

A nighttime photograph of a city skyline, likely Philadelphia, featuring several illuminated skyscrapers and a river in the foreground. The sky is a deep blue with some light clouds. The lights from the buildings and streetlights reflect on the water.

# Brandywine Realty Trust

## Portfolio & Balance Sheet Strategy

### 2015/2016 Update

INVESTOR PRESENTATION



# Portfolio Disposition & Balance Sheet Summary

- Since 1Q15, completed property sales totaling \$1.12 billion at a 6.9% cash cap rate.
- Reduced wholly-owned exposure to following markets:

	Square Feet		
	1/1/15	Current	% Decrease
New Jersey	1,931,735	709,132	63.3%
Delaware	986,581	501,399	49.2%
NoVa – Off Toll Road <sup>(A)</sup>	340,162	—	100.0%
Richmond	2,491,387	—	100.0%
California	750,667	350,256	53.3%

<sup>(A)</sup> Excluding Allstate Joint Venture Asset

- \$1.12 billion in proceeds used for the following:

(\$ in 000's)	1/1/15	Current Amount	% (Decrease) / Increase
Gross Debt Reduction <sup>(A)</sup>	\$2,459.0	\$2,053.0	(16.5%)
Weighted-Average Interest Rate <sup>(A)</sup>	4.97%	4.63%	(6.9%)
Development Pipeline Outstanding Balance	\$413.1	\$182.2	(55.9%)
Increase in Cash Balances <sup>(A)</sup>	\$257.5	\$329.2	27.8%
Acquisitions, including Land	N/A	\$203.4	N/A

<sup>(A)</sup> Assumes repayment of unsecured bonds maturing in April 2016

- Largest Transactions (67.1% of Total Sales):
  - MPO – \$354.0 million, 5.5% cap rate, 25% IRR on invested equity since acquisition
  - OZ Joint Venture – \$398.1 million, 8.5% cap rate, retained \$16 million equity stake
  - Retained management on both projects

# Where We Are / Look Ahead: Balance Sheet & Financial Metrics

IMPROVED KEY CREDIT METRICS			
	DEBT/EBITDA		DEBT/GAV
	Combined	Consolidated	
12/31/15 Actual	7.1x	6.9x	42.3%
4Q15 Pro Forma	6.3x	6.0x	37.7%
12/31/16 Projected	6.4x	6.1x	37.4%

FFO/CAD GUIDANCE		
	Initial	Revised
FFO Guidance	\$1.25 - \$1.35	\$1.23 - \$1.30
CAD Guidance	\$0.85 - \$0.95	\$0.80 - \$0.90

# Where We Are / Look Ahead: Operating Performance/Composition

- 2016 Improved Operating Metrics

OZ/CIRA SQUARE TRANSACTIONS		
	Before	After
Same Store - Cash	2.0 - 4.0%	2.0 - 4.0%
MTM Cash	(1.0) - 1.0%	0 - 2.0%
MTM GAAP	5.0 - 7.0%	7.0 - 9.0%

- NOI Contribution by Market in 4Q15, including Joint Ventures

OZ/CIRA SQUARE TRANSACTIONS		
	Before	After <sup>(A)</sup>
Richmond	6.0%	2.0%
New Jersey	4.4%	2.5%
PA Suburbs - other	10.5%	9.5%
NoVa – other	2.2%	1.6%

<sup>(A)</sup> Includes joint venture with allocated share of ground lease

# Synopsis: Cira Square

## ■ IRS

- Sale price \$354 million / \$410 PSF
- \$124 million cash received after mortgage pay-off and closing costs

Cap Rates	
2015/2016 NOI	
Cash/GAAP	5.5%
Cash/GAAP(with loan defeasance)	6.3%



- \$113 million gross book gain on sale
- \$58.2 million net book gain on sale (after loan defeasance and transaction costs)
- Retired \$213.0 million of self-amortizing mortgage debt related to Cira Square and Cira South Garage; 5.93% interest rate
- Brandywine retained management of the building for seven year term

## ■ Property totaling 862,692 SF

- 100% leased to GSA through August 2030
- NNN lease with no rent increases

# Synopsis: Och-Ziff Real Estate JV

- Full market pricing; Large scale trade in illiquid submarkets (Richmond, Off-Toll Road and New Jersey)
- Gross purchase price of \$398.1 million (\$101 PSF), in-line with internal NAV; \$67 PSF for flex/industrial and \$108 PSF for office
- Cash cap rate: 8.5%, Projected 1Q16 and 8.6%, Annual 2015
- Brandywine initial cash proceeds of \$353.0 million (\$90/SF), or 89% of purchase price
- Brandywine received a \$16.0 million imputed capital account; allows Brandywine to participate in future portfolio appreciation
- Pre-funded cash capital increased our total investment to \$25.6 million
- FFO Yield on \$16.0 million / \$25.6 million equity investment: 39.2% / 24.50%
- No obligation for Brandywine to fund future capital calls
- Non-recourse debt (\$180.8 million) structure contemplates 2-5 year-hold
- Ongoing Management: Brandywine will provide management and asset management services to the joint venture and will also provide leasing and construction management services for the portfolio with the exception of Northern Virginia



# Portfolio Profile: OZ Joint Venture

	Pennsylvania	New Jersey	METDC	Richmond/NC	Total
<b>OZ SF</b>	612,738 SF	557,144 SF	340,162 SF	2,414,739 SF	3,924,783 SF
<b>% of Market</b>	10.1%	44.0%	8.5%	100.0%	



Blue Bell



Eastgate



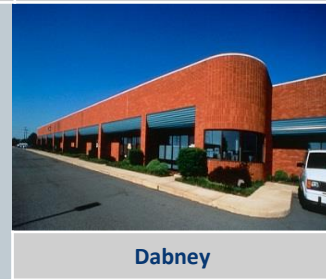
Fairfax



Arboretum



Meetinghouse



Dabney

- Average Building Age: 27.6 Years
- Occupancy: 91.4%

