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

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2019

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Brandywine Realty Trust
Brandywine Operating Partnership, L.P.
(Exact name of registrant as specified in its charter)

Registrant's telephone number, including area code (610) 325-5600

Maryland		
(Brandywine Realty Trust)	**001-9106**	**23-2413352**
Delaware		
(Brandywine Operating Partnership, L.P.)	**000-24407**	**23-2862640**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission file number)	(I.R.S. Employer Identification Number)

2929 Walnut Street
Suite 1700
Philadelphia, PA 19104
(Address of principal executive offices) (Zip Code)

(610) 325-5600
(Registrant's telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares of Beneficial Interest	BDN	NYSE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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.

Brandywine Realty Trust	Yes ☒ No ☐
Brandywine Operating Partnership, L.P.	Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Brandywine Realty Trust	Yes ☒ No ☐
Brandywine Operating Partnership, L.P.	Yes ☒ No ☐

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

Brandywine Realty Trust:

Large accelerated filer	☒	Accelerated filer ☐	Non-accelerated filer ☐
Smaller reporting company	☐	Emerging growth company	☐

Brandywine Operating Partnership, L.P.:

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer	☒
Smaller reporting company ☐	Emerging growth company	☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Brandywine Realty Trust	Yes	☐	No ☒
Brandywine Operating Partnership, L.P.	Yes	☐	No ☒

A total of 176,194,918 Common Shares of Beneficial Interest, par value $0.01 per share of Brandywine Realty Trust, were outstanding as of October 18, 2019.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 2019 of Brandywine Realty Trust (the “Parent Company”) and Brandywine Operating Partnership L.P. (the “Operating Partnership”). The Parent Company is a Maryland real estate investment trust, or REIT, that owns its assets and conducts its operations through the Operating Partnership, a Delaware limited partnership, and subsidiaries of the Operating Partnership. The Parent Company, the Operating Partnership and their consolidated subsidiaries are collectively referred to in this report as the “Company”. In addition, as used in this report, terms such as “we”, “us”, and “our” may refer to the Company, the Parent Company, or the Operating Partnership.

The Parent Company is the sole general partner of the Operating Partnership and, as of September 30, 2019, owned a 99.4% interest in the Operating Partnership. The remaining 0.6% interest consists of common units of limited partnership interest issued by the Operating Partnership to third parties in exchange for contributions of properties to the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has full and complete authority over the Operating Partnership’s day-to-day operations and management.

Management operates the Parent Company and the Operating Partnership as one enterprise. The management of the Parent Company consists of the same members as the management of the Operating Partnership.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have significant assets other than its investment in the Operating Partnership. Therefore, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements. The separate discussions of the Parent Company and the Operating Partnership in this report should be read in conjunction with each other to understand the results of the Company's operations on a consolidated basis and how management operates the Company.

The Company believes that combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into a single report will result in the following benefits:

- facilitate a better understanding by the investors of the Parent Company and the Operating Partnership by enabling them to view the business as a whole in the same manner as management views and operates the business;
- remove duplicative disclosures and provide a more straightforward presentation in light of the fact that a substantial portion of the disclosure applies to both the Parent Company and the Operating Partnership; and
- create time and cost efficiencies through the preparation of one combined report instead of two separate reports.

There are few differences between the Parent Company and the Operating Partnership, which are reflected in the footnote disclosures in this report. The Company believes it is important to understand the differences between the Parent Company and the Operating Partnership in the context of how these entities operate as an interrelated consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing equity from time to time and guaranteeing the debt obligations of the Operating Partnership. The Operating Partnership holds substantially all the assets of the Company and directly or indirectly holds the ownership interests in the Company’s Real Estate Ventures. The Operating Partnership conducts the operations of the Company’s business and is structured as a partnership with no publicly traded equity. Except for net proceeds from equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates the capital required by the Company’s business through the Operating Partnership’s operations, by the Operating Partnership’s incurrence of indebtedness (directly and through subsidiaries) and through the issuance of partnership units of the Operating Partnership or equity interests in subsidiaries of the Operating Partnership.

The equity and non-controlling interests in the Parent Company and the Operating Partnership’s equity are the main areas of difference between the consolidated financial statements of the Parent Company and the Operating Partnership. The common units of limited partnership interest in the Operating Partnership are accounted for as partners’ equity in the Operating Partnership’s financial statements while the common units of limited partnership interests held by parties other than the Parent Company are presented as non-controlling interests in the Parent Company’s financial statements. The differences between the Parent Company and the Operating Partnership’s equity relate to the differences in the equity issued at the Parent Company and Operating Partnership levels.

To help investors understand the significant differences between the Parent Company and the Operating Partnership, this report presents the following as separate notes or sections for each of the Parent Company and the Operating Partnership:

- Consolidated Financial Statements; and
- Notes to the Parent Company’s and Operating Partnership’s Equity.

This report also includes separate Item 4. (Controls and Procedures) disclosures and separate Exhibit 31 and 32 certifications for each of the Parent Company and the Operating Partnership in order to establish that the Chief Executive Officer and the Chief Financial Officer of each entity have made the requisite certifications and that the Parent Company and Operating Partnership are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. § 1350.

In order to highlight the differences between the Parent Company and the Operating Partnership, the separate sections in this report for the Parent Company and the Operating Partnership specifically refer to the Parent Company and the Operating Partnership. In the sections that combine disclosures of the Parent Company and the Operating Partnership, this report refers to such disclosures as those of the Company. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and real estate ventures and holds assets and incurs debt, reference to the Company is appropriate because the business is one enterprise and the Parent Company operates the business through the Operating Partnership.

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Filing Format

This combined Form 10-Q is being filed separately by Brandywine Realty Trust and Brandywine Operating Partnership, L.P.

PART I - FINANCIAL INFORMATION

Item 1. — Financial Statements

BRANDYWINE REALTY TRUST
CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except share and per share information)

	September 30, 2019	December 31, 2018
ASSETS		
Real estate investments:		
Operating properties	$ 3,995,228	$ 3,951,719
Accumulated depreciation	(944,994)	(885,407)
Right of use asset - operating leases, net	21,828	—
Operating real estate investments, net	3,072,062	3,066,312
Construction-in-progress	151,232	150,263
Land held for development	92,189	86,401
Prepaid leasehold interests in land held for development, net	39,694	39,999
Total real estate investments, net	3,355,177	3,342,975
Assets held for sale, net	7,349	11,599
Cash and cash equivalents	29,925	22,842
Accounts receivable, net of allowance of $284 and $1,653 as of September 30, 2019 and December 31, 2018, respectively	13,872	16,394
Accrued rent receivable, net of allowance of $11,009 and $11,266 as of September 30, 2019 and December 31, 2018, respectively	168,960	165,243
Investment in Real Estate Ventures	127,759	169,100
Deferred costs, net	96,202	91,075
Intangible assets, net	95,798	131,348
Other assets	125,390	126,400
Total assets	$ 4,020,432	$ 4,076,976
LIABILITIES AND BENEFICIARIES' EQUITY		
Mortgage notes payable, net	$ 315,603	$ 320,869
Unsecured credit facility	146,500	92,500
Unsecured term loan, net	248,430	248,042
Unsecured senior notes, net	1,367,722	1,366,635
Accounts payable and accrued expenses	119,790	125,696
Distributions payable	33,759	33,632
Deferred income, gains and rent	22,707	28,293
Acquired lease intangibles, net	24,050	31,783
Lease liability - operating leases	22,503	—
Other liabilities	16,931	18,498
Total liabilities	$ 2,317,995	$ 2,265,948
Commitments and contingencies (See Note 13)		
Brandywine Realty Trust's Equity:		
Common Shares of Brandywine Realty Trust's beneficial interest, $0.01 par value; shares authorized 400,000,000; 176,194,918 and 176,873,324 issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	1,763	1,770
Additional paid-in-capital	3,189,350	3,200,312
Deferred compensation payable in common shares	16,216	14,021
Common shares in grantor trust, 1,105,542 and 977,120 issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	(16,216)	(14,021)
Cumulative earnings	787,789	775,625
Accumulated other comprehensive income	(3,550)	5,029
Cumulative distributions	(2,284,610)	(2,183,909)
Total Brandywine Realty Trust's equity	1,690,742	1,798,827
Noncontrolling interests	11,695	12,201
Total beneficiaries' equity	$ 1,702,437	$ 1,811,028
Total liabilities and beneficiaries' equity	$ 4,020,432	$ 4,076,976

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except share and per share information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue				
Rents	$ 139,228	$ 128,635	$ 415,113	$ 382,321
Third party management fees, labor reimbursement and leasing	4,938	4,944	14,041	17,531
Other	1,165	1,419	4,224	5,290
Total revenue	145,331	134,998	433,378	405,142
Operating expenses				
Property operating expenses	38,358	37,852	116,542	115,109
Real estate taxes	15,247	12,433	47,119	37,272
Third party management expenses	2,469	2,612	7,035	9,605
Depreciation and amortization	55,627	44,141	158,738	131,631
General and administrative expenses	6,974	5,963	25,217	22,209
Provision for impairment	—	56,865	—	56,865
Total operating expenses	118,675	159,866	354,651	372,691
Gain on sale of real estate				
Net gain (loss) on disposition of real estate	356	—	356	(35)
Net gain on sale of undepreciated real estate	250	—	1,501	2,859
Total gain on sale of real estate	606	—	1,857	2,824
Operating income (loss)	27,262	(24,868)	80,584	35,275
Other income (expense):				
Interest income	558	1,220	1,636	2,564
Interest expense	(20,400)	(19,257)	(61,273)	(58,091)
Interest expense - amortization of deferred financing costs	(694)	(618)	(2,026)	(1,872)
Equity in (loss) income of Real Estate Ventures	(1,965)	1	(4,814)	(1,182)
Net gain on real estate venture transactions	2,059	—	3,594	37,263
Net income (loss) before income taxes	6,820	(43,522)	17,701	13,957
Income tax provision	—	—	(46)	(158)
Net income (loss)	6,820	(43,522)	17,655	13,799
Net (income) loss attributable to noncontrolling interests	(48)	342	(155)	(162)
Net income (loss) attributable to Brandywine Realty Trust	6,772	(43,180)	17,500	13,637
Nonforfeitable dividends allocated to unvested restricted shareholders	(93)	(80)	(305)	(280)
Net income (loss) attributable to Common Shareholders of Brandywine Realty Trust	$ 6,679	$ (43,260)	$ 17,195	$ 13,357
Basic income (loss) per Common Share	$ 0.04	$ (0.24)	$ 0.10	$ 0.07
Diluted income (loss) per Common Share	$ 0.04	$ (0.24)	$ 0.10	$ 0.07
Basic weighted average shares outstanding	176,195,244	178,602,622	176,066,507	178,515,993
Diluted weighted average shares outstanding	176,750,600	178,602,622	176,617,726	179,752,544

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss)	$ 6,820	$ (43,522)	$ 17,655	$ 13,799
Comprehensive (loss) income:				
Unrealized (loss) gain on derivative financial instruments	(1,586)	734	(9,209)	7,008
Amortization of interest rate contracts (1)	188	293	582	898
Comprehensive (loss) income:	(1,398)	1,027	(8,627)	7,906
Comprehensive income (loss)	5,422	(42,495)	9,028	21,705
Comprehensive (income) loss attributable to noncontrolling interest	(40)	333	(107)	(228)
Comprehensive income (loss) attributable to Brandywine Realty Trust	$ 5,382	$ (42,162)	$ 8,921	$ 21,477

(1) Amounts reclassified from comprehensive income to interest expense within the Consolidated Statements of Operations.

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF BENEFICIARIES' EQUITY
(unaudited, in thousands, except number of shares)

	Number of Common Shares	Number of Rabbi Trust/Deferred Compensation Shares	Common Shares of Brandywine Realty Trust's beneficial interest	Additional Paid-in Capital	Deferred Compensation Payable in Common Shares	Common Shares in Grantor Trust	Cumulative Earnings	Accumulated Other Comprehensive Income (Loss)	Cumulative Distributions	Noncontrolling Interests	Total
BALANCE, beginning of period	**176,873,324**	**977,120**	**$ 1,770**	**$ 3,200,312**	**$ 14,021**	**$ (14,021)**	**$ 775,625**	**$ 5,029**	**$ (2,183,909)**	**$ 12,201**	**$ 1,811,028**
Cumulative effect of accounting change							(5,336)				(5,336)
Net income							4,523			60	4,583
Other comprehensive loss								(2,469)		(14)	(2,483)
Repurchase and retirement of Common Shares of Beneficial Interest	(1,337,169)		(13)	(17,268)							(17,281)
Issuance of partnership interest in consolidated real estate ventures										22	22
Share-based compensation activity	465,883	41,342	4	3,673							3,677
Share Issuance from/(to) Deferred Compensation Plan	(458)	(5,920)			619	(619)					—
Reallocation of Noncontrolling interest				57						(57)	—
Distributions declared ($0.19 per share)									(33,560)	(187)	(33,747)
BALANCE, March 31, 2019	**176,001,580**	**1,012,542**	**$ 1,761**	**$ 3,186,774**	**$ 14,640**	**$ (14,640)**	**$ 774,812**	**$ 2,560**	**$ (2,217,469)**	**$ 12,025**	**$ 1,760,463**
Net income							6,205			47	6,252
Other comprehensive loss								(4,720)		(26)	(4,746)
Issuance of partnership interest in consolidated real estate ventures										3	3
Redemption of LP Units	1,245			16						(16)	—
Share-based compensation activity	94,150		2	1,449							1,451
Share Issuance from/(to) Deferred Compensation Plan	100,908	100,908			1,599	(1,599)					—
Distributions declared ($0.19 per share)									(33,571)	(187)	(33,758)
BALANCE, June 30, 2019	**176,197,883**	**1,113,450**	**$ 1,763**	**$ 3,188,239**	**$ 16,239**	**$ (16,239)**	**$ 781,017**	**$ (2,160)**	**$ (2,251,040)**	**$ 11,846**	**$ 1,729,665**
Net income							6,772			48	6,820
Other comprehensive loss								(1,390)		(8)	(1,398)
Issuance of partnership interest in consolidated real estate ventures										2	2
Share-based compensation activity				1,105							1,105
Share Issuance from/(to) Deferred Compensation Plan	(2,965)	(7,908)			(23)	23					—
Reallocation of Noncontrolling interest				6						(6)	—
Distributions declared ($0.19 per share)									(33,570)	(187)	(33,757)
BALANCE, September 30, 2019	**176,194,918**	**1,105,542**	**$ 1,763**	**$ 3,189,350**	**$ 16,216**	**$ (16,216)**	**$ 787,789**	**$ (3,550)**	**$ (2,284,610)**	**$ 11,695**	**$ 1,702,437**

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENT OF BENEFICIARIES' EQUITY
(unaudited, in thousands, except number of shares)

	Number of Common Shares	Number of Rabbi Trust/Deferred Compensation Shares	Common Shares of Brandywine Realty Trust's beneficial interest	Additional Paid-in Capital	Deferred Compensation Payable in Common Shares	Common Shares in Grantor Trust	Cumulative Earnings	Accumulated Other Comprehensive Income (Loss)	Cumulative Distributions	Noncontrolling Interests	Total
BALANCE, beginning of period	**178,285,236**	**894,736**	**$ 1,784**	**$ 3,218,077**	**$ 12,445**	**$ (12,445)**	**$ 641,093**	**$ 2,399**	**$ (2,053,741)**	**$ 17,258**	**$ 1,826,870**
Net income							44,070			375	44,445
Other comprehensive income								4,966		42	5,008
Issuance of Common Shares of Beneficial Interest	23,311			416							416
Issuance of partnership interest in consolidated real estate ventures										15	15
Distributions from consolidated real estate ventures										(54)	(54)
Share-based compensation activity	68,425		1	3,072			3				3,076
Share Issuance from/(to) Deferred Compensation Plan	66,830	53,856			1,061	(1,061)					—
Share Choice Plan issuance	(1,285)										—
Reallocation of Noncontrolling interest				(5)						5	—
Distributions declared ($0.18 per share)									(32,259)	(266)	(32,525)
BALANCE, March 31, 2018	**178,442,517**	**948,592**	**$ 1,785**	**$ 3,221,560**	**$ 13,506**	**$ (13,506)**	**$ 685,166**	**$ 7,365**	**$ (2,086,000)**	**$ 17,375**	**$ 1,847,251**
Net income							12,747			129	12,876
Other comprehensive income								1,856		15	1,871
Issuance of partnership interest in consolidated real estate ventures										(4)	(4)
Share-based compensation activity	127,726		1	1,135			3				1,139
Share Issuance from/(to) Deferred Compensation Plan	34,230	33,713	1	(112)	530	(530)					(111)
Reallocation of Noncontrolling interest				2						(2)	—
Distributions declared ($0.18 per share)									(32,230)	(267)	(32,497)
BALANCE, June 30, 2018	**178,604,473**	**982,305**	**$ 1,787**	**$ 3,222,585**	**$ 14,036**	**$ (14,036)**	**$ 697,916**	**$ 9,221**	**$ (2,118,230)**	**$ 17,246**	**$ 1,830,525**
Net loss							(43,180)			(342)	(43,522)
Other comprehensive income								1,018		9	1,027
Issuance of partnership interest in consolidated real estate ventures										5	5
Share-based compensation activity				750			8				758
Share Issuance from/(to) Deferred Compensation Plan	(1,871)	(5,185)			(15)	15					—
Reallocation of Noncontrolling interest				(17)						17	—
Distributions declared ($0.18 per share)									(32,233)	(266)	(32,499)
BALANCE, September 30, 2018	**178,602,602**	**977,120**	**$ 1,787**	**$ 3,223,318**	**$ 14,021**	**$ (14,021)**	**$ 654,744**	**$ 10,239**	**$ (2,150,463)**	**$ 16,669**	**$ 1,756,294**

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities:		
Net income	$ 17,655	$ 13,799
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	158,738	131,631
Amortization of deferred financing costs	2,026	1,872
Amortization of debt discount/(premium), net	527	527
Amortization of stock compensation costs	6,145	5,143
Straight-line rent income	(8,287)	(10,102)
Amortization of acquired above (below) market leases, net	(7,236)	(2,313)
Ground rent expense	1,103	288
Provision for doubtful accounts	611	1,238
Net gain on real estate venture transactions	(3,594)	(37,263)
Net gain on sale of interests in real estate	(1,857)	(2,824)
Provision for impairment	—	56,865
Loss from Real Estate Ventures, net of distributions	5,134	2,811
Income tax provision	46	158
Changes in assets and liabilities:		
Accounts receivable	2,086	4,165
Other assets	(13,089)	(9,831)
Accounts payable and accrued expenses	194	1,544
Deferred income, gains and rent	(3,640)	(3,461)
Other liabilities	(1,312)	290
Net cash provided by operating activities	155,250	154,537
Cash flows from investing activities:		
Acquisition of properties	—	(40,240)
Proceeds from the sale of properties	41,546	16,771
Proceeds from real estate venture sales	675	42,953
Issuance of mortgage note receivable	—	(44,430)
Proceeds from repayment of mortgage notes receivable	3,341	141
Capital expenditures for tenant improvements	(53,383)	(43,142)
Capital expenditures for redevelopments	(33,905)	(31,312)
Capital expenditures for developments	(55,002)	(70,297)
Advances for the purchase of tenant assets, net of repayments	(178)	739
Investment in unconsolidated Real Estate Ventures	(253)	(646)
Deposits for real estate	(1,990)	(5,550)
Capital distributions from Real Estate Ventures	35,206	5,101
Leasing costs paid	(13,184)	(10,664)
Net cash used in investing activities	(77,127)	(180,576)
Cash flows from financing activities:		
Repayments of mortgage notes payable	(5,669)	(4,972)
Proceeds from credit facility borrowings	333,000	—
Repayments of credit facility borrowings	(279,000)	—
Debt financing costs paid	—	(2,704)
Proceeds from the exercise of stock options	800	—
Proceeds from the issuance of common shares	—	416
Shares used for employee taxes upon vesting of share awards	(1,554)	(1,494)
Partner contributions to consolidated real estate venture	25	15
Partner distributions from consolidated real estate venture	—	(54)
Repurchase and retirement of common shares	(17,282)	—
Distributions paid to shareholders	(100,573)	(96,626)
Distributions to noncontrolling interest	(560)	(799)
Net cash used in financing activities	(70,813)	(106,218)
Increase (decrease) in cash and cash equivalents and restricted cash	7,310	(132,257)
Cash and cash equivalents and restricted cash at beginning of year	23,211	203,442
Cash and cash equivalents and restricted cash at end of period	$ 30,521	$ 71,185

Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents, beginning of period	$ 22,842	$ 202,179
Restricted cash, beginning of period	369	1,263
Cash and cash equivalents and restricted cash, beginning of period	$ 23,211	$ 203,442
Cash and cash equivalents, end of period	$ 29,925	$ 70,360
Restricted cash, end of period	596	825
Cash and cash equivalents and restricted cash, end of period	$ 30,521	$ 71,185
Supplemental disclosure:		
Cash paid for interest, net of capitalized interest during the nine months ended September 30, 2019 and 2018 of $2,246 and $2,578, respectively	$ 56,455	$ 52,888
Cash paid for income taxes	1,169	405
Supplemental disclosure of non-cash activity:		
Dividends and distributions declared but not paid	33,759	32,492
Change in construction-in-progress related to non-cash disposition of land	—	22,625
Change in deferred income, gains and rent to the non-cash disposition of land	—	(25,462)
Change in investment in real estate ventures as a result of dispositions	3,461	(17,313)
Change in operating real estate related to a non-cash acquisition of an operating property	—	(20,653)
Change in intangible assets, net related to non-cash acquisition of an operating property	—	(3,144)
Change in acquired lease intangibles, net related to non-cash acquisition of an operating property	—	182
Change in investments in joint venture related to non-cash acquisition of property	—	(2,042)
Change in mortgage notes payable related to acquisition of an operating property	—	9,940
Change in capital expenditures financed through accounts payable at period end	(6,011)	992
Change in capital expenditures financed through retention payable at period end	(3,356)	2,352

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except unit and per unit information)

	September 30, 2019	December 31, 2018
ASSETS		
Real estate investments:		
Operating properties	$ 3,995,228	$ 3,951,719
Accumulated depreciation	(944,994)	(885,407)
Right of use asset - operating leases, net	21,828	—
Operating real estate investments, net	3,072,062	3,066,312
Construction-in-progress	151,232	150,263
Land held for development	92,189	86,401
Prepaid leasehold interests in land held for development, net	39,694	39,999
Total real estate investments, net	3,355,177	3,342,975
Assets held for sale, net	7,349	11,599
Cash and cash equivalents	29,925	22,842
Accounts receivable, net of allowance of $284 and $1,653 as of September 30, 2019 and December 31, 2018, respectively	13,872	16,394
Accrued rent receivable, net of allowance of $11,009 and $11,266 as of September 30, 2019 and December 31, 2018, respectively	168,960	165,243
Investment in Real Estate Ventures	127,759	169,100
Deferred costs, net	96,202	91,075
Intangible assets, net	95,798	131,348
Other assets	125,390	126,400
Total assets	$ 4,020,432	$ 4,076,976
LIABILITIES AND PARTNERS' EQUITY		
Mortgage notes payable, net	$ 315,603	$ 320,869
Unsecured credit facility	146,500	92,500
Unsecured term loan, net	248,430	248,042
Unsecured senior notes, net	1,367,722	1,366,635
Accounts payable and accrued expenses	119,790	125,696
Distributions payable	33,759	33,632
Deferred income, gains and rent	22,707	28,293
Acquired lease intangibles, net	24,050	31,783
Lease liability - operating leases	22,503	—
Other liabilities	16,931	$ 18,498
Total liabilities	$ 2,317,995	2,265,948
Commitments and contingencies (See Note 13)		
Redeemable limited partnership units at redemption value; 981,626 and 982,871 issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	14,728	12,520
Brandywine Operating Partnership, L.P.'s equity:		
General Partnership Capital; 176,194,918 and 176,873,324 units issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	1,689,334	1,791,591
Accumulated other comprehensive income	(3,902)	4,725
Total Brandywine Operating Partnership, L.P.'s equity	1,685,432	1,796,316
Noncontrolling interest - consolidated real estate ventures	2,277	2,192
Total partners' equity	$ 1,687,709	$ 1,798,508
Total liabilities and partners' equity	$ 4,020,432	$ 4,076,976

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except unit and per unit information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue				
Rents	$ 139,228	$ 128,635	$ 415,113	$ 382,321
Third party management fees, labor reimbursement and leasing	4,938	4,944	14,041	17,531
Other	1,165	1,419	4,224	5,290
Total revenue	145,331	134,998	433,378	405,142
Operating expenses				
Property operating expenses	38,358	37,852	116,542	115,109
Real estate taxes	15,247	12,433	47,119	37,272
Third party management expenses	2,469	2,612	7,035	9,605
Depreciation and amortization	55,627	44,141	158,738	131,631
General and administrative expenses	6,974	5,963	25,217	22,209
Provision for impairment	—	56,865	—	56,865
Total operating expenses	118,675	159,866	354,651	372,691
Gain on sale of real estate				
Net gain (loss) on disposition of real estate	356	—	356	(35)
Net gain on sale of undepreciated real estate	250	—	1,501	2,859
Total gain on sale of real estate	606	—	1,857	2,824
Operating income (loss)	27,262	(24,868)	80,584	35,275
Other income (expense):				
Interest income	558	1,220	1,636	2,564
Interest expense	(20,400)	(19,257)	(61,273)	(58,091)
Interest expense - amortization of deferred financing costs	(694)	(618)	(2,026)	(1,872)
Equity in (loss) income of Real Estate Ventures	(1,965)	1	(4,814)	(1,182)
Net gain on real estate venture transactions	2,059	—	3,594	37,263
Net income (loss) before income taxes	6,820	(43,522)	17,701	13,957
Income tax provision	—	—	(46)	(158)
Net income (loss)	6,820	(43,522)	17,655	13,799
Net income attributable to noncontrolling interests - consolidated real estate ventures	(11)	(20)	(58)	(46)
Net income attributable to Brandywine Operating Partnership	6,809	(43,542)	17,597	13,753
Nonforfeitable dividends allocated to unvested restricted unitholders	(93)	(80)	(305)	(280)
Net income (loss) attributable to Common Partnership Unitholders of Brandywine Operating Partnership, L.P.	$ 6,716	$ (43,622)	$ 17,292	$ 13,473
Basic income (loss) per Common Partnership Unit	$ 0.04	$ (0.24)	$ 0.10	$ 0.07
Diluted income (loss) per Common Partnership Unit	$ 0.04	$ (0.24)	$ 0.10	$ 0.07
Basic weighted average common partnership units outstanding	177,176,870	180,082,421	177,048,621	179,995,792
Diluted weighted average common partnership units outstanding	177,732,226	180,082,421	177,599,840	181,232,343

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net income (loss)	$ 6,820	$ (43,522)	$ 17,655	$ 13,799
Comprehensive (loss) income:				
Unrealized (loss) gain on derivative financial instruments	(1,586)	734	(9,209)	7,008
Amortization of interest rate contracts (1)	188	293	582	898
Comprehensive (loss) income:	(1,398)	1,027	(8,627)	7,906
Comprehensive income (loss)	5,422	(42,495)	9,028	21,705
Comprehensive income attributable to noncontrolling interest - consolidated real estate ventures	(11)	(20)	(58)	(46)
Comprehensive income (loss) attributable to Brandywine Realty Trust	$ 5,411	$ (42,515)	$ 8,970	$ 21,659

(1) Amounts reclassified from comprehensive income to interest expense within the Consolidated Statements of Operations.

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY
(unaudited, in thousands, except number of units)

	General Partner Capital					
	Units	Amount	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest - Consolidated Real Estate Ventures	Total Partners' Equity
BALANCE, beginning of period	176,873,324	$ 1,791,591	$ 4,725	$ 2,192	**$ 1,798,508**
Cumulative effect of accounting change		(5,336)			**(5,336)**
Net income		4,549		34	**4,583**
Other comprehensive loss			(2,483)		**(2,483)**
Deferred compensation obligation	(458)				**—**
Repurchase and retirement of LP units	(1,337,169)	(17,281)			**(17,281)**
Issuance of partnership interest in consolidated real estate ventures				22	**22**
Share-based compensation activity	465,883	3,677			**3,677**
Adjustment of redeemable partnership units to liquidation value at period end		(3,088)			**(3,088)**
Distributions declared to general partnership unitholders ($0.19 per unit)		(33,560)			**(33,560)**
BALANCE, March 31, 2019	**176,001,580**	**$ 1,740,552**	**$ 2,242**	**$ 2,248**	**$ 1,745,042**
Net income		6,239		13	**6,252**
Other comprehensive loss			(4,746)		**(4,746)**
Deferred compensation obligation	100,908				**—**
Repurchase and retirement of LP units	1,245				**—**
Issuance of partnership interest in consolidated real estate ventures				3	**3**
Share-based compensation activity	94,150	1,451			**1,451**
Adjustment of redeemable partnership units to liquidation value at period end		1,014			**1,014**
Distributions declared to general partnership unitholders ($0.19 per unit)		(33,571)			**(33,571)**
BALANCE, June 30, 2019	**176,197,883**	**$ 1,715,685**	**$ (2,504)**	**$ 2,264**	**$ 1,715,445**
Net income		6,809		11	**6,820**
Other comprehensive loss			(1,398)		**(1,398)**
Deferred compensation obligation	(2,965)				**—**
Issuance of partnership interest in consolidated real estate ventures				2	**2**
Share-based compensation activity		1,105			**1,105**
Adjustment of redeemable partnership units to liquidation value at period end		(695)			**(695)**
Distributions declared to general partnership unitholders ($0.19 per unit)		(33,570)			**(33,570)**
BALANCE, September 30, 2019	**176,194,918**	**$ 1,689,334**	**$ (3,902)**	**$ 2,277**	**$ 1,687,709**

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENT OF PARTNERS' EQUITY
(unaudited, in thousands, except number of units)

	General Partner Capital				
	Units	Amount	Accumulated Other Comprehensive Income	Noncontrolling Interest - Consolidated Real Estate Ventures	Total Partners' Equity
BALANCE, beginning of period	178,285,236	$ 1,795,684	$ 2,056	$ 2,215	**$ 1,799,955**
Net income		44,440		5	**44,445**
Other comprehensive income			5,008		**5,008**
Deferred compensation obligation	66,830				**—**
Issuance of LP Units	23,311	416			**416**
Issuance of partnership interest in consolidated real estate ventures				15	**15**
Distributions from consolidated real estate ventures				(54)	**(54)**
Share Choice Plan issuance	(1,285)				**—**
Share-based compensation activity	68,425	3,075			**3,075**
Adjustment of redeemable partnership units to liquidation value at period end		3,604			**3,604**
Distributions declared to general partnership unitholders ($0.18 per unit)		(32,259)			**(32,259)**
BALANCE, March 31, 2018	**178,442,517**	**$ 1,814,960**	**$ 7,064**	**$ 2,181**	**$ 1,824,205**
Net income		12,855		21	**12,876**
Other comprehensive income			1,871		**1,871**
Deferred compensation obligation	34,230	(111)			**(111)**
Issuance of partnership interest in consolidated real estate ventures				(4)	**(4)**
Share-based compensation activity	127,726	1,140			**1,140**
Adjustment of redeemable partnership units to liquidation value at period end		(1,991)			**(1,991)**
Distributions declared to general partnership unitholders ($0.18 per unit)		(32,230)			**(32,230)**
BALANCE, June 30, 2018	**178,604,473**	**$ 1,794,623**	**$ 8,935**	**$ 2,198**	**$ 1,805,756**
Net loss		(43,542)		20	**(43,522)**
Other comprehensive income			1,027		**1,027**
Deferred compensation obligation	(1,871)				**—**
Issuance of partnership interest in consolidated real estate ventures				5	**5**
Share-based compensation activity		758			**758**
Adjustment of redeemable partnership units to liquidation value at period end		1,264			**1,264**
Distributions declared to general partnership unitholders ($0.18 per unit)		(32,233)			**(32,233)**
BALANCE, September 30, 2018	**178,602,602**	**$ 1,720,870**	**$ 9,962**	**$ 2,223**	**$ 1,733,055**

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE OPERATING PARTNERSHIP L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Cash flows from operating activities:		
Net income	$ 17,655	$ 13,799
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	158,738	131,631
Amortization of deferred financing costs	2,026	1,872
Amortization of debt discount/(premium), net	527	527
Amortization of stock compensation costs	6,145	5,143
Straight-line rent income	(8,287)	(10,102)
Amortization of acquired above (below) market leases, net	(7,236)	(2,313)
Ground rent expense	1,103	288
Provision for doubtful accounts	611	1,238
Net gain on real estate venture transactions	(3,594)	(37,263)
Net gain on sale of interests in real estate	(1,857)	(2,824)
Provision for impairment	—	56,865
Loss from Real Estate Ventures, net of distributions	5,134	2,811
Income tax provision	46	158
Changes in assets and liabilities:		
Accounts receivable	2,086	4,165
Other assets	(13,089)	(9,831)
Accounts payable and accrued expenses	194	1,544
Deferred income, gains and rent	(3,640)	(3,461)
Other liabilities	(1,312)	290
Net cash provided by operating activities	155,250	154,537
Cash flows from investing activities:		
Acquisition of properties	—	(40,240)
Proceeds from the sale of properties	41,546	16,771
Proceeds from real estate venture sales	675	42,953
Issuance of mortgage note receivable	—	(44,430)
Proceeds from repayment of mortgage notes receivable	3,341	141
Capital expenditures for tenant improvements	(53,383)	(43,142)
Capital expenditures for redevelopments	(33,905)	(31,312)
Capital expenditures for developments	(55,002)	(70,297)
Advances for the purchase of tenant assets, net of repayments	(178)	739
Investment in unconsolidated Real Estate Ventures	(253)	(646)
Deposits for real estate	(1,990)	(5,550)
Capital distributions from Real Estate Ventures	35,206	5,101
Leasing costs paid	(13,184)	(10,664)
Net cash used in investing activities	(77,127)	(180,576)
Cash flows from financing activities:		
Repayments of mortgage notes payable	(5,669)	(4,972)
Proceeds from credit facility borrowings	333,000	—
Repayments of credit facility borrowings	(279,000)	—
Debt financing costs paid	—	(2,704)
Proceeds from the exercise of stock options	800	—
Proceeds from the issuance of common shares	—	416
Shares used for employee taxes upon vesting of share awards	(1,554)	(1,494)
Partner contributions to consolidated real estate venture	25	15
Partner distributions from consolidated real estate venture	—	(54)
Repurchase and retirement of common shares	(17,282)	—
Distributions paid to preferred and common partnership units	(101,133)	(97,425)
Net cash used in financing activities	(70,813)	(106,218)

Increase (decrease) in cash and cash equivalents and restricted cash	7,310	(132,257)
Cash and cash equivalents and restricted cash at beginning of year	23,211	203,442
Cash and cash equivalents and restricted cash at end of period	$ 30,521	$ 71,185
Reconciliation of cash and cash equivalents and restricted cash:		
Cash and cash equivalents, beginning of period	$ 22,842	$ 202,179
Restricted cash, beginning of period	369	1,263
Cash and cash equivalents and restricted cash, beginning of period	$ 23,211	$ 203,442
Cash and cash equivalents, end of period	$ 29,925	$ 70,360
Restricted cash, end of period	596	825
Cash and cash equivalents and restricted cash, end of period	$ 30,521	$ 71,185
Supplemental disclosure:		
Cash paid for interest, net of capitalized interest during the nine months ended September 30, 2019 and 2018 of $2,246 and $2,578, respectively	$ 56,455	$ 52,888
Cash paid for income taxes	1,169	405
Supplemental disclosure of non-cash activity:		
Dividends and distributions declared but not paid	33,759	32,492
Change in construction-in-progress related to non-cash disposition of land	—	22,625
Change in deferred income, gains and rent to the non-cash disposition of land	—	(25,462)
Change in investment in real estate ventures as a result of dispositions	3,461	(17,313)
Change in operating real estate related to a non-cash acquisition of an operating property	—	(20,653)
Change in intangible assets, net related to non-cash acquisition of an operating property	—	(3,144)
Change in acquired lease intangibles, net related to non-cash acquisition of an operating property	—	182
Change in investments in joint venture related to non-cash acquisition of property	—	(2,042)
Change in mortgage notes payable related to acquisition of an operating property	—	9,940
Change in capital expenditures financed through accounts payable at period end	(6,011)	992
Change in capital expenditures financed through retention payable at period end	(3,356)	2,352

The accompanying notes are an integral part of these consolidated financial statements.

BRANDYWINE REALTY TRUST AND BRANDYWINE OPERATING PARTNERSHIP, L.P.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2019

1. ORGANIZATION OF THE PARENT COMPANY AND THE OPERATING PARTNERSHIP

The Parent Company is a self-administered and self-managed real estate investment trust ("REIT") that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, retail, and mixed-use properties. The Parent Company owns its assets and conducts its operations through the Operating Partnership and subsidiaries of the Operating Partnership. The Parent Company is the sole general partner of the Operating Partnership and, as of September 30, 2019, owned a 99.4% interest in the Operating Partnership. The Parent Company's common shares of beneficial interest are publicly traded on the New York Stock Exchange under the ticker symbol "BDN".

As of September 30, 2019, the Company owned 95 properties that contained an aggregate of approximately 16.7 million net rentable square feet (collectively, the "Properties"). The Company's core portfolio of operating properties excludes development properties, redevelopment properties, and properties held for sale (the "Core Properties"). The Properties were comprised of the following as of September 30, 2019:

	Number of Properties	Rentable Square Feet
Office properties	87	15,509,004
Mixed-use properties	3	641,741
Retail property	1	17,884
Core Properties	91	16,168,629
Development property	1	204,108
Redevelopment properties	3	338,650
The Properties	95	16,711,387

In addition to the Properties, as of September 30, 2019, the Company owned 234.7 acres of land held for development, of which 35.2 acres were held for sale. The Company also held leasehold interests in two land parcels totaling 1.8 acres, each acquired through prepaid 99 years ground leases, and held options to purchase approximately 55.5 additional acres of undeveloped land. As of September 30, 2019, the total potential development that this inventory of land could support under current zoning and entitlements, including the parcels under option, amounted to an estimated 14.2 million square feet, of which 0.2 million square feet relates to 35.2 acres held for sale. As of September 30, 2019, the Company also owned economic interests in ten unconsolidated real estate ventures (collectively, the "Real Estate Ventures") (see Note 4, "*Investment in Unconsolidated Real Estate Ventures,*" for further information). The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Austin, Texas; Metropolitan Washington, D.C.; and Southern New Jersey and Wilmington, Delaware.

The Company conducts its third-party real estate management services business primarily through wholly-owned management company subsidiaries. As of September 30, 2019, the management company subsidiaries were managing properties containing an aggregate of approximately 24.6 million net rentable square feet, of which approximately 16.7 million net rentable square feet related to Properties owned by the Company and approximately 7.9 million net rentable square feet related to properties owned by third parties and Real Estate Ventures.

Unless otherwise indicated, all references in this Form 10-Q to square feet represent net rentable area.

2. BASIS OF PRESENTATION

Basis of Presentation

The consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial statements. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments consist solely of normal recurring matters, and result in a fair statement of the financial position of the Company as of September 30, 2019, the results of its operations for the three and nine months ended September 30, 2019 and 2018 and its cash flows for the nine months ended September 30, 2019 and 2018. The results of operations for such interim periods are not necessarily indicative of the results for a full year. These consolidated financial statements should be read in conjunction with the Parent Company's and the Operating Partnership's consolidated financial statements and footnotes included in their combined 2018 Annual Report on Form 10-K filed with the SEC on February 22, 2019.

The Company's Annual Report on Form 10-K for the year ended December 31, 2018 contains a discussion of our significant accounting policies under Note 2, *"Summary of Significant Accounting Policies"*. Other than the adoption of ASU-2016-02, Leases (Topic 842), there have been no significant changes in our significant accounting policies since December 31, 2018.

The Company reclassified tenant reimbursements and termination fees from "Tenant reimbursements" and "Termination fees," respectively, to "Rents" on the consolidated statements of operations as a result of the adoption of Topic 842. Prior periods have been revised to conform to current period presentation.

Revision of Previously Issued Financial Statements

The Company's comparative 2018 results have been adjusted to correct for the effects of errors discovered during the second quarter of 2019 relating to the purchase price allocation and depreciable lives for two acquisitions made in a prior period. The Company has evaluated the impact of the errors to previously issued financial statements and concluded that the errors were immaterial to the previously issued financial statements; however, to correct the cumulative effect of the errors in 2019 would significantly impact the 2019 financial statements. Accordingly, the previously issued financial statements have been corrected. The corrections to the balance sheets include a reduction in cumulative earnings and operating properties and an increase to accumulated depreciation. The corrections to the prior period income statements result in an increase in depreciation and amortization and property operating expenses. In addition, the impact of an immaterial out of period depreciation adjustment, which was previously disclosed in the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2019, has been reflected in the correct period.

The following tables and paragraphs present line items of the previously issued financial statements that have been corrected as a result of the revision:

Balance sheet impacts (in thousands)**:**

	December 31, 2018		
Balance Sheet:	As previously reported	Adjustments	As adjusted
Assets (Parent Company and Operating Partnership)			
Operating properties	3,953,319	(1,600)	3,951,719
Accumulated depreciation	(865,462)	(19,945)	(885,407)
Operating real estate investments, net	3,087,857	(21,545)	3,066,312
Total assets	4,098,521	(21,545)	4,076,976
Equity (Parent Company)			
Additional Paid-in Capital	3,200,850	(538)	3,200,312
Cumulative Earnings	796,513	(20,888)	775,625
Total Brandywine Realty Trust's equity	1,820,253	(21,426)	1,798,827
Noncontrolling interests	12,320	(119)	12,201
Total beneficiaries' equity	1,832,573	(21,545)	1,811,028
Total liabilities and beneficiaries' equity	4,098,521	(21,545)	4,076,976
Equity (Operating Partnership)			
General Partnership Capital	1,813,136	(21,545)	1,791,591
Total Brandywine Operating Partnership, L.P.'s equity	1,817,861	(21,545)	1,796,316
Total partners' equity	1,820,053	(21,545)	1,798,508
Total liabilities and partners' equity	4,098,521	(21,545)	4,076,976

Statement of Beneficiaries' / Partners' Equity impacts (in thousands):

	Three and Nine Months Ended September 30, 2018		
Brandywine Realty Trust	As previously reported	Adjustments	As adjusted
Statement of Beneficiaries' Equity:			
Additional paid-in capital, beginning of period	3,218,564	(487)	3,218,077
Cumulative earnings, beginning of period	660,174	(19,081)	641,093
Noncontrolling interest, beginning of period	17,420	(162)	17,258
Additional paid-in capital, March 31, 2018	3,222,047	(487)	3,221,560
Cumulative earnings, March 31, 2018	704,506	(19,340)	685,166
Noncontrolling interests, March 31, 2018	17,538	(163)	17,375
Additional paid-in capital, June 30, 2018	3,223,072	(487)	3,222,585
Cumulative earnings, June 30, 2018	717,515	(19,599)	697,916
Noncontrolling interests, June 30, 2018	17,410	(164)	17,246
Additional paid-in capital, September 30, 2018	3,223,817	(499)	3,223,318
Cumulative earnings, September 30, 2018	674,599	(19,855)	654,744
Noncontrolling interests, September 30, 2018	16,824	(155)	16,669
Brandywine Operating Partnership			
Statement of Partners' Equity:			
Partner Capital, beginning of period	1,815,411	(19,727)	1,795,684
Partner Capital, March 31, 2018	1,834,947	(19,987)	1,814,960
Partner Capital, June 30, 2018	1,814,870	(20,247)	1,794,623
Partner Capital, September 30, 2018	1,741,379	(20,509)	1,720,870

Statement of Operations impacts:

Net income for the three and nine months ended September 30, 2018 has been reduced by $0.3 million and $0.8 million respectively, with a $0.01 decrease to basic and diluted income per common share and per common partnership unit for the nine months ended September 30, 2019. There was no change to any previously reported net income per share amount for the three months ended September 30, 2018.

There were no impacts to cash flows from operating activities in any period.

Adoption of New Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), modifying the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and lease liability for all leases with a term of greater than twelve months regardless of their classification. Leases with a term of twelve months or less will be accounted for in the same manner as operating leases under ASC 840, Leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to previous guidance for sales-type leases, direct financing leases, and operating leases. The guidance supersedes previously issued guidance under ASC 840.

The Company adopted Topic 842 effective January 1, 2019. In applying the modified retrospective transition method, the Company elected the package of practical expedients available for implementation, which allows for the following:

- An entity need not reassess whether any expired or existing contracts are or contain leases;
- An entity need not reassess the lease classification for any expired or existing leases; and
- An entity need not reassess initial indirect costs for any existing leases.

Furthermore, the Company elected the optional transition method to make January 1, 2019 the initial application date of the standard. This package of practical expedients allows entities to account for their existing leases for the remainder of their respective lease terms following the previous accounting guidance.

The Company also elected to adopt the optional transition practical expedient provided in ASU 2018-01 to not evaluate under Topic 842 for existing or expired land easements prior to the application date to determine if they meet the definition of a lease.

The Company also elected to adopt the practical expedient offered in ASU 2018-11 that allows lessors to not allocate the total consideration to lease and nonlease components, such as tenant reimbursements, based on their relative standalone selling prices as the timing and pattern of revenue recognition of the combined single lease component is the same and the leases are classified as operating leases.

The Company elected to adopt ASU 2018-20, which allows lessors to not evaluate whether certain sales taxes and other similar taxes are lessor costs or lessee costs. Instead, lessors will account for those costs as if they are lessee costs. All collections from lessees of taxes within the scope of the election are excluded from the consideration of the contract and from variable payments not included in the consideration of the contract.

Lessor accounting

The Company generates revenue under leases with tenants occupying the Properties. Generally, leases with tenants are accounted for as operating leases. As of September 30, 2019, the Company does not have any leases classified as direct-financing or sales-type leases. The operating leases have various expiration dates.

Lease payments on non-cancellable leases at September 30, 2019 are as follows (in thousands):

Year	Minimum Rent
2019 (three months remaining)	$ 97,250
2020	386,991
2021	364,435
2022	324,296
2023	296,890
Thereafter	1,413,756
Total	$ 2,883,618

Lease payments on non-cancellable leases at December 31, 2018 are as follows (in thousands):

Year	Minimum Rent
2019	$ 392,058
2020	372,619
2021	349,160
2022	304,445
2023	277,388
Thereafter	1,265,810
Total	$ 2,961,480

Fixed lease payments under tenant leases are recognized on a straight-line basis over the term of the related lease. The cumulative difference between lease revenue recognized under the straight-line method and contractual lease payments are recorded as “Accrued rent receivable” on the consolidated balance sheets. Variable lease payments are recognized as lease revenue in the period in which changes occur in facts and circumstances on which the variable lease payments are based.

In November 2018, the FASB issued ASU No. 2018-19, which clarifies that operating lease receivables are not within the scope of ASC 326-20 and should instead be accounted for under the new leasing standard, ASC 842. Topic 842 requires a binary approach to evaluating leases for collectability. Lessors are required to determine if it is probable that substantially all of the lease payments will be collected from the tenant over the lease term. Should the lessor determine that it is not probable that substantially all of the lease payments will be collected, the standard requires that the lessor write off any accrued rent receivable and begin recognizing lease payments on a cash basis. The Company has evaluated all leases for collectability and is recognizing lease payments for certain leases on a cash basis because collectability of substantially all of the lease payments is not probable. As a result, the write off of the accrued rent receivable of $0.7 million was recorded by the Company upon adoption of Topic 842 as a cumulative effect of accounting change adjustment to equity through “Cumulative earnings” on the consolidated balance sheets.

The Company’s lease revenue is impacted by the Company’s determination of whether improvements to the property, whether made by the Company or by the tenant, are landlord assets. The determination of whether an improvement is a landlord asset requires judgment. In making this judgment, the Company's primary consideration is whether an improvement would be utilizable by another tenant upon the then-existing tenant vacating the improved space. If the Company has funded an improvement that it determines not to be landlord assets, then it treats the cost of the improvement as a lease incentive. If the tenant has funded the improvement that the Company determines to be landlord assets, then the Company treats the costs of the improvement as deferred revenue and amortizes these costs into revenue over the lease term.

For certain leases, the Company also makes significant assumptions and judgments in determining the lease term, including assumptions when the lease provides the tenant with an early termination option or purchase option. The lease term impacts the period over which the Company determines and records lease payments and also impacts the period over which it amortizes lease-related costs. The Company considers all relevant factors that create an economic incentive for the lessee and uses judgment to determine if those factors, considered together, signify that the lessee is reasonably certain to exercise the option. For leases where a tenant executes a lease termination, termination fees are recognized over the modified term of the lease as rental income. Additionally, any deferred rents receivable are accelerated over the modified lease term.

The Company's leases also typically provide for tenant reimbursement of a portion of common area maintenance expenses and other operating expenses to the extent that a tenant's pro rata share of expenses exceeds a base year level set in the lease or to the extent that the tenant has a lease on a triple net basis. The Company also contracts with third-party vendors and suppliers for goods and services to fulfill certain of the Company's obligations to tenants. Tenant reimbursements are billed in the period in which the related expenses are incurred.

The table below sets forth the allocation of lease revenue recognized between fixed contractual payments and variable lease payments (in thousands):

Lease Revenue	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Fixed contractual payments	$ 110,535	$ 327,252
Variable lease payments	28,693	87,861
Total	$ 139,228	$ 415,113

Fixed lease payments include contractual rents under lease agreements with tenants recognized on a straight-line basis over the lease term, including amortization of lease incentives and above or below market rent intangibles, and parking income that is fixed under a long-term contract. Variable lease payments include reimbursements billed to tenants, termination fees, bad debt expense, and parking income that is not fixed under a long-term contract.

Lessee Accounting

The Company is the lessee under six long-term ground leases classified as operating leases. While adoption of the practical expedient allows the Company to not revisit the classification of existing leases, the Company measured the present value of the future lease payments for each ground lease agreement and recognized a right of use asset and lease liability in the aggregate amount of $22.4 million, each as of January 1, 2019 in accordance with Topic 842. The right of use assets and lease liabilities are presented as "Right of use asset – operating leases" and "Lease liability – operating leases", respectively, on the consolidated balance sheet as of September 30, 2019.

The Company makes significant assumptions and judgments when determining the discount rate for the lease to calculate the present value of the lease payments. As the rate implicit in the lease is not readily determinable, the Company estimates the incremental borrowing rate ("IBR") that it would need to pay to borrow, on a collateralized basis, an amount equal to the lease payments in a similar economic environment, over a similar lease term. The Company utilized a market-based approach to estimate the IBR for each individual lease. The base IBR was estimated utilizing observable mortgage and corporate bond rates, which were then adjusted to account for considerations related to the Company's credit rating and the lease term to select an incremental borrowing rate for each lease.

The lease liabilities and right of use assets are amortized on a straight-line basis over the lease term with the corresponding expense classified in "Property operating expenses" on the consolidated statements of operations. Certain of the Company's ground leases contain extension options and the Company considered all relevant factors in determining if it was reasonably certain that it would exercise such extension options. The Company concluded that it was not reasonably certain that it would exercise the extension options and, therefore, has not included the extension period in the remaining lease terms. With the exception of certain ground leases that are subject to rent increases periodically based on the CPI index, all lease payments under the ground lease are fixed. Topic 842 requires use of the most recent CPI adjustment when determining the present value of the lease payments for an indexed lease. As such, the 2018 CPI index was used to determine the right of use asset and corresponding lease liability as of January 1,

2019. Additional rent payments for amounts in excess of this estimated growth rate will be expensed on a cash basis as incurred and are considered variable lease costs.

The table below summarizes the Company's operating lease cost (in thousands) recognized through "Property operating expenses" on the consolidated statements of operations:

Lease Cost	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Fixed lease cost	$ 525	$ 1,575
Variable lease cost	13	41
Total	$ 538	$ 1,616
Weighted-average remaining lease term (years)	52.9	
Weighted-average discount rate	6.3%	

Marine Piers Sublease Interest Sale

On March 15, 2017, the Company sold its sublease interest in the Piers at Penn's Landing (the "Marine Piers"), which included leasehold improvements containing 181,900 net rentable square feet, and a marina, located in Philadelphia, Pennsylvania, for an aggregate sales price of $21.4 million. On the closing date, the buyer paid $12.0 million in cash and the Company received cash proceeds of $11.2 million, after closing costs and prorations. The $9.4 million balance of the purchase price was due on (a) January 31, 2020, in the event that the tenant at the Marine Piers did not exercise an option it held to extend the term of the sublease or (b) January 15, 2024, in the event that the tenant did exercise the option to extend the term of the sublease. In accordance with ASU 2017-05, the Company determined that it was appropriate to recognize the sale of the sublease interest in the Marine Piers and to defer the amount of the remaining $9.4 million balance due under the purchase and sale agreement until collectability can be determined.

During the first quarter of 2019, the tenant at the Marine Piers exercised its option to extend the term of its sublease. As a result, the $9.4 million balance of the purchase price is due on January 15, 2024, and the Company will recognize the additional gain on sale when the gain is realizable or realized.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments Credit Losses (Topic 326), which changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance replaces the current incurred loss model with an expected loss approach, resulting in more timely recognition of such losses. In November 2018, the FASB released ASU 2018-19, Codification Improvements to Topic 326, Financial Instrument - Credit Losses, which clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. The guidance is effective for the Company on January 1, 2020. The Company is in the process of evaluating the impact of this new guidance on reserves for notes receivable, but does not anticipate that the guidance will have a material impact on its consolidated financial statements.

3. REAL ESTATE INVESTMENTS

As of September 30, 2019 and December 31, 2018, the gross carrying value of the operating properties was as follows (in thousands):

	September 30, 2019	December 31, 2018
Land	$ 489,744	$ 487,301
Building and improvements	3,049,606	3,048,889
Tenant improvements	455,878	415,529
Total	$ 3,995,228	$ 3,951,719

Dispositions

On September 11, 2019, the Company sold an office property in Vienna, Virginia known as 1900 Gallows Rd., which included 210,632 square feet of rentable space, for a total sales price of $36.4 million resulting in a loss on sale of $0.4 million after closing and other transaction related costs. During the three months ended September 30, 2019, the Company also received additional proceeds from a sale that closed in a prior year resulting in $0.7 million of additional gain on sale.

The Company sold the following land parcel and recognized a gain on a property sold in a prior year during the nine months ended September 30, 2019 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Parcels	Acres	Sales Price	Net Proceeds on Sale	Gain on Sale	
March 15, 2019	9 Presidential Boulevard	Bala Cynwyd, PA	1	2.7	$ 5,325	$ 5,023	$ 751	
January 8, 2015	Libertyview	Cherry Hill, NJ	—	—	—	—	750	(a)
Total Dispositions			1	2.7	$ 5,325	$ 5,023	$ 1,501	

(a) As of January 2019, the Company expects to receive an additional $1.0 million of contingent consideration. The Company will recognize this consideration on a cash basis due to uncertainty of collectability. The $1.0 million consideration is payable to the Company in twelve equal installments, of which $0.8 million has been received during the nine months ended September 30, 2019.

Held for Sale

As of September 30, 2019, the Company determined that the sale of two parcels of land totaling 35.2 acres in the Other segment was probable and classified these properties as held for sale in accordance with applicable accounting standards for long-lived assets. As of September 30, 2019, $7.3 million was reclassified from “Land held for development” to “Assets held for sale, net” on the consolidated balance sheets. As of September 30, 2019, the fair value less the anticipated costs of sale of the properties exceeded the carrying values. As a result, the Company expects to record gains on sale. The fair value of the properties is based on the pricing in the purchase and sale agreement.

4. INVESTMENT IN UNCONSOLIDATED REAL ESTATE VENTURES

As of September 30, 2019, the Company's aggregate investment balance in the Real Estate Ventures was $127.8 million. The Company formed or acquired interests in the Real Estate Ventures with unaffiliated third parties to develop or manage office, residential and/or mixed-use properties or to acquire land in anticipation of possible development of office, residential and/or mixed-use properties. As of September 30, 2019, six real estate ventures owned properties that contained an aggregate of approximately 5.6 million net rentable square feet of office space; two real estate ventures owned 1.4 acres of land held for development; one real estate venture owned 1.3 acres of land in active development; and one real estate venture owned a residential tower that contained 321 apartment units.

The Company accounts for its unconsolidated interests in the Real Estate Ventures using the equity method. The Company’s unconsolidated interests range from 15% to 70% and, in certain of the real estate ventures, are subject to specified priority allocations of distributable cash.

The Company earned management fees from its Real Estate Ventures of $1.0 million and $3.2 million for the three and nine months ended September 30, 2019, respectively, and $1.4 million and $4.0 million for the three and nine months ended September 30, 2018, respectively.

The Company earned leasing commission income from its Real Estate Ventures of $0.3 million and $0.8 million for the three and nine months ended September 30, 2019, respectively, and $1.5 million and $4.4 million for the three and nine months ended September 30, 2018, respectively.

The Company had outstanding accounts receivable balances from its Real Estate Ventures of $0.8 million as of both September 30, 2019 and December 31, 2018.

The amounts reflected in the following tables (except for the Company’s share of equity and income) are based on the financial information of the individual Real Estate Ventures. The Company does not record operating losses of a real estate venture in excess of its investment balance unless the Company is liable for the obligations of the real estate venture or is otherwise obligated to provide financial support to the real estate venture.

The following is a summary of the financial position of the Real Estate Ventures in which the Company held interests as of September 30, 2019 and December 31, 2018 (in thousands):

	September 30, 2019	December 31, 2018
Net property	$ 841,743	$ 835,983
Other assets (a)	351,364	159,499
Other liabilities (a)	289,952	85,681
Debt, net (b)	581,024	365,707
Equity (c)	322,131	544,094

(a) The increase is due to the recording of lease related assets and liabilities of $197.1 million and $206.4 million, respectively, for MAP Venture in connection with the adoption of Topic 842.

(b) The increase is due to third-party debt financing received by Herndon Innovation Center Venture during the three months ended March 31, 2019. See "Herndon Innovation Center Metro Portfolio Venture" section below for further information.

(c) This amount includes the effect of the basis difference between the Company's historical cost basis and the basis recorded at the real estate venture level, which is typically amortized over the life of the related assets and liabilities. Basis differentials occur from the impairment of investments, purchases of third party interests in existing real estate ventures and upon the transfer of assets that were previously owned by the Company into a real estate venture. In addition, certain acquisition, transaction and other costs may not be reflected in the net assets at the real estate venture level.

The following is a summary of results of operations of the Real Estate Ventures in which the Company held interests during the three and nine-month periods ended September 30, 2019 and 2018 (in thousands):

	Three Months Ended September 30, 2019				
	DRA (G&I) Austin (a)	Brandywine-AI Venture LLC	MAP Venture	Other	Total
Revenue	$ —	$ 1,360	$ 17,476	$ 13,890	$ 32,726
Operating expenses	—	(871)	(11,981)	(5,017)	(17,869)
Interest expense, net	—	(222)	(2,436)	(3,522)	(6,180)
Depreciation and amortization	—	(540)	(6,247)	(6,307)	(13,094)
Gain on early extinguishment of debt	$ —	$ 4,371	$ —	$ —	$ 4,371
Net income (loss)	$ —	$ 4,098	$ (3,188)	$ (956)	$ (46)
Ownership interest %	—%	50%	50%	(b)	(b)
Company's share of net income (loss)	$ —	$ 2,049	$ (1,594)	$ (2,400)	$ (1,945)
Basis adjustments and other	—	31	(28)	(23)	(20)
Equity in income (loss) of Real Estate Ventures	$ —	$ 2,080	$ (1,622)	$ (2,423)	$ (1,965)

	Three Months Ended September 30, 2018				
	DRA (G&I) Austin (a)	Brandywine-AI Venture LLC	MAP Venture	Other	Total
Revenue	$ 14,232	$ 5,962	$ 17,243	$ 4,580	$ 42,017
Operating expenses	(6,428)	(2,589)	(10,219)	(1,904)	(21,140)
Interest expense, net	(2,549)	(873)	(2,894)	(1,228)	(7,544)
Depreciation and amortization	(4,896)	(2,232)	(4,654)	(1,481)	(13,263)
Loss on early extinguishment of debt	—	—	(334)	—	(334)
Net income (loss)	$ 359	$ 268	$ (858)	$ (33)	$ (264)
Ownership interest %	50%	50%	50%	(b)	(b)
Company's share of net income (loss)	$ 180	$ 134	$ (429)	$ (121)	$ (236)
Basis adjustments and other	243	31	(15)	(22)	237
Equity in income (loss) of Real Estate Ventures	$ 423	$ 165	$ (444)	$ 144	$ 1

	Nine months ended September 30, 2019					
	DRA (G&I) Austin (a)	Brandywine-AI Venture LLC	evo at Cira Centre South (c)	MAP Venture	Other	Total
Revenue	$ —	$ 5,050	$ —	$ 53,560	$ 42,538	$ 101,148
Operating expenses	—	(2,473)	—	(35,747)	(15,736)	(53,956)
Interest expense, net	—	(698)	—	(7,504)	(8,219)	(16,421)
Depreciation and amortization	—	(2,055)	—	(19,146)	(19,078)	(40,279)
Loss on early extinguishment of debt	$ —	$ 4,371	$ —	$ —	$ —	$ 4,371
Net income (loss)	$ —	$ 4,195	$ —	$ (8,837)	$ (495)	$ (5,137)
Ownership interest %	—%	50%	—%	50%	(b)	(b)
Company's share of net income (loss)	$ —	$ 2,098	$ —	$ (4,419)	$ (2,444)	$ (4,765)
Basis adjustments and other	—	101	—	(69)	(81)	(49)
Equity in income (loss) of Real Estate Ventures	$ —	$ 2,199	$ —	$ (4,488)	$ (2,525)	$ (4,814)

	Nine Months Ended September 30, 2018					
	DRA (G&I) Austin (a)	Brandywine-AI Venture LLC	evo at Cira Centre South (c)	MAP Venture	Other	Total
Revenue	$ 42,492	$ 17,768	$ 995	$ 50,976	$ 13,708	$ 125,939
Operating expenses	(18,245)	(8,010)	(250)	(30,347)	(5,145)	(61,997)
Interest expense, net	(7,070)	(2,606)	(388)	(10,426)	(3,132)	(23,622)
Depreciation and amortization	(15,622)	(6,915)	(376)	(14,096)	(4,430)	(41,439)
Loss on early extinguishment of debt	—	—	(718)	(334)	—	(1,052)
Net income (loss)	$ 1,555	$ 237	$ (737)	$ (4,227)	$ 1,001	$ (2,171)
Ownership interest %	50%	50%	50%	50%	(b)	(b)
Company's share of net income (loss)	$ 778	$ 119	$ (369)	$ (2,114)	$ 168	$ (1,418)
Basis adjustments and other	378	33	11	(39)	(147)	236
Equity in income (loss) of Real Estate Ventures	$ 1,156	$ 152	$ (358)	$ (2,153)	$ 21	$ (1,182)

(a) On December 11, 2018, the Company acquired from DRA Advisors, an unaffiliated third party, DRA's 50% ownership interest in the G&I Austin Office LLC real estate venture. The DRA Austin Venture owned twelve office properties containing an aggregate 1,570,123 square feet, located in Austin, Texas. As a result of the acquisition, the Company acquired complete ownership of the Austin properties.

(b) The Company's unconsolidated ownership interests ranged from 15% to 70% during the three and nine months ended September 30, 2019 and 25% to 70% during the three and nine months ended September 30, 2018, subject to specified priority allocations of distributable cash in certain of the Real Estate Ventures.

(c) The Company sold its 50% ownership interest in evo at Cira Centre South Venture during the first quarter of 2018.

Brandywine - AI Venture: 3130 Fairview Park Drive

On August 29, 2019, BDN – AI Venture transferred an office building located in Falls Church, Virginia and containing 180,659 rentable square feet to the mortgage lender in full satisfaction of the lender's outstanding $26.0 million mortgage loan. The mortgage loan was nonrecourse to the Company. The Company recorded its $2.2 million share of the gain on debt forgiveness as "Net gain on real estate venture transactions" in its consolidated statements of operations for the three months ended September 30, 2019.

MAP Venture

The Company holds a 50% ownership interest in the MAP Ground Lease Venture LLC (the "MAP Venture") which is the lessee under a 99 years ground lease of land parcels underlying 58 office properties owned by the MAP Venture. Upon adoption of Topic 842, Leases, on January 1, 2019, the MAP Venture determined that the carrying amount of the right of use asset was greater than the fair value of the underlying right of use asset. The fair value of the underlying right of use asset was determined using the purchase price paid by a third-party to acquire the ground lease. As a result, MAP Venture recorded a $9.2 million cumulative effect of accounting change adjustment simultaneously with the recording of the right of use asset to reduce the value of the right of use asset to its estimated fair value. The Company recorded its $4.6 million proportionate share of the cumulative effect of accounting change adjustment through "Cumulative earnings" on its consolidated balance sheets.

Herndon Innovation Center Metro Portfolio Venture, LLC

On March 29, 2019, Herndon Innovation Center Metro Portfolio Venture, LLC (“Herndon Innovation Center Venture”), in which the Company holds a 15% ownership interest, obtained $134.1 million of third-party debt financing, secured by four properties within the venture, with an initial advance of $113.1 million. The remaining funds available under the loan have not yet been drawn. On April 1, 2019, the venture received $111.0 million in net cash proceeds from the financing. The Company received $16.7 million for its share of the cash proceeds on April 12, 2019. The loan bears interest at LIBOR + 1.95% capped at a total maximum interest rate of 5.45% - 6.45% over the term of the loan and matures on March 29, 2024. On April 11, 2019, the venture obtained an additional $115.3 million of third-party debt financing secured by the remaining four properties within the venture. The loan bears interest at LIBOR + 1.80% capped at a total maximum interest rate of 6.3% and matures on April 11, 2024. On April 12, 2019, the Company received $13.8 million for its share of the cash proceeds from the financing.

Guarantees

As of September 30, 2019, the Real Estate Ventures had aggregate indebtedness of $592.4 million. These loans are generally mortgage or construction loans, most of which are nonrecourse to the Company, except for customary carve-outs. As of September 30, 2019, the loans to Real Estate Ventures for which there is recourse to the Company consisted of the following: (i) a $0.3 million payment guarantee on a loan with a $3.7 million outstanding principal balance, provided to PJP VII; and (ii) up to a $41.3 million payment guarantee on a $150.0 million construction loan provided to 4040 Wilson. In addition, during construction undertaken by any of the Real Estate Ventures, including 4040 Wilson, the Company has provided and expects to continue to provide cost overrun and completion guarantees, with rights of contribution among partners or members in the Real Estate Ventures, as well as customary environmental indemnities and guarantees of customary exceptions to nonrecourse provisions in loan agreements.

5. INTANGIBLE ASSETS AND LIABILITIES

As of September 30, 2019 and December 31, 2018, the Company’s intangible assets/liabilities were comprised of the following (in thousands):

	September 30, 2019		
	Total Cost	Accumulated Amortization	Intangible Assets, net
Intangible assets, net:			
In-place lease value	$ 168,881	$ (74,951)	$ 93,930
Tenant relationship value	5,268	(4,728)	540
Above market leases acquired	4,955	(3,627)	1,328
Total intangible assets, net	$ 179,104	$ (83,306)	$ 95,798

	Total Cost	Accumulated Amortization	Intangible Liabilities, net
Acquired lease intangibles, net:			
Below market leases acquired	$ 44,876	$ (20,826)	$ 24,050

	December 31, 2018		
	Total Cost	Accumulated Amortization	Intangible Assets, net
Intangible assets, net:			
In-place lease value	$ 181,887	$ (53,376)	$ 128,511
Tenant relationship value	9,564	(8,551)	1,013
Above market leases acquired	4,966	(3,142)	1,824
Total intangible assets, net	$ 196,417	$ (65,069)	$ 131,348

	Total Cost	Accumulated Amortization	Intangible Liabilities, net
Acquired lease intangibles, net:			
Below market leases acquired	$ 49,655	$ (17,872)	$ 31,783

As of September 30, 2019, the Company's annual amortization for its intangible assets/liabilities, assuming no prospective early lease terminations, was as follows (dollars in thousands):

	Assets	Liabilities
2019 (three months remaining)	$ 10,057	$ 1,696
2020	28,185	5,299
2021	18,289	3,890
2022	12,153	2,270
2023	9,236	1,722
Thereafter	17,878	9,173
Total	$ 95,798	$ 24,050

6. DEBT OBLIGATIONS

The following table sets forth information regarding the Company's consolidated debt obligations outstanding at September 30, 2019 and December 31, 2018 (in thousands):

	September 30, 2019	December 31, 2018	Effective Interest Rate	Maturity Date
MORTGAGE DEBT:				
Two Logan Square	$ 81,535	$ 82,805	3.98%	May 2020
Four Tower Bridge	9,351	9,526	4.50%	February 2021
One Commerce Square	117,486	120,183	3.64%	April 2023
Two Commerce Square	108,991	110,518	4.51%	April 2023
Principal balance outstanding	317,363	323,032		
Plus: fair market value premium (discount), net	(1,477)	(1,759)		
Less: deferred financing costs	(283)	(404)		
Mortgage indebtedness	$ 315,603	$ 320,869		
UNSECURED DEBT				
$600 million Unsecured Credit Facility	$ 146,500	$ 92,500	LIBOR + 1.10%	July 2022
Seven-Year Term Loan - Swapped to fixed	250,000	250,000	2.87%	October 2022
$350.0M 3.95% Guaranteed Notes due 2023	350,000	350,000	3.87%	February 2023
$250.0M 4.10% Guaranteed Notes due 2024	250,000	250,000	4.33%	October 2024
$450.0M 3.95% Guaranteed Notes due 2027	450,000	450,000	4.03%	November 2027
$250.0M 4.55% Guaranteed Notes due 2029	250,000	250,000	4.60%	October 2029
Indenture IA (Preferred Trust I)	27,062	27,062	LIBOR + 1.25%	March 2035
Indenture IB (Preferred Trust I) - Swapped to fixed	25,774	25,774	3.30%	April 2035
Indenture II (Preferred Trust II) - Swapped to fixed	25,774	25,774	3.09%	July 2035
Principal balance outstanding	1,775,110	1,721,110		
Plus: original issue premium (discount), net	(3,852)	(4,096)		
Less: deferred financing costs	(8,606)	(9,837)		
Total unsecured indebtedness	$ 1,762,652	$ 1,707,177		
Total Debt Obligations	$ 2,078,255	$ 2,028,046		

As of both September 30, 2019 and December 31, 2018, the Company's weighted-average effective interest rates on its mortgage notes payable was 4.05%.

In addition to the debt described above, the Company utilizes borrowings under its unsecured revolving credit facility (the "Credit Facility") for general business purposes, including to fund costs of acquisitions, developments and redevelopments of properties, fund share repurchases and to repay other debt. The Credit Facility provides for borrowings of up to $600.0 million and the per annum variable interest rate on borrowings is LIBOR plus 1.10%. The interest rate and facility fee are subject to adjustment upon a change in the Company's unsecured debt ratings. During the nine months ended September 30, 2019, the weighted-average interest rate on Credit Facility borrowings was 3.5% resulting in $4.2 million of interest expense. As of September 30, 2019, the effective interest rate on Credit Facility borrowings was 3.2%. The Company had no borrowings under the Credit Facility as of and during the nine-months ended September 30, 2018.

The Parent Company unconditionally guarantees the unsecured debt obligations of the Operating Partnership (or is a co-borrower with the Operating Partnership) but does not by itself incur unsecured indebtedness. The Parent Company has no material assets other than its investment in the Operating Partnership.

The Company was in compliance with all financial covenants as of September 30, 2019. Certain of the covenants restrict the Company's ability to obtain alternative sources of capital.

As of September 30, 2019, the Company's aggregate scheduled principal payments of debt obligations are as follows (in thousands):

2019 (three months remaining)	$	1,926
2020		87,225
2021		15,143
2022		402,832
2023		556,737
Thereafter		1,028,610
Total principal payments		2,092,473
Net unamortized premiums/(discounts)		(5,329)
Net deferred financing costs		(8,889)
Outstanding indebtedness	$	2,078,255

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities recorded on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals; and
- Level 3 inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity or information.

The Company determined the fair values disclosed below using available market information and discounted cash flow analyses as of September 30, 2019 and December 31, 2018, respectively. The discount rate used in calculating fair value is the sum of the current risk free rate and the risk premium on the date of measurement of the instruments or obligations. Considerable judgment is necessary to interpret market data and to develop the related estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Company could realize upon disposition. The use of different estimates and valuation methodologies may have a material effect on the fair value amounts shown. The Company believes that the carrying amounts reflected in the consolidated balance sheets at September 30, 2019 and December 31, 2018 approximate the fair values for cash and cash equivalents, accounts receivable, other assets (except for the note receivable disclosed below), and accounts payable and accrued expenses. The following are financial instruments for which the Company's estimates of fair value differ from the carrying amounts (in thousands):

	September 30, 2019		December 31, 2018	
	Carrying Amount (a)	Fair Value	Carrying Amount (a)	Fair Value
Unsecured notes payable	$ 1,289,112	$ 1,366,900	$ 1,288,024	$ 1,262,570
Variable rate debt	$ 473,540	$ 456,478	$ 419,153	$ 402,924
Mortgage notes payable	$ 315,603	$ 320,761	$ 320,869	$ 318,515
Notes receivable	$ 44,430	$ 40,844	$ 47,771	$ 47,747

(a) Amounts presented are net of deferred financing costs of $7.0 million and $7.9 million for unsecured notes payable, $1.6 million and $5.1 million for variable rate debt and $0.3 million and $0.4 million for mortgage notes payable as of September 30, 2019 and December 31, 2018, respectively.

On June 26, 2018, the Company provided a $44.4 million mortgage loan to Brandywine 1919 Ventures, an unconsolidated real estate venture in which the Company holds a 50% ownership interest, and recorded a note receivable of $44.4 million. Refer to Note 2 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 for further detail regarding this financing.

The Company used quoted market prices as of September 30, 2019 and December 31, 2018 to value the unsecured notes payable and, as such, categorized them as Level 2. For the fair value of the Company's unsecured notes, the Company uses a discount rate based on the indicative new issue pricing provided by lenders.

The inputs utilized to determine the fair value of the Company's mortgage notes payable and variable rate debt are categorized as Level 3. The fair value of the variable rate debt was determined using a discounted cash flow model that considered borrowing rates available to the Company for loans with similar terms and characteristics. The fair value of the mortgage notes payable was determined using a discounted cash flow model that considered the contractual interest and principal payments discounted at a blended market rate for loans with similar terms, maturities and loan-to-value. These inputs have been categorized as Level 3 because the Company considers the rates used in the valuation techniques to be unobservable.

The inputs utilized to determine fair value of the Company's notes receivable are unobservable and, as such, were categorized as Level 3. Fair value was determined using a discounted cash flow model that considered the contractual interest and principal payments discounted at a blended interest rate of the notes receivable.

For the Company's level 3 financial instruments for which fair value is disclosed, an increase in the discount rate used to determine fair value would result in a decrease to the fair value. Conversely, a decrease in the discount rate would result in an increase to the fair value.

Disclosure about the fair value of financial instruments is based upon pertinent information available to management as of September 30, 2019 and December 31, 2018. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since September 30, 2019, and current estimates of fair value may differ from the amounts presented herein.

8. LIMITED PARTNERS' NON-CONTROLLING INTERESTS IN THE PARENT COMPANY

Non-controlling interests in the Parent Company's financial statements relate to redeemable common limited partnership interests in the Operating Partnership held by parties other than the Parent Company and properties which are consolidated but not wholly owned by the Operating Partnership.

Operating Partnership

The aggregate book value of the non-controlling interests associated with the redeemable common limited partnership interests in the accompanying consolidated balance sheet of the Parent Company was $9.4 million and $10.1 million as of September 30, 2019 and December 31, 2018, respectively. Under the applicable accounting guidance, the redemption value of limited partnership units are carried at, on a limited partner basis, the greater of historical cost adjusted for the allocation of income and distributions or fair value. The Parent Company believes that the aggregate settlement value of these interests, based on the number of units outstanding and the closing price of the common shares on the balance sheet dates as of September 30, 2019 and December 31, 2018, was approximately $14.9 million and $12.6 million, respectively.

9. DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the terms and fair values of the Company's derivative financial instruments as of September 30, 2019 and December 31, 2018. The notional amounts provide an indication of the extent of the Company's involvement in these instruments at that time, but do not represent exposure to credit, interest rate or market risks (amounts presented in thousands and included in other assets and other liabilities on the Company's consolidated balance sheets).

Hedge Product	Hedge Type	Designation		Notional Amount		Strike	Trade Date	Maturity Date	Fair value	
				9/30/2019	12/31/2018				9/30/2019	12/31/2018
Assets										
Swap	Interest Rate	Cash Flow	(a)	$ 25,774	$ 25,774	3.090%	January 6, 2012	October 30, 2019	$ 28	$ 183
Liabilities										
Swap	Interest Rate	Cash Flow	(a)	$ 250,000	$ 250,000	2.868%	October 8, 2015	October 8, 2022	$ (1,586)	$ 7,008
Swap	Interest Rate	Cash Flow	(a)	$ 25,774	$ 25,774	3.300%	December 22, 2011	January 30, 2021	(99)	292
				$ 301,548	$ 301,548					

(a) Hedging unsecured variable rate debt.

The Company measures its derivative instruments at fair value and records them in "Other assets" and ("Other liabilities") on the Company's consolidated balance sheets.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. The Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that the inputs utilized to determine the fair value of derivative instruments are classified in Level 2 of the fair value hierarchy.

Disclosure about the fair value of derivative instruments is based upon pertinent information available to management as of September 30, 2019 and December 31, 2018. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since September 30, 2019. Current estimates of fair value may differ from the amounts presented herein.

10. BENEFICIARIES' EQUITY OF THE PARENT COMPANY

Earnings per Share (EPS)

The following tables detail the number of shares and net income used to calculate basic and diluted earnings per share (in thousands, except share and per share amounts; results may not add due to rounding):

	Three Months Ended September 30,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income (loss)	$ 6,820	$ 6,820	$ (43,522)	$ (43,522)
Net (income) loss attributable to noncontrolling interests	(48)	(48)	342	342
Nonforfeitable dividends allocated to unvested restricted shareholders	(93)	(93)	(80)	(80)
Net income (loss) attributable to common shareholders	$ 6,679	$ 6,679	$ (43,260)	$ (43,260)
Denominator				
Weighted-average shares outstanding	176,195,244	176,195,244	178,602,622	178,602,622
Contingent securities/Share based compensation	—	555,356	—	—
Weighted-average shares outstanding	176,195,244	176,750,600	178,602,622	178,602,622
Earnings (loss) per Common Share:				
Net income (loss) attributable to common shareholders	$ 0.04	$ 0.04	$ (0.24)	$ (0.24)

	Nine Months Ended September 30,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income	$ 17,655	$ 17,655	$ 13,799	$ 13,799
Net income attributable to noncontrolling interests	(155)	(155)	(162)	(162)
Nonforfeitable dividends allocated to unvested restricted shareholders	(305)	(305)	(280)	(280)
Net income attributable to common shareholders	$ 17,195	$ 17,195	$ 13,357	$ 13,357
Denominator				
Weighted-average shares outstanding	176,066,507	176,066,507	178,515,993	178,515,993
Contingent securities/Share based compensation	—	551,219	—	1,236,551
Weighted-average shares outstanding	176,066,507	176,617,726	178,515,993	179,752,544
Earnings per Common Share:				
Net income attributable to common shareholders	$ 0.10	$ 0.10	$ 0.07	$ 0.07

Redeemable common limited partnership units totaling 981,626 at September 30, 2019 and 1,479,799 at September 30, 2018, were excluded from the diluted earnings per share computations because they are not dilutive.

Unvested restricted shares are considered participating securities which require the use of the two-class method for the computation of basic and diluted earnings per share. For the three and nine months ended September 30, 2019 and 2018, earnings representing nonforfeitable dividends as noted in the table above were allocated to the unvested restricted shares issued to the Company's executives and other employees under the Company's shareholder-approved long-term incentive plan.

Common Shares

On September 10, 2019, the Parent Company declared a distribution of $0.19 per common share, totaling $33.8 million, which was paid on October 17, 2019 to shareholders of record as of October 3, 2019.

The Parent Company maintains a common share repurchase program under which the Board of Trustees has authorized the Parent Company to repurchase common shares. On January 3, 2019, the Board of Trustees authorized the repurchase of up to $150.0 million common shares from and after January 3, 2019. During the nine months ended September 30, 2019, the Company repurchased and retired 1,337,169 common shares at an average price of $12.92 per share, totaling $17.3 million. There were no share repurchases during the three months ended September 30, 2019.

11. PARTNERS' EQUITY OF THE OPERATING PARTNERSHIP

Earnings per Common Partnership Unit

The following tables detail the number of units and net income used to calculate basic and diluted earnings per common partnership unit (in thousands, except unit and per unit amounts; results may not add due to rounding):

	Three Months Ended September 30,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income (loss)	$ 6,820	$ 6,820	$ (43,522)	$ (43,522)
Net income attributable to noncontrolling interests	(11)	(11)	(20)	(20)
Nonforfeitable dividends allocated to unvested restricted unitholders	(93)	(93)	(80)	(80)
Net income (loss) attributable to common unitholders	$ 6,716	$ 6,716	$ (43,622)	$ (43,622)
Denominator				
Weighted-average units outstanding	177,176,870	177,176,870	180,082,421	180,082,421
Contingent securities/Share based compensation	—	555,356	—	—
Total weighted-average units outstanding	177,176,870	177,732,226	180,082,421	180,082,421
Earnings (loss) per Common Partnership Unit:				
Net income (loss) attributable to common unitholders	0.04	0.04	(0.24)	(0.24)

	Nine Months Ended September 30,			
	2019		2018	
	Basic	Diluted	Basic	Diluted
Numerator				
Net income	$ 17,655	$ 17,655	$ 13,799	$ 13,799
Net income attributable to noncontrolling interests	(58)	(58)	(46)	(46)
Nonforfeitable dividends allocated to unvested restricted unitholders	(305)	(305)	(280)	(280)
Net income attributable to common unitholders	$ 17,292	$ 17,292	$ 13,473	$ 13,473
Denominator				
Weighted-average units outstanding	177,048,621	177,048,621	179,995,792	179,995,792
Contingent securities/Share based compensation	—	551,219	—	1,236,551
Total weighted-average units outstanding	177,048,621	177,599,840	179,995,792	181,232,343
Earnings per Common Partnership Unit				
Net income attributable to common unitholders	$ 0.10	$ 0.10	$ 0.07	$ 0.07

Unvested restricted units are considered participating securities which require the use of the two-class method for the computation of basic and diluted earnings per share. For the three and nine months ended September 30, 2019 and 2018, earnings representing nonforfeitable dividends as noted in the table above were allocated to the unvested restricted units issued to the Parent Company in connection with awards to the Parent Company's executives and other employees under the Parent Company's shareholder-approved long-term incentive plan.

Common Partnership Units

On September 10, 2019, the Operating Partnership declared a distribution of $0.19 per common partnership unit, totaling $33.8 million, which was paid on October 17, 2019 to unitholders of record as of October 3, 2019.

In connection with the Parent Company's common share repurchase program, one common unit of the Operating Partnership is retired for each common share repurchased. During the nine months ended September 30, 2019, the Company retired 1,337,169 common partnership units at an average price of $12.92 per unit, totaling $17.3 million, in connection with an equal number of share repurchases. There were no share repurchases during the three months ended September 30, 2019.

12. SEGMENT INFORMATION

As of September 30, 2019, the Company owns and manages properties within five segments: (1) Philadelphia Central Business District (Philadelphia CBD), (2) Pennsylvania Suburbs, (3) Austin, Texas (4) Metropolitan Washington, D.C. and (5) Other. The Philadelphia CBD segment includes properties located in the City of Philadelphia, Pennsylvania. The Pennsylvania Suburbs segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Austin, Texas segment includes properties in the City of Austin, Texas. The Metropolitan Washington, D.C. segment includes properties in the District of Columbia, Northern Virginia and southern Maryland. The Other segment includes properties located in Camden County in New Jersey and properties in New Castle County in Delaware. In addition to the five segments, the corporate group is responsible for cash and investment management, development of certain real estate properties during the construction period, and certain other general support functions. Land held for development and construction in progress is transferred to operating properties by region upon completion of the associated construction or project.

The following tables provide selected asset information and results of operations of the Company's reportable segments (in thousands):

Real estate investments, at cost:

	September 30, 2019	December 31, 2018
Philadelphia CBD	$ 1,716,466	$ 1,670,388
Pennsylvania Suburbs	1,005,332	1,002,937
Austin, Texas	719,441	667,698
Metropolitan Washington, D.C.	467,117	524,190
Other	86,872	86,506
	$ 3,995,228	$ 3,951,719
Right of use asset - operating leases, net (a)	$ 21,828	$ —
Corporate		
Construction-in-progress	$ 151,232	$ 150,263
Land held for development (b)	$ 92,189	$ 86,401
Prepaid leasehold interests in land held for development, net (c)	$ 39,694	$ 39,999

(a) On January 1, 2019, as a result of the adoption of Topic 842, Leases, the Company recognized operating ground leases for which it is a lessee on its consolidated balance sheets. See Note 2, "*Basis of Presentation*," for further information.

(b) As of September 30, 2019, the Company categorized 35.2 acres of land held for development, located in the Other segment, as held for sale in accordance with applicable accounting standards for long lived assets. As of December 31, 2018, the Company categorized 37.9 acres of land held for development, comprised of 2.7 acres and 35.2 acres, located in the Pennsylvania Suburbs segment and Other segment, respectively, as held for sale in accordance with applicable accounting standards for long lived assets. See Note 3, "*Real Estate Investments*," for further information.

(c) As of September 30, 2019 and December 31, 2018, this caption comprised leasehold interests in prepaid 99-year ground leases at 3025 and 3001-3003 JFK Boulevard, in Philadelphia, Pennsylvania.

Net operating income (in thousands):

	Three Months Ended September 30,					
	2019			2018		
	Total revenue	Operating expenses (a)	Net operating income (loss)	Total revenue	Operating expenses (a)	Net operating income (loss)
Philadelphia CBD	$ 66,105	$ (24,773)	$ 41,332	$ 64,352	$ (24,427)	$ 39,925
Pennsylvania Suburbs	34,818	(11,667)	23,151	34,745	(11,956)	22,789
Austin, Texas (b)	26,280	(9,302)	16,978	8,641	(3,894)	4,747
Metropolitan Washington, D.C. (c)	13,179	(5,999)	7,180	22,754	(8,548)	14,206
Other	3,706	(2,691)	1,015	3,707	(2,436)	1,271
Corporate	1,243	(1,642)	(399)	799	(1,636)	(837)
Operating properties	$ 145,331	$ (56,074)	$ 89,257	$ 134,998	$ (52,897)	$ 82,101

	Nine Months Ended September 30,					
	2019			2018		
	Total revenue	Operating expenses (a)	Net operating income (loss)	Total revenue	Operating expenses (a)	Net operating income (loss)
Philadelphia CBD	$ 196,859	$ (75,311)	$ 121,548	$ 190,478	$ (73,559)	116,919
Pennsylvania Suburbs	104,744	(36,466)	68,278	103,960	(37,075)	66,885
Austin, Texas (b)	77,234	(28,182)	49,052	25,474	(10,812)	14,662
Metropolitan Washington, D.C. (c)	40,372	(18,542)	21,830	69,012	(25,699)	43,313
Other	10,352	(7,226)	3,126	13,187	(9,601)	3,586
Corporate	3,817	(4,969)	(1,152)	3,031	(5,240)	(2,209)
Operating properties	$ 433,378	$ (170,696)	$ 262,682	$ 405,142	$ (161,986)	$ 243,156

(a) Includes property operating expenses, real estate taxes and third party management expense.

(b) On December 11, 2018, the Company acquired from DRA Advisors, an unaffiliated third party, DRA's 50% ownership interest in the G&I Austin Office LLC real estate venture. The DRA Austin Venture owned twelve office properties containing an aggregate 1,570,123 square feet, located in Austin, Texas. As a result of the acquisition, the Company acquired complete ownership of the Austin properties.

(c) On December 20, 2018, the Company contributed a portfolio of eight properties containing an aggregate of 1,293,197 square feet, located in its Metropolitan Washington, D.C. segment, known as the Rockpoint Portfolio, to the Herndon Innovation Center Venture. The Company and its partner own 15% and 85% interests in the Herndon Innovation Center Venture, respectively.

Unconsolidated real estate ventures (in thousands):

	Investment in real estate ventures		Equity in income (loss) of real estate venture			
	As of		Three Months Ended September 30,		Nine Months Ended September 30,	
	September 30, 2019	December 31, 2018	2019	2018	2019	2018
Philadelphia CBD	$ 18,114	$ 19,897	$ 55	$ (36)	$ 217	$ (183)
Metropolitan Washington, D.C. (a) (b)	106,111	136,142	(528)	(31)	(963)	(431)
MAP Venture (c)	1,620	11,173	(1,602)	(444)	(4,414)	(2,011)
Other	1,914	1,888	110	89	346	287
Austin, Texas (d)	—	—	—	423	—	1,156
Total	$ 127,759	$ 169,100	$ (1,965)	$ 1	$ (4,814)	$ (1,182)

(a) On December 20, 2018, the Company formed the Herndon Innovation Center Venture. See footnote (c) to the "Net operating income" table above for further information regarding this transaction.

(b) On August 29, 2019, BDN – AI Venture transferred an office building to the lender in full satisfaction of the outstanding mortgage loan. Refer to Note 4, *"Investment in Unconsolidated Real Estate Ventures"* for further information.

(c) Represents a joint venture formed on February 4, 2016 between the Company and MAP Ground Lease Holdings LLC, an affiliate of Och-Ziff Capital Management Group, LLC. The business operations, including properties in Richmond, Virginia; Metropolitan Washington, D.C.; New Jersey/Delaware and Pennsylvania Suburbs, are centrally managed with the results reported to management of the Company on a consolidated basis. As a result, the Company's investment in MAP Venture is separately presented. All other unconsolidated real estate ventures are managed consistently with the Company's regional segments.

(d) On December 11, 2018, the Company acquired from DRA Advisors, an unaffiliated third party, DRA's 50% ownership interest in the G&I Austin Office LLC real estate venture. The DRA Austin Venture owned twelve office properties containing an aggregate 1,570,123 square feet, located in Austin, Texas. As a result of the acquisition, the Company acquired complete ownership of the Austin properties.

Net operating income ("NOI") is a non-GAAP financial measure defined as total revenue less property operating expenses, real estate taxes and third party management expenses. Property operating expenses that are included in determining NOI consist of costs that are necessary and allocable to our operating properties such as utilities, property-level salaries, repairs and maintenance, property insurance and management fees. General and administrative expenses that are not reflected in NOI primarily consist of corporate-level salaries, amortization of share awards and professional fees that are incurred as part of corporate office management. All companies may not calculate NOI in the same manner. NOI is the measure that is used by the Company's management to evaluate the operating performance of the Company's real estate assets by segment. The Company believes NOI provides useful information to investors regarding the financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. While NOI is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by GAAP and should not be considered as an alternative to those measures in evaluating our liquidity or operating performance. NOI does not reflect interest expenses, real estate impairment losses, depreciation and amortization costs, capital expenditures and leasing costs. The Company believes that net income (loss), as defined by GAAP, is the most appropriate earnings measure. The following is a reconciliation of consolidated net income, as defined by GAAP, to consolidated NOI, (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income (loss)	$ 6,820	$ (43,522)	$ 17,655	$ 13,799
Plus:				
Interest expense	20,400	19,257	61,273	58,091
Interest expense - amortization of deferred financing costs	694	618	2,026	1,872
Depreciation and amortization	55,627	44,141	158,738	131,631
General and administrative expenses	6,974	5,963	25,217	22,209
Equity in loss (income) of Real Estate Ventures	1,965	(1)	4,814	1,182
Provision for impairment	—	56,865	—	56,865
Less:				
Interest income	558	1,220	1,636	2,564
Income tax provision	—	—	(46)	(158)
Net gain (loss) on disposition of real estate	356	—	356	(35)
Net gain on sale of undepreciated real estate	250	—	1,501	2,859
Net gain on real estate venture transactions	2,059	—	3,594	37,263
Consolidated net operating income	$ 89,257	$ 82,101	$ 262,682	$ 243,156

13. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is involved from time to time in litigation on various matters, including disputes with tenants, vendors and disputes arising out of agreements to purchase or sell properties. Given the nature of the Company's business activities, these lawsuits are considered routine to the conduct of its business. The result of any particular lawsuit cannot be predicted, because of the very nature of litigation, the litigation process and its adversarial nature, and the jury system. The Company will establish reserves for specific legal proceedings when it determines that the likelihood of an unfavorable outcome is probable and when the amount of loss is reasonably estimable. The Company does not expect that the liabilities, if any, that may ultimately result from such legal actions will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company.

Letters-of-Credit

Under certain mortgages, including mortgages held by real estate ventures, the Company may be required to fund required leasing and capital reserve accounts for the benefit of the mortgage lenders with a letter-of-credit. There were no associated letters-of-credit for a mortgage lender on September 30, 2019. Certain of the tenant rents at properties that secure these mortgage loans are deposited into the loan servicer's depository accounts, which are used to fund debt service, operating expenses, capital expenditures and the escrow and reserve accounts, as necessary. Any excess cash is included in cash and cash equivalents.

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state, and local governments. The Company's compliance with existing laws has not had a material adverse effect on its financial condition and results of operations, and the Company does not believe it will have a material adverse effect in the future. However, the Company cannot predict the impact of unforeseen environmental contingencies or new or changed laws or regulations on its current Properties or on properties that the Company may acquire.

Ground Rent

Lease payments by the Company under the terms of all non-cancelable ground leases of land on which properties in the Company's consolidated portfolio are situated are expensed on a straight-line basis regardless of when payments are due. The Company's ground leases, excluding prepaid ground leases, have remaining lease terms ranging from 9 to 65 years. Lease payments on non-cancelable leases at September 30, 2019, which, where applicable, considered CPI index rates upon adoption of Topic 842, are as follows (in thousands):

Year	Minimum Rent
2019 (three months remaining)	$ 303
2020	1,217
2021	1,232
2022	1,248
2023	1,263
Thereafter	111,757
Total lease payments	$ 117,020
Less: Imputed interest	(94,517)
Present value of operating lease liabilities	$ 22,503

Lease payments on non-cancelable leases at December 31, 2018, which were determined under ASC 840 and are therefore not adjusted for increases based on CPI, are as follows (in thousands):

Year	Minimum Rent
2019	$ 1,222
2020	1,222
2021	1,222
2022	1,222
2023	1,222
Thereafter	55,689
Total	$ 61,799

The Company obtained ground tenancy rights related to three properties in Philadelphia, Pennsylvania, which provide for contingent rent participation by the lessor in certain capital transactions and net operating cash flows of the properties after certain returns are achieved by the Company. Such amounts, if any, will be reflected as contingent rent when incurred. The leases also provide for payment by the Company of certain operating costs relating to the land, primarily real estate taxes. The above schedule of lease payments does not include any contingent rent amounts or any reimbursed expenses.

Fair Value of Contingent Consideration

On April 2, 2015, the Company purchased 618 Market Street in Philadelphia, Pennsylvania. The allocated purchase price included contingent consideration of $2.0 million payable to the seller upon commencement of development. The liability was initially recorded at fair value of $1.6 million and will accrete through interest expense to $2.0 million over the expected period until development is commenced. The fair value of this contingent consideration was determined using a probability weighted discounted cash flow model. The significant inputs to the discounted cash flow model were the discount rate and weighted probability scenarios. As the inputs are unobservable, the Company determined the inputs used to value this liability fall within Level 3 for fair value reporting. As of September 30, 2019, the liability had accreted to $2.0 million. As there were no significant changes to the inputs, the liability remains within Level 3 for fair value reporting.

Debt Guarantees

As of September 30, 2019, the Company's unconsolidated real estate ventures had aggregate indebtedness of $592.4 million. These loans are generally mortgage or construction loans, most of which are nonrecourse to the Company, except for customary recourse carve-outs. As of September 30, 2019, the loans for which the Company has provided recourse guarantees consist of the following: (i) a $0.3 million payment guarantee on a loan with a $3.7 million outstanding principal balance, provided to PJP VII; and (ii) up to a $41.3 million payment guarantee on a $150.0 million loan provided to 4040 Wilson. In addition, during construction undertaken by real estate ventures, including 4040 Wilson, the Company has provided and expects to continue to provide cost overrun and completion guarantees, with rights of contribution among partners or members in the real estate ventures, as well as customary environmental indemnities and guarantees of customary exceptions to nonrecourse provisions in loan agreements.

Allowance for Doubtful Accounts

As discussed in Note 2, *"Basis of Presentation,"* the Company, as lessor, initially analyzes each of its operating leases at the individual level to determine whether it is probable that the associated lease payments are collectible. If collectability for an individual lease is not considered probable, the Company recognizes lease revenue for that individual lease on a cash basis. For the remaining portfolio of operating leases that are individually considered collectible, the Company estimates that a portion ultimately will be uncollectible and, as such, have established and maintain a general allowance. As of September 30, 2019, the general allowance for the remaining portfolio of operating leases that are individually considered collectible was $11.3 million.

Other Commitments or Contingencies

On October 13, 2017, the Company acquired a leasehold interest in the office building known as The Bulletin Building, in Philadelphia, Pennsylvania. In connection with the acquisition, the Company is required to spend no less than $8.0 million in capital improvements to the property. As of September 30, 2019, $5.1 million of the funding related to this requirement had been met. The Company estimates that it will incur $39.0 million in excess of this funding requirement and expects to complete the redevelopment of The Bulletin Building during the second quarter of 2020 at an estimated aggregate cost of $84.8 million, inclusive of the acquisition cost of $37.8 million.

During the fourth quarter of 2017, in connection with the Schuylkill Yards Project with Drexel University, the Company entered into a neighborhood engagement program and, as of September 30, 2019, had $8.5 million of future contractual obligations. In addition, the Company estimates $2.9 million of potential additional contributions for which the Company is not currently contractually obligated.

The Company invests in its properties and regularly incurs capital expenditures in the ordinary course of business to maintain the properties. The Company believes that such expenditures enhance its competitiveness. The Company also enters into construction, utility and service contracts in the ordinary course of business which may extend beyond one year. These contracts typically provide for cancellation with insignificant or no cancellation penalties.

14. SUBSEQUENT EVENTS

On October 10, 2019, the Company issued $100.0 million of 4.100% guaranteed notes due 2024 at a price of 106.315% of their principal amount, plus accrued and unpaid interest from and including October 1, 2019, with a re-offer yield of 2.669% and $100.0 million of 4.550% guaranteed notes due 2029 at a price of 110.058% of their principal amount, plus accrued and unpaid interest from and including October 1, 2019, with a re-offer yield of 3.331% for a combined net proceeds of approximately $214.3 million after deducting underwriting discounts and estimated transaction expenses. The Company used approximately $145.5 million of the net proceeds to repay the full outstanding amount on the unsecured credit facility.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The Private Securities Litigation Reform Act of 1995 (the “1995 Act”) provides a “safe harbor” for forward-looking statements. This Quarterly Report on Form 10-Q and other materials filed by us with the SEC (as well as information included in oral or other written statements made by us) contain statements that are forward-looking, including statements relating to business and real estate development activities, acquisitions, dispositions, future capital expenditures, financing sources, governmental regulation (including environmental regulation) and competition. We intend such forward-looking statements to be covered by the safe-harbor provisions of the 1995 Act. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “should” and similar expressions, as they relate to us, are intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be achieved. As forward-looking statements, these statements involve important risks, uncertainties and other factors that could cause actual results to differ materially from the expected results and, accordingly, such results may differ from those expressed in any forward-looking statements made by us or on our behalf. Factors that could cause actual results to differ materially from our expectations are set forth under the heading “Forward-Looking Statements” in our Annual Report on Form 10-K for the year ended December 31, 2018.

Given these uncertainties, and the other risks identified in the “*Risk Factors* ” section of our Annual Report on Form 10-K for the year ended December 31, 2018, we caution readers not to place undue reliance on forward-looking statements. We assume no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

The discussion that follows is based primarily on our consolidated financial statements as of September 30, 2019 and December 31, 2018 and for the three and nine months ended September 30, 2019 and 2018 and should be read along with the consolidated financial statements and related notes appearing elsewhere in this report. The ability to compare one period to another may be significantly affected by acquisitions completed, development properties placed in service and dispositions made during those periods.

OVERVIEW

During the nine months ended September 30, 2019, we owned and managed properties within five markets: (1) Philadelphia Central Business District (“Philadelphia CBD”), (2) Pennsylvania Suburbs, (3) Austin, Texas, (4) Metropolitan Washington, D.C., and (5) Other. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Pennsylvania Suburbs segment includes properties in Chester, Delaware and Montgomery counties in the Philadelphia suburbs. The Austin, Texas segment includes properties in the City of Austin, Texas. The Metropolitan Washington, D.C. segment includes properties in Northern Virginia, Washington, D.C. and southern Maryland. The Other segment includes properties in Camden County in New Jersey and properties in New Castle County in Delaware. In addition to the five markets, our corporate group is responsible for cash and investment management, development of certain real estate properties during the construction period, and certain other general support functions. See Note 1, “*Organization of the Parent Company and the Operating Partnership*,” for our property portfolio and land holdings.

We generate cash and revenue from leases of space at our Properties and, to a lesser extent, from the management and development of properties owned by third parties and from investments in the Real Estate Ventures. Factors that we evaluate when leasing space include rental rates, costs of tenant improvements, tenant creditworthiness, current and expected operating costs, the length of the lease term, vacancy levels and demand for office space. We also generate cash through sales of assets, including assets that we do not view as core to our business plan, either because of location or expected growth potential, and assets that are commanding premium prices from third party investors.

Our financial and operating performance is dependent upon the demand for office, residential and retail space in our markets, our leasing results, our acquisition, disposition and development activity, our financing activity, our cash requirements and economic and market conditions, including prevailing interest rates.

Adverse changes in economic conditions could result in a reduction of the availability of financing and potentially in higher borrowing costs. Vacancy rates may increase, and rental rates may decline, during the remainder of 2019 and possibly beyond as the current economic climate may negatively impact tenants.

Overall economic conditions, including but not limited to higher unemployment and deteriorating financial and credit markets, could have a dampening effect on the fundamentals of our business, including increases in past due accounts, tenant defaults, lower occupancy and reduced effective rents. These adverse conditions would negatively affect our future net income and cash flows and could have a material adverse effect on our financial condition. We believe that the quality of our assets and the strength of our balance sheet will enable us to raise debt capital, if necessary, in various forms and from different sources, including through secured or unsecured loans from banks, pension funds and life insurance companies. However, there can be no assurance that we will be able to borrow funds on terms that are economically attractive or at all.

We continue to seek revenue growth throughout our portfolio by increasing occupancy and rental rates. Occupancy at our Core Properties at September 30, 2019 was 93.2% compared to 93.0% at September 30, 2018.

The table below summarizes selected operating and leasing statistics of our wholly owned properties for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Leasing Activity				
Core Properties (1):				
Total net rentable square feet owned	16,168,629	14,338,030	16,168,629	14,338,030
Occupancy percentage (end of period)	93.2%	93.0%	93.2%	93.0%
Average occupancy percentage	92.9%	92.8%	92.2%	92.6%
Total Portfolio, less properties in development (2):				
Retention rate	71.6%	75.1%	72.2%	66.3%
New leases and expansions commenced (square feet)	276,907	196,129	902,040	479,814
Leases renewed (square feet)	240,904	139,407	748,953	437,160
Net absorption (square feet)	33,173	49,578	116,164	(40,884)
Percentage change in rental rates per square feet (3):				
New and expansion rental rates	13.3%	17.1%	13.9%	22.6%
Renewal rental rates	6.5%	6.3%	11.8%	8.6%
Combined rental rates	9.3%	11.4%	12.4%	14.4%
Capital Costs Committed (4):				
Leasing commissions (per square feet)	$ 9.49	$ 2.75	$ 8.05	$ 5.94
Tenant Improvements (per square feet)	$ 29.78	$ 8.26	$ 23.77	$ 18.77
Weighted average lease term (years)	7.9	5.8	7.4	7.1
Total capital per square foot per lease year	$ 4.82	$ 2.57	$ 4.76	$ 3.21

(1) Includes all Core Properties and does not include properties under development, redevelopment or held for sale or sold.
(2) Includes leasing related to completed developments and redevelopments, as well as sold properties.
(3) Rental rates include base rent plus reimbursement for operating expenses and real estate taxes.
(4) Calculated on a weighted average basis.

In seeking to increase revenue through our operating, financing and investment activities, we also seek to minimize operating risks, including (i) tenant rollover risk, (ii) tenant credit risk and (iii) development risk.

Tenant Rollover Risk

We are subject to the risk that tenant leases, upon expiration, will not be renewed, that space may not be relet, or that the terms of renewal or reletting (including the cost of renovations) may be less favorable to us than the current lease terms. Leases that accounted for approximately 2.1% of our aggregate final annualized base rents as of September 30, 2019 (representing approximately 1.7% of the net rentable square feet of the properties) are scheduled to expire without penalty in 2019. We maintain an active dialogue with our tenants in an effort to maximize lease renewals. If we are unable to renew leases or relet space under expiring leases, at anticipated rental rates, or if tenants terminate their leases early, our cash flow would be adversely impacted.

Tenant Credit Risk

In the event of a tenant default, we may experience delays in enforcing our rights as a landlord and may incur substantial costs in protecting our investment. Our management evaluates our accounts receivable reserve policy in light of our tenant base and general and local economic conditions. Our accounts receivable allowance was $11.3 million or 5.8% of total receivables (including accrued rent receivables) as of September 30, 2019 compared to $12.9 million or 6.6% of total receivables (including accrued rent receivables) as of December 31, 2018.

If economic conditions deteriorate, we may experience increases in past due accounts, defaults, lower occupancy and reduced effective rents. This condition would negatively affect our future net income and cash flows and could have a material adverse effect on our financial condition.

Development Risk

Development projects are subject to a variety of risks, including construction delays, construction cost overruns, inability to obtain financing on favorable terms, inability to lease space at projected rates, inability to enter into construction, development and other agreements on favorable terms, and unexpected environmental and other hazards.

As of September 30, 2019 the following development and redevelopment projects remain under construction in progress and we were proceeding on the following activity (dollars, in thousands):

Construction Commencement Date	Expected Completion	Activity Type	Property/Portfolio Name	Location	Number of Buildings	Square Footage/ Units	Estimated Costs		Amount Funded
Q2 2019	Q2 2020	Redevelopment	The Bulletin Building	Philadelphia, PA	1	283,000	$ 84,800	(a)	$ 53,600
Q1 2019	Q4 2020	Development	405 Colorado Street	Austin, TX	1	204,000	114,000	(b)	19,600
Q2 2018	Q1 2019 (c)	Redevelopment	426 W. Lancaster Avenue	Devon, PA	1	56,000	14,900	(c)	12,500
		Total			**3**	**543,000**	**$ 213,700**		**$ 85,700**

(a) Estimated costs include $37.8 million of building basis, representing the acquisition cost. The amount funded, as of September 30, 2019, includes $5.1 million related to an $8.0 million funding commitment required through the ground lease. See "Liquidity and Capital Resources – Contractual Obligations" for further information regarding this commitment.
(b) Estimated costs includes $2.1 million of existing property basis through a ground lease. Project includes 520 parking spaces.
(c) The property was vacated during the third quarter of 2017. Total project costs include $4.9 million of existing property basis. The renovation of the base building was substantially completed during the first quarter of 2019 and remaining costs as of September 30, 2019 primarily represent tenant improvements.

Other Development Activities:

4040 Wilson Venture

4040 Wilson, a 50/50 real estate venture between Ashton Park and us, is developing a 427,500 square foot mixed-use building, representing the final phase of the eight building, mixed-use, Liberty Center complex located in the Ballston submarket of Arlington, Virginia. The project is being constructed on a 1.3-acre land parcel contributed by Ashton Park to 4040 Wilson. During the fourth quarter of 2017, 4040 Wilson achieved pre-leasing levels that enabled the venture to obtain a secured construction loan with a total borrowing capacity of $150.0 million for the remainder of the project costs. The total estimated project costs are $224.8 million, which we expect will be financed through approximately $74.8 million of partner capital contributions and $150.0 million in proceeds from the secured construction loan. As of September 30, 2019, $98.9 million had been advanced under the construction loan, and the venture had commenced construction of the mixed-use building. We expect completion of the development to occur during the second quarter of 2020.

Schuylkill Yards Project

As of September 30, 2019, we remain in the planning and development phase of our master developer agreement (the “Development Agreement”) with Drexel University, a Pennsylvania non-profit corporation, and an affiliate of Drexel University, (collectively “Drexel”) for the Schuylkill Yards Project. For further information relating to this development, including an overview of the project, see Item 1., *"Business – Other Development Activities"* included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. See the table above for information relating to progress at the Bulletin Building, a redevelopment that is part of the Schuylkill Yards Project, as of September 30, 2019.

For information regarding the 2018 acquisitions within the scope of the Schuylkill Yards project, see Item 1., *“Business – 2018 Transactions,”* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018. For information regarding the 2017 acquisitions within the scope of the Schuylkill Yards project, see Item 1., *“Business – 2017 Transactions,”* in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Reference is made to our Annual Report on Form 10-K for the year ended December 31, 2018 for project overviews, as well as risks associated with these development projects. See *"Liquidity and Capital Resources – Contractual Obligations"* below for contractual commitments relating to our ongoing development projects.

Impairments and Disposal of Long-Lived Assets

We review our long-lived assets for impairment following the end of each quarter using cash flow projections and estimated fair values for each of the properties included within our impairment analysis. We update leasing and other assumptions regularly, paying particular attention to properties where there is an event or change in circumstances that indicates an impairment in value. Additionally, we consider strategic decisions regarding the future development plans for property under development and other market factors. For long-lived assets to be held and used, we analyze recoverability based on the estimated undiscounted future cash flows expected to be generated from the operations and eventual disposition of the assets over, in most cases, a 10-year hold period. If there is significant possibility that we will dispose of assets earlier, we analyze the recoverability using a probability weighted analysis of the undiscounted future cash flows expected to be generated from the operations and eventual disposition of each asset using various possible hold periods. If the recovery analysis indicates that the carrying value of the tested property is not recoverable, the property is written down to its fair value and an impairment loss is recognized. In such case, an impairment loss is recognized in the amount of the excess of the carrying amount of the asset over its fair value. If and when our plans change, we revise our recoverability analysis to use cash flows expected from operations and eventual disposition of each asset using hold periods that are consistent with our revised plans.

Estimated cash flows used in such analysis are based on our plans for the property and our views of market economic conditions. The estimates consider factors such as current and future rental rates, occupancies for the tested property and comparable properties, estimated operating and capital expenditures and recent sales data for comparable properties. Most of these factors are influenced by market data obtained from real estate leasing and brokerage firms and our direct experience with the properties and their markets.

We generally consider assets to be “held for sale” when the transaction has been approved by our Board of Trustees, or by officers vested with authority to approve the transaction and there are no known significant contingencies relating to the sale of the property within one year of the consideration date and the consummation of the transaction is otherwise considered probable. When a property is designated as held for sale, we stop depreciating the property and estimate the property’s fair value, net of selling costs. If the determination is made that the estimated fair value, net of selling costs, is less than the net book value of the property, an impairment loss is recognized equal to the difference and reduces the net book value of the property. For periods in which a property is classified as held for sale, we classify the assets of the property as held for sale on the consolidated balance sheet for such periods.

The relevant accounting guidance for impairments requires that qualifying assets and liabilities and the results of operations that have been sold, or otherwise qualify as “held for sale,” be presented as discontinued operations in all periods presented if the disposal represents a strategic shift that has, or will have, a major effect on our operations and financial results. If deemed a discontinued operation, then the components of the property’s net income that are reflected as discontinued operations include net gain (or loss) on disposition of real estate, operating results, depreciation and interest expense (if the property is subject to a secured loan).

Impairments of Land Held for Development

When demand for development declines and the ability to sell land held for development deteriorates, or other market factors indicate a possible impairment in the recoverability of land held for development, it is reviewed for impairment by comparing its fair value to its carrying value. If the estimated sales value is less than the carrying value, the carrying value is written down to its estimated fair value.

Equity Method Investments in Unconsolidated Real Estate Ventures

Under the equity method, investments in unconsolidated Real Estate Ventures are recorded initially at cost, as Investments in unconsolidated Real Estate Ventures, and subsequently adjusted for equity in earnings, cash contributions, distributions and impairments. For Real Estate Ventures that are constructing assets to commence planned principal operations, we capitalize interest expense using our weighted average interest rate of consolidated debt and our investment balance as a basis. Planned principal operations commence when a property is available to lease and at that point in time we cease capitalizing interest to our investment basis. During the three and nine months ended September 30, 2019 and 2018, no interest expense was capitalized.

On a periodic basis, management also assesses whether there are any indicators that the value of our investments in unconsolidated real estate ventures may be other than temporarily impaired. An investment is impaired only if the value of the investment, as estimated by management, is less than the carrying value of the investment and the decline is other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment, as estimated by management. Estimates of value for each investment are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates, and operating costs. These factors are difficult to predict and are subject to future events that may alter management's assumptions; accordingly, the values estimated by management in our impairment analyses may not be realized.

RECENT PROPERTY TRANSACTIONS

See Note 3, "*Real Estate Investments*," for information related to recent property transactions during the three and nine months ended September 30, 2019 as well as information related to properties held for sale as of September 30, 2019. See Note 4, "*Investment in Unconsolidated Real Estate Ventures*," for information related to recent property transactions at our unconsolidated joint ventures during the three and nine months ended September 30, 2019.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations discuss our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Certain accounting policies are considered to be critical accounting policies, as they require management to make assumptions about matters that are highly uncertain at the time the estimate is made and changes in accounting estimate are reasonably likely to occur from period to period. Management bases its estimates and assumptions on historical experience and current economic conditions.

Our Annual Report on Form 10-K for the year ended December 31, 2018 contains a discussion of our critical accounting policies. There have been no significant changes in our critical accounting policies since December 31, 2018 with the exception of the adoption of ASC 842, Leases. See also Note 2, "*Basis of Presentation*," in our unaudited consolidated financial statements for the three months ended September 30, 2019, set forth herein.

RESULTS OF OPERATIONS

The following discussion is based on our consolidated financial statements for the three and nine months ended September 30, 2019 and 2018. We believe that presentation of our consolidated financial information, without a breakdown by segment, will effectively present important information useful to our investors.

Net operating income ("NOI") as presented in the comparative analysis below is a non-GAAP financial measure defined as total revenue less property operating expenses, real estate taxes and third party management expenses. Property operating expenses that are included in determining NOI consist of costs that are necessary and allocable to our operating properties such as utilities, property-level salaries, repairs and maintenance, property insurance, and management fees. General and administrative expenses that are not reflected in NOI primarily consist of corporate-level salaries, amortization of share awards and professional fees that are incurred as part of corporate office management. NOI is a non-GAAP financial measure that we use internally to evaluate the operating performance of our real estate assets by segment, as presented in Note 12, "*Segment Information*," to our consolidated financial statements, and of our business as a whole. We believe NOI provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. While NOI is a relevant and widely used measure of operating performance of real estate investment trusts, it does not represent cash flow from operations or net income as defined by GAAP and should not be considered as an alternative to those measures in evaluating our liquidity or operating performance. NOI does not reflect interest expenses, real estate impairment losses, depreciation and amortization costs, capital expenditures and leasing costs. We believe that net income, as defined by GAAP, is the most appropriate earnings measure. See Note 12, "*Segment Information*" for a reconciliation of NOI to our consolidated net income as defined by GAAP.

Comparison of the Three Months Ended September 30, 2019 and September 30, 2018

The table below shows selected operating information for the "Same Store Property Portfolio" and the "Total Portfolio." The Same Store Property Portfolio consists of 74 properties containing an aggregate of approximately 14.0 million net rentable square feet, and represents properties that we owned for the entire three months ended September 30, 2019 and 2018. The Total Portfolio includes the effects of other properties that were either placed into service, acquired or redeveloped after July 1, 2018 and disposed of prior to September 30, 2019 or classified as held for sale as of September 30, 2019. A property is excluded from our Same Store Property Portfolio and moved into the redevelopment column in the period that we determine to proceed with development/redevelopment for a future development strategy. This table also includes a reconciliation from the Same Store Property Portfolio to the Total Portfolio net income (i.e., all properties owned by us during the three months ended September 30, 2019 and 2018) by providing information for the properties which were acquired, placed into service, under development or redevelopment and administrative/elimination information for the three months ended September 30, 2019 and 2018.

During the three months ended September 30, 2019, the Same Store Property Portfolio was reduced by the disposition of 1900 Gallows Road, an office property in Vienna, Virginia, containing 210,632 rentable square feet.

For detail of the properties comprising the Same Store Property Portfolio, as of December 31, 2018, see the Item 2. "*Properties*" section of our Annual Report on Form 10-K for the year ended December 31, 2018.

The Total Portfolio net income presented in the table is equal to the net income of the Parent Company and the Operating Partnership.

Comparison of three months ended September 30, 2019 to the three months ended September 30, 2018

(dollars and square feet in thousands)	Same Store Property Portfolio 2019	Same Store Property Portfolio 2018	Same Store Property Portfolio Increase/ (Decrease)	Recently Completed/Acquired Properties (a) 2019	Recently Completed/Acquired Properties (a) 2018	Development/Redevelopment Properties (b) 2019	Development/Redevelopment Properties (b) 2018	Other/(Eliminations) (c) 2019	Other/(Eliminations) (c) 2018	Total Portfolio 2019	Total Portfolio 2018	Total Portfolio Increase/ (Decrease)
Revenue:												
Rents	$ 110,921	$ 111,858	$ (937)	$ 22,221	$ 1,571	$ 2,043	$ 1,961	$ 4,043	$ 13,245	$ 139,228	$ 128,635	$ 10,593
Third party management fees, labor reimbursement and leasing	—	—	—	—	—	—	—	4,938	4,944	4,938	4,944	(6)
Other	436	341	95	55	—	2	30	672	1,048	1,165	1,419	(254)
Total revenue	111,357	112,199	(842)	22,276	1,571	2,045	1,991	9,653	19,237	145,331	134,998	10,333
Property operating expenses	31,098	32,011	913	4,345	365	550	772	2,365	4,704	38,358	37,852	(506)
Real estate taxes	10,983	10,403	(580)	3,603	230	244	226	417	1,574	15,247	12,433	(2,814)
Third party management expenses	—	—	—	—	—	—	—	2,469	2,612	2,469	2,612	143
Net operating income	69,276	69,785	(509)	14,328	976	1,251	993	4,402	10,347	89,257	82,101	7,156
Depreciation and amortization	37,666	35,981	(1,685)	13,902	752	1,578	887	2,481	6,521	55,627	44,141	(11,486)
Provision for impairment (d)	—	—	—	—	—	—	—	—	56,865	—	56,865	56,865
General & administrative expenses	—	—	—	—	—	—	—	6,974	5,963	6,974	5,963	(1,011)
Net gain on disposition of real estate										(356)	—	356
Net gain on sale of undepreciated real estate										(250)	—	250
Operating income (loss)	$ 31,610	$ 33,804	$ (2,194)	$ 426	$ 224	$ (327)	$ 106	$ (5,053)	$ (59,002)	$ 27,262	$ (24,868)	$ 52,130
Number of properties	74	74		17		4				95		
Square feet	14,009	14,009		2,159		543				16,711		
Core Occupancy % (e)	93.1%	93.1%		93.5%								
Other Income (Expense):												
Interest income										558	1,220	(662)
Interest expense										(20,400)	(19,257)	(1,143)
Interest expense — Deferred financing costs										(694)	(618)	(76)
Equity in income (loss) of Real Estate Ventures										(1,965)	1	(1,966)
Net gain on real estate venture transactions										2,059	—	2,059
Net income (loss)										$ 6,820	$ (43,522)	$ 50,342
Net income (loss) attributable to Common Shareholders of Brandywine Realty Trust										$ 0.04	$ (0.24)	$ 0.28

EXPLANATORY NOTES

(a) Includes: three properties recently completed, and 14 acquisitions.
(b) Includes: one development and three redevelopment properties.
(c) Includes certain revenues and expenses at the corporate level as well as various intercompany costs that are eliminated in consolidation, third-party management fees and provisions for impairment. Other/(Eliminations) also includes

properties sold that do not qualify as discontinued operations, properties classified as held for sale, and the retail and residential components of FMC Tower.

(d) Impairment charges are excluded from Same Store Property operating and presented in Other

(e) Pertains to Core Properties.

Total Revenue

Rents from the Total Portfolio increased by $10.6 million during the third quarter of 2019 compared to the third quarter of 2018, of which $20.6 million relates to Recently Completed/Acquired Properties, primarily from the acquisitions of the DRA Austin Portfolio and Quarry Lake II in December 2018. This increase was partially offset by a $0.9 million decrease related to the Same Store Portfolio and a $9.1 million decrease related to the disposition of 10 properties from the third quarter of 2018 through the third quarter of 2019 (the "Q3 2018 through Q3 2019 Dispositions").

Property Operating Expenses

Property operating expenses across our Total Portfolio increased $0.5 million for the three months ended September 30, 2019 compared to the three months ended September 30, 2018, of which $4.0 million relates to Recently Completed/Acquired Properties, primarily the DRA Austin and Quarry Lake II acquisitions. These increases were partially offset by a $2.5 million decrease due to the YTD 2018 and 2019 Dispositions and $1.0 million of miscellaneous decreases across our Total Portfolio.

Real Estate Taxes

Real estate taxes increased $2.8 million for the third quarter of 2019 compared to the third quarter of 2018, of which $3.4 million related to Recently Completed/Acquired Properties, primarily from the acquisitions of the DRA Austin Portfolio and Quarry Lake II in December 2018, and $0.6 million relates to increased real estate tax assessments related to properties from our Philadelphia CBD segment within the Same Store Property Portfolio. These increases were partially offset by a decrease of $1.2 million from the Q3 2018 through Q3 2019 Dispositions.

Depreciation and Amortization

Depreciation and amortization expense increased by $11.5 million for the third quarter of 2019 compared to the third quarter of 2018, of which $13.1 million relates to the Recently Completed/Acquired Properties due to the acquisitions of the DRA Austin Portfolio and Quarry Lake II in December 2018, 500 North Gulph Road being placed into service in December 2018 and Broadmoor 6 being placed into service in October 2018. There was also an increase of $1.7 million and $0.7 in the Same Store Portfolio and Development/Redevelopment Properties, respectively. These increases were offset by decreases of $4.0 million relating to the Q3 2018 through Q3 2019 Dispositions.

Provision for Impairment

The $56.9 million provision for impairment recognized during the three months ended September 30, 2018 reflected our determination that we would not recover the carrying value of eight held for sale properties in our Metropolitan Washington, D.C. segment. There were no impairment charges for the three months ended September 2019.

General and Administrative

General and administrative expenses increased by $1.0 million for the third quarter of 2019 compared to the third quarter of 2018, primarily due to a $0.6 million increase in payroll, bonus, stock compensation expense and related benefits and a $0.4 million increase due to a decrease in capitalized general and administrative costs on development projects.

Interest Expense

The $1.1 million increase in interest expense for the third quarter of 2019 compared to the third quarter of 2018 is primarily attributable to a $1.5 million increase in interest expense related to the Credit Facility, due to increased borrowings during the three months ended September 30, 2019 compared to the three months ended September 30, 2018. The $1.5 million increase above was offset by a $0.4 million decrease related to the refinancing of the seven-year term loan on December 13, 2018, which reduced the effective interest rate by 0.55%.

Equity in income (loss) of real estate ventures

Equity in income of unconsolidated real estate ventures decreased $1.9 million compared to the third quarter of 2018 to the third quarter of 2019 is primarily due to the following:

- $1.2 million decrease primarily due to increased ground rent expense at the MAP Venture during the third quarter of 2019 compared to the third quarter of 2018 as a result of the adoption of Topic 842, Leases;
- $0.3 million decrease related to the Herndon Innovation Center Venture, which was formed during the fourth quarter of 2018; and
- $0.4 million decrease related to our acquisition and consolidation of DRA Advisor's 50% ownership interest in the DRA Austin Venture during the fourth quarter of 2018, which generated income during the three months ended September 30, 2018.

Net Gain from Real Estate Venture Transactions

The gain of $2.1 million recognized during the three months ended September 30, 2019 is primarily related to the gain on debt forgiveness for 3130 Fairview Drive, located in Falls Church, VA, held by the BDN - AI Venture. The property was transferred to the mortgage lender during the three months ended September 30, 2019 in full satisfaction of the $26.0 million mortgage debt then held by the lender.

Net Income

Net income increased by $50.3 million compared to the third quarter of 2018 to the third quarter of 2019 as a result of the factors described above.

Net Income per Common Share – fully diluted

Net income per share was $0.04 for the third quarter of 2019 as compared to net loss per share of $0.24 for the third quarter of 2018 as a result of the factors described above.

Comparison of the Nine Months Ended September 30, 2019 and September 30, 2018

The table below shows selected operating information for the "Same Store Property Portfolio" and the "Total Portfolio." The Same Store Property Portfolio consists of 73 properties containing an aggregate of approximately 13.9 million net rentable square feet, and represents properties that we owned for the entire nine months ended September 30, 2019 and 2018. The Total Portfolio includes the effects of other properties that were either placed into service, acquired or redeveloped after January 1, 2018 and disposed of prior to September 30, 2019 or classified as held for sale as of September 30, 2019. A property is excluded from our Same Store Property Portfolio and moved into the redevelopment column in the period that we determine that a redevelopment would be the best use of the asset, and when said asset is taken out of service or is undergoing re-entitlement for a future development strategy. This table also includes a reconciliation from the Same Store Property Portfolio to the Total Portfolio net income (i.e., all properties owned by us during the nine months ended September 30, 2019 and 2018) by providing information for the properties which were acquired, placed into service, under development or redevelopment and administrative/elimination information for the nine months ended September 30, 2019 and 2018.

During the nine months ended September 30, 2019, a property containing 5,000 rentable square feet, located in our Other segment, was removed from the Same Store Property Portfolio and was reclassified as land. In addition, 650 Park Avenue, located in our Pennsylvania Suburbs segment, was removed from the Same Store Property Portfolio in advance of plans to demolish the building and redevelop the property. The Same Store Property Portfolio was also reduced by the disposition of 1900 Gallows Road, an office property in Vienna, Virginia containing 210,632 rentable square feet.

For detail of the properties comprising the Same Store Property Portfolio, as of December 31, 2018, see Item 2. "*Properties*" section of our Annual Report on Form 10-K for the year ended December 31, 2018.

The Total Portfolio net income presented in the table is equal to the net income of the Parent Company and the Operating Partnership.

Comparison of nine months ended September 30, 2019 to the nine months ended September 30, 2018

	Same Store Property Portfolio			Recently Completed/Acquired Properties (a)		Development/Redevelopment Properties (b)		Other (Eliminations) (c)		Total Portfolio		
(dollars and square feet in thousands)	2019	2018	Increase/ (Decrease)	2019	2018	2019	2018	2019	2018	2019	2018	Increase/ (Decrease)
Revenue:												
Rents	$ 330,982	$ 330,779	$ 203	$ 64,928	$ 6,505	$ 6,439	$ 5,069	$ 12,764	$ 39,968	$ 415,113	$ 382,321	$ 32,792
Third party management fees, labor reimbursement and leasing	—	—	—	—	—	—	—	14,041	17,531	14,041	17,531	(3,490)
Other	1,123	1,230	(107)	156	(16)	8	40	2,937	4,036	4,224	5,290	(1,066)
Total revenue	332,105	332,009	96	65,084	6,489	6,447	5,109	29,742	61,535	433,378	405,142	28,236
Property operating expenses	94,639	95,130	491	13,133	1,861	2,034	2,687	6,736	15,431	116,542	115,109	(1,433)
Real estate taxes	33,936	30,682	(3,254)	11,133	939	744	699	1,306	4,952	47,119	37,272	(9,847)
Third party management expenses	—	—	—	—	—	—	—	7,035	9,605	7,035	9,605	2,570
Net operating income	203,530	206,197	(2,667)	40,818	3,689	3,669	1,723	14,665	31,547	262,682	243,156	19,526
Depreciation and amortization	107,595	105,803	(1,792)	38,767	3,270	3,233	2,851	9,143	19,707	158,738	131,631	(27,107)
General & administrative expenses	—	—	—	—	—	—	—	25,217	22,209	25,217	22,209	(3,008)
Provision for impairment								—	56,865	—	56,865	56,865
Net (gain) loss on disposition of real estate										(356)	35	391
Net gain on sale of undepreciated real										(1,501)	(2,859)	(1,358)

estate												
Operating income (loss)	$ 95,935	$ 100,394	$ (4,459)	$ 2,051	$ 419	$ 436	$ (1,128)	$ (19,695)	$ (67,234)	$ 80,584	$ 35,275	$ 45,309
Number of properties	73	73		18		4				95		
Square feet	13,923	13,923		2,245		543				16,711		
Core Occupancy % (d)	93.1%	93.2%		93.7%								
Other Income (Expense):												
Interest income										1,636	2,564	(928)
Interest expense										(61,273)	(58,091)	(3,182)
Interest expense — Deferred financing costs										(2,026)	(1,872)	(154)
Equity in loss of Real Estate Ventures										(4,814)	(1,182)	(3,632)
Net gain on real estate venture transactions										3,594	37,263	(33,669)
Income tax provision										(46)	(158)	112
Net income										$ 17,655	$ 13,799	$ 3,856
Net income attributable to Common Shareholders of Brandywine Realty Trust										$ 0.10	$ 0.07	$ 0.03

EXPLANATORY NOTES

(a) Results include: three properties recently completed and 15 acquisitions.

(b) Results include: one development and three redevelopment properties.
(c) Represents certain revenues and expenses at the corporate level as well as various intercompany costs that are eliminated in consolidation, third-party management fees and provisions for impairment. It also includes properties sold that do not qualify as discontinued operations and properties classified as held for sale.
(d) Pertains to Core Properties.

Total Revenue

Rents from the Total Portfolio increased by $32.8 million during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, of which $58.4 million relates to Recently Completed/Acquired Properties, primarily the DRA Austin and Quarry Lake II acquisitions, $0.2 million relates to the Same Store Portfolio and $1.3 million relates to development/redevelopment properties. These increases were partially offset by a $27.1 million decrease due to the disposition of 10 properties from the nine months ended September 30, 2018 through the nine months ended September 30, 2019 (the "YTD 2018 and 2019 Dispositions").

Third party management fees, labor reimbursement and leasing decreased by $3.5 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, due primarily to decreases in third party management and development fees of $6.9 million. The decrease includes $2.8 million of third party management fees related to the sale of twelve office properties by the Austin Venture in the fourth quarter of 2018, $1.7 million related to the sale of three office properties held by our BDN – AI Venture in the fourth quarter of 2018, and a decrease of $2.4 million related to general contractor management services provided primarily to the MAP Venture. These decreases were offset by a $2.4 million increase in third party management fees from our Herndon Innovation Center Venture, which was formed during the fourth quarter of 2018, and $1.0 million increase in third party developer fees related to the development of a medical facility located in Radnor, Pennsylvania that commenced during the second quarter of 2019.

Other income decreased $1.1 million, which was primarily due to insurance refund proceeds received during the nine months ended September 30, 2018.

Property Operating Expenses

Property operating expenses across our Total Portfolio increased $1.4 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, of which $11.2 million relates to Recently Completed/Acquired Properties, primarily the DRA Austin and Quarry Lake II acquisitions. These increases were partially offset by a $7.4 million decrease due to the YTD 2018 and 2019 Dispositions and $2.4 million of miscellaneous decreases across our Total Portfolio.

Real Estate Taxes

Real estate taxes increased $9.8 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, of which $3.3 million relates to increased real estate tax assessments at the Same Store Property Portfolio, primarily in the Philadelphia CBD segment, and $10.2 million related to Recently Completed/Acquired Properties. These increases were partially offset by decreases of $3.1 million from the YTD 2018 and 2019 Dispositions and $0.6 million related to properties used for parking operations in the Philadelphia CBD segment.

Depreciation and Amortization

Depreciation and amortization expense increased by $27.1 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, of which $35.5 million relates to the Recently Completed/Acquired Properties due to the acquisitions of the DRA Austin Portfolio and Quarry Lake II in December 2018, 500 North Gulph Road being placed into service in December 2018 and Broadmoor 6 being placed into service in October 2018. There was also a $1.5 million increase related to the acceleration of depreciation at 650 Park Avenue, in King of Prussia, PA, ahead of its demolition as we plan to redevelop this property, and approximately $1.5 million due to early terminations at 1676 International Drive. These increases were offset by decreases of $12.9 million relating to the YTD 2018 and 2019 Dispositions. The remaining increase is due to $1.5 million of miscellaneous changes across the Total Portfolio, including decreases on account of fully depreciated assets in the Same Store Portfolio and increases due to early terminations or capital improvements.

General and Administrative

General and administrative expenses increased by $3.0 million for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, due to a $1.5 million increase in payroll, bonus, stock compensation expense, and related benefits, $1.0 million increase due to a decrease in capitalized costs, $0.2 million increase in charitable contributions, and $0.3 million increase in professional fees.

Provision for Impairment

The $56.9 million provision for impairment recognized during the nine months ended September 30, 2018 reflects our determination that we would not recover the carrying value of eight held for sale properties in our Metropolitan Washington, D.C. segment. There were no impairment charges for the nine months ended September 2019.

Net Gain on Sale of Undepreciated Real Estate

The gain of $1.5 million recognized during the nine months ended September 30, 2019 resulted from the sale of 9 Presidential Boulevard and from consideration received during the nine months ended September 30, 2019 related to the Libertyview disposition, which occurred in 2015.

The gain of $2.9 million recognized during the nine months ended September 30, 2018 resulted from the recognition of a deferred gain from the sale of land parcels located at Garza Ranch in Austin, Texas.

Interest Expense

Interest expense increased $3.2 million from the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 primarily due to a $4.2 million increase in interest expense related to the Credit Facility, due to increased borrowings during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. The $4.2 million increase above was partially offset by a $1.0 million decrease related to the refinance of the seven-year term loan on December 13, 2018, which reduced the effective interest rate by 0.55%.

Equity in Income (Loss) of Real Estate Ventures

Equity in loss of unconsolidated real estate ventures increased $3.6 million from the nine months ended September 30, 2018 to the nine months ended September 30, 2019 primarily due to the following:

- $2.4 million increase primarily due to increased ground rent expense at the MAP Venture during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 as a result of the adoption of Topic 842, Leases;
- $1.2 million increase related to our acquisition and consolidation of DRA Advisor's 50% ownership interest in the DRA Austin Venture during the fourth quarter of 2018, which generated $1.2 million of income during the nine months ended September 30, 2018; and
- $0.3 million increase related to the Herndon Innovation Center Venture, which was formed during the fourth quarter of 2018.

These increases in equity in loss of real estate ventures were offset by $0.3 million related to the disposition of evo at Cira during the first quarter of 2018.

Net Gain from Real Estate Venture Transactions

The $37.3 million net gain from Real Estate Venture transactions during the nine months ended September 30, 2018 relates to the following:

- $25.7 million from the sale of the evo at Cira Centre South Venture; and
- $11.6 million gain recognized on the exchange of our 20% interest in the Seven Tower Bridge Venture for the remaining 35% interest in the Four Tower Bridge Venture.

The $3.6 million net gain from Real Estate Venture transactions during the nine months ended September 30, 2019 relates to the following:

- $1.2 million of gain recognized related to related to proceeds from a connection agreement by the 51 N Street venture with the third-party owner of an adjacent property;
- $0.3 million of additional proceeds during the first quarter of 2019 from the sale of the evo at Cira Centre South Venture, which was sold during the first quarter of 2018; and
- $2.1 million related to the gain on debt forgiveness for 3130 Fairview Drive, located in Falls Church, VA, held by the BDN - AI Venture.

Net Income

Net income increased by $3.9 million from the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 as a result of the factors described above.

Net Income per Common Share – fully diluted

Net income per share was $0.10 for the nine months ended September 30, 2019 as compared to net income per share of $0.07 for the nine months ended September 30, 2018 as a result of the factors described above.

LIQUIDITY AND CAPITAL RESOURCES

General

Our principal liquidity needs for the next twelve months are as follows:

- fund normal recurring expenses;
- fund capital expenditures, including capital and tenant improvements and leasing costs;
- fund debt service and principal repayment obligations;
- fund current development and redevelopment costs;
- fund commitments to unconsolidated real estate ventures;
- fund distributions to shareholders to maintain our Parent Company's REIT status;
- fund possible acquisitions of properties, either directly or indirectly through the acquisition of equity interest therein; and
- fund possible common share repurchases.

We expect to satisfy these needs using one or more of the following:

- cash flows from operations;
- distributions of cash from our unconsolidated real estate ventures;
- cash and cash equivalent balances;
- availability under our unsecured Credit Facility;
- secured construction loans and long-term unsecured indebtedness;
- issuances of Parent Company equity securities and/or units of the Operating Partnership; and
- sales of real estate.

As of September 30, 2019, the Parent Company owned a 99.4% interest in the Operating Partnership. The remaining interest of approximately 0.6% pertains to common limited partnership interests owned by non-affiliated investors who contributed property to the Operating Partnership in exchange for their interests. As the sole general partner of the Operating Partnership, the Parent Company has full and complete responsibility for the Operating Partnership's day-to-day operations and management. The Parent Company's source of funding for its dividend payments and other obligations is the distributions it receives from the Operating Partnership.

As summarized above, we believe that our liquidity needs will be satisfied through available cash balances and cash flows from operations, financing activities and real estate sales. Rental revenue and other income from operations are our principal sources of cash to pay operating expenses, debt service, recurring capital expenditures and the minimum distributions required to maintain our REIT qualification. We seek to increase cash flows from our properties by maintaining quality standards for our properties that promote high occupancy rates and permit increases in rental rates while reducing tenant turnover and controlling operating expenses. Our revenue also includes third-party fees generated by our property management, leasing, development and construction businesses. We believe that our revenue, together with proceeds from property sales and debt financings, will continue to provide funds for our short-term liquidity needs. However, material changes in our operating or financing activities may adversely affect our net cash flows. With uncertain economic conditions, vacancy rates may increase, effective rental rates on new and renewed leases may decrease and tenant installation costs, including concessions, may increase in most or all of our markets during 2019 and possibly beyond. As a result, our revenues and cash flows could be insufficient to cover operating expenses, including increased tenant installation costs, pay debt service or make distributions to shareholders over the short-term. If this situation were to occur, we expect that we would finance cash deficits through borrowings under our unsecured revolving credit facility and other sources of debt and equity financings. In addition, a material adverse change in cash provided by operations could adversely affect our compliance with financial performance covenants under our unsecured revolving credit facility, including unsecured term loans and unsecured notes. As of September 30, 2019 we were in compliance with all of our debt covenants and requirement obligations.

We use multiple financing sources to fund our long-term capital needs. When needed, we use borrowings under our unsecured revolving credit facility for general business purposes, including to meet debt maturities and to fund distributions to shareholders as well as development and acquisition costs and other expenses. In light of the volatility in financial markets and economic uncertainties, it is possible, that one or more lenders under our unsecured revolving credit facility could fail to fund a borrowing request. Such an event could adversely affect our ability to access funds from our unsecured credit facility when needed to fund distributions or pay expenses.

Our ability to incur additional debt is dependent upon a number of factors, including our credit ratings, the value of our unencumbered assets, our degree of leverage and borrowing restrictions imposed by our lenders. If one or more rating agencies were to downgrade our unsecured credit rating, our access to the unsecured debt market would be more limited and the interest rate under our unsecured credit facility and unsecured term loan would increase.

The Parent Company unconditionally guarantees the Operating Partnership's secured and unsecured obligations, which, as of September 30, 2019, amounted to $317.4 million and $1,775.1 million, respectively.

Capital Markets

The Parent Company issues equity from time to time, the proceeds of which it contributes to the Operating Partnership in exchange for additional interests in the Operating Partnership, and guarantees debt obligations of the Operating Partnership. The Parent Company's ability to sell common shares and preferred shares is dependent on, among other things, general market conditions for REITs, market perceptions about the Company as a whole and the current trading price of the Parent Company's shares. The Parent Company maintains a shelf registration statement that has registered the offering and sale of common shares, preferred shares, depositary shares, warrants and unsecured debt securities. Subject to our ongoing compliance with securities laws, and if warranted by market conditions, we may offer and sell equity and debt securities from time to time under the shelf registration statement. We also maintain a continuous offering program (the "Offering Program") that permits us to sell up to 16,000,000 common shares in "at the market" offerings as defined in Rule 415 of the Securities Act until January 10, 2020. From initial sales activity under the Offering Program on December 13, 2017 through September 30, 2019, we generated approximately $51.6 million from the issuance of 2,882,302 common shares under the Offering Program at an average price per share of $18.19 after payment of approximately $0.8 million of commissions to the sales agents and before offering expenses. During the nine months ended September 30, 2019, we did not sell any shares under the Offering Program. At September 30, 2019, 13,117,698 common shares remained available for future sale under the Offering Program.

See Note 10, "*Beneficiaries' Equity of The Operating Partnership*" for further information related to our share repurchase program during the three and nine months ended September 30, 2019. We expect to fund any additional share repurchases with a combination of available cash balances and availability under our unsecured revolving credit facility. The timing and amounts of any repurchases will depend on a variety of factors, including market conditions, regulatory requirements, share prices, capital availability and other factors as determined by our management team. The repurchase program does not require the purchase of any minimum number of shares and may be suspended or discontinued at any time without notice.

Capital Recycling

The Operating Partnership also considers net sales of selected properties and recapitalization of unconsolidated real estate ventures as additional sources of managing its liquidity. During the nine months ended September 30, 2019, we sold 2.7 acres of undeveloped land and one office property for net cash proceeds of $5.0 million and $34.1 million respectively.

We expect that our primary uses of capital during the remainder of 2019 will be to fund our current development and redevelopment projects. As of September 30, 2019, we had $29.9 million of cash and cash equivalents and $452.0 million of available borrowings under our Credit Facility, net of $1.5 million in letters of credit outstanding. Based on the foregoing, as well as cash flows from operations net of dividend requirements, we believe we have sufficient capital to fund our remaining capital requirements on existing development and redevelopment projects and pursue additional attractive investment opportunities.

Cash Flows

The following discussion of our cash flows is based on the consolidated statement of cash flows and is not meant to be a comprehensive discussion of the changes in our cash flows for the periods presented.

As of September 30, 2019 and December 31, 2018, we maintained cash and cash equivalents and restricted cash of $30.5 million and 23.2 million, respectively. We report and analyze our cash flows based on operating activities, investing activities, and financing activities. The following table summarizes changes in our cash flows (in thousands):

	Nine Months Ended September 30,	
Activity	2019	2018
Operating	$ 155,250	$ 154,537
Investing	(77,127)	(180,576)
Financing	(70,813)	(106,218)
Net cash flows	$ 7,310	$ (132,257)

Our principal source of cash flows is from the operation of our Properties. Our Properties provide a relatively consistent stream of cash flows that provides us with the resources to fund operating expenses, debt service and quarterly dividends.

The net increase of $0.7 million in cash from operating activities for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 is due to the timing of cash receipts and cash expenditures in the normal course of operations.

The net increase of $103.4 million in cash from investing activities during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 primarily relates to a decrease in acquisition activity and an increase in distributions from unconsolidated Real Estate Ventures during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. Quantitatively, the increase reflects the following:

- $44.4 million increase from the 2018 issuance of a mortgage loan to 1919 Ventures, with no comparable activity during the nine months ended September 30, 2019;
- $40.3 million increase in cash from the acquisitions of 3001-3003 JFK Boulevard and 3025 JFK Boulevard in Philadelphia, Pennsylvania during the nine months ended September 30, 2018 with no comparable acquisition during the nine months ended September 30, 2019;
- $30.1 million increase in cash distributed from unconsolidated Real Estate Ventures in excess of cumulative equity in income, as Herndon Innovation Center Venture distributed proceeds from mortgage financing which closed during the nine months ended September 30, 2019;
- $24.8 million increase in net proceeds from the disposition of an office building, one land parcel and the receipt of proceeds related to contingent consideration received during the nine months ended September 30, 2019 compared to the disposition of two land parcels and an office building during the nine months ended September 30, 2018;
- $3.6 million increase from deposits for real estate, resulting from deposits made during the nine months ended September 30, 2018 relating to our ability to increase project density at certain of the development sites with Schuylkill Yards;
- $3.2 million increase due to the repayment of a mortgage note receivable during the nine months ended September 30, 2019;
- $2.5 million increase in cash from decreased capital expenditures for tenant improvements, developments/redevelopments and leasing commissions, which primarily relates to ongoing development and redevelopment projects; and
- $0.5 million increase due to a decrease in contributions to unconsolidated Real Estate Ventures.

The increase in cash provided by investing activities was primarily offset by the following:

- $42.2 million decrease in proceeds from real estate venture sales as a result of the proceeds of $43.0 million from the sale of the evo at Cira Centre South Venture during the nine months ended September 30, 2018 compared to $0.3 million in proceeds received during the nine months ended

September 30, 2019 related to the evo at Cira Centre South Venture and Austin Venture sales in 2018;

- $2.5 million decrease in cash from increased leasing costs paid during the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018; and
- $0.8 million decrease due to advances made for the purchase of tenant assets, net of repayments.

The net increase of $35.4 million in cash provided by financing activities for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018 is attributed to the following:

- $54.0 million in net borrowings under the unsecured revolving credit facility;
- $2.7 million decrease in cash used for debt financing costs due to the refinance of the unsecured revolving credit facility in 2018 with no comparable activity in 2019;
- $0.8 million in proceeds from the exercise of stock options during the nine months ended September 30, 2019, with no such activity for the nine months ended September 30, 2018; and
- $0.2 million decrease in distributions to noncontrolling interests.

The increases in cash provided by financing activities was offset by the following;

- $17.3 million increase in cash used to repurchase and retire common shares, with no such activity during the nine months ended September 30, 2018;
- $3.7 million increase in cash used due to the increase of dividends paid from $0.54 per share during the nine months ended September 30, 2018 to $0.57 per share for the nine months ended September 30, 2019;
- $0.7 million increase from the repayment of mortgage notes payable;
- $0.5 million decrease in proceeds from the issuance of common shares, as there were no share issuances during the nine months ended September 30, 2019; and
- $0.1 million increase in shares used for employee taxes upon vesting of share awards.

Capitalization

Indebtedness

The table below summarizes indebtedness under our mortgage notes payable and our unsecured debt at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
	(dollars in thousands)	
Balance: (a)		
Fixed rate	$ 1,918,911	$ 1,924,580
Variable rate - unhedged	173,562	119,562
Total	$ 2,092,473	$ 2,044,142
Percent of Total Debt:		
Fixed rate	91.7%	94.2%
Variable rate - unhedged	8.3%	5.8%
Total	100.0%	100.0%
Weighted-average interest rate at period end:		
Fixed rate	3.9%	3.9%
Variable rate - unhedged	3.3%	3.6%
Total	3.9%	3.9%
Weighted-average maturity in years:		
Fixed rate	5.8	6.6
Variable rate - unhedged	4.8	4.0
Total	5.7	6.4

(a) Consists of unpaid principal and does not reflect premium/discount or deferred financing costs.

Scheduled principal payments and related weighted average annual effective interest rates for our debt as of September 30, 2019 were as follows (in thousands):

Period	Scheduled amortization	Principal maturities	Total	Weighted Average Interest Rate of Maturing Debt
2019	$ 1,926	$ —	$ 1,926	3.98%
2020	6,705	80,521	87,226	3.98%
2021	6,142	9,001	15,143	4.28%
2022	6,332	396,500	402,832	3.02%
2023	1,620	555,116	556,736	3.94%
2024	—	250,000	250,000	4.33%
2025	—	—	—	—%
2026	—	—	—	—%
2027	—	450,000	450,000	4.03%
2028	—	—	—	—%
Thereafter	—	328,610	328,610	4.29%
Totals	$ 22,725	$ 2,069,748	$ 2,092,473	3.89%

The indenture under which the Operating Partnership issued its unsecured notes contains financial covenants, including: (i) a leverage ratio not to exceed 60%; (ii) a secured debt leverage ratio not to exceed 40%; (iii) a debt service coverage ratio of greater than 1.5 to 1.0; and (iv) an unencumbered asset value of not less than 150% of unsecured debt. The Operating Partnership is in compliance with all covenants as of September 30, 2019.

The Operating Partnership has mortgage loans that are collateralized by certain of its properties. Payments on mortgage loans are generally due in monthly installments of principal and interest, or interest only. The Operating Partnership intends to refinance or repay its indebtedness as it matures, subject to tax guarantees, through the use of proceeds from selective property sales and secured or unsecured borrowings. However, in the current and expected future economic environment one or more of these sources may not be available on attractive terms or at all.

On October 10, 2019, the Company issued $100.0 million of 4.100% guaranteed notes due 2024 and $100.0 million of 4.550% guaranteed notes due 2029 for a combined net proceeds of approximately $214.3 million after deducting underwriting discounts and estimated transaction expenses. The 2024 Notes were issued as part of the same series as the Operating Partnership's outstanding 4.100% guaranteed notes due 2024, $250.0 million of which were originally issued on September 16, 2014, for all purposes. The 2029 Notes were issued as part of the same series as the Operating Partnership's outstanding 4.550% guaranteed notes due 2029, $250.0 million of which were originally issued on September 16, 2014, for all purposes. The Company used approximately $145.5 million of the net proceeds to repay in the full outstanding amount on the unsecured credit facility. See Note 14, "Subsequent Events" for further information related to the debt issuance.

Equity

In order to maintain its qualification as a REIT, the Parent Company is required to, among other things, pay dividends to its shareholders of at least 90% of its REIT taxable income. See Note 10, "*Beneficiaries' Equity of The Operating Partnership*" for further information related to our dividends declared for the third quarter of 2019.

Inflation

A majority of our leases provide for tenant reimbursement of real estate taxes and operating expenses either on a triple net basis or over a base year or stop amount. In addition, many of our office leases provide for fixed base rent increases. We believe that inflationary increases in expenses will be partially offset by expense reimbursement and contractual rent increases.

Contractual Obligations

The following table outlines the timing of payment requirements related to our contractual obligations as of September 30, 2019:

	Payments by Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Mortgage notes payable (a)	$ 317,363	87,599	21,422	208,342	—
Unsecured credit facility	146,500	—	146,500	—	—
Unsecured term loan (a)	250,000	—	—	250,000	—
Unsecured debt (a)	1,378,610	—	—	350,000	1,028,610
Ground leases (b)	62,874	1,254	2,507	2,507	56,606
Development contracts (c)	184,213	134,967	42,316	1,350	5,580
Tenant improvements (d)	47,677	43,165	4,512	—	—
Interest expense (e)	437,057	75,851	129,357	93,140	138,709
Other liabilities (f)	34,129	4,900	9,054	4,430	15,745
	$ 2,858,423	$ 347,736	$ 355,668	$ 909,769	$ 1,245,250

(a) Amounts are gross of deferred financing costs and do not reflect unamortized discounts and/or premiums.
(b) Rental payments under the terms of all non-cancelable ground leases under which we are the lessee are expensed on a straight-line basis regardless of when payments are due.
(c) Represents contractual obligations for wholly-owned development projects and does not contemplate all costs expected to be incurred for such developments. This table does not include contractual obligations for our real estate venture developments, which are referenced below.
(d) Represents cash commitments under signed leases and excludes tenant-funded improvements. The timing of these expenditures may fluctuate.
(e) Variable rate debt future interest expense commitments are calculated using September 30, 2019 interest rates.
(f) Other liabilities consists of: (i) our deferred compensation liability; (ii) the interest accretion on the anticipated transfer tax liability on Two Logan Square in Philadelphia, Pennsylvania; (iii) the contingent consideration associated with the purchase of 618 Market Street in Philadelphia, Pennsylvania; and (iv) a payment to a tenant under a profit sharing arrangement.

The above table does not include amounts related to the 4040 Wilson development in Arlington, Virginia. For further discussion of this development, see Item 1. "*Business – Developments,*" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and section "*Overview – Development Risk,"* above, for further details.

We provide customary guarantees for certain development projects of our unconsolidated real estate ventures. See Note 4, "*Investment in Unconsolidated Real Estate Ventures*," and Note 13, "*Commitments and Contingencies,"* for further details on payment guarantees provided on the behalf of real estate ventures.

As of September 30, 2019, we expect to incur $6.0 million for capital improvements to operating properties, which are not included in the above table. We expect that most of these improvements will be paid by March 31, 2020.

On October 13, 2017, we acquired a leasehold interest in the office building known as The Bulletin Building, in Philadelphia, Pennsylvania. In connection with the acquisition, we are required to spend no less than $8.0 million in capital improvements to the property. As of September 30, 2019, $5.1 million related to this requirement had been funded. See Note 13, *"Commitments and Contingencies,"* for further information.

During the fourth quarter of 2017, in connection with the Schuylkill Yards Project, we entered into a neighborhood engagement program and, as of September 30, 2019, we had contractual obligations under this program for $8.5 million of future payments, which are included in the table above within "Development contracts." In addition, we estimate $2.9 million of potential additional contributions under this program for which we are not currently contractually obligated. As such, these costs are not included in the above table. See Note 13, *"Commitments and Contingencies,"* for further information.

Funds from Operations (FFO)

Pursuant to the revised definition of FFO adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), we calculate FFO by adjusting net income/(loss) attributable to common unit holders (computed in accordance with GAAP) for gains (or losses) from sales of properties, impairment losses on depreciable consolidated real estate, impairment losses on investments in unconsolidated real estate ventures driven by a measurable decrease in the fair value of depreciable real estate held by the unconsolidated Real Estate Ventures, real estate related depreciation and amortization, and after similar adjustments for unconsolidated Real Estate Ventures. FFO is a non-GAAP financial measure. We believe that the use of FFO combined with the required GAAP presentations, has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REITs' operating results more meaningful. We consider FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains or losses related to sales of previously depreciated operating real estate assets and real estate depreciation and amortization, FFO can help the investing public compare the operating performance of a company's real estate between periods or as compared to other companies. Our computation of FFO may not be comparable to FFO reported by other REITs or real estate companies that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently.

We consider net income, as defined by GAAP, to be the most comparable earnings measure to FFO. While FFO and FFO per unit are relevant and widely used measures of operating performance of REITs, FFO does not represent cash flow from operations or net income as defined by GAAP and should not be considered as alternatives to those measures in evaluating our liquidity or operating performance. We believe that to further understand our performance, FFO should be compared with our reported net income/ (loss) attributable to common unit holders and considered in addition to cash flows in accordance with GAAP, as presented in our consolidated financial statements.

The following table presents a reconciliation of net income attributable to common unit holders to FFO for the three and nine months ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(amounts in thousands, except share information)			
Net income (loss)attributable to common unitholders	**$ 6,716**	**$ (43,622)**	**$ 17,292**	**$ 13,473**
Add (deduct):				
Amount allocated to unvested restricted unitholders	93	80	305	280
Net gain on real estate venture transactions	(2,059)	—	(2,318)	(37,263)
Net gain (loss) on disposition of real estate	(356)	—	(356)	35
Provision for impairment (a)	—	56,865	—	56,865
Depreciation and amortization:				
Real property	40,695	35,252	112,833	105,521
Leasing costs including acquired intangibles	14,374	8,482	44,478	24,932
Company's share of unconsolidated real estate ventures	4,800	6,334	14,815	20,230
Partners' share of consolidated real estate ventures	(61)	(57)	(168)	(166)
Funds from operations	**$ 64,202**	**$ 63,334**	**$ 186,881**	**$ 183,907**
Funds from operations allocable to unvested restricted shareholders	(179)	(157)	(567)	(528)
Funds from operations available to common share and unit holders (FFO)	**$ 64,023**	**$ 63,177**	**$ 186,314**	**$ 183,379**
Weighted-average shares/units outstanding — basic (b)	**177,176,870**	**180,082,421**	**177,048,621**	**179,995,792**
Weighted-average shares/units outstanding — fully diluted (b)	**177,732,226**	**181,253,953**	**177,599,840**	**181,232,343**

(a) In accordance with the NAREIT definition of FFO, impairment on land held for development is excluded.
(b) Includes common share and partnership units outstanding through the three and nine months ended September 30, 2019 and 2018, respectively.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, commodity prices and equity prices. In pursuing our business plan, the primary market risk to which we are exposed is interest rate risk. Changes in the general level of interest rates prevailing in the financial markets may affect the spread between our yield on invested assets and cost of funds and, in turn, our ability to make distributions or payments to our shareholders. While we have not experienced any significant credit losses, in the

event of a significant rising interest rate environment and/or continued economic slowdown, defaults could increase and result in losses to us which would adversely affect our operating results and liquidity.

Interest Rate Risk and Sensitivity Analysis

The analysis below presents the sensitivity of the market value of the Operating Partnership's financial instruments to selected changes in market rates. The range of changes chosen reflects its view of changes which are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market rates chosen.

Our financial instruments consist of both fixed and variable rate debt. As of September 30, 2019, our consolidated debt consisted of mortgage loans with an outstanding principal balance of $317.4 million and unsecured notes with an outstanding principal balance of $1,300.0 million, all of which are fixed rate borrowings. We also have variable rate debt consisting of trust preferred securities with an outstanding principal balance of $78.6 million, a $600.0 million Credit Facility with an outstanding balance of $146.5 million and an unsecured term loan with an outstanding principal balance of $250.0 million, all of which have been swapped to fixed rates, except for one trust preferred security with an outstanding principal balance of $27.1 million. All financial instruments were entered into for other than trading purposes and the net market value of these financial instruments is referred to as the net financial position. Changes in interest rates have different impacts on the fixed and variable rate portions of our debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial position, but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows, but does not impact the net financial instrument position.

If market rates of interest increase by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt would decrease by approximately $7.8 million. If market rates of interest decrease by 100 basis points, the fair value of our outstanding fixed-rate mortgage debt would increase by approximately $8.1 million.

As of September 30, 2019, based on prevailing interest rates and credit spreads, the fair value of our unsecured notes was $1,366.9 million. For sensitivity purposes, a 100-basis point change in the discount rate equates to a change in the total fair value of our unsecured notes of approximately $13.6 million at September 30, 2019.

From time to time or as the need arises, we use derivative instruments to manage interest rate risk exposures and not for speculative or trading purposes. The total outstanding principal balance of our variable rate debt was approximately $475.1 million and $421.1 million at September 30, 2019 and December 31, 2018, respectively. The total fair value of our debt was approximately $456.5 million and $402.9 million at September 30, 2019 and December 31, 2018, respectively. For sensitivity purposes, if market rates of interest increase by 100 basis points the fair value of our variable rate debt would decrease by approximately $17.7 million at September 30, 2019. If market rates of interest decrease by 100 basis points the fair value of our outstanding variable rate debt would increase by approximately $19.0 million.

These amounts were determined solely by considering the impact of hypothetical interest rates on our financial instruments. Due to the uncertainty of specific actions we may undertake to minimize possible effects of market interest rate increases, this analysis assumes no changes in our financial structure.

Item 4. Controls and Procedures

Controls and Procedures (Parent Company)

(a) *Evaluation of disclosure controls and procedures.* Under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, the Parent Company conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this quarterly report. Based on this evaluation, the Parent Company’s principal executive officer and principal financial officer have concluded that the Parent Company’s disclosure controls and procedures are effective as of the end of the period covered by this quarterly report.

(b) *Changes in internal control over financial reporting.* There was no change in the Parent Company’s internal control over financial reporting that occurred during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the Parent Company’s internal control over financial reporting.

Controls and Procedures (Operating Partnership)

(a) *Evaluation of disclosure controls and procedures.* Under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, the Operating Partnership conducted an evaluation of its disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act as of the end of the period covered by this quarterly report. Based on this evaluation, the Operating Partnership’s principal executive officer and principal financial officer have concluded that the Operating Partnership's disclosure controls and procedures are effective as of the end of the period covered by this quarterly report.

(b) *Changes in internal control over financial reporting.* There was no change in the Operating Partnership's internal control over financial reporting that occurred during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There are no material changes from risk factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) Not applicable.

(c) There were no common share repurchases under the Parent Company's share repurchase program, or other repurchases of equity securities of the Parent Company or the Operating Partnership, during the fiscal quarter ended September 30, 2019. As of September 30, 2019, $132.7 million remained available for repurchases under our share repurchase program

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

(a) ***Exhibits***

Exhibits No.	Description
4.1	Form of 4.100% Guaranteed Notes due 2024 (previously filed as an exhibit to Brandywine RealtyTrust's Current Report on Form 8-K dated October 10, 2019 and incorporated herein by reference).
4.2	Form of 4.550% Guaranteed Notes due 2029 (previously filed as an exhibit to Brandywine Realty Trust's Current Report on Form 8-K dated October 10, 2019 and incorporated herein by reference).
31.1	Certification of the Chief Executive Officer of Brandywine Realty Trust pursuant to 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
31.2	Certification of the Chief Financial Officer of Brandywine Realty Trust pursuant to 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
31.3	Certification of the Chief Executive Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
31.4	Certification of the Chief Financial Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934 (filed herewith)
32.1	Certification of the Chief Executive Officer of Brandywine Realty Trust pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer of Brandywine Realty Trust pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.3	Certification of the Chief Executive Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.4	Certification of the Chief Financial Officer of Brandywine Realty Trust, in its capacity as the general partner of Brandywine Operating Partnership, L.P., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.1	The following materials from the Quarterly Reports on Form 10-Q of Brandywine Realty Trust and Brandywine Operating Partnership, L.P. for the quarter ended September 30, 2019 formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statement of Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, detailed tagged and filed herewith.
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Exhibits 32.1, 32.2, 32.3 and 32.4 are being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liability of that section, nor shall any of such exhibits be deemed to be incorporated by reference in any filing of Brandywine Realty Trust or Brandywine Operating Partnership, L.P. under the Securities Act of 1933, as amended, or the Exchange Act, except as otherwise stated in such filing.

SIGNATURES OF REGISTRANT

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

BRANDYWINE REALTY TRUST
(Registrant)

Date:	October 24, 2019	**By:**	/s/ Gerard H. Sweeney **Gerard H. Sweeney, President and Chief Executive Officer** **(Principal Executive Officer)**
Date:	October 24, 2019	**By:**	/s/ Thomas E. Wirth **Thomas E. Wirth, Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**
Date:	October 24, 2019	**By:**	/s/ Daniel Palazzo **Daniel Palazzo, Vice President and Chief Accounting Officer** **(Principal Accounting Officer)**

SIGNATURES OF REGISTRANT

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

BRANDYWINE OPERATING PARTNERSHIP, L.P.
(Registrant)
BRANDYWINE REALTY TRUST,
as general partner

Date:	October 24, 2019	**By:**	/s/ Gerard H. Sweeney **Gerard H. Sweeney, President and Chief Executive Officer** **(Principal Executive Officer)**
Date:	October 24, 2019	**By:**	/s/ Thomas E. Wirth **Thomas E. Wirth, Executive Vice President and Chief Financial Officer** **(Principal Financial Officer)**
Date:	October 24, 2019	**By:**	/s/ Daniel Palazzo **Daniel Palazzo, Vice President and Chief Accounting Officer** **(Principal Accounting Officer)**

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“DTC”) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

BRANDYWINE OPERATING PARTNERSHIP, L.P.

4.100% Guaranteed Notes Due 2024

REGISTERED No. 2	PRINCIPAL AMOUNT $100,000,000 CUSIP No. 105340AN3 ISIN No. US105340AN33

BRANDYWINE OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the “Issuer”, which term includes any successor entity under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., as the nominee of DTC, or registered assigns, the principal sum of ONE HUNDRED MILLION DOLLARS ($100,000,000) on October 1, 2024, unless redeemed on any Redemption Date (as defined on the reverse hereof), and to pay interest on the outstanding principal amount of this Note from September 16, 2014 (or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for), semiannually in arrears on April 1 and October 1 of each year, commencing on April 1, 2020 (the “Interest Payment Dates”), at the rate of 4.100% per annum, until payment of said principal amount has been paid or duly provided for. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable and punctually paid or duly provided for on any Interest Payment Date will be paid, as provided in the Indenture, to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the “Regular Record Date” for such payment, which will be the March 15 and September 15 (regardless of whether such day is a Business Day) immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for on an Interest Payment Date ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, with notice whereof given by mail by or on behalf of the Issuer to the Holder of this Note not less than 10 days prior to such Special Record Date (which will be not more than 15 days and not less than 10 days prior to the date of the proposed payment of such Defaulted Interest), or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture (as defined on the reverse hereof).

Payment of the principal of and Make-Whole Amount (as defined on the reverse hereof), if any, and interest on this Note will be made at the office or agency of the Issuer maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York, which initially will be the Corporate Trust Office of The Bank of New York Mellon, the Trustee for this Note under the Indenture, located at 240 Greenwich Street, Floor 7E, Attention: Corporate Trust Administration, New York, New York 10286, in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts; *provided*, *however*, that at the option of the Issuer payment of interest may be made by check mailed to the address of the Person entitled thereto as such address will appear in the Security Register or by wire transfer of funds to the Person entitled thereto at a bank account maintained in the United States.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which such further provisions will for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by or on behalf of The Bank of New York Mellon, the Trustee for this Note under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note will not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed, manually or in facsimile, and an imprint or facsimile of its seal to be imprinted hereon.

Dated: October 10, 2019

[SEAL]

BRANDYWINE OPERATING PARTNERSHIP, L.P.

By: Brandywine Realty Trust, as General Partner

By: ______________________

Name: Thomas E. Wirth

Title: Executive Vice President and Chief Financial Officer

Attest:

By: ______________________

Name: Jennifer Matthews Rice

Title: Senior Vice President, General Counsel and Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON, as Trustee

By: ______________________

Authorized Signatory

[Signature page to Global Note Due 2024]

[REVERSE OF NOTE]

BRANDYWINE OPERATING PARTNERSHIP, L.P.

4.100% Guaranteed Notes Due 2024

This Note is one of a duly authorized issue of securities of the Issuer (the "Securities"), issued or to be issued under and pursuant to an Indenture, dated as of October 22, 2004, as supplemented (the "Indenture"), among the Issuer, Brandywine Realty Trust, a Maryland real estate investment trust (the "Parent Guarantor"), and The Bank of New York Mellon, as Trustee (the "Trustee," which term includes any successor Trustee under the Indenture with respect to the series of Securities of which this Note is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Issuer, the Parent Guarantor, the Trustee and the Holders of the Securities and the terms upon which the Securities are to be authenticated and delivered. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), and may otherwise vary as provided in the Indenture. This Note is one of a series of Securities designated as the "4.100% Guaranteed Notes due 2024" of the Issuer (the "Notes"), initially limited in aggregate principal amount to $100,000,000**.** The Issuer may, from time to time, without the consent of the Holders, issue and sell additional Securities ranking equally with the Notes and otherwise identical in all respects (except for their date of issuance, issue price and the date from which interest payments thereon will accrue) so that such additional Securities will be consolidated and form a single series with the Notes**.**

The Notes are fully and unconditionally guaranteed as to the due and punctual payment of principal of and Make-Whole Amount, if any, and interest on the Notes by the Parent Guarantor.

All terms used in this Note which are defined in the Indenture will have the meanings assigned to them in the Indenture.

The Issuer may redeem this Note, at any time, in whole or in part, at its option as follows:

If this Note is redeemed before the date that is 90 days prior to the maturity date of this Note, this Note shall be redeemed at a redemption price (the "Redemption Price") equal to the greater of: (i) 100% of the principal amount of the Note then outstanding to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Note to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 25 basis points ("Make-Whole Amount"), plus, in the case of either (i) or (ii) above, accrued and unpaid interest on the principal amount being redeemed to the date fixed for redemption (the "Redemption Date"). If this Note is redeemed at any time on or after the date that is 90 days before the maturity date of this Note, the Redemption Price will equal 100% of the principal amount of the Note then outstanding to be redeemed, plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

The following terms have the meanings specified below:

"Treasury Rate" means, with respect to any Redemption Date either (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life (as defined below), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), or (ii) if such release (or any successor release) is not published during the week preceding the Calculation Date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated on the third business day preceding the Redemption Date (the "Calculation Date").

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term ("Remaining Life") of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer quotations, the average of all such quotations.

"Independent Investment Banker" means any of Wells Fargo Securities, LLC, Barclays Capital Inc, Jefferies LLC and RBC Capital Markets, LLC, as specified by the Issuer, or, if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Issuer.

"Reference Treasury Dealer" means each of (1) a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer") selected by Wells Fargo Securities, LLC and its successors; (2) Barclays Capital Inc., Jefferies LLC and RBC Capital Markets, LLC and their respective successors; *provided, however*, that, if any of the foregoing ceases to be a Primary Treasury Dealer, the Issuer will substitute therefor another Primary Treasury Dealer; and (3) one other Primary Treasury Dealer selected by the Issuer after consultation with the Independent Investment Banker.

"Reference Treasury Dealer quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m. (New York City time) on the third business day preceding such Redemption Date.

If notice has been given as provided in the Indenture and funds for the redemption of this Note or any part thereof called for redemption will have been made available on the Redemption Date, this Note or such part thereof will cease to accrue interest on the Redemption Date referred to in such notice and the only right of the Holder will be to receive payment of the Redemption Price. Notice of any optional redemption of any Notes will be given to the Holder hereof (in accordance with the provisions of the Indenture), at least 30 and not more than 60 days prior to the Redemption Date. The notice of redemption will specify, among other things, the Redemption Price and the aggregate principal amount of Notes to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note will be issued by the Issuer in the name of the Holder hereof upon the presentation and surrender hereof.

This Note is not subject to repayment at the option of the Holder thereof. In addition, this Note is not entitled to the benefit of, and is not subject to, any sinking fund.

In case an Event of Default with respect to this Note shall have occurred and be continuing, the principal of and Make-Whole Amount, if any, and interest on this Note may automatically become or may be declared, and upon such declaration will become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the Issuer, the Parent Guarantor and the Trustee with the consent of the Holders of more than 50% in principal amount of the Notes at the time Outstanding, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Holders of the Notes; *provided*, *however*, that, without the consent of the Holder of each Security affected thereby, no such supplemental indenture will, among other things: (i) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, (ii) reduce the principal amount of or premium, if any, or interest on any Security; (iii) change the Place of Payment on any Security or the currency or currency unit in which any Security or the principal thereof or premium, if any, or interest thereon is payable; (iv) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); (v) reduce or alter the method of computation of any amount payable upon redemption, repayment or purchase of any Security by the Issuer or the Parent Guarantor (or the time when such redemption, repayment or purchase may be made); (vi) modify or affect in any manner adverse to Holders of any Securities the terms of the obligations of the Parent Guarantor in respect of the due and punctual payment of principal of or premium, if any, or interests on any Security; or (vii) reduce the percentage in principal amount of the

Outstanding Securities of any particular series, the consent of the Holders of which is required for any such supplemental indenture. The Indenture also permits the Issuer, the Parent Guarantor and the Trustee to enter into one or more supplemental indentures, without the consent of any Holders of the Notes, to, among other things: (i) evidence the succession of another person as obligor or a guarantor under the Indenture; (ii) add covenants of the Issuer or the Parent Guarantor for the benefit of Holders of Securities; (iii) add events of default for the benefit of Holders of Securities; (iv) secure, or add additional guarantees with respect to, the Securities; (v) provide for the acceptance of appointment by a successor trustee; (vi) cure any ambiguity, defect or inconsistency in the Indenture, provided that such action will not adversely affect the interests of Holders of Securities of any series in any material respects; and (vii) supplement any provisions of the Indenture to permit or facilitate defeasance or discharge of any series of Securities provided that such action will not adversely affect the interests of Holders of Securities of any series in any material respect.

The Indenture also contains provisions permitting the Holders of more than 50% in principal amount of the Outstanding Securities of a series, on behalf of the Holders of all of the Securities of such series, to waive compliance by the Issuer and the Parent Guarantor with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to a Security, except a default in the payment of principal of or interest, if any, on such Security or a default with respect to a covenant or provision of the Indenture, which cannot be amended without the consent of the Holder of such Security.

This Note is issuable only in registered form, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes as requested by the Holder surrendering the same. If (x) the Depositary is at any time unwilling or unable to continue as depositary and a successor Depositary is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, (y) the Issuer delivers to the Trustee an Issuer Order to the effect that this Note will be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, this Note will be exchangeable for Notes in definitive form and in an equal aggregate principal amount. Such definitive Notes will be registered in such name or names as the Depositary will instruct the Trustee.

As provided in the Indenture and subject to certain limitations set forth therein and above, the transfer of this Note may be registered on the Security Register of the Issuer, upon surrender of this Note for registration of transfer at the office or agency of the Issuer in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

No reference herein to the Indenture and no provision of this Note or of the Indenture will alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and the Make-Whole Amount, if any, and interest on this Note at the time, place and rate, and in the coin or currency, herein and in the Indenture prescribed, or impair the obligations of the Parent Guarantor in respect of its unconditional guarantee of the aforementioned payments.

No service charge will be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Issuer, the Parent Guarantor, the Trustee and any agent of the Issuer, the Parent Guarantor or the Trustee may treat the Person in whose name this Note is registered as the Holder of this Note for all purposes, whether or not this Note be overdue, and none of the Issuer, the Parent Guarantor or the Trustee nor any such agent will be affected by notice to the contrary.

Certain of the Issuer's and the Parent Guarantor's obligations under the Indenture with respect to any series of Securities may be terminated if the Issuer or the Parent Guarantor irrevocably deposits with the Trustee money or Government Obligations sufficient to pay and discharge the entire indebtedness on all such Securities, as provided in the Indenture.

No recourse will be had for the payment of the principal of or Make-Whole Amount, if any, or the interest, if any, on this Note, or for any claim based thereon, or upon any obligation, covenant or agreement of the Issuer or the Parent Guarantor in the Indenture, against any incorporator, limited partner, shareholder, trustee, director, officer or employee, as such, past, present of future, of the Issuer, of the Parent Guarantor or of any successor entity to the Issuer or the Parent Guarantor, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment of penalty or otherwise; and all such personal liability is expressly released and waived as a condition of, and as part of the consideration for, the issuance of this Note.

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

ASSIGNMENT/TRANSFER FORM

FOR VALUE RECEIVED the undersigned registered Holder hereby sell(s), assign(s) and transfer(s) unto (insert Taxpayer Identification No.) ______________________

____

____ (Please print or typewrite name and address including postal zip code of assignee)

____ the within Note and all rights thereunder, hereby irrevocably constituting and appointing ____ attorney to transfer said Note on the books of the Issuer with full power of substitution in the premises.

Date: ______________________________

____

NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

THIS NOTE IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

BRANDYWINE OPERATING PARTNERSHIP, L.P.

4.550% Guaranteed Notes Due 2029

REGISTERED No. 2	PRINCIPAL AMOUNT $100,000,000 CUSIP No. 105340AP8 ISIN No. US105340AP80

BRANDYWINE OPERATING PARTNERSHIP, L.P., a Delaware limited partnership (the "Issuer", which term includes any successor entity under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., as the nominee of DTC, or registered assigns, the principal sum of ONE HUNDRED MILLION DOLLARS ($100,000,000) on October 1, 2029, unless redeemed on any Redemption Date (as defined on the reverse hereof), and to pay interest on the outstanding principal amount of this Note from September 16, 2014 (or from the most recent Interest Payment Date (as defined below) to which interest has been paid or duly provided for), semiannually in arrears on April 1 and October 1 of each year, commencing on April 1, 2020 (the "Interest Payment Dates"), at the rate of 4.550% per annum, until payment of said principal amount has been paid or duly provided for. Interest on this Note will be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable and punctually paid or duly provided for on any Interest Payment Date will be paid, as provided in the Indenture, to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on the "Regular Record Date" for such payment, which will be the March 15 and September 15 (regardless of whether such day is a Business Day) immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for on an Interest Payment Date ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date, and may either be paid to the Person in whose name this Note (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, with notice whereof given by mail by or on behalf of the Issuer to the Holder of this Note not less than 10 days prior to such Special Record Date (which will be not more than 15 days and not less than 10 days prior to the date of the proposed payment of such Defaulted Interest), or may be paid at any time in any other lawful manner, all as more fully provided for in the Indenture (as defined on the reverse hereof).

Payment of the principal of and Make-Whole Amount (as defined on the reverse hereof), if any, and interest on this Note will be made at the office or agency of the Issuer maintained by the Issuer for such purpose in the Borough of Manhattan, The City of New York, which initially will be the Corporate Trust Office of The Bank of New York Mellon, the Trustee for this Note under the Indenture, located at 240 Greenwich Street, Floor 7E, Attention: Corporate Trust Administration, New York, New York 10286, in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts; *provided*, *however*, that at the option of the Issuer payment of interest may be made by check mailed to the address of the Person entitled thereto as such address will appear in the Security Register or by wire transfer of funds to the Person entitled thereto at a bank account maintained in the United States.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which such further provisions will for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by or on behalf of The Bank of New York Mellon, the Trustee for this Note under the Indenture, or its successor thereunder, by the manual signature of one of its authorized officers, this Note will not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed, manually or in facsimile, and an imprint or facsimile of its seal to be imprinted hereon.

Dated: October 10, 2019

[SEAL]

BRANDYWINE OPERATING
PARTNERSHIP, L.P.

By: Brandywine Realty Trust,
as General Partner

By: ______________________________
Name: Thomas E. Wirth
Title: Executive Vice President and Chief Financial Officer

Attest:

By: ______________________________
Name: Jennifer Matthews Rice
Title: Senior Vice President, General Counsel and Secretary

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

THE BANK OF NEW YORK MELLON,
as Trustee

By: ______________________________
Authorized Signatory

[Signature Page to Global Note Due 2029]

[REVERSE OF NOTE]

BRANDYWINE OPERATING PARTNERSHIP, L.P.

4.550% Guaranteed Notes Due 2029

This Note is one of a duly authorized issue of securities of the Issuer (the "Securities"), issued or to be issued under and pursuant to an Indenture, dated as of October 22, 2004, as supplemented (the "Indenture"), among the Issuer, Brandywine Realty Trust, a Maryland real estate investment trust (the "Parent Guarantor"), and The Bank of New York Mellon, as Trustee (the "Trustee," which term includes any successor Trustee under the Indenture with respect to the series of Securities of which this Note is a part), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights thereunder of the Issuer, the Parent Guarantor, the Trustee and the Holders of the Securities and the terms upon which the Securities are to be authenticated and delivered. The Securities may be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), and may otherwise vary as provided in the Indenture. This Note is one of a series of Securities designated as the "4.550% Guaranteed Notes due 2029" of the Issuer (the "Notes"), initially limited in aggregate principal amount to $100,000,000**.** The Issuer may, from time to time, without the consent of the Holders, issue and sell additional Securities ranking equally with the Notes and otherwise identical in all respects (except for their date of issuance, issue price and the date from which interest payments thereon will accrue) so that such additional Securities will be consolidated and form a single series with the Notes**.**

The Notes are fully and unconditionally guaranteed as to the due and punctual payment of principal of and Make-Whole Amount, if any, and interest on the Notes by the Parent Guarantor.

All terms used in this Note which are defined in the Indenture will have the meanings assigned to them in the Indenture.

The Issuer may redeem this Note, at any time, in whole or in part, at its option as follows:

If this Note is redeemed before the date that is 90 days prior to the maturity date of this Note, this Note shall be redeemed at a redemption price (the "Redemption Price") equal to the greater of: (i) 100% of the principal amount of the Note then outstanding to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Note to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate plus 35 basis points ("Make-Whole Amount"), plus, in the case of either (i) or (ii) above, accrued and unpaid interest on the principal amount being redeemed to the date fixed for redemption (the "Redemption Date"). If this Note is redeemed at any time on or after the date that is 90 days before the maturity date of this Note, the Redemption Price will equal 100% of the principal amount of the Note then outstanding to be redeemed, plus accrued and unpaid interest on the principal amount being redeemed to the Redemption Date.

The following terms have the meanings specified below:

"Treasury Rate" means, with respect to any Redemption Date either (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life (as defined below), yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month), or (ii) if such release (or any successor release) is not published during the week preceding the Calculation Date or does not contain such yields, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated on the third business day preceding the Redemption Date (the "Calculation Date").

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term ("Remaining Life") of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes.

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer quotations, the average of all such quotations.

"Independent Investment Banker" means any of Wells Fargo Securities, LLC, Barclays Capital Inc, Jefferies LLC and RBC Capital Markets, LLC, as specified by the Issuer, or, if these firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Issuer.

"Reference Treasury Dealer" means each of (1) a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer") selected by Wells Fargo Securities, LLC and its successors; (2) Barclays Capital Inc., Jefferies LLC and RBC Capital Markets, LLC and their respective successors; *provided, however*, that, if any of the foregoing ceases to be a Primary Treasury Dealer, the Issuer will substitute therefor another Primary Treasury Dealer; and (3) one other Primary Treasury Dealer selected by the Issuer after consultation with the Independent Investment Banker.

"Reference Treasury Dealer quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m. (New York City time) on the third business day preceding such Redemption Date.

If notice has been given as provided in the Indenture and funds for the redemption of this Note or any part thereof called for redemption will have been made available on the Redemption Date, this Note or such part thereof will cease to accrue interest on the Redemption Date referred to in such notice and the only right of the Holder will be to receive payment of the Redemption Price. Notice of any optional redemption of any Notes will be given to the Holder hereof (in accordance with the provisions of the Indenture), at least 30 and not more than 60 days prior to the Redemption Date. The notice of redemption will specify, among other things, the Redemption Price and the aggregate principal amount of Notes to be redeemed. In the event of redemption of this Note in part only, a new Note of like tenor for the unredeemed portion hereof and otherwise having the same terms and provisions as this Note will be issued by the Issuer in the name of the Holder hereof upon the presentation and surrender hereof.

This Note is not subject to repayment at the option of the Holder thereof. In addition, this Note is not entitled to the benefit of, and is not subject to, any sinking fund.

In case an Event of Default with respect to this Note shall have occurred and be continuing, the principal of and Make-Whole Amount, if any, and interest on this Note may automatically become or may be declared, and upon such declaration will become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the Issuer, the Parent Guarantor and the Trustee with the consent of the Holders of more than 50% in principal amount of the Notes at the time Outstanding, to execute supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the Holders of the Notes; *provided*, *however*, that, without the consent of the Holder of each Security affected thereby, no such supplemental indenture will, among other things: (i) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, (ii) reduce the principal amount of or premium, if any, or interest on any Security; (iii) change the Place of Payment on any Security or the currency or currency unit in which any Security or the principal thereof or premium, if any, or interest thereon is payable; (iv) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date); (v) reduce or alter the method of computation of any amount payable upon redemption, repayment or purchase of any Security by the Issuer or the Parent Guarantor (or the time when such redemption, repayment or purchase may be made); (vi) modify or affect in any manner adverse to Holders of any Securities the terms of the obligations of the Parent Guarantor in respect of the due and punctual payment of principal of or premium, if any, or interests on any Security; or (vii) reduce the percentage in principal amount of the

Outstanding Securities of any particular series, the consent of the Holders of which is required for any such supplemental indenture. The Indenture also permits the Issuer, the Parent Guarantor and the Trustee to enter into one or more supplemental indentures, without the consent of any Holders of the Notes, to, among other things: (i) evidence the succession of another person as obligor or a guarantor under the Indenture; (ii) add covenants of the Issuer or the Parent Guarantor for the benefit of Holders of Securities; (iii) add events of default for the benefit of Holders of Securities; (iv) secure, or add additional guarantees with respect to, the Securities; (v) provide for the acceptance of appointment by a successor trustee; (vi) cure any ambiguity, defect or inconsistency in the Indenture, provided that such action will not adversely affect the interests of Holders of Securities of any series in any material respects; and (vii) supplement any provisions of the Indenture to permit or facilitate defeasance or discharge of any series of Securities provided that such action will not adversely affect the interests of Holders of Securities of any series in any material respect.

The Indenture also contains provisions permitting the Holders of more than 50% in principal amount of the Outstanding Securities of a series, on behalf of the Holders of all of the Securities of such series, to waive compliance by the Issuer and the Parent Guarantor with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences with respect to a Security, except a default in the payment of principal of or interest, if any, on such Security or a default with respect to a covenant or provision of the Indenture, which cannot be amended without the consent of the Holder of such Security.

This Note is issuable only in registered form, without coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, this Note is exchangeable for a like aggregate principal amount of Notes as requested by the Holder surrendering the same. If (x) the Depositary is at any time unwilling or unable to continue as depositary and a successor Depositary is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, (y) the Issuer delivers to the Trustee an Issuer Order to the effect that this Note will be exchangeable or (z) an Event of Default has occurred and is continuing with respect to the Notes, this Note will be exchangeable for Notes in definitive form and in an equal aggregate principal amount. Such definitive Notes will be registered in such name or names as the Depositary will instruct the Trustee.

As provided in the Indenture and subject to certain limitations set forth therein and above, the transfer of this Note may be registered on the Security Register of the Issuer, upon surrender of this Note for registration of transfer at the office or agency of the Issuer in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer duly executed by, the Holder hereof or by his attorney duly authorized in writing, and thereupon one or more new Notes of authorized denominations and for the same aggregate principal amount will be issued to the designated transferee or transferees.

No reference herein to the Indenture and no provision of this Note or of the Indenture will alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and the Make-Whole Amount, if any, and interest on this Note at the time, place and rate, and in the coin or currency, herein and in the Indenture prescribed, or impair the obligations of the Parent Guarantor in respect of its unconditional guarantee of the aforementioned payments.

No service charge will be made for any such registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Note for registration of transfer, the Issuer, the Parent Guarantor, the Trustee and any agent of the Issuer, the Parent Guarantor or the Trustee may treat the Person in whose name this Note is registered as the Holder of this Note for all purposes, whether or not this Note be overdue, and none of the Issuer, the Parent Guarantor or the Trustee nor any such agent will be affected by notice to the contrary.

Certain of the Issuer's and the Parent Guarantor's obligations under the Indenture with respect to any series of Securities may be terminated if the Issuer or the Parent Guarantor irrevocably deposits with the Trustee money or Government Obligations sufficient to pay and discharge the entire indebtedness on all such Securities, as provided in the Indenture.

No recourse will be had for the payment of the principal of or Make-Whole Amount, if any, or the interest, if any, on this Note, or for any claim based thereon, or upon any obligation, covenant or agreement of the Issuer or the Parent Guarantor in the Indenture, against any incorporator, limited partner, shareholder, trustee, director, officer or employee, as such, past, present of future, of the Issuer, of the Parent Guarantor or of any successor entity to the Issuer or the Parent Guarantor, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment of penalty or otherwise; and all such personal liability is expressly released and waived as a condition of, and as part of the consideration for, the issuance of this Note.

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

ASSIGNMENT/TRANSFER FORM

FOR VALUE RECEIVED the undersigned registered Holder hereby sell(s), assign(s) and transfer(s) unto (insert Taxpayer Identification No.) ______________________

____
____ (Please print or typewrite name and address including postal zip code of assignee)
____ the within Note and all rights thereunder, hereby irrevocably constituting and appointing ____ attorney to transfer said Note on the books of the Issuer with full power of substitution in the premises.

Date: ______________________________

NOTICE: The signature of the registered Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS AMENDED

I, Gerard H. Sweeney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brandywine Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2019

/s/ Gerard H. Sweeney

Gerard H. Sweeney
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS AMENDED

I, Thomas E. Wirth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brandywine Realty Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2019

/s/ Thomas E. Wirth

Thomas E. Wirth
Executive Vice President and Chief Financial Officer

Exhibit 31.3

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS AMENDED**

I, Gerard H. Sweeney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brandywine Operating Partnership, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2019

/s/ Gerard H. Sweeney

Gerard H. Sweeney
President and Chief Executive Officer

Exhibit 31.4

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES
EXCHANGE ACT OF 1934, AS AMENDED

I, Thomas E. Wirth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brandywine Operating Partnership, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2019

/s/ Thomas E. Wirth

Thomas E. Wirth
Executive Vice President and Chief Financial Officer

Exhibit 32.1

RULE 13(a)-14(b) CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002*

In connection with the Quarterly Report of Brandywine Realty Trust (the “Company”) on Form 10-Q for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gerard H. Sweeney, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gerard H. Sweeney

Gerard H. Sweeney
President and Chief Executive Officer

Date: October 24, 2019

* A signed original of this written statement required by Section 906 has been provided to Brandywine Realty Trust and will be retained by Brandywine Realty Trust and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

RULE 13(a)-14(b) CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002*

In connection with the Quarterly Report of Brandywine Realty Trust (the "Company") on Form 10-Q for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Wirth, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas E. Wirth

Thomas E. Wirth
Executive Vice President and Chief Financial Officer

Date: October 24, 2019

* A signed original of this written statement required by Section 906 has been provided to Brandywine Realty Trust and will be retained by Brandywine Realty Trust and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.3

RULE 13(a)-14(b) CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002*

In connection with the Quarterly Report of Brandywine Operating Partnership, L.P. (the "Partnership") on Form 10-Q for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerard H. Sweeney, President and Chief Executive Officer of Brandywine Realty Trust, the Partnership's sole general partner, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gerard H. Sweeney

Gerard H. Sweeney
President and Chief Executive Officer
Date: October 24, 2019

* A signed original of this written statement required by Section 906 has been provided to Brandywine Realty Trust and will be retained by Brandywine Realty Trust and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.4

RULE 13(a)-14(b) CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002*

In connection with the Quarterly Report of Brandywine Operating Partnership, L.P. (the “Partnership”) on Form 10-Q for the quarter ended September 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas E. Wirth, Executive Vice President and Chief Financial Officer of Brandywine Realty Trust, the Partnership's sole general partner, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas E. Wirth

Thomas E. Wirth
Executive Vice President and Chief Financial Officer
Date: October 24, 2019

* A signed original of this written statement required by Section 906 has been provided to Brandywine Realty Trust and will be retained by Brandywine Realty Trust and furnished to the Securities and Exchange Commission or its staff upon request.