securities for which there is substantial doubt about the ability to realize value from the sale of such investments due to an illiquid or non-existent market for the securities and the ongoing financial difficulties of the companies that issued the equity securities. The Company invested in equity securities of one privately-held company and one privately held fund during the three months ended June 30, 2011. There were no identified events or changes in circumstances that may have a significant adverse effect on the carrying value of the Company s cost basis investments, and, therefore, no evaluation of impairment was performed during the three months ended June 30, 2011 on the Company s cost basis investments.

Management s Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reporting of revenue and expenses during the reporting period to prepare these consolidated financial statements in conformity with GAAP. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and reported amounts of revenue and expenses that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions or conditions.

3. Equity of the Parent Company

During the six months ended June 30, 2011, the Parent Company issued restricted stock awards to the Company s employees and directors totaling 330,544 and 15,085 shares of common stock, respectively (129,342 shares of common stock were surrendered to the Company and subsequently retired in lieu of cash payments for taxes due on the vesting of restricted stock and 24,465 shares were forfeited during the same period), which are included in the total of common stock outstanding as of the period end (see Note 6).

Common Stock, Operating Partnership Units and LTIP Units

As of June 30, 2011, the Company had outstanding 131,259,602 shares of the Parent Company s common stock and 2,593,538 and 386,441 operating partnership and LTIP units, respectively. A share of the Parent Company s common stock and the operating partnership and LTIP units have essentially the same economic characteristics as they share equally in the total net income or loss and distributions of the Operating Partnership.

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Dividends and Distributions

The following table lists the dividends and distributions declared by the Company and the Operating Partnership during the six months ended June 30, 2011:

Declaration Date	Securities Class	Amount Per Share/Unit	Period Covered	Dividend and Distribution Payable Date	Dividend and Distribution Amount (in thousands)
March 14, 2011	Common stock and OP units	$ 0.20000	January 1, 2011 to March 31, 2011	April 15, 2011	$ 26,846
March 14, 2011	Series A preferred stock/units	$ 0.46094	January 16, 2011 to April 15, 2011	April 15, 2011	$ 4,240
June 15, 2011	Common stock and OP units	$ 0.20000	April 1, 2011 to June 30, 2011	July 15, 2011	$ 26,847
June 15, 2011	Series A preferred stock/units	$ 0.46094	April 16, 2011 to July 15, 2011	July 15, 2011	$ 4,241

Total 2011 dividends and distributions declared through June 30, 2011 (in thousands):

Common stock and OP units	$ 53,693
Series A preferred stock/units	8,481
	$ 62,174

Noncontrolling Interests

Noncontrolling interests on the consolidated balance sheets of the Parent Company relate primarily to the OP units in the Operating Partnership that are not owned by the Parent Company. With respect to the noncontrolling interests in the Operating Partnership, noncontrolling interests with redemption provisions that permit the issuer to settle in either cash or common stock at the option of the issuer are further evaluated to determine whether temporary or permanent equity classification on the balance sheet is appropriate. Since the OP units comprising the noncontrolling interests contain such a provision, the Company evaluated this guidance, including the requirement to settle in unregistered shares, and determined that the OP units meet the requirements to qualify for presentation as permanent equity.

The Company evaluates individual redeemable noncontrolling interests for the ability to continue to recognize the noncontrolling interest as permanent equity in the consolidated balance sheets. Any redeemable noncontrolling interest that fails to qualify as permanent equity will be reclassified as temporary equity and adjusted to the greater of (1) the carrying amount, or (2) its redemption value as of the end of the period in which the determination is made.

The redemption value of the OP units not owned by the Parent Company, had such units been redeemed at June 30, 2011, was approximately $56.6 million based on the average closing price of the Parent Company s common stock of $19.00 per share for the ten consecutive trading days immediately preceding June 30, 2011.

The following table shows the vested ownership interests in the Operating Partnership were as follows:

	June 30, 2011		December 31, 2010	
	Operating Partnership Units and LTIP Units	Percentage of Total	Operating Partnership Units and LTIP Units	Percentage of Total
BioMed Realty Trust	129,872,349	97.8%	129,603,445	97.8%
Noncontrolling interest consisting of:				
	2,332,318	1.8%	2,268,873	1.7%

Operating partnership and LTIP units held by employees and related parties				
Operating partnership and LTIP units held by third parties	588,801	0.4%	588,801	0.5%
Total	132,793,468	100.0%	132,461,119	100.0%

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4. Capital of the Operating Partnership

Operating Partnership Units and LTIP Units

As of June 30, 2011, the Operating Partnership had outstanding 133,853,140 operating partnership units and 386,441 LTIP units. The Parent Company owned 97.8% of the partnership interests in the Operating Partnership at June 30, 2011, is the Operating Partnership s general partner and is responsible for the management of the Operating Partnership s business. As the general partner of the Operating Partnership, the Parent Company effectively controls the ability to issue common stock of the Parent Company upon a limited partner s notice of redemption. In addition, the general partner of the Operating Partnership has generally acquired OP units upon a limited partner s notice of redemption in exchange for shares of the Parent Company s common stock. The redemption provisions of OP units owned by limited partners that permit the issuer to settle in either cash or common stock at the option of the issuer are further evaluated in accordance with applicable accounting guidance to determine whether temporary or permanent equity classification on the balance sheet is appropriate. The Operating Partnership evaluated this guidance, including the requirement to settle in unregistered shares, and determined that these OP units meet the requirements to qualify for presentation as permanent equity.

The redemption value of the OP units owned by the limited partners, not including the Parent Company, had such units been redeemed at June 30, 2011, was approximately $56.6 million based on the average closing price of the Parent Company s common stock of $19.00 per share for the ten consecutive trading days immediately preceding June 30, 2011.

5. Debt

Debt of the Parent Company

The Parent Company does not hold any indebtedness. All debt is held directly or indirectly by the Operating Partnership; however, the Parent Company has guaranteed the Operating Partnership s Exchangeable Senior Notes due 2026 (the Notes due 2026), Exchangeable Senior Notes due 2030 (the Notes due 2030), Unsecured Senior Notes due 2016 (the Notes due 2016), and Unsecured Senior Notes due 2020 (the Notes due 2020).

Debt of the Operating Partnership

A summary of the Operating Partnership s outstanding consolidated debt as of June 30, 2011 and December 31, 2010 was as follows (principal balance in thousands):

	Stated Fixed Interest Rate	Effective Interest Rate	Principal Balance June 30, 2011	Principal Balance December 31, 2010	Maturity Date
Mortgage Notes Payable					
Ardentech Court (1)	7.25%	5.06%	$	$ 4,237	July 1, 2012
Center for Life Science | Boston	7.75%	7.75%	343,896	345,577	June 30, 2014
500 Kendall Street (Kendall D)	6.38%	5.45%	63,261	64,230	December 1, 2018
6828 Nancy Ridge Drive	7.15%	5.38%	6,430	6,488	September 1, 2012
Road to the Cure (1)	6.70%	5.78%		14,696	January 31, 2014
10255 Science Center Drive (1)	7.65%	5.04%		10,800	July 1, 2011
Shady Grove Road	5.97%	5.97%	147,000	147,000	September 1, 2016
Sidney Street	7.23%	5.11%	26,907	27,395	June 1, 2012
Sorrento West LLC	7.42%	2.72%	13,112	13,247	November 10, 2011
9865 Towne Centre Drive (2)	7.95%	7.95%	17,528	17,636	June 30, 2013
900 Uniqema Boulevard	8.61%	5.61%	915	1,011	May 1, 2015
			619,049	652,317	
Unamortized premiums			4,072	5,605	
Mortgage notes payable, net			623,121	657,922	
Notes due 2026	4.50%	6.45%	19,800	19,800	October 1, 2026
Unamortized discount (3)			(94)	(278)	
Notes due 2026, net (4)			19,706	19,522	
Notes due 2030	3.75%	3.75%	180,000	180,000	January 15, 2030
Exchangeable senior notes, net			199,706	199,522	
Notes due 2016	3.85%	3.99%	400,000		April 15, 2016
Unamortized discount (5)			(2,424)		
Notes due 2016, net			397,576		
Notes due 2020	6.13%	6.27%	250,000	250,000	April 15, 2020
Unamortized discount (6)			(2,330)	(2,429)	
Notes due 2020, net			247,670	247,571	
Unsecured senior notes, net			645,246	247,571	
Unsecured line of credit (7)	1.29%	1.29%	121,200	392,450	July 13, 2015

Total consolidated debt	$ 1,589,273	$ 1,497,465

(1) During the six months ended June 30, 2011, the Operating Partnership voluntarily prepaid in full the outstanding mortgage notes totaling approximately $30.1 million pertaining to the Ardentech Court, Road to the Cure, and 10255 Science Center Drive properties, prior to their respective maturity dates.

(2) In July 2011, the Operating Partnership voluntarily prepaid in full the outstanding mortgage note pertaining to the 9865 Towne Centre Drive property, in the amount of approximately $17.9 million including a prepayment premium of $351,000, prior to its maturity date.

(3) The unamortized debt discount will be amortized through October 1, 2011, the first date at which the holders of the Notes due 2026 may require the Operating Partnership to repurchase the Notes due 2026.

(4) As of June 30, 2011 and December 31, 2010, the carrying value of the equity component recognized was approximately $14.0 million.

(5) The unamortized debt discount will be amortized through April 15, 2016, the maturity date of the Notes due 2016.

(6) The unamortized debt discount will be amortized through April 15, 2020, the maturity date of the Notes due 2020.

(7) At June 30, 2011, the Operating Partnership had additional borrowing capacity under the unsecured line of credit of up to approximately $591.0 million (net of outstanding letters of credit issued by the Operating Partnership and drawable on the unsecured line of credit of approximately $7.8 million). On July 14, 2011, the Operating Partnership entered into a new $750.0 million unsecured line of credit, replacing its existing line of credit, as described below in this Note 5.

Exchangeable Senior Notes due 2030

The exchange rate for the Notes due 2030 may be adjusted under certain circumstances, including the payment of cash dividends in excess of $0.14 per share of common stock. The increase in the quarterly cash dividend from the second quarter of 2010 through the second quarter of 2011 to $0.20 per share of common stock resulted in an increase in the exchange rate of the Notes due 2030 from 55.0782 to 55.6548 shares per $1,000 principal amount of Notes due 2030, effective as of June 28, 2011, the Company s ex-dividend date.

Unsecured Senior Notes due 2016, net

On March 30, 2011, the Operating Partnership issued $400.0 million aggregate principal amount of its Notes due 2016. The purchase price paid by the underwriters was 99.365% of the principal amount and the Notes due 2016 have been recorded on the consolidated balance sheet net of the discount. The Notes due 2016 are senior unsecured obligations of the Operating Partnership and rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership. However, the Notes due 2016 are effectively subordinated to the Operating Partnership s existing and future mortgages and other secured indebtedness (to the extent of the value of the collateral securing such indebtedness) and to all existing and future preferred equity and liabilities, whether secured or unsecured, of the Operating Partnership s subsidiaries, including guarantees provided by the Operating Partnership s subsidiaries under the Operating Partnership s unsecured line of credit. Interest at a rate of 3.85% per year is payable on April 15 and October 15 of each year, beginning on October 15, 2011, until the stated maturity date of April 15, 2016. The terms of the Notes due 2016 are governed by a base indenture and supplemental indenture, each dated March 30, 2011, among the Operating Partnership, as issuer, the Parent Company, as guarantor, and U.S. Bank National Association, as trustee.

The Operating Partnership may redeem the Notes due 2016, in whole or in part, at any time for cash at a redemption price equal to the greater of (1) 100% of the principal amount of the Notes due 2016 being redeemed; or (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date on a semi-annual basis at the adjusted treasury rate plus 30 basis points, plus in each case, accrued and unpaid interest.

The terms of the indenture for the Notes due 2016 require compliance with various financial covenants, including limits on the amount of total leverage and secured debt maintained by the Operating Partnership and which require the Operating Partnership to maintain minimum levels of debt service coverage. Management believes that it was in compliance with these covenants as of June 30, 2011.

As of June 30, 2011 and including the replacement of the existing line of credit with the new unsecured line of credit on July 14, 2011, principal payments due for the Operating Partnership s consolidated indebtedness (excluding debt premiums and discounts) were as follows (in thousands):

2011 (1)	$ 17,103
2012	40,768
2013	25,370
2014	339,020
2015 (1)	127,453
Thereafter(2)	1,040,335
	$ 1,590,049

(1) On July 14, 2011, the Operating Partnership entered into a new $750.0 million unsecured line of credit which matures on July 13, 2015, replacing its existing line of credit which was scheduled to mature on August 1, 2011, as described below in this Note 5.

(2)

Includes $19.8 million in principal payments of the Notes due 2026 based on a contractual maturity date of October 1, 2026 and $180.0 million in principal payments of the Notes due 2030 based on a contractual maturity date of January 15, 2030.

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Subsequent Events New Unsecured Line of Credit

On July 14, 2011, the Operating Partnership entered into an unsecured credit agreement with KeyBank National Association, as administrative agent, and certain other lenders.

The unsecured credit agreement provides for available borrowings under a revolving line of credit of $750.0 million and a maturity date of July 13, 2015, replacing the Operating Partnership s existing line of credit which was scheduled to mature on August 1, 2011. Subject to the administrative agent s reasonable discretion, the Operating Partnership may increase the amount of the revolving credit commitments to $1.25 billion upon satisfying certain conditions. In addition, the Operating Partnership, at its sole discretion, may extend the maturity date of the revolving line of credit to July 13, 2016 after satisfying certain conditions and paying an extension fee. The revolving line of credit bears interest at a floating rate equal to, at the Operating Partnership s option, either (1) reserve adjusted LIBOR plus a spread which ranges from 100 to 205 basis points, depending on the Company s credit ratings, or (2) the highest of (a) the prime rate then in effect plus a spread which ranges from 0 to 125 basis points, (b) the federal funds rate then in effect plus a spread which ranges from 50 to 175 basis points or (c) one month LIBOR plus a spread which ranges from 100 to 205 basis points, in each case, depending on the Company s credit ratings. In addition, a facility fee is payable on line capacity at an annual rate depending on the Company s credit rating, which is currently at 35 basis points.

The unsecured credit agreement includes certain restrictions and covenants which require compliance with financial covenants relating to the minimum amounts of net worth, fixed charge coverage, unsecured debt service coverage, overall leverage and unsecured leverage ratios, the maximum amount of secured indebtedness and certain investment limitations. The unsecured credit agreement specifies a number of events of default (some of which are subject to applicable cure periods), including, among others, the failure to make payments when due, noncompliance with covenants and defaults under other agreements or instruments of indebtedness. Upon the occurrence of an event of default, the lenders may terminate the revolving line of credit and declare all amounts outstanding to be immediately due and payable.

6. Earnings Per Share of the Parent Company

Through June 30, 2011 all of the Company s participating securities (including the OP units) received dividends/distributions at an equal dividend/distribution rate per share/unit. As a result, the portion of net income allocable to the weighted-average restricted stock outstanding for the three and six months ended June 30, 2011 and 2010 has been deducted from net income available to common stockholders to calculate basic earnings per share. The calculation of diluted earnings per share for the three and six months ended June 30, 2011 includes the outstanding OP units (both vested and unvested) in the weighted-average shares, and net income attributable to noncontrolling interests in the Operating Partnership has been added back to net income available to common stockholders. For the three and six months ended June 30, 2011, the restricted stock was anti-dilutive to the calculation of diluted earnings per share and was therefore excluded. As a result, diluted earnings per share was calculated based upon net income available to common stockholders less net income allocable to unvested restricted stock and distributions in excess of earnings attributable to unvested restricted stock. The calculation of diluted earnings per share for the three and six months ended June 30, 2010 includes the outstanding OP units (both vested and unvested) and restricted stock in the weighted-average shares, and net income attributable to noncontrolling interests in the Operating Partnership has been added to net income available to common stockholders in calculating diluted earnings per share. No shares were issuable upon settlement of the excess exchange value pursuant to the exchange settlement feature of the Notes due 2026 as the common stock price at June 30, 2011 and 2010 did not exceed the exchange price then in effect. In addition, shares issuable upon settlement of the exchange feature of the Notes due 2030 were anti-dilutive and were not included in the calculation of diluted earnings per share based on the if converted method for the three and six months ended June 30, 2011. No other shares were considered anti-dilutive for the three and six months ended June 30, 2011 and 2010.

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Computations of basic and diluted earnings per share (in thousands, except share data) were as follows:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Basic earnings per share:				
Net income available to common stockholders	$ 3,638	$ 4,199	$ 9,168	$ 8,499
Less: net income allocable and distributions in excess of earnings to participating securities	(279)	(192)	(577)	(383)
Net income attributable to common stockholders basic	$ 3,359	$ 4,007	$ 8,591	$ 8,116
Diluted earnings per share:				
Net income attributable to common stockholders basic	$ 3,359	$ 4,007	$ 8,591	$ 8,116
Add: net income allocable and distributions in excess of earnings to dilutive participating securities		192		383
Add: net income attributable to noncontrolling interests in operating partnership	82	109	207	237
Net income attributable to common stockholders and participating securities	$ 3,441	$ 4,308	$ 8,798	$ 8,736
Weighted-average common shares outstanding:				
Basic	129,858,098	109,707,274	129,815,154	104,000,339
Incremental shares from assumed conversion:				
Unvested restricted stock		1,230,236		1,259,753
Operating partnership and LTIP units	2,982,834	3,018,567	2,987,943	3,038,043
Diluted	132,840,932	113,956,077	132,803,097	108,298,135
Basic and diluted earnings per share:				
Net income per share attributable to common stockholders, basic and diluted	$ 0.03	$ 0.04	$ 0.07	$ 0.08

7. Earnings Per Unit of the Operating Partnership

Through June 30, 2011 all of the Operating Partnership s participating securities received distributions at an equal distribution rate per unit. As a result, the portion of net income allocable to the weighted-average unvested OP units outstanding for the three and six months ended June 30, 2011 and 2010 has been deducted from net income available to unitholders to calculate basic earnings per unit. For the three and six months ended June 30, 2011 the unvested OP units were anti-dilutive to the calculation of earnings per unit and were therefore excluded from the calculation of diluted earnings per unit, and diluted earnings per unit is calculated based upon net income attributable to unitholders.

The calculation of diluted earnings per unit for the three and six months ended June 30, 2010 includes unvested OP units in the weighted-average shares, and diluted earnings per unit is calculated based upon net income available to the unitholders. No shares of common stock of the Parent Company were contingently issuable upon settlement of the excess exchange value pursuant to the exchange settlement feature of the Notes due 2026 as the common stock price at June 30, 2011 and 2010 did not exceed the exchange price then in effect. In addition, units issuable upon settlement of the exchange feature of the Notes due 2030 were anti-dilutive and were not included in the calculation of diluted earnings per unit based on the if converted method for the three and six months ended June 30, 2011. No other units were considered anti-dilutive for the three and six months ended June 30, 2011 and 2010.

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Computations of basic and diluted earnings per unit (in thousands, except share data) were as follows:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Basic earnings per unit:				
Net income available to unitholders	$ 3,720	$ 4,308	$ 9,375	$ 8,736
Less: net income allocable and distributions in excess of earnings to participating securities	(291)	(211)	(601)	(415)
Net income attributable to unitholders basic	$ 3,429	$ 4,097	$ 8,774	$ 8,321
Diluted earnings per unit:				
Net income attributable to unitholders basic	$ 3,429	$ 4,097	$ 8,774	$ 8,321
Add: net income allocable and distributions in excess of earnings to dilutive participating securities		211		415
Net income attributable to unitholders	$ 3,429	$ 4,308	$ 8,774	$ 8,736
Weighted-average units outstanding:				
Basic	132,782,072	112,582,265	132,742,123	106,890,664
Incremental units from assumed conversion/vesting:				
Unvested units		1,373,812		1,407,471
Diluted	132,782,072	113,956,077	132,742,123	108,298,135
Basic and diluted earnings per unit:				
Net income per unit attributable to unitholders, basic and diluted:	$ 0.03	$ 0.04	$ 0.07	$ 0.08

8. Investment in Unconsolidated Partnerships

The accompanying consolidated financial statements include investments in two limited liability companies with Prudential Real Estate Investors (PREI), and in 10165 McKellar Court, L.P. (McKellar Court), a limited partnership with Quidel Corporation, the tenant which occupies the McKellar Court property. General information on the PREI limited liability companies and the McKellar Court partnership (each referred to in this footnote individually as a partnership and collectively as the partnerships) as of June 30, 2011 was as follows:

Name	Partner	Company s Ownership Interest	Company s Economic Interest	Date Acquired
PREI I LLC(1)	PREI	20%	20%	April 4, 2007
PREI II LLC(2)	PREI	20%	20%	April 4, 2007
McKellar Court(3)	Quidel Corporation	22%	22%	September 30, 2004

(1)

PREI I LLC owns a portfolio of six properties in Cambridge, Massachusetts comprised of laboratory/office buildings. At June 30, 2011, there were $203.3 million in outstanding borrowings on the PREI joint ventures secured acquisition and interim loan facility, with a contractual interest rate of 3.69% (including the applicable credit spread) which matures on February 10, 2012. At maturity, the PREI joint ventures may refinance the secured acquisition and interim loan facility, depending on market conditions and the availability of credit, or they may repay the principal balance through capital contributions of the members. At June 30, 2011, there were $205.6 million in outstanding borrowings on the secured construction loan facility entered into by a wholly owned subsidiary of the Company s joint venture with PREI I LLC, with a contractual interest rate of 1.69% (including the applicable credit spread) which matures on August 13, 2011. At maturity, the wholly owned subsidiary may refinance the loan, depending on market conditions and the availability of credit, or it may repay the principal balance of the construction loan through capital contributions of the members.

(2) The Company s remaining investment in PREI II LLC (maximum exposure to losses) was approximately $818,000 at June 30, 2011.

(3) The Company s investment in the McKellar Court partnership (maximum exposure to losses) was approximately $12.4 million at June 30, 2011. The Company s economic interest in the McKellar Court partnership entitles it to 75% of the extraordinary cash flows after repayment of the partners capital contributions and 22% of the operating cash flows.

The Company acts as the operating member or partner, as applicable, and day-to-day manager for the partnerships. The Company is entitled to receive fees for providing construction and development services (as applicable) and management services to the PREI joint ventures. The Company earned approximately $244,000 and $514,000 in fees for the three and six months ended June 30, 2011, respectively, and approximately $392,000 and $919,000 in fees for the three and six months ended June 30, 2010, respectively, for services provided to the PREI joint ventures, which are reflected in tenant recoveries and other income in the consolidated statements of income.

The condensed combined balance sheets for all of the Company s unconsolidated partnerships were as follows (in thousands):

	June 30, 2011	December 31, 2010
Assets:		
Investments in real estate, net	$ 608,022	$ 620,430
Cash and cash equivalents (including restricted cash)	13,291	7,914
Intangible assets, net	11,662	12,303
Other assets	24,871	26,412
Total assets	$ 657,846	$ 667,059
Liabilities and members equity:		
Mortgage notes payable and secured construction loan	$ 419,169	$ 415,933
Other liabilities	15,292	18,101
Members equity	223,385	233,025
Total liabilities and equity	$ 657,846	$ 667,059
Company s net investment in unconsolidated partnerships	$ 55,313	$ 57,265

The condensed combined statements of operations for the unconsolidated partnerships were as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Total revenues	$ 9,609	$ 9,286	$ 18,964	$ 17,014
Rental operations expenses and real estate taxes	5,186	4,863	10,955	9,278
Depreciation and amortization	4,710	3,460	9,306	6,765
Professional fees	139	148	367	552
Interest expense, net of interest income	3,285	2,533	6,720	5,014
Total expenses	13,320	11,004	27,348	21,609
Net loss	$ (3,711)	$ (1,718)	$ (8,384)	$ (4,595)

Company s equity in net loss of unconsolidated partnerships	$ (466)	$ (100)	$ (1,115)	$ (377)

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9. Derivatives and Other Financial Instruments

As of June 30, 2011, the Company had two interest rate swaps with an aggregate notional amount of $150.0 million under which at each monthly settlement date the Company either (1) receives the difference between a fixed interest rate (the Strike Rate) and one-month LIBOR if the Strike Rate is less than one-month LIBOR or (2) pays such difference if the Strike Rate is greater than one-month LIBOR. The interest rate swaps hedge the Company s exposure to the variability on expected cash flows attributable to changes in interest rates on the first interest payments, due on the date that is on or closest after each swap s settlement date, associated with the amount of one-month LIBOR-based debt equal to each swap s notional amount. These interest rate swaps, with a notional amount of $150.0 million (interest rate of 5.8%, including the applicable credit spread), are currently intended to hedge interest payments associated with the Company s unsecured line of credit. No initial investment was made to enter into the interest rate swap agreements.

As of June 30, 2011, the Company had deferred interest costs of approximately $52.6 million in accumulated other comprehensive loss related to forward starting swaps, which were settled with the corresponding counterparties in March and April 2009. The forward starting swaps were entered into to mitigate the Company s exposure to the variability in expected future cash flows attributable to changes in future interest rates associated with a forecasted issuance of fixed-rate debt, with interest payments for a minimum of ten years. The deferred interest costs will be amortized as additional interest expense over a remaining period of approximately eight years.

The following is a summary of the terms of the interest rate swaps and their fair-values, which are included in derivative instruments on the accompanying consolidated balance sheets (in thousands):

					Fair-Value(1)	
	Notional Amount	Strike Rate	Effective Date	Expiration Date	June 30, 2011	December 31, 2010
	$ 115,000	4.673%	October 1, 2007	August 1, 2011	$ (444)	$ (2,928)
	35,000	4.700%	October 10, 2007	August 1, 2011	(136)	(898)
Interest rate swaps	150,000				(580)	(3,826)
Other(2)					22	26
Total derivative instruments	$ 150,000				$ (558)	$ (3,800)

(1) Fair-value of derivative instruments does not include any related accrued interest payable, which is included in accrued expenses on the accompanying consolidated balance sheets. Derivative valuations are classified in Level 2 of the fair-value hierarchy.

(2) Includes stock purchase warrants that are recorded as derivative instruments and are reflected in other assets on the accompanying consolidated balance sheets. Changes in the fair-value of the stock purchase warrants are included in earnings in the period in which they occur.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair-value of the derivative is initially reported in accumulated other comprehensive income (outside of earnings) and subsequently reclassified to earnings in the period in which the hedged forecasted transaction affects earnings. During the three and six months ended June 30, 2011 and 2010, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair-value of the derivatives is recognized directly in earnings.

The Company s use of proceeds from its March 2011 unsecured debt offering to repay a portion of the outstanding indebtedness on its unsecured line of credit caused the amount of variable-rate indebtedness to fall below the combined notional value of the outstanding interest rate swaps on March 30, 2011, causing the Company to be overhedged. As a result, the Company re-performed tests to assess the effectiveness of its interest rate swaps. Although the interest rate swaps with an aggregate notional amount of $150.0 million passed the assessment tests at June 30, 2011 and the $115.0 million swap continued to qualify for hedge accounting, the $35.0 million swap no longer qualifies for hedge accounting due to the lack of variable rate debt expected to be outstanding during the remaining term of the swap. From the date that hedge accounting was discontinued on the $35.0 million swap, changes in the fair-value associated with this interest rate swap were recorded directly to earnings, resulting in the recognition of a gain of approximately $10,000 and $13,000 for the three and six months ended June 30, 2011, respectively, which is included as a component of loss on derivative instruments. The Company accelerated the reclassification of amounts deferred in accumulated other comprehensive loss to earnings related to the hedged forecasted transactions that became probable of not occurring during the period in which the Company was overhedged. This resulted in a cumulative charge to earnings for the six months ended June 30, 2011 of approximately $1.0 million.

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During the three months ended June 30, 2011, the Company recorded total gain on derivative instruments of $383,000 primarily related to the increase in the amount of the variable-rate indebtedness relating to the remaining $150.0 million interest rate swaps (see above) and changes in the fair-value of other derivative instruments. During the six months ended June 30, 2011, the Company recorded total loss on derivative instruments of $628,000, primarily related to the reduction in the amount of the variable-rate indebtedness relating to the remaining $150.0 million interest rate swaps (see above), hedge ineffectiveness on cash flow hedges due to mismatches in maturity dates and interest rate reset dates between the interest rate swaps and corresponding debt and changes in the fair-value of other derivative instruments. During the three and six months ended June 30, 2010, the Company recorded total losses on derivative instruments of $497,000 and $347,000, respectively, primarily related to the discontinuance of hedge accounting for the Company s former $250.0 million interest rate swap, hedge ineffectiveness on cash flow hedges due to mismatches in maturity dates and interest rate dates between the interest rate swaps and corresponding debt and changes in the fair-value of other derivative instruments.

Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to earnings during the period in which the hedged forecasted transaction affects earnings. The change in net unrealized (loss)/gain on derivative instruments includes reclassifications of net unrealized losses from accumulated other comprehensive loss as (1) an increase to interest expense of $3.1 million and $6.5 million for the three and six months ended June 30, 2011, respectively, and $4.6 million and $10.5 million for the three and six months ended June 30, 2010, respectively, and (2) a gain on derivative instruments of $383,000 for the three months ended June 30, 2011, a loss on derivative instruments of $628,000 for the six months ended June 30, 2011, and a loss on derivative instruments of $497,000 and $347,000 for the three and six months ended June 30, 2010, respectively. During the next twelve months, the Company estimates that an additional $7.3 million will be reclassified from accumulated other comprehensive loss as an increase to interest expense. In addition, approximately $90,000 and $195,000 for the three and six months ended June 30, 2011, respectively, and approximately $293,000 and $582,000 for the three and six months ended June 30, 2010, respectively, of settlement payments on interest rate swaps have been deferred in accumulated other comprehensive loss and will be amortized over the useful lives of the related development or redevelopment projects.

The following is a summary of the amount of loss recognized in other comprehensive income related to the derivative instruments (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Amount of loss recognized in other comprehensive income (effective portion):				
Cash flow hedges				
Interest rate swaps	$ 42	$ 378	$ 104	$ 1,518

The following is a summary of the amount of loss reclassified from accumulated other comprehensive loss to interest expense related to the derivative instruments (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Amount of loss reclassified from accumulated other comprehensive loss to income (effective portion):				
Cash flow hedges				
Interest rate swaps(1)	$ (1,296)	$ (2,847)	$ (2,941)	$ (6,971)
Forward starting swaps(2)	(1,760)	(1,781)	(3,525)	(3,567)

Total interest rate swaps	$ (3,056)	$ (4,628)	$ (6,466)	$ (10,538)

(1) Amount represents payments made to swap counterparties for the effective portion of interest rate swaps that were recognized as an increase to interest expense for the periods presented (the amount was recorded as an increase and corresponding decrease to accumulated other comprehensive loss in the same accounting period).

(2) Amount represents reclassifications of deferred interest costs from accumulated other comprehensive loss to interest expense related to the Company s previously settled forward starting swaps.

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The following is a summary of the amount of gain/(loss) recognized in income as a loss on derivative instruments related to the ineffective portion of the derivative instruments (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Amount of gain/(loss) recognized in income (ineffective portion and amount excluded from effectiveness testing):				
Cash flow hedges				
Interest rate swaps	$ 372	$	$ (79)	$ 56
Ineffective interest rate swaps	(10)	(416)	(545)	(416)
Total interest rate swaps	362	(416)	(624)	(360)
Other derivative instruments	21	(81)	(4)	13
Total gain/(loss) on derivative instruments	$ 383	$ (497)	$ (628)	$ (347)

10. Fair-Value of Financial Instruments

The Company s disclosures of estimated fair-value of financial instruments at June 30, 2011 and December 31, 2010 were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair-value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair-value amounts.

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

The Company utilizes quoted market prices to estimate the fair-value of its fixed-rate and variable-rate debt, when available. If quoted market prices are not available, the Company calculates the fair-value of its mortgage notes payable and other fixed-rate debt based on a currently available market rate assuming the loans are outstanding through maturity and considering the collateral. In determining the current market rate for fixed-rate debt, a market credit spread is added to the quoted yields on federal government treasury securities with similar terms to debt. In determining the current market rate for variable-rate debt, a market credit spread is added to the current effective interest rate. The carrying value of interest rate swaps, as well as the underlying hedged liability, if applicable, are reflected at their fair-value. The Company receives quotations from a third party to use in estimating these fair-values.

At June 30, 2011 and December 31, 2010, the aggregate fair-value and the carrying value of the Company s financial instruments were as follows (in thousands):

	June 30, 2011		December 31, 2010	
	Fair-Value	Carrying Value	Fair-Value	Carrying Value
Mortgage notes payable, net	$ 704,621	$ 623,121	$ 729,561	$ 657,922
Notes due 2026, net	19,800	19,706	23,244	19,522
Notes due 2030	211,388	180,000	209,128	180,000
Notes due 2016, net	403,160	397,576		
Notes due 2020, net	266,825	247,669	262,950	247,571
Unsecured line of credit	119,052	121,200	388,567	392,450
Derivative instruments(1)	(558)	(558)	(3,800)	(3,800)
Available-for-sale securities	792	792	4,060	4,060

(1) The Company s derivative instruments are reflected in other assets and derivative instruments (liability account) on the accompanying consolidated balance sheets based on their respective balances (see Note 9).

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ITEM 2. *MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

As used herein, the terms we, us, our or the Company refer to BioMed Realty Trust, Inc., a Maryland corporation, any of our subsidiaries, including BioMed Realty, L.P., a Maryland limited partnership of which BioMed Realty Trust, Inc. is the parent company and general partner, which may be referred to herein as the operating partnership.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. We make statements in this report that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain 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 upon 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; our failure to qualify or continue to qualify as a REIT; 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; 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. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report. In addition, we discussed a number of material risks in our annual report on Form 10-K for the year ended December 31, 2010. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our company s business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

Overview

We operate as a fully integrated, self-administered and self-managed REIT focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our properties 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.

At June 30, 2011, we owned or had interests in a portfolio with an aggregate of approximately 12.3 million rentable square feet.

The following reflects the classification of our properties between stabilized properties (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), redevelopment (properties that are currently being prepared for their intended use), development (properties that are currently under development through ground up construction), and development potential (representing management s estimates of rentable square footage if development of these properties was undertaken) at June 30, 2011:

	Gross Book Value	Buildings	Rentable Square Feet	Percent Leased (1)
	(In thousands)			
Stabilized	$ 2,713,832	93	6,761,208	99.2%
Lease up	677,612	31	2,634,383	55.8%
Current operating portfolio	3,391,444	124	9,395,591	90.5%
Long-term lease up	307,093	10	1,389,517	50.5%
Total operating portfolio	3,698,537	134	10,785,108	87.2%
Redevelopment	42,518	9	357,817	57.1%
Development	65,958	1	176,000	100.0%
Unconsolidated partnership portfolio	55,313	7	954,558	53.7%
Development potential	173,439		3,506,937	
Total portfolio	$ 4,035,765	151	15,780,420	

(1) Calculated based on gross book value for each asset multiplied by the percentage leased.

Acquisitions

During the three months ended June 30, 2011, we acquired 265,000 rentable square feet of laboratory and office space, which was 100.0% leased at acquisition, and undeveloped land which we estimate can support up to approximately 676,000 rentable square feet of laboratory and office space, for $40.5 million:

Property	Market	Closing Date	Rentable Square Feet	Investment	Percent Leased at Acquisition
				(In thousands)	

1701 / 1711 Research Blvd	Maryland	May 9, 2011	104,743	$	17,500	100.0%
450 Kendall Street (Kendall G)	Boston	May 31, 2011			5,030	n/a
Ardsley Park	New York / New Jersey	June 23, 2011	160,500		18,000	100.0%
Total / weighted average			265,243	$	40,530	100.0%

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Factors Which May Influence Future Operations

Our long-term corporate strategy is to continue to focus on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. As of June 30, 2011, our current operating portfolio was 90.5% leased to 151 tenants. As of December 31, 2010, our current operating portfolio was 88.6% leased to 149 tenants. The increase in the overall leased percentage was due to an increase in leased square feet related to increased leasing activity and a decrease in the total rentable square feet in our current operating portfolio due to the placement of one property into the redevelopment portfolio.

Leases representing 1.8% of our leased square footage expire during 2011 and leases representing 5.0% of our leased square footage expire during 2012. Our leasing strategy for 2011 focuses on leasing currently vacant space, negotiating renewals for leases scheduled to expire during the year, and identifying new tenants or existing tenants seeking additional space to occupy the spaces for which we are unable to negotiate such renewals. We may proceed with additional new developments and acquisitions, as real estate and capital market conditions permit.

As a direct result of the recent economic recession, we believe that the fair-values of some of our properties may have declined below their respective carrying values. However, to the extent that a property has a substantial remaining estimated useful life and management does not believe that the property will be disposed of prior to the end of its useful life, it would be unusual for undiscounted cash flows to be insufficient to recover the property s carrying value. We presently have the ability and intent to continue to own and operate our existing portfolio of properties and estimated undiscounted future cash flows from the operation of the properties are expected to be sufficient to recover the carrying value of each property. Accordingly, we do not believe that the carrying value of any of our properties is impaired. If our ability and/or our intent with regard to the operation of our properties otherwise dictate an earlier sale date, an impairment loss may be recognized to reduce the property to the lower of the carrying amount or fair-value less costs to sell, and such loss could be material.

A discussion of additional factors which may influence future operations can be found below under Part II, Item 1A, Risk Factors and in our annual report on Form 10-K for the year ended December 31, 2010.

Critical Accounting Policies

A complete discussion of our critical accounting policies can be found in our annual report on Form 10-K for the year ended December 31, 2010.

Results of Operations

Comparison of the Three Months Ended June 30, 2011 to the Three Months Ended June 30, 2010

The following table sets forth the basis for presenting the historical financial information for same properties (all properties except redevelopment/development, new properties and corporate entities), redevelopment/development properties (properties that were entirely or primarily under redevelopment or development during either of the three months ended June 30, 2011 or 2010), new properties (properties that were not owned for each of the three months ended June 30, 2011 and 2010 and were not under redevelopment/development), and corporate entities (legal entities performing general and administrative functions and fees received from our PREI joint ventures), in thousands:

	Same Properties		Redevelopment/Development Properties		New Properties		Corporate	
	2011	2010	2011	2010	2011	2010	2011	2010
Rental	$ 70,292	$ 71,428	$ 585	$ 250	$ 10,557	$ 700	$ 2	$ 2
Tenant recoveries	22,093	19,939	75	44	2,366	102	287	188
Other income	541	49						210
Total revenues	$ 92,926	$ 91,416	$ 660	$ 294	$ 12,923	$ 802	$ 289	$ 400

Rental Revenues. Rental revenues increased $9.0 million to $81.4 million for the three months ended June 30, 2011 compared to $72.4 million for the three months ended June 30, 2010. The increase was primarily due to properties acquired in 2010, and the commencement of leases. Same property rental revenues decreased $1.1 million, or 1.6%, for the three months ended June 30, 2011 compared to the same period in 2010. The decrease in same property rental revenues was primarily a result of decreases in lease rates related to lease extensions at certain properties (which had the effect of decreasing rental revenue recognized on a straight-line basis), lease expirations, and the full amortization of below-market intangible assets in 2010, partially offset by the commencement of new leases in 2011 and 2010, and increases in lease rates related to Consumer Price Index adjustments and lease extensions (increasing rental revenue recognized on a straight-line basis).

Tenant Recoveries. Revenues from tenant reimbursements increased $4.5 million to $24.8 million for the three months ended June 30, 2011 compared to $20.3 million for the three months ended June 30, 2010. The increase was primarily due to properties acquired in 2010, the commencement of new leases, and higher rental operations expenses. Same property tenant recoveries increased $2.2 million, or 10.8%, for the three months ended June 30, 2011 compared to the same period in 2010 primarily as a result of the commencement of new leases and higher rental operations expenses.

The percentage of recoverable expenses recovered at our properties increased to 78.8% for the three months ended June 30, 2011 compared to 78.6% for the three months ended June 30, 2010. The increase was primarily due to properties acquired in 2010 and the commencement of new leases.

Other Income. Other income was $541,000 for the three months ended June 30, 2011 compared to $259,000 for the three months ended June 30, 2010. Other income for the three months ended June 30, 2011 primarily comprised consideration received related to the sale of equipment at one of our properties. Other income for the three months ended June 30, 2010 primarily comprised development fees earned from our PREI joint ventures. Termination payments received for terminated leases for the three months ended June 30, 2011 and 2010 aggregated $114,000 and $9,000, respectively.

The following table shows operating expenses for same properties, redevelopment/development properties, new properties, and corporate entities, in thousands:

	Same Properties		Redevelopment/Development Properties		New Properties		Corporate	
	2011	2010	2011	2010	2011	2010	2011	2010
Rental operations	$ 18,408	$ 15,897	$ 83	$ 71	$ 1,628	$ 24	$ 1,043	$ 1,085
Real estate taxes	8,844	8,512	118	117	1,376	74		
Depreciation and amortization	26,725	25,601	1,210	564	7,853	304		
Total expenses	$ 53,977	$ 50,010	$ 1,411	$ 752	$ 10,857	$ 402	$ 1,043	$ 1,085

Rental Operations Expense. Rental operations expense increased $4.1 million to $21.2 million for the three months ended June 30, 2011 compared to $17.1 million for the three months ended June 30, 2010. The increase was primarily due to properties acquired in 2010 and increases in same property rental operations expense. Same property rental operations expense increased $2.5 million, or 15.8%, for the three months ended June 30, 2011 compared to 2010 primarily due to the commencement of new leases, higher bad debt expense and higher utility costs.

For the three months ended June 30, 2011 and 2010, we recorded bad debt expense of $607,000 and $139,000, respectively. The increase in bad debt expense related to amounts considered uncollectible as a result of a lease termination, expected nonpayment and renegotiation of unpaid tenant receivables at one of our properties and increases in allowances due to uncertainty of collectibility of receivable balances for the three months ended June 30, 2011 as compared to the same period in 2010.

Real Estate Tax Expense. Real estate tax expense increased $1.6 million to $10.3 million for the three months ended June 30, 2011 compared to $8.7 million for the three months ended June 30, 2010. The increase was primarily due to properties acquired in 2010. Same property real estate tax expense increased $332,000, or 3.9%, for the three months ended June 30, 2011 compared to 2010 due to a value reassessment at one of our properties.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $9.3 million to $35.8 million for the three months ended June 30, 2011 compared to $26.5 million for the three months ended June 30, 2010. The increase was primarily due to properties acquired in 2010.

General and Administrative Expenses. General and administrative expenses increased $1.1 million to $7.5 million for the three months ended June 30, 2011 compared to $6.4 million for the three months ended June 30, 2010. The increase was primarily due to the reclassification from accumulated other comprehensive loss of an unrealized loss, considered to be other than temporary, of approximately $825,000 relating to an investment in available-for-sale securities of one publicly traded company, as well as an increase in aggregate compensation costs due to higher headcount as compared to the prior year.

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Acquisition Related Expenses. Acquisition related expenses decreased to $334,000 for the three months ended June 30, 2011 compared to $1.8 million for the three months ended June 30, 2010. The decrease was primarily due to a decrease in acquisition activities in 2011 as compared to the prior year.

Equity in Net Loss of Unconsolidated Partnerships. Equity in net loss of unconsolidated partnerships increased $366,000 to $466,000 for the three months ended June 30, 2011 compared to $100,000 for the three months ended June 30, 2010. The increased loss primarily reflects the commencement of depreciation and ceasing of interest capitialization on a vacant property that was under development in 2010 being placed into service.

Interest Expense. Interest cost incurred for the three months ended June 30, 2011 totaled $25.3 million compared to $23.2 million for three months ended June 30, 2010. Total interest cost incurred increased primarily as a result of the issuance of our Notes due 2016 in March 2011 and increases in our average interest rate on our outstanding borrowings due to the issuance of new fixed-rate indebtedness with a higher interest rate than the variable-rate indebtedness it replaced, partially offset by the expiration of derivative instruments. Interest expense increased $1.6 million to $23.5 million for the three months ended June 30, 2011 compared to $21.9 million for the three months ended June 30, 2010. Interest expense increased primarily as the result of the increase in interest cost incurred partially offset by an increase in capitalized interest.

Interest expense consisted of the following (in thousands):

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010
Mortgage notes payable	$ 11,130	$ 11,845
Amortization of debt premium on mortgage notes payable	(427)	(474)
Amortization of deferred interest costs (see Note 9)	1,760	1,781
Derivative instruments (see Note 9)	1,296	2,847
Secured term loan		222
Exchangeable senior notes	1,910	2,132
Unsecured senior notes	7,635	2,637
Amortization of debt discount	259	208
Unsecured line of credit	558	933
Amortization of deferred loan fees	1,153	1,040
Interest cost incurred	25,274	23,171
Capitalized interest	(1,817)	(1,301)
Total interest expense	$ 23,457	$ 21,870

(Loss)/Gain on Derivative Instruments. The gain on derivative instruments for the three months ended June 30, 2011 of $383,000 was primarily related to an increase in our variable-rate indebtedness during the period resulting in other comprehensive income being reclassified to the consolidated income statement due to mismatches in forecasted transactions on interest rate swaps. The loss on derivative instruments for the three months ended June 30, 2010 of $497,000 was primarily related to a reduction in our variable-rate indebtedness during the period, resulting in other comprehensive loss being reclassified to the consolidated income statement due to mismatches in forecasted transactions on interest rate swaps.

Loss on Extinguishment of Debt. During the three months ended June 30, 2011, we voluntarily prepaid in full the outstanding mortgage note totaling approximately $4.6 million pertaining to the Ardentech Court property, prior to its maturity date. The prepayment resulted in the recognition of a loss on extinguishment of debt of approximately $249,000 (representing a prepayment penalty and the write-off of deferred loan fees, partially offset by the write off of unamortized debt premium). During the three months ended June 30, 2010, we repurchased $18.0 million face value of our Notes due 2026 at 100.3% of par. The repurchase resulted in the recognition of a loss on extinguishment of debt of approximately $584,000 (representing the write-off of deferred loan fees and unamortized debt discount). In addition, we recognized a loss on extinguishment of debt related to the write-off of approximately $860,000 of deferred loan fees and legal expenses as a result of the prepayment of the remaining $150.0 million of the outstanding borrowings on our secured term loan.

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Comparison of the Six Months Ended June 30, 2011 to the Six Months Ended June 30, 2010

The following table sets forth the basis for presenting the historical financial information for same properties (all properties except redevelopment/development and new properties), redevelopment/development properties (properties that were entirely or primarily under redevelopment or development during either of the six months ended June 30, 2011 or 2010), new properties (properties that were not owned for each of the six months ended June 30, 2011 and 2010 and were not under redevelopment/development), and corporate entities (legal entities performing general and administrative functions and fees received from our PREI joint ventures), in thousands:

	Same Properties		Redevelopment/Development Properties		New Properties		Corporate	
	2011	2010	2011	2010	2011	2010	2011	2010
Rental	$ 138,620	$ 141,497	$ 969	$ 255	$ 22,060	$ 1,224	$ 4	$ 4
Tenant recoveries	43,330	40,450	187	44	5,241	233	644	372
Other income	1,278	155	1	1	1		8	1,433
Total revenues	$ 183,228	$ 182,102	$ 1,157	$ 300	$ 27,302	$ 1,457	$ 656	$ 1,809

Rental Revenues. Rental revenues increased $18.7 million to $161.7 million for the six months ended June 30, 2011 compared to $143.0 million for the six months ended June 30, 2010. The increase was primarily due to properties acquired in 2010. Same property rental revenues decreased $2.9 million, or 2.0%, for the six months ended June 30, 2011 compared to the same period in 2010. The decrease in same property rental revenues was primarily due to decreases in lease rates related to lease extensions at certain properties (which had the effect of decreasing rental revenue recognized on a straight-line basis), lease expirations, and the full amortization of below-market intangible assets in 2010, partially offset by the commencement of new leases in 2011 and 2010.

Tenant Recoveries. Revenues from tenant reimbursements increased $8.3 million to $49.4 million for the six months ended June 30, 2011 compared to $41.1 million for the six months ended June 30, 2010. The increase was primarily due to properties acquired in 2010, the commencement of new leases, and higher rental operations expenses. Same property tenant recoveries increased $2.9 million, or 7.1%, for the six months ended June 30, 2011 compared to the same period in 2010 primarily as a result of the commencement of new leases and higher rental operations expenses. The percentage of recoverable expenses recovered at our properties increased to 78.8% for the six months ended June 30, 2011 compared to 78.5% for the six months ended June 30, 2010. The increase in the recovery percentage in the current period is primarily due to properties acquired in 2010 and the commencement of new leases.

Other Income. Other income was $1.3 million for the six months ended June 30, 2011 compared to $1.6 million for the six months ended June 30, 2010. Other income for the six months ended June 30, 2011 primarily comprised consideration received related to early lease terminations and sale of equipment at one of our properties and development fees earned from our PREI joint ventures. Other income for the six months ended June 30, 2010 primarily comprised realized gains from the sale of equity investments of $865,000 and development fees earned from our PREI joint ventures. Termination payments received for terminated leases for the six months ended June 30, 2011 and 2010 aggregated $843,000 and $72,000, respectively.

The following table shows operating expenses for same properties, redevelopment/development properties, new properties, and corporate entities, in thousands:

	Same Properties		Redevelopment/Development Properties		New Properties		Corporate	
	2011	2010	2011	2010	2011	2010	2011	2010
Rental operations	$ 35,838	$ 32,436	$ 292	$ 72	$ 3,159	$ 74	$ 2,389	$ 2,346
Real estate taxes	17,600	17,151	237	116	3,183	157		
Depreciation and amortization	52,500	54,203	1,812	564	15,313	618		

Total expenses	$ 105,938	$ 103,790	$ 2,341	$ 752	$ 21,655	$ 849	$ 2,389	$ 2,346

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Rental Operations Expense. Rental operations expense increased $6.8 million to $41.7 million for the six months ended June 30, 2011 compared to $34.9 million for the six months ended June 30, 2010. The increase was primarily due to properties acquired in 2010 and increases in same property rental operations expense. Same property rental operations expense increased $3.4 million, or 10.5%, for the six months ended June 30, 2011 compared to 2010 primarily due to the commencement of new leases, higher bad debt expense and higher utility costs.

For the six months ended June 30, 2011 and 2010, the Company recorded bad debt expense of $931,000 and $254,000, respectively. The increase in bad debt expense related to amounts considered uncollectible as a result of a lease termination, expected nonpayment and renegotiation of unpaid tenant receivables at one of our properties and increases in allowances due to uncertainty of collectibility of receivable balances for the six months ended June 30, 2011 as compared to the same period in 2010. As of June 30, 2011, we have fully reserved tenant receivables (both accounts receivable and straight-line rents) for certain tenants that have not terminated their leases. Such tenants may be paying some or all of their rent on a current basis, but recoverability of some or all past due receivable balances is not considered probable.

Real Estate Tax Expense. Real estate tax expense increased $3.6 million to $21.0 million for the six months ended June 30, 2011 compared to $17.4 million for the six months ended June 30, 2010. The increase was primarily due to properties acquired in 2010. Same property real estate tax expense increased $449,000, or 2.6%, for the six months ended June 30, 2011 compared to 2010 due to a value reassessment at one of our properties.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $14.2 million to $69.6 million for the six months ended June 30, 2011 compared to $55.4 million for the six months ended June 30, 2010. The increase was primarily due to properties acquired in 2010.

General and Administrative Expenses. General and administrative expenses increased $2.2 million to $14.9 million for the six months ended June 30, 2011 compared to $12.7 million for the six months ended June 30, 2010. The increase was primarily due to the reclassification from accumulated other comprehensive loss of an unrealized loss, considered to be other than temporary, of approximately $825,000, related to an investment in available-for-sale securities in one publicly traded company, as well as an increase in aggregate compensation costs due to higher headcount as compared to the prior year.

Acquisition Related Expenses. Acquisition related expenses decreased to $653,000 for the six months ended June 30, 2011 compared to $2.0 million for the six months ended June 30, 2010. The decrease was primarily due to a decrease in acquisition activities in 2011 as compared to the prior year.

Equity in Net Loss of Unconsolidated Partnerships. Equity in net loss of unconsolidated partnerships increased $738,000 to $1.1 million for the six months ended June 30, 2011 compared to $377,000 for the six months ended June 30, 2010. The increased loss primarily reflects the commencement of depreciation and ceasing of interest capitalization on a vacant property that was under development in 2010 being placed into service.

Interest Expense. Interest cost incurred for the six months ended June 30, 2011 totaled $48.1 million compared to $46.1 million for the six months ended June 30, 2010. Total interest cost incurred increased primarily as a result of the issuance of our unsecured senior notes and increases in our average interest rate on our outstanding borrowings due to the issuance of new fixed-rate indebtedness with a higher interest rate than the variable-rate indebtedness it replaced, partially offset by the expiration of derivative instruments. Interest expense increased $1.7 million to $44.8 million for the six months ended June 30, 2011 compared to $43.1 million for the six months ended June 30, 2010. Interest expense increased primarily as the result of the increase in interest cost incurred offset by an increase in capitalized interest.

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Interest expense consisted of the following (in thousands):

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Mortgage notes payable	$ 22,507	$ 23,702
Amortization of debt premium on mortgage notes payable	(924)	(940)
Amortization of deferred interest costs (see Note 9)	3,525	3,567
Derivative instruments (see Note 9)	2,941	6,971
Secured term loan		1,392
Exchangeable senior notes	3,821	4,095
Unsecured senior notes	11,549	2,637
Amortization of debt discount	399	385
Unsecured line of credit	2,054	2,085
Amortization of deferred loan fees	2,211	2,183
Interest cost incurred	48,083	46,077
Capitalized interest	(3,311)	(2,946)
Total interest expense	$ 44,772	$ 43,131

Loss on Derivative Instruments. The loss on derivative instruments for the six months ended June 30, 2011 of $628,000 was primarily related to a reduction in our variable-rate indebtedness during the period resulting in other comprehensive loss being reclassified to the consolidated income statement due to mismatches in forecasted transactions on interest rate swaps. The loss on derivative instruments for the six months ended June 30, 2010 of $347,000 was primarily related to a reduction in our variable-rate indebtedness during the period resulting in other comprehensive loss being reclassified to the consolidated income statement due to mismatches in forecasted transactions on interest rate swaps.

Loss on Extinguishment of Debt. During the six months ended June 30, 2011, we voluntarily prepaid in full the outstanding mortgage notes totaling approximately $30.1 million pertaining to the Ardentech Court, Road to the Cure and 10255 Science Center Drive properties, prior to their maturity dates. The prepayments resulted in the recognition of a loss on extinguishment of debt of approximately $292,000 (representing a prepayment penalty and the write-off of deferred loan fees partially offset by the write off of unamortized debt premium). During the six months ended June 30, 2010, we repurchased $6.3 million and $18.0 million face value of our Notes due 2026 at par and 100.3% of par, respectively. The repurchases resulted in the recognition of a loss on extinguishment of debt of approximately $838,000 (representing the write-off of deferred loan fees and unamortized debt discount). In addition, we recognized a loss on extinguishment of debt related to the write-off of approximately $1.4 million of deferred loan fees and legal expenses as a result of the prepayment of $250.0 million of the outstanding borrowings on our secured term loan.

Cash Flows

Comparison of the Six Months Ended June 30, 2011 to the Six Months Ended June 30, 2010

	2011	2010	Change
		(In thousands)	
Net cash provided by operating activities	$ 81,772	$ 63,431	$ 18,341
Net cash used in investing activities	(122,568)	(172,398)	49,830
Net cash provided by financing activities	31,362	110,384	(79,022)
Ending cash and cash equivalents balance	12,033	21,339	(9,306)

Net cash provided by operating activities increased $18.3 million to $81.8 million for the six months ended June 30, 2011 compared to $63.4 million for the six months ended June 30, 2010. The increase was primarily due to cash flow generated by acquisitions and cash rent starts on new leases.

Net cash used in investing activities decreased $49.8 million to $122.6 million for the six months ended June 30, 2011 compared to $172.4 million for the six months ended June 30, 2010. The decrease reflects reduced acquisition activity during the six months ended June 30, 2011 compared to the six months ended June 30, 2010.

Net cash provided by financing activities decreased $79.0 million to $31.4 million for the six months ended June 30, 2011 compared to $110.4 million for the six months ended June 30, 2010. The decrease primarily reflects reduced financing requirements due to reduced acquisition activity during the six months ended June 30, 2011 compared to the six months ended June 30, 2010. The proceeds from the issuance of our Notes due 2016 in March 2011 were primarily used to repay balances due under our unsecured line of credit and mortgage notes payable.

Funds from Operations

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

Our FFO available to common shares and OP units and a reconciliation to net income for the three and six months ended June 30, 2011 and 2010 (in thousands, except share data) was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Net income available to the common stockholders	$ 3,638	$ 4,199	$ 9,168	$ 8,499
Adjustments:				
Noncontrolling interests in operating partnership(1)	82	109	207	237
Interest expense on Notes due 2030(2)	1,688	1,688	3,375	3,194
Depreciation and amortization unconsolidated partnerships	944	694	1,865	1,357
Depreciation and amortization consolidated entities	35,788	26,469	69,625	55,385
Depreciation and amortization allocable to noncontrolling interest of consolidated joint ventures	(26)	(22)	(52)	(43)
Funds from operations available to common shares and units diluted	$ 42,114	$ 33,137	$ 84,188	$ 68,629

Funds from operations per share diluted	$ 0.29	$ 0.27	$ 0.58	$ 0.58
Weighted-average common shares and units outstanding diluted(2)	144,254,164	123,870,153	144,262,597	118,212,211

(1) Net income allocable to noncontrolling interests in the operating partnership is included in net income available to unitholders of the operating partnership as reflected in the consolidated financial statements of BioMed Realty, L.P., included elsewhere herein.

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(2) Reflects interest expense adjustment of the Notes due 2030 based on the if converted method. The three and six months ended June 30, 2011 include 10,017,858 shares of common stock potentially issuable pursuant to the exchange feature of the Notes due 2030 based on the if converted method. The three and six months ended June 30, 2010 include 9,935,825 shares of common stock potentially issuable pursuant to the exchange feature of the Notes due 2030 based on the if converted method, respectively. The three and six months ended June 30, 2011 include 1,395,374 and 1,441,642 shares of unvested restricted stock, which are considered anti-dilutive for purposes of calculating diluted earnings per share, respectively.

Liquidity and Capital Resources of BioMed Realty Trust, Inc.

In this Liquidity and Capital Resources of BioMed Realty Trust, Inc. section, the term the Company refers only to BioMed Realty Trust, Inc. on an unconsolidated basis, and excludes the operating partnership and all other subsidiaries. For further discussion of the liquidity and capital resources of the Company on a consolidated basis, see the section entitled Liquidity and Capital Resources of BioMed Realty, L.P. below.

The Company s business is operated primarily through the operating partnership. The Company issues public equity from time to time, but does not otherwise generate any capital itself or conduct any business itself, other than incurring certain expenses in operating as a public company which are fully reimbursed by the operating partnership. The Company itself does not hold any indebtedness, and its only material asset is its ownership of partnership interests of the operating partnership. The Company s principal funding requirement is the payment of dividends on its common and preferred shares. The Company s principal source of funding for its dividend payments is distributions it receives from the operating partnership.

As of June 30, 2011, the Company 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 LTIP units) in the operating partnership. As the sole general partner of the operating partnership, BioMed Realty Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership s day-to-day management and control.

The liquidity of the Company is dependent on the operating partnership s ability to make sufficient distributions to the Company. The primary cash requirement of the Company is its payment of dividends to its stockholders. The Company also guarantees some of the operating partnership s debt, as discussed further in Note 5 of the Notes to Consolidated Financial Statements included elsewhere herein. If the operating partnership fails to fulfill certain of its debt requirements, which trigger the Company s guarantee obligations, then the Company will be required to fulfill its cash payment commitments under such guarantees. However, the Company s only significant asset is its investment in the operating partnership.

We believe the operating partnership s sources of working capital, specifically its cash flow from operations, and borrowings available under its unsecured line of credit, are adequate for it to make its distribution payments to the Company and, in turn, for the Company to make its dividend payments to its stockholders. However, we cannot assure you that the operating partnership s sources of capital will continue to be available at all or in amounts sufficient to meet its needs, including its ability to make distribution payments to the Company. The unavailability of capital could adversely affect the operating partnership s ability to pay its distributions to the Company, which would in turn, adversely affect the Company s ability to pay cash dividends to its stockholders.

Our short-term liquidity requirements consist primarily of funds to pay for future dividends expected to be paid to the Company s stockholders, operating expenses and other expenditures directly associated with our properties, interest expense and scheduled principal payments on outstanding indebtedness, general and administrative expenses, construction projects, capital expenditures, tenant improvements and leasing commissions.

The Company may from time to time seek to repurchase or redeem the operating partnership s outstanding debt, the Company s shares of common stock or preferred stock or other securities in open market purchases, privately negotiated transactions or otherwise. Such repurchases or redemptions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

For the Company to maintain its qualification as a REIT, it must pay dividends to its stockholders aggregating annually at least 90% of its ordinary taxable income. While historically the Company has satisfied this distribution requirement by making cash distributions to its stockholders, it may choose to satisfy this requirement by making distributions of cash or other property, including, in limited circumstances, the Company s own stock. As a result of this distribution requirement, the operating partnership cannot rely on retained earnings to fund its on-going operations to the same extent that other companies whose parent companies are not REITs can. The Company may need to continue to raise capital in the equity markets to fund the operating partnership s working capital needs, acquisitions and developments.

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The Company is a well-known seasoned issuer with an effective shelf registration statement which was amended in November 2010 that allows the Company to register an unspecified amount of various classes of equity securities and the operating partnership to register an unspecified amount of various classes of debt securities. As circumstances warrant, the Company may issue equity from time to time on an opportunistic basis, dependent upon market conditions and available pricing. When the Company receives proceeds from preferred or common equity issuances, it is required by the operating partnership s partnership agreement to contribute the proceeds from its equity issuances to the operating partnership in exchange for preferred or partnership units of the operating partnership. The operating partnership may use the proceeds to repay debt, including borrowings under its unsecured line of credit, develop new or existing properties, acquire properties, or for general corporate purposes.

Liquidity and Capital Resources of BioMed Realty, L.P.

In this Liquidity and Capital Resources of BioMed Realty, L.P. section, the terms we, our and us refer to the opera partnership together with its consolidated subsidiaries or our operating partnership and BioMed Realty Trust, Inc. together with their consolidated subsidiaries, as the context requires. BioMed Realty Trust, Inc., or our Parent Company, is our sole general partner and consolidates our results of operations for financial reporting purposes. Because we operate on a consolidated basis with our Parent Company, the section entitled Liquidity and Capital Resources of BioMed Realty Trust, Inc. should be read in conjunction with this section to understand our liquidity and capital resources on a consolidated basis.

Our short-term liquidity requirements consist primarily of funds to pay for future dividends expected to be paid to our Parent Company s stockholders, operating expenses and other expenditures directly associated with our properties, interest expense and scheduled principal payments on outstanding indebtedness, general and administrative expenses, construction projects, capital expenditures, tenant improvements and leasing commissions.

The remaining principal payments due for our consolidated and our proportionate share of unconsolidated indebtedness (excluding debt premiums and discounts) as of June 30, 2011 and including the replacement of the existing line of credit with the new unsecured line of credit on July 14, 2011, were as follows (in thousands):

	2011	2012	2013	2014	2015	Thereafter	Total
Consolidated indebtedness:							
Fixed-rate mortgages	$ 17,103	$ 40,768	$ 25,370	$ 339,020	$ 6,253	$ 190,535	$ 619,049
Unsecured line of credit					121,200		121,200
Notes due 2026						19,800	19,800
Notes due 2030						180,000	180,000
Notes due 2016						400,000	400,000
Notes due 2020						250,000	250,000
Total consolidated indebtedness	17,103	40,768	25,370	339,020	127,453	1,040,335	1,590,049
Share of unconsolidated indebtedness:							
Secured acquisition loan facility		40,650					40,650
Secured construction loan	41,128						41,128
Total share of unconsolidated indebtedness	41,128	40,650					81,778
Total indebtedness	$ 58,231	$ 81,418	$ 25,370	$ 339,020	$ 127,453	$ 1,040,335	$ 1,671,827

In April 2011, we voluntarily prepaid in full the outstanding mortgage note pertaining to the Ardentech Court property, in the amount of approximately $4.6 million including a prepayment penalty of $361,000, prior to its maturity date. Additional consolidated mortgage note maturities through 2012 include mortgages on our 6828 Nancy Ridge Drive, Sidney Street and Sorrento West properties, with outstanding balances of $6.4 million, $26.9 million and $13.1 million, respectively, as of June 30, 2011.

Our $350.0 million mortgage loan, which is secured by our Center for Life Science | Boston property in Boston, Massachusetts, includes a financial covenant relating to a minimum amount of net worth. Management believes that it was in compliance with this covenant as of June 30, 2011.

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The terms of the indentures governing the Notes due 2016 and Notes due 2020 require compliance with various financial covenants, including limits on the amount of total leverage and secured debt maintained by us and which require us to maintain minimum levels of debt service coverage. Management believes that it was in compliance with these covenants as of June 30, 2011.

On July 14, 2011, we entered into an unsecured credit agreement with KeyBank National Association, as administrative agent, and certain other lenders. See Note 5 of the Notes to Consolidated Financial Statements included elsewhere herein for more information.

Our long-term liquidity requirements consist primarily of funds to pay for scheduled debt maturities, construction obligations, renovations, expansions, capital commitments and other non-recurring capital expenditures that need to be made periodically, and the costs associated with acquisitions of properties that we pursue. During the six months ended June 30, 2011, we entered into construction contracts and lease agreements, with a remaining commitment totaling approximately $81.5 million related to tenant improvements, leasing commissions and construction-related capital expenditures.

We expect to satisfy our short-term liquidity requirements through our existing working capital and cash provided by our operations, long-term secured and unsecured indebtedness, the issuance of additional equity or debt securities and the use of net proceeds from the disposition of non-strategic assets. Our rental revenues, provided by our leases, generally provide cash inflows to meet our debt service obligations, pay general and administrative expenses, and fund regular distributions. We expect to satisfy our long-term liquidity requirements through our existing working capital, cash provided by operations, long-term secured and unsecured indebtedness and the issuance of additional equity or debt securities. We also expect to use funds available under our unsecured line of credit to finance acquisition and development activities and capital expenditures on an interim basis. As further discussed below, we entered into a new unsecured line of credit which has a maturity date of July 13, 2015, which may be extended to July 13, 2016 at our sole discretion, after satisfying certain conditions and paying an extension fee based on the then current facility commitment. The secured acquisition and interim loan facility has a maturity date of February 10, 2012. The secured construction loan has a maturity date of August 13, 2011. In accordance with the loan agreement, Prudential Insurance Corporation of America has guaranteed repayment of the secured construction loan. At maturity, we may refinance the loan, depending on market conditions and the availability of credit, or we may repay the principal balance of the secured construction loan. In addition, we have an investment grade rating which we believe will provide us with continued access to the unsecured debt markets, providing us with an additional source of long term financing.

On March 30, 2011, we issued $400.0 million aggregate principal amount of our Notes due 2016. The net proceeds from the issuance were utilized to repay a portion of the outstanding indebtedness on our unsecured line of credit and for other general corporate and working capital purposes.

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BioMed Realty Trust, Inc. s total capitalization at June 30, 2011 was approximately $4.4 billion and comprised the following:

	Shares/Units at June 30, 2011	Aggregate Principal Amount or Dollar Value Equivalent (In thousands)	Percent of Total Capitalization
Debt:			
Mortgage notes payable(1)		$ 619,049	14.1%
Notes due 2026(2)		19,800	0.4%
Notes due 2030		180,000	4.1%
Notes due 2016(3)		400,000	9.1%
Notes due 2020(4)		250,000	5.7%
Unsecured line of credit		121,200	2.8%
Total debt		1,590,049	36.2%
Equity:			
Common shares, operating partnership and LTIP units outstanding(5)	134,239,581	2,582,770	58.6%
7.375% Series A Preferred shares outstanding(6)	9,200,000	230,000	5.2%
Total capital		2,812,770	63.8%
Total capitalization		$ 4,402,819	100.0%

(1) Amount excludes debt premiums of $4.1 million recorded upon the assumption of the outstanding indebtedness in connection with our purchase of the corresponding properties.

(2) Amount excludes a debt discount of $94,000.

(3) Amount excludes a debt discount of $2.4 million.

(4) Amount excludes a debt discount of $2.3 million.

(5) Aggregate principal amount based on the market closing price of the common stock of our Parent Company of $19.24 per share on the last trading day of the quarter (June 30, 2011). Limited partners who have been issued OP units have the right to require the operating partnership to redeem part or all of their OP units, which right with respect to LTIP units is subject to vesting and the satisfaction of other conditions. We may elect to acquire those OP units in exchange for shares of our Parent Company s common stock on a one-for-one basis, subject to adjustment. At June 30, 2011, 131,259,602 of the outstanding OP units had been issued to our Parent Company upon receipt of the net proceeds from the issuance of an equal number of shares of our Parent Company s common stock.

(6) Based on the liquidation preference of $25.00 per share of our Parent Company s 7.375% Series A preferred stock (we have issued a corresponding number of 7.375% Series A preferred units).

Although our organizational documents do not limit the amount of indebtedness that we may incur, our Parent Company s board of directors has adopted a policy of targeting our indebtedness at approximately 50% of our total asset book value. At June 30, 2011, the ratio of debt to total asset book value was approximately 39.8%. However, our Parent Company s board of directors may from time to time modify our debt policy in light of current economic or market conditions including, but not limited to, the relative costs of debt and equity capital, market conditions for debt and equity securities and fluctuations in the market price of our Parent Company s common stock. Accordingly, we may increase or decrease our debt to total asset book value ratio beyond the limit described above. In addition, the terms of the indentures governing our Notes due 2016 and Notes due 2020 and the credit agreement governing our unsecured line of credit require compliance with various financial covenants and ratios, which are discussed in detail above and in Note 5 in the Notes to Consolidated Financial Statements contained elsewhere herein.

We may from time to time seek to repurchase or redeem our outstanding debt, OP units or preferred units (subject to the repurchase or redemption of an equivalent number of shares of common stock or preferred stock by our Parent Company) or other securities, and our Parent Company may seek to repurchase or redeem its outstanding shares of common stock or preferred stock or other securities, in each case in open market purchases, privately negotiated transactions or otherwise. Such repurchases or redemptions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

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Off-Balance Sheet Arrangements

As of June 30, 2011, we had investments in the following unconsolidated partnerships: (1) McKellar Court limited partnership, which owns a single tenant occupied property located in San Diego; and (2) two limited liability companies with PREI, which own a portfolio of properties primarily located in Cambridge, Massachusetts (see Note 8 of the Notes to Consolidated Financial Statements included elsewhere herein for more information).

The McKellar Court partnership is a VIE; however, we are not the primary beneficiary. The limited partner at McKellar Court is the only tenant in the property and will bear a disproportionate amount of any losses. We, as the general partner, will receive 22% of the operating cash flows and 75% of the gains upon sale of the property. We account for our general partner interest using the equity method. The assets of the McKellar Court partnership were $14.7 million at both June 30, 2011 and December 31, 2010, and the liabilities were $10.6 million and $10.5 million at June 30, 2011 and December 31, 2010, respectively. Our equity in net income of the McKellar Court partnership was $228,000 and $226,000 for the three months ended June 30, 2011 and 2010, respectively, and $453,000 and $508,000 for the six months ended June 30, 2011 and 2010, respectively. In December 2009, we provided funding in the form of a promissory note to the McKellar Court partnership in the amount of $10.3 million, which matures at the earlier of (1) January 1, 2020, or (2) the day that the limited partner exercises an option to purchase our ownership interest. Interest-only payments on the promissory note are due monthly at a fixed rate of 8.15% (the rate may adjust higher after January 1, 2015), with the principal balance outstanding due at maturity.

PREI II LLC is a VIE; however, we are not the primary beneficiary. PREI will bear the majority of any losses incurred. PREI I LLC does not qualify as a VIE. In addition, consolidation is not required as we do not control the limited liability companies. In connection with the formation of the PREI joint ventures in April 2007, we contributed 20% of the initial capital. However, the amount of cash flow distributions that we receive may be more or less based on the nature of the circumstances underlying the cash distributions due to provisions in the operating agreements governing the distribution of funds to each member and the occurrence of extraordinary cash flow events. We account for our member interests using the equity method for both limited liability companies. The assets of the PREI joint ventures were $643.1 million and $652.3 million at June 30, 2011 and December 31, 2010, respectively, and the liabilities were $423.8 million and $423.6 million at June 30, 2011 and December 31, 2010, respectively. Our equity in net loss of the PREI joint ventures was $695,000 and $326,000 for the three months ended June 30, 2011 and 2010, respectively, and $1.6 million and $885,000 for the six months ended June 30, 2011 and 2010, respectively.

We have been the primary beneficiary in five other VIEs, consisting of single-tenant properties in which the tenant has a fixed-price purchase option, which are consolidated and reflected in our consolidated financial statements.

Our proportionate share of outstanding debt related to our unconsolidated partnerships is summarized below (dollars in thousands):

			Principal Amount(1)		
Name	**Ownership Percentage**	**Interest Rate(2)**	**June 30, 2011**	**December 31, 2010**	**Maturity Date**
PREI I LLC and PREI II LLC(3)	20%	3.7%	$ 40,650	$ 40,650	February 10, 2012
PREI I LLC(4)	20%	1.7%	41,128	40,481	August 13, 2011
Total			$ 81,778	$ 81,131	

(1) Amount represents our proportionate share of the total outstanding indebtedness for each of the unconsolidated partnerships.

(2)

Effective or weighted-average interest rate of the outstanding indebtedness as of June 30, 2011, including the effect of an interest rate cap.

(3) Amount represents our proportionate share of the total draws outstanding under a secured acquisition and interim loan facility, which bears interest at a rate equal to, at the option of our PREI joint ventures, either (a) reserve adjusted LIBOR plus 350 basis points or (b) the higher of (i) the prime rate then in effect, (ii) the federal funds rate then in effect plus 50 basis points or (iii) one-month LIBOR plus 450 basis points, and requires interest only monthly payments until the maturity date.

(4) Amount represents our proportionate share of a secured construction loan, which bears interest at a LIBOR-indexed variable rate. The secured construction loan was executed by a wholly owned subsidiary of PREI I LLC in connection with the construction of the 650 East Kendall Street property (initial borrowings of $84.0 million on February 13, 2008 were used in part to repay a portion of the secured acquisition and interim loan facility). The remaining balance is being utilized to fund construction costs at the property. At maturity, we may refinance the loan, depending on market conditions and the availability of credit, or we may repay the principal balance of the secured construction loan through capital contributions of the members. In accordance with the loan agreement, Prudential Insurance Corporation of America has guaranteed repayment of the secured construction loan.

Cash Distribution Policy

We elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2004. To qualify as a REIT, we must meet a number of organizational and operational requirements, including the requirement that we distribute currently at least 90% of our ordinary taxable income to our stockholders. It is our intention to comply with these requirements and maintain our REIT status. As a REIT, we generally will not be subject to corporate federal, state or local income taxes on taxable income we distribute currently (in accordance with the Code and applicable regulations) to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal, state and local income taxes at regular corporate rates and may not be able to qualify as a REIT for subsequent tax years. Even if we qualify as a REIT for federal income tax purposes, we may be subject to certain state and local taxes on our income and to federal income and excise taxes on our undistributed taxable income, *i.e.*, taxable income not distributed in the amounts and in the time frames prescribed by the Code and applicable regulations thereunder.

While we most recently paid a dividend on shares of common stock at an annual dividend rate of $0.80 per share, the actual dividend payable in the future will be determined by our board of directors based upon the circumstances at the time of declaration and, as a result, the actual dividend payable in the future may vary from the current rate. The decision to declare and pay dividends on shares of our common stock in the future, as well as the timing, amount and composition of any such future dividends, will be at the sole discretion of our 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.

The following table provides historical dividend information for our common and preferred stock for the prior two fiscal years and the six months ended June 30, 2011:

Quarter Ended	Date Declared	Date Paid	Dividend per Common Share	Dividend per Preferred Share
March 31, 2009	March 16, 2009	April 15, 2009	$ 0.33500	$ 0.46094
June 30, 2009	June 15, 2009	July 15, 2009	0.11000	0.46094
September 30, 2009	September 15, 2009	October 15, 2009	0.11000	0.46094
December 31, 2009	December 15, 2009	January 15, 2010	0.14000	0.46094
March 31, 2010	March 15, 2010	April 15, 2010	0.14000	0.46094
June 30, 2010	June 15, 2010	July 15, 2010	0.15000	0.46094
September 30, 2010	September 15, 2010	October 15, 2010	0.17000	0.46094
December 31, 2010	December 15, 2010	January 17, 2011	0.17000	0.46094
March 31, 2011	March 14, 2011	April 15, 2011	0.20000	0.46094
June 30, 2011	June 15, 2011	July 15, 2011	0.20000	0.46094

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Inflation

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

Portions of our unsecured line of credit bear interest at a variable rate, which will be influenced by changes in short-term interest rates, and will be sensitive to inflation.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

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

As of June 30, 2011, our consolidated debt consisted of the following (dollars in thousands):

		Principal Balance(1)	Percent of Total Debt	Effective Interest Rate at June 30, 2011
Fixed interest rate(2)	$	1,468,073	92.4%	5.59%
Variable interest rate(3)		121,200	7.6%	1.29%
Total/weighted-average effective interest rate	$	1,589,273	100.0%	5.26%

(1) Principal balance includes only consolidated indebtedness.

(2) Includes eight mortgage notes payable secured by certain of our properties (including $4.1 million of unamortized premium), our Notes due 2026 (including $94,000 of unamortized debt discount), our Notes due 2030, our Notes due 2020 (including $2.4 million of unamortized debt discount), and our Notes due 2016 (including $2.3 million of unamortized debt discount).

(3) Includes our unsecured line of credit, which bears interest based on a LIBOR-indexed variable interest rate, plus a credit spread. The stated effective rate for the variable interest debt excludes the impact of any interest rate swap agreements. We have entered into two interest rate swaps, which are intended to have the effect of initially fixing the interest rates on $150.0 million of our variable rate debt at weighted average interest rates of approximately 4.7% (excluding applicable credit spreads for the underlying debt). In July 2011, we entered into a new unsecured line of credit which replaced the existing unsecured line of credit (see Note 5 in the Notes to Consolidated Financial Statements contained elsewhere herein).

To determine the fair-value of our outstanding consolidated indebtedness, we utilize quoted market prices to estimate the fair-value, when available. If quoted market prices are not available, we calculate the fair-value of our mortgage notes payable and other fixed-rate debt based on an estimate of current lending rates, assuming the debt is outstanding through maturity and considering the notes collateral. In determining the current market rate for fixed-rate debt, a market credit spread is added to the quoted yields on federal government treasury securities with similar terms to the debt. In determining the current market rate for variable-rate debt, a market credit spread is added to the current effective interest rate. At June 30, 2011, the fair-value of the fixed-rate debt was estimated to be $1.6 billion compared to the net carrying value of $1.5 billion (includes $4.1 million of unamortized debt premium, $94,000 of unamortized debt discount associated with our Notes due 2026, $2.4 million of unamortized debt discount associated with our Notes due 2020, and $2.3 million of unamortized debt discount associated with our Notes due 2016). At June 30, 2011, the fair-value of the variable-rate debt was estimated to be $119.1 million compared to the net carrying value of $121.2 million. We do not believe that the interest rate risk represented by our fixed-rate debt or the risk of changes in the credit spread related to our variable-rate debt was material as of June 30, 2011 in relation to total assets of $4.0 billion and equity market capitalization of $2.8 billion of BioMed Realty Trust, Inc. s common stock and preferred stock, and BioMed Realty, L.P. s OP units.

Based on the outstanding unhedged balances of our consolidated indebtedness at June 30, 2011, a 1% change in interest rates would not change our interest cost as all of our consolidated indebtedness is effectively fixed rate debt. Excluding the effect of our interest rate swaps on our variable rate debt that expire on August 1, 2011, a 1% change in interest rates would change our interest expense by approximately $1.2 million per year. Based on the outstanding unhedged balances of our proportionate share of the outstanding balance for the PREI joint ventures secured loan and secured construction loan at June 30, 2011, a 1% change in interest rates would change our interest costs included in our equity in net loss of unconsolidated partnerships by approximately $818,000 per year. This amount was determined by considering the impact of hypothetical interest rates on our financial instruments. This analysis does not consider the effect of any change in overall economic activity that could occur in that environment. Further, in the event of a change of the magnitude discussed above, we may take actions to further mitigate our exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this analysis assumes no changes in our financial structure.

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

ITEM 4. ***CONTROLS AND PROCEDURES***

Controls and Procedures (BioMed Realty Trust, Inc.)

BioMed Realty Trust, Inc. maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and that such information is accumulated and communicated to its management, including BioMed Realty Trust, Inc. s Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, BioMed Realty Trust, Inc. has investments in unconsolidated entities. As BioMed Realty Trust, Inc. manages these entities, its disclosure controls and procedures with respect to such entities are essentially consistent with those it maintains with respect to its consolidated entities.

As required by Securities and Exchange Commission Rule 13a-15(b) under the Exchange Act, BioMed Realty Trust, Inc. carried out an evaluation, under the supervision and with the participation of its management, including BioMed Realty Trust, Inc. s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BioMed Realty Trust, Inc. s disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, BioMed Realty Trust, Inc. s Chief Executive Officer and Chief Financial Officer concluded that BioMed Realty Trust, Inc. s disclosure controls and procedures were effective at the reasonable assurance level.

There has been no change in BioMed Realty Trust, Inc. s internal control over financial reporting during the quarter ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, BioMed Realty Trust, Inc. s internal control over financial reporting.

Controls and Procedures (BioMed Realty, L.P.)

BioMed Realty, L.P. maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms and that such information is accumulated and communicated to its management, including BioMed Realty Trust, Inc. s Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, BioMed Realty, L.P. has investments in unconsolidated entities. As BioMed Realty, L.P. manages these entities, its disclosure controls and procedures with respect to such entities are essentially consistent with those it maintains with respect to its consolidated entities.

As required by Securities and Exchange Commission Rule 13a-15(b) under the Exchange Act, BioMed Realty, L.P. carried out an evaluation, under the supervision and with the participation of its management, including BioMed Realty Trust, Inc. s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of BioMed Realty, L.P. s disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, BioMed Realty Trust, Inc. s Chief Executive Officer and Chief Financial Officer concluded that BioMed Realty, L.P. s disclosure controls and procedures were effective at the reasonable assurance level.

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There has been no change in BioMed Realty, L.P. s internal control over financial reporting during the quarter ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, BioMed Realty, L.P. s internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. *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 1A. *RISK FACTORS*

There are no material changes to the risk factors described under Part I, Item 1A, Risk Factors, in our annual report on Form 10-K for the year ended December 31, 2010. Please refer to that section for disclosures regarding the risks and uncertainties related to our business.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

During the three months ended June 30, 2011, our Parent Company issued an aggregate of 24,585 shares of its common stock in connection with restricted stock awards under its incentive award plan for no cash consideration. For each share of common stock issued by our Parent Company in connection with such an award, the operating partnership issued a restricted operating partnership unit to our Parent Company, in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended. During the three months ended June 30, 2011, the operating partnership issued an aggregate of 24,585 restricted operating partnership units to our Parent Company, as required by the operating partnership s partnership agreement.

ITEM 3. *DEFAULTS UPON SENIOR SECURITIES*

None.

ITEM 4. *RESERVED*

ITEM 5. *OTHER INFORMATION*

None.

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ITEM 6. *EXHIBITS*

Exhibit Number	Description of Exhibit
31.1	Certifications of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certifications of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act, are deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise are not subject to liability under these sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

BIOMED REALTY TRUST, INC.	BIOMED REALTY, L.P. By: BioMed Realty Trust, Inc. Its general partner
/s/ ALAN D. GOLD	/s/ ALAN D. GOLD
Alan D. Gold Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	Alan D. Gold Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ GREG N. LUBUSHKIN	/s/ GREG N. LUBUSHKIN
Greg N. Lubushkin Chief Financial Officer (Principal Financial Officer)	Greg N. Lubushkin Chief Financial Officer (Principal Financial Officer)
Dated: August 4, 2011	Dated: August 4, 2011

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