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

FORM 10-K

(Mark One)
 ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to

Commission file number 001-9106 (Brandywine Realty Trust)
000-24407 (Brandywine Operating Partnership, L.P.)

Brandywine Realty Trust
Brandywine Operating Partnership, L.P.

(Exact name of registrant as specified in its charter)

MARYLAND (Brandywine Realty Trust)	**23-2413352**
DELAWARE (Brandywine Operating Partnership L.P.)	**23-2862640**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

555 East Lancaster Avenue	
Radnor, Pennsylvania	**19087**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(610) 325-5600**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Shares of Beneficial Interest, par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange
6.90% Series E Cumulative Redeemable Preferred Shares of Beneficial Interest par value $0.01 per share (Brandywine Realty Trust)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Units of General Partnership Interest (Brandywine Operating Partnership, L.P.)
(Title of class)

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

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

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

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

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

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

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

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

Brandywine Realty Trust:

Large accelerated filer	☒	Accelerated filer	☐
Non accelerated filer	☐	Smaller reporting company	☐

Brandywine Operating Partnership, L.P.:

Large accelerated filer	☐	Accelerated filer	☐
Non accelerated filer	☒	Smaller reporting company	☐

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 ☒

As of June 30, 2015, the aggregate market value of the Common Shares of Beneficial Interest held by non-affiliates of Brandywine Realty Trust was $2,360,378,871 based upon the last reported sale price of $13.28 per share on the New York Stock Exchange on June 30, 2015. An aggregate of 174,822,400 Common Shares of Beneficial Interest were outstanding as of February 19, 2016.

As of June 30, 2015 the aggregate market value of the 1,535,102 common units of limited partnership (“Units”) held by non-affiliates of Brandywine Operating Partnership, L.P. was $20,386,155 based upon the last reported sale price of $13.28 per share on the New York Stock Exchange on June 30, 2014 of the Common Shares of Beneficial Interest of Brandywine Realty Trust, the sole general partner of Brandywine Operating Partnership, L.P. (For this computation, the Registrant has excluded the market value of all Units beneficially owned by Brandywine Realty Trust.)

Documents Incorporated By Reference

Portions of the proxy statement for the 2016 Annual Meeting of Shareholders of Brandywine Realty Trust are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2015 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, terms such as "we", "us", or "our" used in this report 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 December 31, 2015, owned a 99.1% interest in the Operating Partnership. The remaining 0.9% 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.

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.

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. These members are officers of both the Parent Company and of the Operating Partnership.

The Company believes that combining the annual reports on Form 10-K 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 the 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 public 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 direct or indirect incurrence of indebtedness or 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;
- Parent Company's and Operating Partnership's Equity

This report also includes separate Item 9A. (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 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-K is being filed separately by Brandywine Realty Trust (the "Parent Company") and Brandywine Operating Partnership, L.P. (the "Operating Partnership").

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This Annual Report on Form 10-K and other materials filed by us with the Securities and Exchange Commission (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 include, but are not limited to:

- the continuing impact of modest global economic growth, which is having and may have a negative effect on the following, among other things:
  - the fundamentals of our business, including overall market occupancy, demand for office space and rental rates;
  - the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties;
  - the availability of financing on attractive terms or at all, which may adversely impact our future interest expense and our ability to pursue acquisition and development opportunities and refinance existing debt; and
  - a decline in real estate asset valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.
- changes in local real estate conditions (including changes in rental rates and the number of properties that compete with our properties);
- our failure to lease unoccupied space in accordance with our projections;
- our failure to re-lease occupied space upon expiration of leases;
- tenant defaults and the bankruptcy of major tenants;
- increases in interest rates;
- failure of interest rate hedging contracts to perform as expected and the effectiveness of such arrangements;
- failure of acquisitions to perform as expected;
- unanticipated costs associated with the acquisition, integration and operation of our acquisitions;
- unanticipated costs to complete, lease-up and operate our developments and redevelopments;
- unanticipated costs associated with land development, including building moratoriums and inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals, construction cost increases or overruns and construction delays;
- impairment charges;
- increased costs for, or lack of availability of, adequate insurance, including for terrorist acts or environmental liabilities;
- actual or threatened terrorist attacks;
- the impact on workplace and tenant space demands driven by technology, employee culture and commuting patterns;
- demand for tenant services beyond those traditionally provided by landlords;
- liability and clean-up costs under environmental or other laws;
- failure or bankruptcy of real estate venture partners;
- inability of real estate venture partners to fund venture obligations or perform under our real estate venture development agreements;
- failure to manage effectively our growth into new product types within our real estate venture arrangements;
- failure of dispositions to close in a timely manner;
- earthquakes and other natural disasters;
- the unforeseen impact of climate change and compliance costs relating to laws and regulations governing climate change;
- risks associated with federal, state and local tax audits;

- complex regulations relating to our status as a REIT and the adverse consequences of our failure to qualify as a REIT; and
- the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results.

Given these uncertainties, and the other risks identified in the “Risk Factors” section and elsewhere in this Annual Report on Form 10-K, 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.

PART I

Item 1. Business

Introduction

We are a self-administered and self-managed REIT that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, industrial, retail and mixed-use properties. As of December 31, 2015, we owned 179 properties that contain an aggregate of approximately 23.0 million net rentable square feet and consist of 106 office properties, six industrial facilities, three mixed-use properties, one retail property (116 core properties), 59 properties classified as held for sale, two development properties, one redevelopment property and one re-entitlement property (collectively, the “Properties”). In addition, as of December 31, 2015, we owned economic interests in 16 unconsolidated real estate ventures (collectively, the “Real Estate Ventures”). Nine of the ventures owned 31 office buildings that contain an aggregate of approximately 4.3 million net rentable square feet; two real estate ventures owned 4.3 acres of undeveloped parcels of land; three real estate ventures owned 2.2 acres of land under active development; one real estate venture owned a residential tower that contains 345 apartment units and one real estate venture owned an apartment complex that contains 398 units. As of December 31, 2015, we also owned 412 acres of undeveloped land, of which 120 acres were held for sale, and held options to purchase a parcel containing approximately 50 additional acres of undeveloped land. As of December 31, 2015, the total potential development that these land parcels could support under current zoning, entitlements or combination thereof, amounted to 7.1 million square feet. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; Austin, Texas and Oakland and Concord California. In addition to managing properties that we own, as of December 31, 2015, we were managing approximately 6.5 million net rentable square feet of office and industrial properties for third parties and Real Estate Ventures. Unless otherwise indicated, all references in this Form 10-K to square feet represent net rentable area. We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2015 revenue.

Organization

The Parent Company was organized and commenced its operations in 1986 as a Maryland REIT. The Parent Company owns its assets and conducts its operations through the Operating Partnership and subsidiaries of the Operating Partnership. The Operating Partnership was formed in 1996 as a Delaware limited partnership. The Parent Company controls the Operating Partnership as its sole general partner. As of December 31, 2015, the Parent Company owned a 99.1% interest in the Operating Partnership. The remaining 0.9% interest in the Operating Partnership consists of common units of limited partnership interest issued to the holders in exchange for contributions of properties to the Operating Partnership. Our structure as an “UPREIT” is designed, in part, to permit persons contributing properties to us to defer some or all of the tax liability they might otherwise incur in a sale of properties. Our executive offices are located at 555 East Lancaster Avenue, Suite 100, Radnor, Pennsylvania 19087 and our telephone number is (610) 325-5600. We have offices in Philadelphia, Pennsylvania; McLean, Virginia; Marlton, New Jersey; Richmond, Virginia; and Austin, Texas. We have an internet website at www.brandywinerealty.com. We are not incorporating by reference into this Annual Report on Form 10-K any material from our website. The reference to our website is an inactive textual reference to the uniform resource locator (URL) and is for your reference only.

2015 Transactions

Real Estate Acquisitions

We completed each of the transactions described below with unaffiliated third parties in arms’ length transactions.

On July 7, 2015, we acquired a 0.8 acre parcel of land located at 2100 Market Street in Philadelphia, Pennsylvania for $18.8 million. We funded $16.8 million of the purchase price with available corporate funds and the remaining $2.0 million of the purchase price was deferred until the earlier of the commencement of development or 24 months from settlement. We accounted for this transaction as an asset acquisition and capitalized a nominal amount of acquisition related costs and other costs as part of land inventory on our consolidated balance sheet. We agreed with the seller of 2100 Market Street to pay additional consideration to it if we were to acquire certain land parcels adjacent to 2100 Market Street from unaffiliated third parties. The unaffiliated third parties are not party to this

transaction and our acquisition of any such land parcels would be the result of an arm's length negotiation. The amount of additional consideration, if any, payable to the seller of 2100 Market Street cannot be determined at this time. We have not yet determined thescope, timing and cost of construction for the project as of December 31, 2015.

On June 22, 2015, through a series of transactions with International Business Machines ("IBM"), we acquired the remaining 50.0% interest in Broadmoor Austin Associates, consisting of seven office buildings and the 66.0 acre underlying land parcel located in Austin, Texas, for an aggregate purchase price of $211.4 million. The aggregate purchase price includes the carrying amount of our investment in Broadmoor Austin Associates of $66.3 million. The office buildings contain 1,112,236 net rentable square feet of office space and were 100.0% occupied as of June 22, 2015. We funded the cost of the acquisition with an aggregate cash payment of $143.8 million, consisting of $81.0 million from available corporate funds and $62.8 million previously held in escrow related to a Section 1031 like-kind exchange. Part of the cash payment was used at closing to repay, at no repayment penalty, the remaining $51.2 million of secured debt. We incurred $0.2 million of acquisition related costs that are classified within general and administrative expenses.

We previously accounted for our 50.0% non-controlling interest in Broadmoor Austin Associates under the equity method of accounting. As a result of acquiring IBM's remaining 50.0% common interest in Broadmoor Austin Associates, we obtained control of Broadmoor Austin Associates and our existing investment balance was remeasured based on the fair value of the underlying properties acquired and the existing distribution provisions under the relevant partnership agreement. As a result, we recorded a $0.8 million gain on remeasurement.

On April 6, 2015, we acquired a 0.8 acre parcel of land, located at 25 M Street Southeast, Washington, D.C. for $20.3 million. We funded the cost of this acquisition with available corporate funds. We capitalized $0.3 million of acquisition related costs and these costs are included as part of land inventory on our consolidated balance sheet. On May 12, 2015, we subsequently contributed the land parcel into a newly formed real estate venture known as 25 M Street Holdings, LLC ("25 M Street"), a joint venture between us and Jaco 25M Investors, LLC ("Akridge"), an unaffiliated third party, with the intent to construct a 271,000 square foot Class A office property. We hold a 95.0% ownership interest in 25 M Street and Akridge contributed $1.0 million in cash for its 5.0% ownership interest in 25 M Street. The $1.0 million contribution from Akridge was distributed to us during 2015. 25 M Street is consolidated within our financial statements. See Note 4, "Investment in Unconsolidated Real Estate Ventures," to our Consolidated Financial Statements for further information. As of December 31, 2015, 25 M Street had not finalized development plans and total development costs, or received committed debt financing.

On April 2, 2015, we acquired a property located at 618 Market Street in Philadelphia, Pennsylvania, comprised of a 330-space parking garage and 14,404 net rentable square feet of mixed-use space for $19.4 million. Although the property is currently fully operational, we intend to either redevelop the existing property or demolish and fully redevelop the property. As of December 31, 2015, we had not yet begun any such development or redevelopment plans. The purchase price includes contingent consideration, recorded at fair value and payable to the seller upon commencement of development, totaling $1.6 million and cash of $17.8 million.

Real Estate Dispositions

We sold the following office properties, in each case to unaffiliated third parties in arms' length transactions, during the twelve-month period ended December 31, 2015 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Properties	Rentable Square Feet	Sales Price	Net Proceeds on Sale	Gain On Sale (a)		Occupancy % at Date of Sale
December 31, 2015	5707 Southwest Parkway (Encino Trace)	Austin, TX	2	320,000	$ 76,700	$ 50,158	$ 2,008	(b)	52.5%
December 29, 2015	Laurel Corporate Center	Mt. Laurel, NJ	6	560,147	56,500	56,253	2,901		92.5%
December 18, 2015	Carlsbad Properties	Carlsbad, CA	3	196,075	30,400	29,568	-	(c)	63.8%
December 18, 2015	751-761 Fifth Ave	King of Prussia, PA	1	158,000	4,600	4,245	894		100.0%
September 29, 2015	1000 Howard Boulevard	Mt. Laurel, NJ	1	105,312	16,500	15,780	4,828		100.0%
August 13, 2015	Bay Colony Office Park	Wayne, PA	4	247,294	37,500	36,386	269		86.5%
August 11, 2015	741 First Avenue	King of Prussia, PA	1	77,184	4,900	4,640	372		100.0%
June 10, 2015	100 Gateway Centre Parkway	Richmond, VA	1	74,991	4,100	3,911	-	(d)	58.3%
April 24, 2015	Christina & Delaware Corporate Centers	Newark, DE / Wilmington, DE	5	485,182	50,100	49,579	1,749		66.5%
April 9, 2015	Lake Merritt Tower	Oakland, CA	1	204,336	65,000	62,800	-	(e)	86.4%
January 8, 2015	1000 Atrium Way / 457 Haddonfield Road (Atrium I / Libertyview)	Mt. Laurel, NJ / Cherry Hill, NJ	2	221,405	28,300	26,778	8,981		93.4%
Total Dispositions			27	2,649,926	$ 374,600	$ 340,098	$ 22,002	(f)	

(a) Gain on Sale is net of closing and other transaction related costs.

(b) On December 31, 2015, we contributed two newly constructed four-story, Class A office buildings, commonly known as "Encino Trace," containing an aggregate of approximately 320,000 square feet in Austin, Texas to one of our existing real estate ventures (the "Austin Venture") that we formed in 2013 with G&I VII Austin Office LLC, an investment vehicle advised by DRA Advisors LLC ("DRA"). When we contributed these two properties to the Austin Venture we incurred a total of $76.7 million in development costs, representing the contribution value. The project is expected to cost $91.3 million with remaining costs fully funded by the Austin Venture. In conjunction with the contribution: (i) the Austin Venture obtained a $30.0 million mortgage loan; (ii) DRA contributed $25.1 million in net cash to the Austin Venture, including a $1.8 million working capital contribution; and (iii) the Austin Venture distributed $50.2 million to us and credited us with a $23.3 million capital contribution to the Austin Venture. In addition to the contribution of the properties, we also made a $1.8 million cash contribution to the Austin Venture for working capital. We recognized a $2.0 million gain on the contribution. Under the Encino Trace loan agreement the Austin Venture has the option, subject to certain leasing and loan-to-value requirements, to borrow an additional $29.7 million to fund tenant improvements and leasing commissions.

(c) We recorded an impairment loss of $6.3 million for the Carlsbad office properties during the fourth quarter of 2015. As such, there was no gain at disposition for this property.

(d) We recorded an impairment loss of $0.8 million for 100 Gateway Centre Parkway during the second quarter of 2015. As such, there was no gain at disposition for this property.

(e) We recorded an impairment loss of $1.7 million for Lake Merritt Tower at March 31, 2015. As such, there was no gain at disposition for this property. Sales proceeds were deposited in escrow under Section 1031 of the Internal Revenue Code and applied to purchase the Broadmoor Austin portfolio. Refer to Broadmoor Austin Associates acquisition summary, above, for further details.

(f) Total gain on sale does not include a deferred gain of $0.5 million related to a prior sale.

We sold the following land parcels during the twelve-month period ended December 31, 2015 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Parcels	Acres	Sales Price	Net Proceeds on Sale	Gain/(Loss) on Sale (a)
December 18, 2015	Two Christina Centre	Wilmington, DE	1	1.6	$ 6,500	$ 5,986	$ - (b)
September 1, 2015	7000 Midlantic	Mt. Laurel, NJ	1	3.5	2,200	1,742	(169)
August 31, 2015	Four Points	Austin, TX	1	8.6	2,500	2,344	71
August 25, 2015	Two Kaiser Plaza	Oakland, CA	1	1.0	11,100	11,016	3,117
Total Dispositions			4	14.7	$ 22,300	$ 21,088	$ 3,019

(a) Gain/(Loss) on Sale is net of closing and other transaction related costs.

(b) We recorded an impairment loss of $0.3 million for Two Christina Centre during the fourth quarter of 2015. As such, there was no gain/(loss) at disposition for this land parcel.

The sales of properties referenced above do not represent a strategic shift that has a major effect on our operations and financial results. As a result, the operating results of these properties remain classified within continuing operations for all periods presented.

Held for Sale

The following is a summary of properties classified as held for sale but which did not meet the criteria to be classified within discontinued operations at December 31, 2015 (in thousands):

	Held for Sale Properties Included in Continuing Operations			
	December 31, 2015			
	Och-Ziff Properties (a)	2970 Market Street (b)	Greenhills Land (c)	Total
ASSETS HELD FOR SALE				
Real estate investments:				
Operating properties	$ 526,099	$ 268,489	$ -	$ 794,588
Accumulated depreciation	(179,092)	(34,489)	-	(213,581)
Operating real estate investments, net	347,007	234,000	-	581,007
Construction-in-progress	1,915	25	-	1,940
Land held for development	-	-	837	837
Total real estate investments, net	348,922	234,025	837	583,784
Intangible assets, net	581	-	-	581
Total assets held for sale, net	$ 349,503	$ 234,025	$ 837	$ 584,365
LIABILITIES HELD FOR SALE				
Acquired lease intangibles, net	$ 192	$ -	$ -	$ 192
Other liabilities	1,959	-	-	1,959
Total liabilities held for sale	$ 2,151	$ -	$ -	$ 2,151

(a) On February 4, 2016, we disposed of our interests in 58 properties located in the Pennsylvania Suburbs, New Jersey/Delaware, Metropolitan Washington, D.C. and Richmond, Virginia segments in a series of related transactions with Och Ziff Real Estate (referred to herein as the “Och Ziff Sale”). During the fourth quarter of 2015, significant provisions were agreed upon by both us and Och Ziff Real Estate and, as a result, we determined that the sale of the portfolio was probable and classified these properties as held for sale in accordance with applicable accounting standards for long lived assets. At such date, the carrying value of the properties exceeded the fair value less the anticipated costs of sale. As a result, we recognized an impairment loss totaling approximately $45.4 million during the year ended December 31, 2015. For further information related to the transaction see Note 21, ‘*Subsequent Events*,” to our Consolidated Financial Statements.

(b) On December 23, 2015, we entered into an agreement to dispose of our equity interests in the office property located at 2970 Market Street in Philadelphia commonly known as 30th Street Main Post Office (“Cira Square”), which includes 862,692 square feet of rentable space and is fully leased to a single tenant. As of December 31, 2015, we determined the sale was probable and classified the property as held for sale in accordance with applicable accounting standards for long lived assets. At such date, the fair value is the purchase price less anticipated costs to dispose of the property. As the fair value exceeded the carrying value of the property no impairment loss was recorded. On February 5, 2016 we completed the disposition of our equity interests in Cira Square.

(c) On January 15, 2016, we sold the fee interest in a 120 acre land parcel located in Berks County, Pennsylvania for $0.9 million. As of December 31, 2015, we classified this land parcel as held for sale in accordance with the applicable accounting standards for long lived assets. At such date, the carrying value of the properties exceeded the fair value less the anticipated

costs of sale. As a result, we recognized an impairment loss totaling approximately $0.3 million during the year ended December 31, 2015.

The sales of our equity interests and the fee interests in the properties referenced above do not represent a strategic shift that has a major effect on our operations and financial results. As a result, the operating results of these properties remain classified within continuing operations for all periods presented. See Note 21, "*Subsequent Events,*" to the Consolidated Financial Statements for further information regarding these dispositions.

Residence Inn Tower Bridge

On December 30, 2015, we sold our entire 50% ownership interest in an unconsolidated real estate venture known as Residence Inn Tower Bridge (the "Residence Inn"). Net proceeds to us were $6.1 million. The carrying amount of our investment in the Residence Inn amounted to $0.9 million at the sale date, resulting in a $5.2 million gain on sale of our interest in the real estate venture.

JBG Ventures

On May 29, 2015, we and an unaffiliated third party, JBG/DC Manager, LLC ("JBG"), formed 51 N 50 Patterson, Holdings, LLC Venture ("51 N Street") and 1250 First Street Office, LLC Venture ("1250 First Street"), as a real estate venture, with us owning a 70.0% interest and JBG owning a 30.0% interest in each of the two ventures. At formation, we and JBG made cash contributions of $15.2 million and $6.5 million, respectively, to 51 N Street, which was used to purchase 0.9 acres of undeveloped land. At formation, we and JBG made cash capital contributions of $13.2 million and $5.7 million, respectively, to 1250 First Street, which was used to purchase 0.5 acres of undeveloped land. See "*Developments*" section below.

DRA – PA Venture

On December 19, 2007, we formed G&I Interchange Office LLC, a real estate venture (the "Interchange Venture"), with an unaffiliated third party, G&I VI Investment Interchange Office LLC ("G&I VI"), an investment vehicle advised by DRA Advisors LLC. The Interchange Venture owned 29 office properties containing an aggregate of 1,611,961 net rentable square feet located in Montgomery, Lehigh and Bucks counties, Pennsylvania. We contributed these 29 properties to the Interchange Venture upon the Interchange Venture's formation and in exchange for the contribution received a cash distribution from the Interchange Venture and a 20.0% ownership interest in the Interchange Venture.

Interchange Venture's loan matured on January 1, 2015. On February 27, 2015, the Interchange Venture entered into a forbearance agreement with an unaffiliated lender that held a nonrecourse mortgage on the Interchange Venture's assets. On August 12, 2015, the lender sold the properties to an unaffiliated third-party purchaser under the forbearance agreement and assumed the proceeds. Commensurate with the sale, the Interchange Venture was dissolved.

Austin Venture

On December 31, 2015, we contributed two newly constructed four-story, Class A office buildings, commonly known as "Encino Trace," containing an aggregate of approximately 320,000 net rentable square feet in Austin, Texas to the Austin Venture. See Note 3, " *Real Estate Investments*" to our Consolidated Financial Statements for further information on the contribution.

On January 30, 2015, the Austin Venture closed on a mortgage loan with a non-affiliated institutional lender, and used the proceeds of the loan to repay in full an $88.0 million short-term secured loan made by us to fund costs of the Austin Venture's acquisition of River Place, a 590,881 net rentable square foot office complex in Austin, Texas. For further information regarding this acquisition, see Note 4, "*Investment in Unconsolidated Ventures*," to our Consolidated Financial Statements.

Developments

As of December 31, 2015, we owned 412 acres of undeveloped land, including 120 acres held for sale, and held options to purchase a parcel containing approximately 50 additional acres of undeveloped land.

JBG - Venture

51 N Street expects to construct two mixed-use buildings, which will include approximately 278,000 square feet of loft office, residential, ground floor retail, movie theater and on-grade public plaza space in Washington, D.C. 51 N Street expects to develop the office buildings on a 0.9 acre land parcel owned by the venture. As of December 31, 2015, the venture had not finalized development plans and total development costs or received committed debt financing.

1250 First Street expects to construct an eleven-story office building, which will include approximately 232,100 square feet of office, 15,300 square feet of retail and 145 below-grade parking spaces in Washington, D.C. 1250 First Street expects to develop the office

building on a 0.5 acres land parcel owned by the venture. As of December 31, 2015, the venture had not finalized development plans and total development costs or received committed debt financing.

FMC Tower at Cira Centre South

On October 31, 2013, we determined to proceed with development of the FMC Tower at Cira Centre South (the "FMC Tower") (formerly the Cira Walnut Tower), designed as a trophy class, mixed-use office tower at 30th and Walnut Streets in Philadelphia, Pennsylvania. We anticipate the project cost to total $385.0 million, of which $202.8 million had been funded through December 31, 2015. We intend to fund remaining development costs through a combination of potential sources, including existing cash balances, availability under our unsecured line of credit, capital raised through one or more joint venture formations, proceeds from asset sales or equity and debt financing. The costs to complete the project will be funded over the construction period, which commenced in the second quarter of 2014 and is scheduled to conclude during the third quarter of 2016. We are a party to a development agreement and related ground lease with the University of Pennsylvania for the land parcel that the FMC Tower is being constructed on.

As of December 31, 2015, we had pre-leased an aggregate of 61% of the office square feet of the FMC Tower. The anchor tenant for approximately 280,000 square feet of office space under a 16-year lease is FMC Corporation, a diversified chemical company serving agricultural, consumer and industrial markets globally. In addition, we have pre-leased 100,000 square feet of office space to the University of Pennsylvania under a 20-year lease.

Our ground leases with the University of Pennsylvania have a term through July 2097, with a variable rent that would provide the University of Pennsylvania with a percentage of the cash flow or proceeds of specified capital events subject to our receipt of a priority return on eligible investments.

1919 Ventures

On January 20, 2011, we acquired a one acre parcel of land in Philadelphia, Pennsylvania for $9.3 million. We thereafter contributed the acquired land into a then newly-formed general partnership, referred to below as "1919 Ventures" in return for a 50.0% general partner interest, with the remaining 50.0% interest owned by an unaffiliated third party, who contributed cash in exchange for its interest. On October 15, 2014, we acquired the interest of the unaffiliated third party at fair value, which approximated carrying value. No remeasurement gain or loss on our previous investment was recorded at that time.

On October 21, 2014, we admitted an unaffiliated third party, LCOR/CalSTRS ("LCOR") into 1919 Ventures, for $8.2 million representing a 50% interest and, reflecting an agreed upon $16.4 million valuation of the land and improvements incurred by us on behalf of 1919 Ventures.

On October 27, 2014, 1919 Ventures announced a planned 29-story, 455,000 square foot contemporary glass tower development. The tower has been designed as a mixed-use development consisting of residential, retail and parking components. The residential component of the project will be comprised of 321 luxury apartments. The commercial space will consist of 24,000 square feet and was 100% pre-leased at December 31, 2015. The parking component will consist of a 215-car structured parking facility. Total project costs are estimated at $148.1 million. A portion of the costs are being funded with proceeds of an $88.9 million secured construction loan from an unaffiliated institutional lender, and the remaining $59.2 million was fully funded with equity contributions from each of us and LCOR. As of December 31, 2015, $19.4 million was outstanding on the construction loan and equity contributions of $29.6 million had been funded by each of us and LCOR.

4040 Wilson Venture

On July 31, 2013, we formed 4040 Wilson LLC Venture ("4040 Wilson"), as a joint venture between us and Ashton Park Associates LLC ("Ashton Park"), an unaffiliated third party. We and Ashton Park own a 50% interest in 4040 Wilson. 4040 Wilson expects to construct a 426,900 square foot office building representing the final phase of the eight building, mixed-use, Liberty Center complex developed by the parent company of Ashton Park in the Ballston submarket of Arlington, Virginia. 4040 Wilson expects to develop the office building on a 1.3 acre land parcel contributed by Ashton Park to 4040 Wilson at an agreed upon valuation of $36.0 million. The total estimated project costs are $194.6 million, which we expect will be financed through approximately $72.0 million of partner capital contributions (consisting of $36.0 million in cash from us, of which $35.6 million has been funded to date, and land with a value of $36.0 million from Ashton Park), with the remaining balance funded by debt financing through a construction lender that has not yet been determined. During the second quarter of 2015, 4040 Wilson completed the construction of the garage structure. We expect groundbreaking on the building structure to commence upon achievement of certain pre-leasing levels, at which point 4040 Wilson expects to obtain debt financing for the remainder of the project costs.

Other Development Services

On December 3, 2015, we entered into an agreement as development manager to construct Subaru of America's corporate headquarters (the "Subaru Headquarters Development"), an office property containing five floors and approximately 250,000 square

feet, on land owned by Subaru and located in Camden, New Jersey. In addition to development fees, the agreement provides us the ability to earn additional profit if total project costs are less than the not-to-exceed ("NTE") amount. The NTE amount, currently at $77.3 million, may be adjusted by change orders agreed upon by both Subaru and us. If construction costs are in excess of the NTE amount, we are obligated to pay such cost overruns.

Also on December 3, 2015, we entered into an agreement to construct an 83,000 square foot build-to-suit service center on land parcels owned by us for Subaru of America as the single tenant. On such date, Subaru of America entered into an 18-year lease for the service center. The lease contains a purchase option, which allows Subaru to purchase the property at commencement of the lease, or five years subsequent to inception, at depreciated cost. We currently expect to deliver the building during the third quarter of 2018. At December 31, 2015, we had not finalized development plans or total development costs.

Business Objective and Strategies for Growth

Our business objective is to deploy capital effectively to maximize our return on investment and thereby maximize our total return to shareholders. To accomplish this objective we seek to:

- concentrate on urban town centers and central business districts in selected regions, and be the best of class owner and developer in those markets with a full-service office in each of those markets providing property management, leasing, development, construction and legal expertise;
- maximize cash flow through leasing strategies designed to capture rental growth as rental rates increase and as leases are renewed;
- attain a high tenant retention rate by providing a full array of property management and maintenance services and tenant service amenity programs responsive to the varying needs of our diverse tenant base;
- continue to cultivate long-term leasing relationships with a diverse base of high-quality and financially stable tenants. The average lease term of the in-place leases in our core portfolio was 7.8 years on a weighted average basis at December 31, 2015 and the leases in place at December 31, 2015 with respect to approximately 7.4% of the total square feet of our core portfolio will expire during 2016;
- form joint venture opportunities with high-quality partners having attractive real estate holdings or significant financial resources;
- utilize our reputation as a full-service real estate development and management organization to identify acquisition and development opportunities that will expand our business and create long-term value;
- increase the economic diversification of our tenant base while maximizing economies of scale; and
- selectively reduce our portfolio over time, in non-core suburban properties that are not located in our core regions.

We also consider the following to be important objectives:

- to acquire and develop high-quality office properties at attractive yields in markets that we expect will experience economic growth and where we can achieve operating efficiencies;
- to monetize or deploy our land inventory for development of high-quality office properties, or rezone from office/industrial to residential, retail and hotel to align with market and demand shifts as appropriate;
- to control development sites, including sites under option to acquire, that could support approximately 4.6 million square feet of new office, retail and residential development within our core markets;
- to capitalize on our redevelopment expertise to selectively develop, redevelop and reposition properties in desirable locations that other organizations may not have the resources to pursue;
- to own and develop high quality real estate meeting the demands of today's tenants who require sophisticated telecommunications and related infrastructure, support services, sustainable features and amenities, and to manage those facilities so as to continue to be the landlord of choice for both existing and prospective tenants; and
- to secure third-party development contracts, which can be a significant source of revenue and enable us to utilize and grow our existing development and construction management resources.

We expect to concentrate our real estate activities in markets where we believe that:

- current and projected market rents and absorption statistics justify construction activity;
- we can maximize market penetration by accumulating a critical mass of properties and thereby enhance operating efficiencies;
- barriers to entry (such as zoning restrictions, utility availability, infrastructure limitations, development moratoriums and limited developable land) will create supply constraints on office and industrial space; and
- there is potential for economic growth, particularly job growth and industry diversification.

Operating Strategy

We currently expect to continue to operate in markets where we have a concentration advantage due to economies of scale. We believe that where possible, it is best to operate with a strong base of properties in order to benefit from the personnel allocation and the market strength associated with managing multiple properties in the same market. We also intend to selectively dispose of properties and redeploy capital if we determine a property cannot meet our long term earnings growth expectations. We believe that recycling capital is an important aspect of maintaining the overall quality of our portfolio.

Our broader strategy remains focused on continuing to enhance liquidity and strengthen our balance sheet through capital retention, debt reduction, targeted sales activity and management of our existing and prospective liabilities.

In the long term, we believe that we are well positioned in our current markets and have the expertise to take advantage of both development and acquisition opportunities, as warranted by market and economic conditions, in new markets that have healthy long-term fundamentals and strong growth projections. This capability, combined with what we believe is a conservative financial structure, should allow us to achieve disciplined growth. These abilities are integral to our strategy of having a diverse portfolio of assets, which will meet the needs of our tenants.

We use experienced on site construction superintendents, operating under the supervision of project managers and senior management, to control the construction process and mitigate the various risks associated with real estate development.

In order to fund developments, redevelopments and acquisitions, as well as refurbish and improve existing properties, we must use excess cash from operations after satisfying our dividend and other financing requirements. The availability of funds for new investments and maintenance of existing properties depends in large measure on capital markets and liquidity factors over which we can exert little control.

Policies With Respect To Certain Activities

The following is a discussion of our investment, financing and other policies. These policies have been determined by our Board of Trustees and our Board of Trustees may revise these policies without a vote of shareholders.

Investments in Real Estate or Interests in Real Estate

Our investment objectives are to provide quarterly cash dividends to our shareholders and to achieve long-term capital appreciation through increases in the value of Brandywine Realty Trust.

We expect to continue our investment objectives primarily through the development, purchase or our current ownership in lease income-producing properties for long-term investment, expand and improve the properties presently owned or other properties purchased, or sell such properties, in whole or in part, as circumstances warrant. Although there is no limitation on the types of development activities that we may undertake, we expect that our development activities will meet current market demand and will generally be on a build-to-suit basis for particular tenants where a significant portion of the building is pre-leased before construction begins. We continue to participate with other entities in property ownership through existing joint ventures or other types of co-ownership. Our equity investments may be subject to existing or future mortgage financing and other indebtedness that will have priority over our equity investments.

Securities of or Interests in Entities Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the percentage of ownership limitations and gross income tests necessary for REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers. We may enter into joint ventures or partnerships for the purpose of obtaining an equity interest in a particular property. We do not currently intend to invest in the securities of other issuers except in connection with joint ventures or acquisitions of indirect interests in properties.

Investments in Real Estate Mortgages

While our current portfolio consists of, and our business objectives emphasize, equity investments in commercial real estate, we may, at the discretion of management or our Board of Trustees, invest in other types of equity real estate investments, mortgages and other real estate interests. We do not presently intend to invest to a significant extent in mortgages or deeds of trust, but may invest in participating mortgages if we conclude that we may benefit from the cash flow or any appreciation in the value of the property securing a mortgage. From time to time, we provide seller financing to buyers of our properties. We do this when the buyer requires additional funds for the purchase and provision of seller financing will be beneficial to us and the buyer compared to a mortgage loan from a third party lender.

Dispositions

Our disposition of properties is based upon management's periodic review of our portfolio and the determination by management or our Board of Trustees that a disposition would be in our best interests. We intend to use selective dispositions to reduce our ownership in non-core markets and fund our capital and refinancing needs.

Financing Policies

A primary objective of our financing policy has been to manage our financial position to allow us to raise capital from a variety of sources at competitive rates. Our mortgages, credit facilities and unsecured debt securities contain restrictions on our ability to incur indebtedness. Our charter documents do not limit the indebtedness that we may incur. Our financing strategy is to maintain a strong and flexible financial position by limiting our debt to a prudent level and minimizing our variable interest rate exposure. We intend to finance future growth and future maturing debt with the most advantageous source of capital then available to us. These sources may include the sale of wholly owned properties or interests in real estate ventures, selling additional common or preferred equity and debt securities through public offerings or private placements, utilizing availability under our credit facilities or incurring additional indebtedness through secured or unsecured borrowings. To qualify as a REIT, we must distribute to our shareholders each year at least 90% of our net taxable income, excluding any net capital gain. This distribution requirement limits our ability to fund future capital needs, including for acquisitions and developments, from income from operations. Therefore, we expect to continue to rely on third party sources of capital to fund future capital needs.

Guarantees

As of December 31, 2015, we have provided guarantees on behalf of certain of the real estate ventures, consisting of (i) a $24.7 million payment guaranty on the construction loan for evo at Cira; (ii) a $3.2 million payment guarantee on the construction loan for TB-BDN Plymouth Apartments; (iii) a several cost overrun guaranty on the $88.9 million construction loan for the development project being undertaken by 1919 Ventures; and (iv) a $0.5 million payment guarantee on a loan provided to PJP VII. In addition, during construction undertaken by real estate ventures, we have provided and expect to continue to provide cost overrun and completion guarantees, with rights of contribution among partners in the real estate ventures, and once construction is complete, customary environmental indemnities and guarantees of customary exceptions to nonrecourse provisions in loan agreements. For additional information regarding these real estate ventures, see Note 4, "*Investments in Unconsolidated Ventures,*" to our Consolidated Financial Statements for further information.

Also as of December 31, 2015, we provided a cost overrun guarantee on the Subaru Headquarters Development (See "*Other Development Services*" section above) for amounts in excess of the NTE amount. The NTE amount, currently at $77.3 million, may be adjusted by change orders agreed upon by both Subaru and us. We are obligated to pay for construction costs in excess of the NTE amount. The terms of the guarantee do not provide a limitation on the costs we may be responsible for.

Working Capital Reserves

We maintain working capital reserves and access to borrowings in amounts that our management determines to be adequate to meet our normal contingencies.

Policies with Respect to Other Activities

We expect to issue additional common and preferred equity in the future and may authorize our Operating Partnership to issue additional common and preferred units of limited partnership interest, including to persons who contribute their interests in properties to us in exchange for such units. We have not engaged in trading, underwriting or agency distribution or sale of securities of unaffiliated issuers and we do not intend to do so. We intend to make investments consistent with our qualification as a REIT, unless because of circumstances or changes in the Internal Revenue Code of 1986, as amended (or the Treasury Regulations), our Board of Trustees determines that it is no longer in our best interests to qualify as a REIT. We may make loans to third parties, including to joint ventures in which we participate and to buyers of our real estate. We intend to make investments in such a way that we will not be treated as an investment company under the Investment Company Act of 1940.

Management Activities

We provide third-party real estate management services primarily through wholly-owned subsidiaries of the Operating Partnership (collectively, the "Management Companies"). As of December 31, 2015, the Management Companies were managing properties containing an aggregate of approximately 29.5 million net rentable square feet, of which approximately 23.0 million net rentable square feet related to properties owned by us and approximately 6.5 million net rentable square feet related to properties owned by third parties and unconsolidated Real Estate Ventures.

Geographic Segments

During the year ended December 31, 2015, we were managing our portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington, D.C., (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California. The Pennsylvania Suburbs segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in the District of Columbia, Northern Virginia and southern Maryland. The New Jersey/Delaware segment includes properties in Burlington and Camden counties in New Jersey and New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and one property in Durham, North Carolina. The Austin, Texas segment includes properties in the City of Austin, Texas. The California segment includes properties in the City of Oakland and the City of Concord, California. 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. See Note 18, "*Segment Information,*" to our Consolidated Financial Statements for information on selected assets and results of operations of our reportable segments for the three years ended December 31, 2015, 2014 and 2013.

As a result of the Och Ziff Sale that occurred on February 4, 2016, we have narrowed our segments to four core markets located in: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington, D.C. and (4) Austin, Texas. The Och Ziff Sale disposed of the entire Richmond, Virginia segment. Subsequent to the Och Ziff Sale, the segments previously defined as New Jersey/Delaware and California will be managed as a consolidated segment entitled "Other," as these geographies no longer provide a significant revenue contribution. Accordingly, the chief operating decision maker is revising the management structure and allocating more resources to the four core markets beginning January 1, 2016.

Competition

The real estate business is highly competitive. Our Properties compete for tenants with similar properties primarily on the basis of location, total occupancy costs (including base rent and operating expenses), services and amenities provided, and the design and condition of the improvements. We also face competition when attempting to acquire or develop real estate, including competition from domestic and foreign financial institutions, other REITs, life insurance companies, pension funds, partnerships and individual investors. Additionally, our ability to compete depends upon trends in the economies of our markets, investment alternatives, financial condition and operating results of current and prospective tenants, availability and cost of capital, construction and renovation costs, land availability, our ability to obtain necessary construction approvals, taxes, governmental regulations, legislation and population trends.

Insurance

We maintain commercial general liability and "all risk" property insurance on our properties. We intend to obtain similar coverage for properties we acquire in the future. There are types of losses, generally of a catastrophic nature, such as losses from war, terrorism, environmental issues, floods, hurricanes and earthquakes that are subject to limitations in certain areas or which may be uninsurable risks. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement cost of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it impractical to use insurance proceeds to fully replace or restore a property after it has been damaged or destroyed.

Employees

As of December 31, 2015, we had 401 full-time employees, including 12 union employees.

Government Regulations Relating to the Environment

Many laws and governmental regulations relating to the environment apply to us and changes in these laws and regulations, or their interpretation by agencies and the courts, occur frequently and may adversely affect us.

Existing conditions at some of our Properties. Independent environmental consultants have conducted Phase I or similar environmental site assessments on our Properties. We generally obtain these assessments prior to the acquisition of a property and may later update them as required for subsequent financing of the property or as requested by a tenant. Site assessments are generally performed to ASTM standards then existing for Phase I site assessments, and typically include a historical review, a public records review, a visual inspection of the surveyed site, and the issuance of a written report. These assessments do not generally include any soil samplings or subsurface investigations. Depending on the age of the property, the Phase I may have included an assessment of asbestos-containing materials. For properties where asbestos-containing materials were identified or suspected, an operations and maintenance plan was generally prepared and implemented. See Note 2, "*Summary of Significant Accounting Policies,*" to our

Consolidated Financial Statements for our evaluation in accordance with the accounting standard governing asset retirement obligations.

Historical operations at or near some of our Properties, including the operation of underground storage tanks, may have caused soil or groundwater contamination. We are not aware of any such condition, liability or concern by any other means that would give rise to material, uninsured environmental liability. However, the assessments may have failed to reveal all environmental conditions, liabilities or compliance concerns; there may be material environmental conditions, liabilities or compliance concerns that a review failed to detect or which arose at a property after the review was completed; future laws, ordinances or regulations may impose material additional environmental liability; and current environmental conditions at our Properties may be affected in the future by tenants, third parties or the condition of land or operations near our Properties, such as the presence of underground storage tanks. We cannot be certain that costs of future environmental compliance will not affect our ability to make distributions to our shareholders.

Use of hazardous materials by some of our tenants. Some of our tenants handle hazardous substances and wastes on our Properties as part of their routine operations. Environmental laws and regulations may subject these tenants, and potentially us, to liability resulting from such activities. We generally require our tenants, in their leases, to comply with these environmental laws and regulations and to indemnify us for any related liabilities. These tenants are primarily involved in the life sciences and the light industrial and warehouse businesses. We are not aware of any material noncompliance, liability or claim relating to hazardous or toxic substances or petroleum products in connection with any of our Properties, and we do not believe that on-going activities by our tenants will have a material adverse effect on our operations.

Costs related to government regulation and private litigation over environmental matters. Under environmental laws and regulations, we may be liable for the costs of removal, remediation or disposal of hazardous or toxic substances present or released on our Properties. These laws could impose liability without regard to whether we are responsible for, or knew of, the presence or release of the hazardous materials. Government investigations and remediation actions may entail substantial costs and the presence or release of hazardous substances on a property could result in governmental cleanup actions or personal injury or similar claims by private plaintiffs.

Potential environmental liabilities may exceed our environmental insurance coverage limits. We carry what we believe to be sufficient environmental insurance to cover potential liability for soil and groundwater contamination, mold impact, and the presence of asbestos-containing materials at the affected sites identified in our environmental site assessments. Our insurance policies are subject to conditions, qualifications and limitations. Therefore, we cannot provide any assurance that our insurance coverage will be sufficient to cover all liabilities for losses.

Potential environmental liabilities may adversely impact our ability to use or sell assets. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral.

Code of Conduct

We maintain a Code of Business Conduct and Ethics applicable to our Board of Trustees and all of our officers and employees, including our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions. A copy of our Code of Business Conduct and Ethics is available on our website, www.brandywinerealty.com. In addition to being accessible through our website, copies of our Code of Business Conduct and Ethics can be obtained, free of charge, upon written request to Investor Relations, 555 East Lancaster Avenue, Suite 100, Radnor, PA 19087. Any amendments to or waivers of our Code of Business Conduct and Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer, controller and persons performing similar functions and that relate to any matter enumerated in Item 406(b) of Regulation S-K promulgated by the SEC will be disclosed on our website.

Corporate Governance Principles and Board Committee Charters

Our Corporate Governance Principles and the charters of the Executive Committee, Audit Committee, Compensation Committee and Corporate Governance Committee of the Board of Trustees of Brandywine Realty Trust and additional information regarding our corporate governance are available on our website, www.brandywinerealty.com. In addition to being accessible through our website, copies of our Corporate Governance Principles and charters of our Board Committees can be obtained, free of charge, upon written request to Investor Relations, Brandywine Realty Trust, 555 East Lancaster Avenue, Suite 100, Radnor, PA 19087.

Availability of SEC Reports

We file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and other information with the SEC. Members of the public may read and copy materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Members of the public may also obtain information on the Public Reference Room by calling the SEC at 1-800-732-0330. The SEC also maintains an Internet web site that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. The address of that site is http://www.sec.gov.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and other information filed by us with the SEC are available, without charge, on our Internet web site, http://www.brandywinerealty.com as soon as reasonably practicable after they are filed electronically with the SEC. Copies are also available, free of charge, upon written request to Investor Relations, Brandywine Realty Trust, 555 East Lancaster Avenue, Suite 100, Radnor, PA 19087.

Item 1A. Risk Factors

Our business, financial condition, results from operations and ability to make distributions on our equity and to pay debt service on our indebtedness may be affected by the risk factors set forth below. All investors (including shareholders in the Parent Company and units in the Operating Partnership) should consider the following risk factors before deciding to purchase our securities. This section contains forward-looking statements. Please refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 7.

Adverse economic and geopolitical conditions could have a material adverse effect on our results of operations, financial condition and our ability to pay distributions to you.

Our business is affected by global, national and local economic conditions. Our portfolio consists primarily of office buildings (as compared to real estate companies with portfolios of multiple asset classes). Our economic performance and the value of our real estate assets, and consequently the value of our securities, are subject to the risk that if our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay distributions to our security holders will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties and our performance generally:

- adverse changes in international, national or local economic and demographic conditions;
- increased vacancies or our inability to rent space on favorable terms, including market pressures to offer tenants rent abatements, increased tenant improvement packages, early termination rights, below market rental rates or below-market renewal options;
- significant job losses in the financial and professional services industries may occur, which may decrease demand for office space, causing market rental rates and property values to be negatively impacted;
- changes in interest rates, reduced availability of financing and reduced liquidity in the capital markets, which may adversely affect our ability or the ability of buyers and tenants of properties to obtain financing on favorable terms, or at all;
- reduced values of our properties would limit our ability to dispose of assets at attractive prices, limit our access to debt financing secured by our properties and reduce availability of unsecured loans;
- the value and liquidity of our short-term investments and cash deposits could be reduced as a result of a deterioration of the financial condition of the institutions that hold our cash deposits or the institutions or assets in which we have made short-term investments, the dislocation of the markets for our short-term investments, increased volatility in market rates for such investments or other factors;
- one or more lenders under our line of credit could refuse or be unable to fund their financing commitment to us and we may not be able to replace the financing commitment of any such lenders on favorable terms, or at all;
- declines in the financial condition of our tenants which would impact our ability to collect rents from our tenants.
- competition from other commercial office, industrial, retail, and mixed-use properties and commercial buildings, and increased supply of such buildings;
- increased operating costs, including insurance expense, utilities, real estate taxes, janitorial costs, state and local taxes, labor shortages and heightened security costs;
- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses; and
- significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property.

Our performance is dependent upon the economic conditions of the markets in which our properties are located.

Our results of operations will be significantly influenced by the economies and other conditions of the real estate markets in which we operate, particularly in Philadelphia, Pennsylvania, the Pennsylvania Suburbs, the District of Columbia, Northern Virginia, Southern Maryland and Austin, Texas. Any adverse changes in economic conditions in the future in any of these economies or real estate markets could negatively affect cash available for distribution. Our financial performance and ability to make distributions to our shareholders will be particularly sensitive to the economic conditions in these markets. The local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors, and local real estate conditions, such as demand for office space, operating expenses and real estate taxes, may affect revenues and the value of properties, including properties to be acquired or developed. We cannot assure you that these local economies will grow in the future.

We face risks associated with the development of mixed-use commercial properties.

We operate, are currently developing, and may in the future develop, properties either alone or through real estate ventures with other persons that are known as "mixed-use" developments. This means that in addition to the development of office space, the project may also include space for residential, retail, hotel or other commercial purposes. We have limited experience in developing and managing non-office real estate. As a result, if a development project includes a non-office or non-retail use, we may seek to develop that component ourselves, sell the rights to that component to a third-party developer with experience in that use or we may seek to partner with such a developer. If we do not sell the rights or partner with such a developer, or if we choose to develop the other component ourselves, we would be exposed not only to those risks typically associated with the development of commercial real estate generally, but also to specific risks associated with the development and ownership of non-office and non-retail real estate. In addition, even if we sell the rights to develop certain components or elect to participate in the development through a real estate venture, we may be exposed to the risks associated with the failure of the other party to complete the development as expected. These include the risk that the other party would default on its obligations necessitating that we complete the other component ourselves (including providing any necessary financing). In the case of residential properties, these risks also include competition for prospective residents from other operators whose properties may be perceived to offer a better location or better amenities or whose rent may be perceived as a better value given the quality, location and amenities that the resident seeks. Because we have limited experience with residential properties, we expect to retain third parties to manage our residential properties. If we decide to not sell or participate in a real estate venture and instead hire a third party manager, we would be dependent on them and their key personnel who provide services to us and we may not find a suitable replacement if the management agreement is terminated, or if key personnel leave or otherwise become unavailable to us.

We may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of our tenants.

The current economic conditions have caused some of our tenants to experience financial difficulties. If more of our tenants were to continue to experience financial difficulties, including bankruptcy, insolvency or a general downturn in their business, there could be an adverse effect on our financial performance and distributions to shareholders. We cannot assure you that any tenant that files for bankruptcy protection will continue to pay us rent. A bankruptcy filing by or relating to one of our tenants or a lease guarantor would bar efforts by us to collect pre-bankruptcy debts from that tenant or lease guarantor, or its property, unless we receive an order permitting us to do so from the bankruptcy court. In addition, we cannot evict a tenant solely because of bankruptcy. The bankruptcy of a tenant or lease guarantor could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. If, however, a lease is rejected by a tenant in bankruptcy, we would have only a general, unsecured claim for damages. Any such unsecured claim would only be paid to the extent that funds are available and only in the same percentage as is paid to all other holders of general, unsecured claims. Restrictions under the bankruptcy laws further limit the amount of any other claims that we can make if a lease is rejected. As a result, it is likely that we would recover substantially less than the full value of the remaining rent during the term. See Item 7., "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Influence Future Results of Operations - Tenant Credit Risk.*"

An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt or sell assets on favorable terms or at all.

Rising interest rates could limit our ability to refinance existing debt when it matures or significantly increase our future interest expense. From time to time, we enter into interest rate swap agreements and other interest rate hedging contracts. While these agreements are intended to lessen the impact of rising interest rates on us, they also expose us to the risk that the other parties to the agreements will not perform, we could incur significant costs associated with the settlement of the agreements, the agreements will be unenforceable and the underlying transactions will fail to qualify as highly-effective cash flow hedges under the applicable accounting guidance. In addition, an increase in interest rates could decrease the amounts third-parties are willing to pay for our assets, thereby limiting our ability to recycle capital and change our portfolio promptly in response to changes in economic or other conditions.

Our degree of leverage could limit our ability to obtain additional financing or affect the market price of our equity shares or debt securities.

Like other real estate companies which incur debt, we are subject to risks associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance existing indebtedness. If our debt cannot be paid, refinanced or extended at maturity, we may not be able to make distributions to shareholders at expected levels or at all. Furthermore, an increase in our interest expense could adversely affect our cash flow and ability to make distributions to shareholders. If we do not meet our debt service obligations, any properties securing such indebtedness could be foreclosed on, which would have a material adverse effect on our cash flow and ability to make distributions and, depending on the number of properties foreclosed on, could threaten our continued viability. Our degree of leverage could also make us more vulnerable to a downturn in business or the economy in general.

The terms and covenants relating to our indebtedness could adversely impact our economic performance.

Our credit facilities, term loans and the indenture governing our unsecured public debt securities contain (and any new or amended facility and term loans will contain) restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. Our ability to borrow under our credit facilities is subject to compliance with such financial and other covenants. In the event that we fail to satisfy these covenants, we would be in default under the credit facilities, the term loans and the indenture and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of capital may not be available to us, or may be available only at unattractive terms. In addition, the mortgages on our properties, including mortgages encumbering our Real Estate Ventures, contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. If we breach covenants in our secured debt agreements, the lenders can declare a default and take possession of the property securing the defaulted loan.

A downgrading of our debt could subject us to higher borrowing costs.

In the event that our unsecured debt is downgraded by Moody's Investor Services and Standard & Poor's from the current ratings, we would likely incur higher borrowing costs and the market prices of our common shares and debt securities might decline.

We may experience increased operating costs, which might reduce our profitability.

Our properties are subject to increases in operating expenses such as for cleaning, electricity, heating, ventilation and air conditioning, administrative costs and other costs associated with security, landscaping and repairs and maintenance of our properties. In general, our tenant leases allow us to pass through all or a portion of these costs to them. We cannot assure you, however, that tenants will actually bear the full burden of these higher costs, or that such increased costs will not lead them, or other prospective tenants, to seek office space elsewhere. If operating expenses increase, the availability of other comparable office space in our core geographic markets might limit our ability to increase rents; if operating expenses increase without a corresponding increase in revenues, our profitability could diminish and limit our ability to make distributions to shareholders.

Our investment in property development or redevelopment may be more costly or difficult to complete than we anticipate.

We intend to continue to develop properties where market conditions warrant such investment. Once made, these investments may not produce results in accordance with our expectations. Risks associated with our development and construction activities include:

- the unavailability of favorable financing alternatives in the private and public debt markets;
- having sufficient capital to pay development costs;
- limited experience developing or redeveloping properties in certain of our geographic markets;
- dependence on the financial and professional services sector as part of our tenant base;
- construction costs exceeding original estimates due to rising interest rates, diminished availability of materials and labor, and increases in the costs of materials and labor;
- construction and lease-up delays resulting in increased debt service, fixed expenses and construction or renovation costs;
- expenditure of funds and devotion of management's time to projects that we do not complete;
- the unavailability or scarcity of utilities;
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on our investment;
- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits; and
- increased use restrictions by local zoning or planning authorities limiting our ability to develop and impacting the size of developments.

See Item 7., "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Influence Future Results of Operations - Development Risk.*"

Our development projects and third party property management business may subject us to certain liabilities.

We may hire and supervise third party contractors to provide construction, engineering and various other services for wholly owned development projects, development projects undertaken by real estate ventures in which we hold an equity interest and manage or properties we are managing on behalf of unaffiliated third parties. Certain of these contracts are structured such that we are the principal rather than the agent. As a result, we may assume liabilities in the course of the project and be subjected to, or become liable for, claims for construction defects, negligent performance of work or other similar actions by third parties we have engaged. Adverse outcomes of disputes or litigation could negatively impact our business, results of operations and financial condition, particularly if we

have not limited the extent of the damages to which we may be liable, or if our liabilities exceed the amounts of the insurance that we carry. Moreover, our tenants and third party customers may seek to hold us accountable for the actions of contractors because of our role even if we have technically disclaimed liability as a legal matter, in which case we may determine it necessary to participate in a financial settlement for purposes of preserving the tenant or customer relationship.

Acting as a principal may also mean that we pay a contractor before we have been reimbursed, which exposes us to additional risks of collection in the event of a bankruptcy or insolvency. The reverse can occur as well, where a contractor we have paid files bankruptcy or commits fraud with the funds before completing a project which we have funded in part or in full. As part of our project management business, we are responsible for managing the various other contractors required for a project, including general contractors, in order to ensure that the cost of a project does not exceed the contract amount and that the project is completed on time. In the event that one or more of the contractors involved does not, or cannot, perform as a result of bankruptcy or for another reason, we may be responsible for cost overruns, as well as the consequences of late delivery. In the event that we have not accurately estimated our own costs of providing services under guaranteed cost contracts, we may be exposed to such losses on the contract until we are able to legally terminate them.

We face risks associated with property acquisitions.

We have recently acquired properties, and may in the future continue to acquire properties and portfolios of properties, including large portfolios that would increase our size and potentially alter our capital structure. The success of such transactions is subject to a number of factors, including the risks that:

- we may not be able to obtain financing for such acquisitions on favorable terms;
- if we fail to accurately estimate occupancy levels, operating costs or costs of improvements to bring an acquired property or a development property up to the standards established for our intended market position, the performance of the property may be below expectations;
- the actual costs of repositioning or redeveloping acquired properties may be higher than our estimates;
- the acquired properties may be located in new markets where we may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and
- we may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into our organization and manage new properties in a way that allows us to realize cost savings and synergies.

Acquired properties may subject us to known and unknown liabilities.

Properties that we acquire may be subject to known and unknown liabilities for which we would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow. Unknown liabilities relating to acquired properties could include:

- liabilities for clean-up of pre-existing disclosed or undisclosed environmental contamination;
- claims by tenants, vendors, municipalities or other persons arising on account of actions or omissions of the former owners of the properties; and
- liabilities incurred in the ordinary course of business.

We have agreed not to sell certain of our properties and to maintain indebtedness subject to guarantees.

We acquired in the past and in the future may acquire properties or portfolios of properties through tax deferred contribution transactions in exchange for partnership interests in our Operating Partnership. This acquisition structure has the effect, among other factors, of reducing the amount of tax depreciation we can deduct over the tax life of the acquired properties, and typically requires that we agree to protect the contributors' ability to defer recognition of taxable gain through restrictions on our ability to dispose of the acquired properties and/or the allocation of partnership debt to the contributors to maintain their tax bases. We agreed not to sell some of our properties for varying periods of time, in transactions that would trigger taxable income to the former owners, and we may enter into similar arrangements as a part of future property acquisitions. These agreements generally provide that we may dispose of the subject properties only in transactions that qualify as tax-free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. Such transactions can be difficult to complete and can result in the property acquired in exchange for the disposed of property inheriting the tax attributes (including tax protection covenants) of the sold property. Violation of these tax protection agreements would impose significant costs on us. As a result, we are restricted with respect to decisions related to financing, encumbering, expanding or selling these properties. These restrictions on dispositions could limit our ability to sell an asset or pay down partnership debt during a specified time, or on terms, that would be favorable absent such restrictions.

We have also entered into agreements that provide prior owners of properties with the right to guarantee specific amounts of indebtedness and, in the event that the specific indebtedness that they guarantee is repaid or reduced, we would be required to provide substitute indebtedness for them to guarantee. These agreements may hinder actions that we may otherwise desire to take to repay or refinance guaranteed indebtedness because we would be required to make payments to the beneficiaries of such agreements if we violate these agreements.

We may be unable to renew leases or re-lease space as leases expire; certain leases may expire early.

If tenants do not renew their leases upon expiration, we may be unable to re-lease the space. Even if the tenants do renew their leases or if we can re-lease the space, the terms of renewal or re-leasing (including the cost of required renovations) may be less favorable than the current lease terms. Certain leases grant the tenants an early termination right upon payment of a termination penalty or if we fail to comply with certain material lease terms. Our inability to renew or release spaces and the early termination of certain leases could affect our ability to make distributions to shareholders. See Item 7., "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Influence Future Results of Operations - Tenant Rollover Risk.*"

Competition could limit our ability to lease residential rental properties or increase or maintain rents.

Through the recent development of the FMC Tower and the real estate ventures at 1919 Market Street and evo at Cira Centre South, our future income contributions from residential real estate will increase. These properties, which are luxury apartments, corporate suites and upscale student housing located in Philadelphia, Pennsylvania, will compete with other housing alternatives to attract residents, including rental apartments, condominiums and other single-family homes available for rent as well as new and existing condominiums and single-family homes for sale. Our competitors' may offer a more desirable location or have leasing terms more favorable than those we can provide. In addition, our ability to compete and generate favorable returns depends upon, among other factors, trends of the national and local economies, the financial condition and liquidity of current and prospective renters, availability and cost of capital, taxes and governmental regulations. Given significant competition, we expect that as our competitors seek to capitalize on opportunities to purchase undervalued properties in this market and convert them to productive uses, the supply of rental properties may increase and the competition for tenants will intensify, which may adversely affect our operating results and cash flows.

We face significant competition from other real estate developers.

We compete with real estate developers, operators and institutions for tenants and acquisition and development opportunities. Some of these competitors may have significantly greater financial resources than we have. Such competition may reduce the number of suitable investment opportunities available to us, may interfere with our ability to attract and retain tenants and may increase vacancies, which could result in increased supply and lower market rental rates, reducing our bargaining leverage and adversely affect our ability to improve our operating leverage. In addition, some of our competitors may be willing (e.g., because their properties may have vacancy rates higher than those for our properties) to make space available at lower rental rates or with higher tenant concession percentages than available space in our properties. We cannot assure you that this competition will not adversely affect our cash flow and our ability to make distributions to shareholders.

Property ownership through real estate ventures may limit our ability to act exclusively in our interest.

We develop, acquire, and contribute properties in real estate ventures with other persons or entities when we believe circumstances warrant the use of such structures. As of December 31, 2015, we held ownership interests in 16 unconsolidated Real Estate Ventures for an aggregate investment balance of $239.9 million, of which $241.0 million is included in net assets and $1.1 million is included in other liabilities and represents the negative investment balance of one real estate venture. We could become engaged in a dispute with one or more of our real estate venture partners that might affect our ability to operate a jointly-owned property. Moreover, our real estate venture partners may, at any time, have business, economic or other objectives that are inconsistent with our objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, our real estate venture partners may have competing interests in our markets that could create conflicts of interest. If the objectives of our real estate venture partners or the lenders to our Real Estate Ventures are inconsistent with our own objectives, we may not be able to act exclusively in our interests.

Because real estate is illiquid, we may not be able to sell properties when in our best interest.

Real estate investments generally, and in particular large office and industrial/flex properties like those that we own, often cannot be sold quickly. The capitalization rates at which properties may be sold could be higher than historic rates, thereby reducing our potential proceeds from sale. Consequently, we may not be able to alter our portfolio promptly in response to changes in economic or other conditions. In addition, the Internal Revenue Code limits our ability to sell properties that we have held for fewer than two years without potential adverse consequences to our shareholders. Furthermore, properties that we have developed and have owned for a significant period of time or that we acquired in exchange for partnership interests in the Operating Partnership often have a low tax

basis. If we were to dispose of any of these properties in a taxable transaction, we may be required under provisions of the Internal Revenue Code applicable to REITs to distribute a significant amount of the taxable gain to our shareholders and this could, in turn, impact our cash flow. In some cases, tax protection agreements with third parties will prevent us from selling certain properties in a taxable transaction without incurring substantial costs. In addition, purchase options and rights of first refusal held by tenants or partners inreal estate ventures may also limit our ability to sell certain properties. All of these factors reduce our ability to respond to changes in the performance of our investments and could adversely affect our cash flow and ability to make distributions to shareholders as well as the ability of someone to purchase us, even if a purchase were in our shareholders' best interests.

Some potential losses are not covered by insurance.

We currently carry property insurance against all-risks of physical loss or damage (unless otherwise excluded in the policy) including time element and commercial general liability coverage on all of our properties. There are, however, types of losses, such as lease and other contract claims, biological, radiological and nuclear hazards and acts of war that generally are not insured. We cannot assure you that we will be able to renew insurance coverage in an adequate amount or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to earthquake, terrorist acts and mold, flood, or, if offered, these types of insurance may be prohibitively expensive. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our cash flow and ability to make distributions to shareholders. If one or more of our insurance providers were to fail to pay a claim as a result of insolvency, bankruptcy or otherwise, the nonpayment of such claims could have an adverse effect on our financial condition and results of operations. In addition, if one or more of our insurance providers were to become subject to insolvency, bankruptcy or other proceedings and our insurance policies with the provider were terminated or cancelled as a result of those proceedings, we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices. In such case, we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage.

In addition to property and casualty insurance, we use a combination of insurance products, some of which include deductibles and self-insured retention amounts, to provide risk mitigation for the potential liabilities associated with various liabilities, including workers' compensation, general contractors, directors and officers and employee health-care benefits. Liabilities associated with the risks that are retained by us are estimated, in part, by considering historical claims experience and actuarial assumptions. While we carry general liability and umbrella policies to mitigate such losses on our general liability risks, our results could be materially impacted by claims and other expenses related to such insurance plans if future occurrences and claims differ from these assumptions and historical trends or if employee health-care claims which we self-insure up to a set limit per employee (and which are insured above such self-insured retention amount) exceed our expectations or historic trends.

Terrorist attacks and other acts of violence or war may adversely impact our performance and may affect the markets on which our securities are traded.

Terrorist attacks against our properties, or against the United States or our interests, may negatively impact our operations and the value of our securities. Attacks or armed conflicts could result in increased operating costs; for example, it might cost more in the future for building security, property and casualty insurance, and property maintenance. As a result of terrorist activities and other market conditions, the cost of insurance coverage for our properties could also increase. We might not be able to pass through the increased costs associated with such increased security measures and insurance to our tenants, which could reduce our profitability and cash flow. Furthermore, any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy. Such adverse economic conditions could affect the ability of our tenants to pay rent and our cost of capital, which could have a negative impact on our results.

Our ability to make distributions is subject to various risks.

Historically, we have paid quarterly distributions to our shareholders. Our ability to make distributions in the future will depend upon:

- the operational and financial performance of our properties;
- capital expenditures with respect to existing, developed and newly acquired properties;
- general and administrative costs associated with our operation as a publicly-held REIT;
- the amount of, and the interest rates on, our debt;
- capital needs of our Real Estate Ventures; and
- the absence of significant expenditures relating to environmental and other regulatory matters.

Certain of these matters are beyond our control and any significant difference between our expectations and actual results could have a material adverse effect on our cash flow and our ability to make distributions to shareholders.

Changes in the tax rates and regulatory requirements may adversely affect our cash flow.

Because increases in income and service taxes are generally not passed through to tenants under leases, such increases may adversely affect our cash flow and ability to make expected distributions to shareholders. Our properties are also subject to various regulatory requirements, such as those relating to the environment, fire and safety. Our failure to comply with these requirements could result in the imposition of fines and damage awards and could result in a default under some of our tenant leases. Moreover, the costs to comply with any new or different regulations could adversely affect our cash flow and our ability to make distributions. We cannot assure you that these requirements will not change or that newly imposed requirements will not require significant expenditures in order to be compliant.

Potential liability for environmental contamination could result in substantial costs.

Under various federal, state and local laws, ordinances and regulations, we may be liable for the costs to investigate and remove or remediate hazardous or toxic substances on or in our properties, often regardless of whether we know of or are responsible for the presence of these substances. These costs may be substantial. While we do maintain environmental insurance, we cannot be assured that our insurance coverage will be sufficient to protect us from all of the aforesaid remediation costs. Also, if hazardous or toxic substances are present on a property, or if we fail to properly remediate such substances, our ability to sell or rent the property or to borrow using that property as collateral may be adversely affected.

Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) and underground storage tanks are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or tanks or related claims arising out of environmental contamination or human exposure to contamination at or from our properties.

Additionally, we develop, manage, lease and/or operate various properties for third parties. Consequently, we may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances.

Data security breaches may cause damage to our business and reputation.

In the ordinary course of our business we maintain sensitive data, including our proprietary business information and the information of our tenants and business partners, in our data centers and on our networks. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased in number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Notwithstanding the security measures undertaken, our information technology may be vulnerable to attacks or breaches resulting in proprietary information being publicly disclosed, lost or stolen. There can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Protected information, networks, systems and facilities remain vulnerable because the techniques used in such attempted security breaches evolve and may not be recognized or detected until launched against a target. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures.

Data and security breaches could:

- disrupt the proper functioning of our networks and systems and therefore our operations and/or those of our client tenants;
- result in misstated financial reports, violations of loan covenants, missed reporting deadlines, and/or missed permitting deadlines;
- result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT;
- result in the unauthorized access to, and destruction, loss, theft, misappropriation, or release of proprietary, confidential, sensitive, or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive, or otherwise harmful purposes and outcomes;
- result in our inability to maintain the building systems relied upon by our client tenants for the efficient use of their leased space;

- require significant management attention and resources to remedy any damages that result;
- subject us to claims for breach of contract, damages, credits, penalties, or termination of leases or other agreements; and/or
- damage our reputation among our client tenants and investors generally.

While we maintain insurance coverage that may, subject to policy terms and conditions including deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Americans with Disabilities Act compliance could be costly.

The Americans with Disabilities Act of 1990, as amended ("ADA"), requires that all public accommodations and commercial facilities, including office buildings, meet certain federal requirements related to access and use by disabled persons. Compliance with ADA requirements could involve the removal of structural barriers from certain disabled persons' entrances which could adversely affect our financial condition and results of operations. Other federal, state and local laws may require modifications to or restrict further renovations of our properties with respect to such accesses. Noncompliance with the ADA or similar or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against us. In addition, changes to existing requirements or enactments of new requirements could require significant expenditures. Such costs may adversely affect our cash flow and ability to make distributions to shareholders.

Failure to qualify as a REIT would subject us to U.S. federal income tax which would reduce the cash available for distribution to our shareholders.

We operate our business to qualify to be taxed as a REIT for federal income tax purposes. We have not requested and do not plan to request a ruling from the IRS that we qualify as a REIT, and the statements in this Report are not binding on the IRS or any court. As a REIT, we generally will not be subject to federal income tax on the income that we distribute currently to our shareholders. Many of the REIT requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of various factual matters and circumstances that may not be totally within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our shareholders with respect to each year at least 90% of our REIT taxable income (excluding net capital gains). The fact that we hold substantially all of our assets through the Operating Partnership and its subsidiaries and real estate ventures further complicates the application of the REIT requirements for us. Even a technical or inadvertent mistake could jeopardize our REIT status and, given the highly complex nature of the rules governing REITs and the ongoing importance of factual determinations, we cannot provide any assurance that we will continue to qualify as a REIT. Changes to the rules governing REITS were made by the Protecting Americans From Tax Hikes Act of 2015, signed into law on December 18, 2015, and Congress and the IRS might make further changes to the tax laws and regulations, and the courts might issue new rulings, that make it more difficult, or impossible, for us to remain qualified as a REIT. If we fail to qualify as a REIT for federal income tax purposes and are able to avail ourselves of one or more of the statutory savings provisions in order to maintain our REIT status, we would nevertheless be required to pay penalty taxes of $50,000 or more for each such failure.

If we fail to qualify as a REIT for federal income tax purposes, and are unable to avail ourselves of certain savings provisions set forth in the Internal Revenue Code, we would be subject to federal income tax at regular corporate rates on all of our income. As a taxable corporation, we would not be allowed to take a deduction for distributions to shareholders in computing our taxable income or pass through long term capital gains to individual shareholders at favorable rates. We also could be subject to the federal alternative minimum tax and possibly increased state and local taxes. We would not be able to elect to be taxed as a REIT for four years following the year we first failed to qualify unless the IRS were to grant us relief under certain statutory provisions. If we failed to qualify as a REIT, we would have to pay significant income taxes, which would reduce our net earnings available for investment or distribution to our shareholders. This likely would have a significant adverse effect on our earnings and likely would adversely affect the value of our securities. In addition, we would no longer be required to pay any distributions to shareholders.

Failure of the Operating Partnership (or a subsidiary partnership or real estate venture) to be treated as a partnership would have serious adverse consequences to our shareholders.

If the IRS were to successfully challenge the tax status of the Operating Partnership or any of its subsidiary partnerships or real estate ventures for federal income tax purposes, the Operating Partnership or the affected subsidiary partnership or real estate venture would be taxable as a corporation. In such event we would cease to qualify as a REIT and the imposition of a corporate tax on the Operating Partnership, subsidiary partnership or real estate venture would reduce the amount of cash available for distribution from the Operating Partnership to us and ultimately to our shareholders.

To maintain our REIT status, we may be forced to borrow funds on a short term basis during unfavorable market conditions.

As a REIT, we are subject to certain distribution requirements, including the requirement to distribute 90% of our REIT taxable income. That may result in our having to make distributions at a disadvantageous time or to borrow funds at unfavorable rates. Compliance with this requirement may hinder our ability to operate solely on the basis of maximizing profits.

We will pay some taxes even if we qualify as a REIT, which will reduce the cash available for distribution to our shareholders.

Even if we qualify as a REIT for federal income tax purposes, we will be required to pay certain federal, state and local taxes on our income and property. For example, we will be subject to income tax to the extent we distribute less than 100% of our REIT taxable income, including capital gains. Additionally, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which dividends paid by us in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. Moreover, if we have net income from "prohibited transactions," that income will be subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property held primarily for sale to customers in the ordinary course of business. The determination as to whether a particular sale is a prohibited transaction depends on the facts and circumstances related to that sale. We cannot guarantee that sales of our properties would not be prohibited transactions unless we comply with certain statutory safe-harbor provisions.

In addition, any net taxable income earned directly by our taxable REIT subsidiaries, or through entities that are disregarded for federal income tax purposes as entities separate from our taxable REIT subsidiaries, will be subject to federal and possibly state corporate income tax. In this regard, several provisions of the laws applicable to REITs and their subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct certain interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments that it receives or on some deductions taken by a taxable REIT subsidiary if the economic arrangements between the REIT, the REIT's customers, and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties. Finally, some state and local jurisdictions may tax some of our income even though as a REIT we are not subject to federal income tax on that income because not all states and localities follow the federal income tax treatment of REITs. To the extent that we and our affiliates are required to pay federal, state and local taxes, we will have less cash available for distributions to our shareholders.

We face possible federal, state and local tax audits.

Because we are organized and qualify as a REIT, we are generally not subject to federal income taxes, but are subject to certain state and local taxes. Certain entities through which we own real estate have undergone tax audits. There can be no assurance that future audits will not have a material adverse effect on our results of operations.

Competition for skilled personnel could increase labor costs.

We compete with various other companies in attracting and retaining qualified and skilled personnel. We depend on our ability to attract and retain skilled management personnel who are responsible for the day-to-day operations of our company. Competitive pressures may require that we enhance our pay and benefits package to compete effectively for such personnel. We may not be able to offset such added costs by increasing the rates we charge our tenants. If there is an increase in these costs or if we fail to attract and retain qualified and skilled personnel, our business and operating results could be harmed.

We are dependent upon our key personnel.

We are dependent upon our key personnel, particularly Gerard H. Sweeney, our President and Chief Executive Officer, Thomas Wirth, Executive Vice President and Chief Financial Officer and George Johnstone Executive Vice President and Chief Operating Officer. Among the reasons that Messrs. Sweeney, Wirth and Johnstone are important to our success is that each has a beneficial reputation, which attracts business and investment opportunities and assists us in negotiations with lenders, joint venture partners and other investors. If we lost their services, our relationships with lenders, potential tenants and industry personnel could be affected. We are dependent on our other executive officers for strategic business direction and real estate experience. Loss of their services could adversely affect our operations.

Certain limitations will exist with respect to a third party's ability to acquire us or effectuate a change in control.

Limitations imposed to protect our REIT status. In order to protect us against the loss of our REIT status, our Declaration of Trust limits any shareholder from owning more than 9.8% in value of our outstanding shares, although we have granted in the past, and may continue to grant in the future certain waivers of this limitation to certain shareholders under certain conditions. The ownership limit may have the effect of precluding acquisition of control of us. If anyone acquires shares in excess of the ownership limit, we may:

- consider the transfer to be null and void;
- not reflect the transaction on our books;

- institute legal action to stop the transaction;
- not pay dividends or other distributions with respect to those shares;
- not recognize any voting rights for those shares; and
- consider the shares held in trust for the benefit of a person to whom such shares may be transferred.

Limitation due to our ability to issue preferred shares. Our Declaration of Trust authorizes our Board of Trustees to cause us to issue preferred shares, without limitation as to amount and without shareholder consent. Our Board of Trustees is able to establish the preferences and rights of any preferred shares issued and these shares could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our shareholders' best interests.

Limitation imposed by the Maryland Business Combination Law. The Maryland General Corporation Law, as applicable to Maryland REITs, establishes special restrictions against "business combinations" between a Maryland REIT and "interested shareholders" or their affiliates unless an exemption is applicable. An interested shareholder includes a person, who beneficially owns, and an affiliate or associate of the trust who, at any time within the two-year period prior to the date in question, was the beneficial owner of, ten percent or more of the voting power of our then-outstanding voting shares. Among other things, Maryland law prohibits (for a period of five years) a merger and certain other transactions between a Maryland REIT and an interested shareholder unless the board of trustees had approved the transaction before the party became an interested shareholder. The five-year period runs from the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any such business combination must be recommended by the board of trustees and approved by two super-majority shareholder votes unless, among other conditions, the common shareholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for our shares or unless the board of trustees approved the transaction before the party in question became an interested shareholder. The business combination statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if the acquisition would be in our shareholders' best interests.

Maryland Control Share Acquisition Act. Maryland law provides that "control shares" of a REIT acquired in a "control share acquisition" shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to be cast on the matter under the Maryland Control Share Acquisition Act. Shares construed as "control shares" means that, if aggregated with all other shares previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions. If voting rights or control shares acquired in a control share acquisition are not approved at a shareholder's meeting, then subject to certain conditions and limitations the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a shareholder's meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under our Bylaws are subject to the Maryland Control Share Acquisition Act. Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of our shares. We cannot assure you that this provision will not be repealed, amended or eliminated by us at any time in the future.

Maryland Unsolicited Takeover Act. Subtitle 8 of Title 3 of the Maryland General Corporation Law permits our Board of Trustees, without shareholder approval, and regardless of what is currently in our charter or bylaws, to implement (i) a classified board; (ii) a two-thirds vote requirement for removing a trustee; (iii) a requirement that the number of trustees be fixed only by vote of the trustees; (iv) a requirement that a vacancy on the board be filled only by the remaining trustees and for the remainder of the full term of the class of trustees in which the vacancy occurred; and (v) a majority requirement for the calling by shareholders of a special meeting of shareholders. This statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if the acquisition would be in our shareholders' best interests.

Advance Notice Provisions for Shareholder Nominations and Proposals. Our bylaws require advance notice for shareholders to nominate persons for election as trustees at, or to bring other business before, any meeting of our shareholders. This bylaw provision limits the ability of shareholders to make nominations of persons for election as trustees or to introduce other proposals unless we are notified in a timely manner prior to the meeting.

Many factors can have an adverse effect on the market value of our securities.

A number of factors might adversely affect the price of our securities, many of which are beyond our control. These factors include:

- increases in market interest rates, relative to the dividend yield on our shares. If market interest rates go up, prospective purchasers of our securities may require a higher yield. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common shares to go down;

- anticipated benefit of an investment in our securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);
- perception by market professionals of REITs generally and REITs comparable to us in particular;
- level of institutional investor interest in our securities;
- relatively low trading volumes in securities of REITs;
- our results of operations and financial condition; and
- investor confidence in the stock market generally.

The market value of our common shares is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash distributions. Consequently, our common shares may trade at prices that are higher or lower than our net asset value per common share. If our future earnings or cash distributions are less than expected, it is likely that the market price of our common shares will diminish.

Additional issuances of equity securities may be dilutive to shareholders.

The interests of our shareholders could be diluted if we issue additional equity securities to finance future developments or acquisitions or to repay indebtedness. Our Board of Trustees may authorize the issuance of additional equity securities without shareholder approval. Our ability to execute our business strategy depends upon our access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including the issuance of common and preferred equity.

The issuance of preferred securities may adversely affect the rights of holders of our common shares.

Because our Board of Trustees has the power to establish the preferences and rights of each class or series of preferred shares, we may afford the holders in any series or class of preferred shares preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common shares. Our Board of Trustees also has the power to establish the preferences and rights of each class or series of units in the Operating Partnership, and may afford the holders in any series or class of preferred units preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common units.

If we fail to maintain an effective system of integrated internal control over financial reporting, we may not be able to accurately report our financial results.

An effective system of internal control over financial reporting is necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. As part of our ongoing monitoring of internal controls, we may discover material weaknesses or significant deficiencies in our internal controls that we believe require remediation. If we discover such weaknesses, we will make efforts to improve our internal controls in a timely manner. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can only provide reasonable, not absolute, assurance that the objectives of the system are met. Any failure to maintain effective internal controls, or implement any necessary improvements in a timely manner, could have a materially adverse effect on our business and operating results, or cause us to not meet our reporting obligations, which could affect our ability to remain listed with the New York Stock Exchange. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our securities.

Changes in accounting pronouncements could adversely affect our operating results, in addition to the reported financial performance of our tenants.

Accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Uncertainties posed by various initiatives of accounting standard-setting by the Financial Accounting Standards Board and the Securities and Exchange Commission, which create and interpret applicable accounting standards for U.S. companies, may change the financial accounting and reporting standards or their interpretation and application of these standards that govern the preparation of our financial statements. Proposed changes could include, but are not limited to, changes in lease accounting and the adoption of accounting standards likely to require increased use of "fair-value" measures.

These changes could have a material effect on our reported financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in potentially material restatements of prior period financial statements. Similarly, these changes could have a material impact on our tenants' reported financial condition or results of operations or could affect our tenants' preferences regarding leasing real estate.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Property Acquisitions

We completed each of the transactions described below with unaffiliated third parties in arms' length transactions.

On July 7, 2015, we acquired a 0.8 acre parcel of land located at 2100 Market Street in Philadelphia, Pennsylvania for $18.8 million. We funded $16.8 million of the purchase price with available corporate funds and the remaining $2.0 million of the purchase price was deferred until the earlier of the commencement of development or 24 months from settlement. We accounted for this transaction as an asset acquisition and capitalized a nominal amount of acquisition related costs and other costs as part of land inventory on our consolidated balance sheet. We agreed with the seller of 2100 Market Street to pay additional consideration to it if we were to acquire certain land parcels adjacent to 2100 Market Street from unaffiliated third parties. The unaffiliated third parties are not party to this transaction and our acquisition of any such land parcels would be the result of an arm's length negotiation. The amount of additional consideration, if any, payable to the seller of 2100 Market Street cannot be determined at this time. We have not yet determined the scope, timing and cost of construction for the project as of December 31, 2015.

On June 22, 2015, through a series of transactions with IBM, we acquired the remaining 50.0% interest in Broadmoor Austin Associates, consisting of seven office buildings and the 66.0 acre underlying land parcel located in Austin, Texas, for an aggregate purchase price of $211.4 million. The aggregate purchase price includes the carrying amount of our investment in Broadmoor Austin Associates of $66.3 million. The office buildings contain 1,112,236 net rentable square feet of office space and were 100.0% occupied as of June 22, 2015. We funded the cost of the acquisition with an aggregate cash payment of $143.8 million, consisting of $81.0 million from available corporate funds and $62.8 million previously held in escrow related to a Section 1031 like-kind exchange. Part of the cash payment was used at closing to repay, at no repayment penalty, the remaining $51.2 million of secured debt. We incurred $0.2 million of acquisition related costs that are classified within general and administrative expenses.

We previously accounted for our 50.0% non-controlling interest in Broadmoor Austin Associates under the equity method of accounting. As a result of acquiring IBM's remaining 50.0% common interest in Broadmoor Austin Associates, we obtained control of Broadmoor Austin Associates and our existing investment balance was remeasured based on the fair value of the underlying properties acquired and the existing distribution provisions under the relevant partnership agreement. As a result, we recorded a $0.8 million gain on remeasurement.

On April 6, 2015, we acquired a 0.8 acre parcel of land, located at 25 M Street Southeast, Washington, D.C. for $20.3 million. We funded the cost of this acquisition with available corporate funds. We capitalized $0.3 million of acquisition related costs and these costs are included as part of land inventory on our consolidated balance sheet. On May 12, 2015, we contributed the land parcel into a newly formed real estate venture known as 25 M Street, a joint venture between us and Akridge, an unaffiliated third party, with the intent to construct a 271,000 square foot Class A office property. We hold a 95.0% ownership interest in 25 M Street and Akridge contributed $1.0 million in cash for its 5.0% ownership interest in 25 M Street. The $1.0 million contribution from Akridge was distributed to us during 2015. 25 M Street is consolidated within our financial statements. See Note 4, "*Investment in Unconsolidated Real Estate Ventures*," to our Consolidated Financial Statements for further information. As of December 31, 2015, 25 M Street had not finalized development plans and total development costs, or received committed debt financing.

On April 2, 2015, we acquired a property located at 618 Market Street in Philadelphia, Pennsylvania, comprised of a 330-space parking garage and 14,404 net rentable square feet of mixed-use space for $19.4 million. Although the property is currently fully operational, we intend to either redevelop the existing property or demolish and fully redevelop the property. As of December 31, 2015, we had not yet begun any such development or redevelopment plans. The purchase price includes contingent consideration, recorded at fair value and payable to the seller upon commencement of development, totaling $1.6 million and cash of $17.8 million.

Developments

We placed in service the following development properties during the year ended December 31, 2015:

Month Placed In Service	Activity Type	Property/Portfolio Name	Location	Number of Buildings	Square Footage	Budgeted Costs (in thousands)	Costs Incurred (in thousands)
Aug-15 (Phase I) Sept-15 (Phase II)	Development	5707 Southwest Parkway (Encino Trace) (a)	Austin, TX	2	320,000	$ 91,300	$ 76,650
Nov-15	Development	2930 Chestnut St. (Cira Green Roof)	Philadelphia, PA	N/A	one acre	12,500	13,575
		Total		**2**	**320,000**	**$ 103,800**	**$ 90,225**

(a) On December 31, 2015, we contributed the Encino Trace properties to the Austin Venture at an agreed upon value of $76.7 million, consisting of the development costs we incurred. The remainder of the budgeted costs primarily relates to unfunded

tenant improvements, which will be paid by the Austin Venture. See footnote (b) in the Property Sales table below for further details.

As of December 31, 2015, we were continuing the construction of the FMC Tower in Philadelphia, Pennsylvania. The building contains a total of 870,000 square feet and is expected to cost $385.0 million, of which $202.8 million has been funded through December 31, 2015.

As discussed above in Item 1., "Business - 2015 Transactions," and Item 1., "Business – Developments," as of December 31, 2015, we were proceeding through four of our unconsolidated real estate ventures development projects at 51 N Street and 1250 First Street in Washington, D.C, 1919 Market Street in Philadelphia, Pennsylvania and 4040 Wilson in Arlington, Virginia.

Property Sales

We sold the following office properties, in each case to unaffiliated third parties in arms' length transactions, during the year ended December 31, 2015 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Properties	Rentable Square Feet	Sales Price	Net Proceeds on Sale	Gain On Sale (a)		Occupancy % at Date of Sale
December 31, 2015	5707 Southwest Parkway (Encino Trace)	Austin, TX	2	320,000	$ 76,700	$ 50,158	$ 2,008	(b)	52.5%
December 29, 2015	Laurel Corporate Center	Mt. Laurel, NJ	6	560,147	56,500	56,253	2,901		92.5%
December 18, 2015	Carlsbad Properties	Carlsbad, CA	3	196,075	30,400	29,568	-	(c)	63.8%
December 18, 2015	751-761 Fifth Ave	King of Prussia, PA	1	158,000	4,600	4,245	894		100.0%
September 29, 2015	1000 Howard Boulevard	Mt. Laurel, NJ	1	105,312	16,500	15,780	4,828		100.0%
August 13, 2015	Bay Colony Office Park	Wayne, PA	4	247,294	37,500	36,386	269		86.5%
August 11, 2015	741 First Avenue	King of Prussia, PA	1	77,184	4,900	4,640	372		100.0%
June 10, 2015	100 Gateway Centre Parkway	Richmond, VA	1	74,991	4,100	3,911	-	(d)	58.3%
April 24, 2015	Christina & Delaware Corporate Centers	Newark, DE / Wilmington, DE	5	485,182	50,100	49,579	1,749		66.5%
April 9, 2015	Lake Merritt Tower	Oakland, CA	1	204,336	65,000	62,800	-	(e)	86.4%
January 8, 2015	1000 Atrium Way / 457 Haddonfield Road (Atrium I / Libertyview)	Mt. Laurel, NJ / Cherry Hill, NJ	2	221,405	28,300	26,778	8,981		93.4%
Total Dispositions			27	2,649,926	$ 374,600	$ 340,098	$ 22,002	(f)	

(a) Gain on Sale is net of closing and other transaction related costs.

(b) On December 31, 2015, we contributed two newly constructed four-story, Class A office buildings, commonly known as "Encino Trace," containing an aggregate of approximately 320,000 square feet in Austin, Texas to one of our existing real estate ventures (the "Austin Venture") that we formed in 2013 with G&I VII Austin Office LLC, an investment vehicle advised by DRA Advisors LLC ("DRA"). When we contributed these two properties to the Austin Venture we incurred a total of $76.7 million in development costs, representing the contribution value. The project is expected to cost $91.3 million with remaining costs fully funded by the Austin Venture. In conjunction with the contribution: (i) the Austin Venture obtained a $30.0 million mortgage loan; (ii) DRA contributed $25.1 million in net cash to the capital of the Austin Venture, including a $1.8 million working capital contribution; and (iii) the Austin Venture distributed $50.2 million to us and credited us with a $23.3 million capital contribution to the Austin Venture. In addition to the contribution of the properties, we also made a $1.8 million cash contribution to the Austin Venture for working capital. We recognized a $2.0 million gain on the contribution.

Under the Encino Trace loan agreement the Austin Venture has the option, subject to certain leasing and loan-to-value requirements, to borrow an additional $29.7 million to fund tenant improvements and leasing commissions.

(c) We recorded an impairment loss of $6.3 million for the Carlsbad office properties during the fourth quarter of 2015. As such, there was no gain at disposition for this property.

(d) We recorded an impairment loss of $0.8 million for 100 Gateway Centre Parkway during the second quarter of 2015. As such, there was no gain at disposition for this property.

(e) We recorded an impairment loss of $1.7 million for Lake Merritt Tower at March 31, 2015. As such, there was no gain at disposition for this property. Sales proceeds were deposited in escrow under Section 1031 of the Internal Revenue Code and applied to purchase the Broadmoor Austin portfolio. Refer to Broadmoor Austin Associates acquisition summary, above, for further details.

(f) Total gain on sale does not include a deferred gain of $0.5 million related to a prior sale.

We sold the following land parcels during the year ended December 31, 2015 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Parcels	Acres	Sales Price	Net Proceeds on Sale	Gain/(Loss) on Sale (a)
December 18, 2015	Two Christina Centre	Wilmington, DE	1	1.6	$ 6,500	$ 5,986	$ - (b)
September 1, 2015	7000 Midlantic	Mt. Laurel, NJ	1	3.5	2,200	1,742	(169)
August 31, 2015	Four Points	Austin, TX	1	8.6	2,500	2,344	71
August 25, 2015	Two Kaiser Plaza	Oakland, CA	1	1.0	11,100	11,016	3,117
Total Dispositions			4	14.7	$ 22,300	$ 21,088	$ 3,019

(a) Gain/(Loss) on Sale is net of closing and other transaction related costs.

(b) We recorded an impairment loss of $0.3 million for Two Christina Centre during the fourth quarter of 2015. As such, there was no gain/(loss) at disposition for this land parcel.

The sales of properties referenced above do not represent a strategic shift that has a major effect on our operations and financial results. As a result, the operating results of these properties remain classified within continuing operations for all periods presented.

Held for Sale

The following is a summary of properties classified as held for sale but which did not meet the criteria to be classified within discontinued operations at December 31, 2015 (in thousands):

	Held for Sale Properties Included in Continuing Operations			
	December 31, 2015			
	Och-Ziff Properties (a)	2970 Market Street (b)	Greenhills Land (c)	Total
ASSETS HELD FOR SALE				
Real estate investments:				
Operating properties	$ 526,099	$ 268,489	$ -	$ 794,588
Accumulated depreciation	(179,092)	(34,489)	-	(213,581)
Operating real estate investments, net	347,007	234,000	-	581,007
Construction-in-progress	1,915	25	-	1,940
Land held for development	-	-	837	837
Total real estate investments, net	348,922	234,025	837	583,784
Intangible assets, net	581	-	-	581
Total assets held for sale, net	$ 349,503	$ 234,025	$ 837	$ 584,365
LIABILITIES HELD FOR SALE				
Acquired lease intangibles, net	$ 192	$ -	$ -	$ 192
Other liabilities	1,959	-	-	1,959
Total liabilities held for sale	$ 2,151	$ -	$ -	$ 2,151

(a) On February 4, 2016, we disposed of our interests in 58 properties located in the Pennsylvania Suburbs, New Jersey/Delaware, Metropolitan Washington, D.C. and Richmond, Virginia segments in a series of related transactions with Och Ziff Real Estate. During the fourth quarter of 2015, significant provisions were agreed upon by both us and Och Ziff Real Estate and, as a result, we determined to move forward with the transaction. Accordingly, as of December 31, 2015, we determined that the sale of the portfolio was probable and classified these properties as held for sale in accordance with applicable accounting standards for long lived assets. At such date, the carrying value of the properties exceeded the fair value less the anticipated costs of sale. As a result, we recognized an impairment loss totaling approximately $45.4 million during the year ended December 31, 2015. For further information related to the transaction see Note 21, "*Subsequent Events*," to our Consolidated Financial Statements.

(b) On December 23, 2015, we entered into a purchase and sale agreement to dispose of its equity interests in the office property located at 2970 Market Street in Philadelphia commonly known as 30th Street Main Post Office (“Cira Square”), which includes 862,692 square feet of rentable space and is fully leased to a single tenant. As of December 31, 2015, we determined the sale was probable and classified the property as held for sale in accordance with applicable accounting standards for long lived assets. At such date, the fair value is the purchase price less anticipated costs to dispose of the property. As the fair value exceeded the carrying value of the property no impairment loss was recorded. On February 5, 2016, we completed the disposition of our equity interests in Cira Square.

(c) On January 15, 2016, we sold the fee interest in a 120 acre land parcel located in Berks County, Pennsylvania for $0.9 million. As of December 31, 2015, we classified this land parcel as held for sale in accordance with the applicable accounting standards for long lived assets. At such date, the carrying value of the properties exceeded the fair value less the anticipated costs of sale. As a result, we recognized an impairment loss totaling approximately $0.3 million during the year ended December 31, 2015.

The sales of our equity interests and the fee interests in the properties referenced above do not represent a strategic shift that has a major effect on our operations and financial results. The operating results of these properties remain classified within continuing operations for all periods presented. See Note 21, "*Subsequent Events,*" to the Consolidated Financial Statements for further information regarding these dispositions.

Properties

As of December 31, 2015, we owned 179 properties that contain an aggregate of approximately 23.0 million net rentable square feet and consist of 106 office properties, six industrial facilities, three mixed-use properties, one retail property (116 core properties), 59 properties classified as held for sale, two development properties, one redevelopment property and one re-entitlement property (collectively, the “Properties”). The properties are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; and Oakland and Concord, California. As of December 31, 2015, the properties were approximately 93.5% occupied by 1,245 tenants and had an average age of approximately 23.1 years. The office properties are a combination of urban and transit-oriented suburban office buildings containing an average of approximately 140,638 net rentable square feet. The industrial and mixed-use properties accommodate a variety of tenant uses, including light manufacturing, assembly, distribution and warehousing. We carry comprehensive liability, fire, extended coverage and rental loss insurance covering all of the properties, with policy specifications and insured limits which we believe are adequate.

The following table sets forth information with respect to our core properties at December 31, 2015:

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2015 (a)	Total Base Rent for the Twelve Months Ended December 31, 2015 (b) (000’s)	Average Annualized Rental Rate as of December 31, 2015 (c)
PENNSYLVANIA SUBURBS SEGMENT								
150 Radnor Chester Road		Radnor	PA	1983	340,380	97.9%	$ 10,452	$ 35.32
201 King of Prussia Road		Radnor	PA	2001	251,434	100.0%	7,181	33.99
555 Lancaster Avenue		Radnor	PA	1973	241,687	97.2%	6,582	32.90
401 Plymouth Road		Plymouth Meeting	PA	2001	204,186	98.8%	5,890	32.30
One Radnor Corporate Center		Radnor	PA	1998	201,874	100.0%	5,422	29.27
101 West Elm Street		W. Conshohocken	PA	1999	173,827	97.9%	4,354	25.94
Five Radnor Corporate Center		Radnor	PA	1998	164,505	100.0%	5,117	33.19
Four Radnor Corporate Center		Radnor	PA	1995	164,464	100.0%	2,658	16.15
660 West Germantown Pike		Plymouth Meeting	PA	2014	161,521	100.0%	4,715	31.27
630 Allendale Road		King of Prussia	PA	2000	150,000	78.8%	2,342	25.80
640 Freedom Business Center		King Of Prussia	PA	1991	132,000	93.7%	2,449	22.38
52 Swedesford Square		East Whiteland Twp.	PA	1988	131,017	84.0%	2,338	23.37
400 Berwyn Park		Berwyn	PA	1999	124,182	98.0%	3,083	24.85
4000 Chemical Road		Plymouth Meeting	PA	2007	120,877	100.0%	3,439	31.19
Three Radnor Corporate Center		Radnor	PA	1998	119,087	100.0%	3,326	32.37
181 Washington Street		Conshohocken	PA	1999	116,174	94.5%	3,013	26.28
300 Berwyn Park		Berwyn	PA	1989	107,702	100.0%	2,382	25.69
Two Radnor Corporate Center		Radnor	PA	1998	97,576	93.9%	2,544	32.91
1 West Elm Street		W. Conshohocken	PA	1999	97,737	100.0%	2,733	27.58
555 Croton Road	(e)	King of Prussia	PA	1999	96,909	71.1%	1,512	25.47
500 North Gulph Road		King Of Prussia	PA	1979	93,082	39.6%	819	22.19
620 West Germantown Pike		Plymouth Meeting	PA	1990	90,183	81.8%	1,580	27.11
610 West Germantown Pike		Plymouth Meeting	PA	1987	90,088	97.9%	1,810	28.09
630 West Germantown Pike		Plymouth Meeting	PA	1988	89,870	93.2%	2,049	28.37
600 West Germantown Pike		Plymouth Meeting	PA	1986	89,626	86.7%	1,573	19.68
630 Freedom Business Center		King Of Prussia	PA	1989	86,683	91.4%	1,488	19.31
1200 Swedesford Road		Berwyn	PA	1994	86,622	100.0%	1,824	31.08
620 Freedom Business Center		King Of Prussia	PA	1986	86,570	100.0%	1,817	24.86
1050 Westlakes Drive		Berwyn	PA	1984	80,000	100.0%	2,190	29.53

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2015 (a)	Total Base Rent for the Twelve Months Ended December 31, 2015 (b) (000's)	Average Annualized Rental Rate as of December 31, 2015 (c)
One Progress Drive	(e)	Horsham	PA	1986	79,204	80.0%	721	22.28
1060 First Avenue	(d)	King Of Prussia	PA	1987	77,718	100.0%	1,699	23.59
1040 First Avenue	(d)	King Of Prussia	PA	1985	75,488	100.0%	1,872	23.03
200 Berwyn Park		Berwyn	PA	1987	75,025	100.0%	1,652	25.77
1020 First Avenue	(d)	King Of Prussia	PA	1984	74,556	100.0%	1,824	22.29
1000 First Avenue	(d)	King Of Prussia	PA	1980	74,139	45.1%	644	20.73
130 Radnor Chester Road		Radnor	PA	1983	71,349	100.0%	2,150	35.41
14 Campus Boulevard		Newtown Square	PA	1998	69,542	100.0%	1,815	29.10
170 Radnor Chester Road		Radnor	PA	1983	68,143	100.0%	1,589	26.94
500 Enterprise Road	(e)	Horsham	PA	1990	66,751	100.0%	823	20.75
610 Freedom Business Center		King Of Prussia	PA	1985	62,991	97.4%	1,129	23.12
925 Harvest Drive	(e)	Blue Bell	PA	1990	62,957	100.0%	1,082	22.26
980 Harvest Drive	(e)	Blue Bell	PA	1988	62,379	77.8%	1,141	17.59
426 Lancaster Avenue		Devon	PA	1990	61,102	100.0%	1,213	24.09
1180 Swedesford Road		Berwyn	PA	1987	60,371	78.7%	1,024	24.75
1160 Swedesford Road		Berwyn	PA	1986	60,099	100.0%	1,387	25.09
100 Berwyn Park		Berwyn	PA	1986	57,730	100.0%	1,134	23.72
640 Allendale Road	(g)	King of Prussia	PA	2000	56,034	100.0%	314	8.61
650 Park Avenue		King Of Prussia	PA	1968	54,338	68.9%	819	17.48
910 Harvest Drive	(e)	Blue Bell	PA	1990	52,611	100.0%	1,073	23.18
2240/50 Butler Pike	(e)	Plymouth Meeting	PA	1984	52,229	100.0%	978	23.46
920 Harvest Drive	(e)	Blue Bell	PA	1990	51,875	100.0%	962	1.85
660 Allendale Road	(g)	King of Prussia	PA	2011	50,635	100.0%	677	17.69
620 Allendale Road		King Of Prussia	PA	1961	50,000	67.0%	519	14.25
15 Campus Boulevard		Newtown Square	PA	2002	49,621	100.0%	1,223	27.55
17 Campus Boulevard		Newtown Square	PA	2001	48,565	100.0%	1,137	27.07
11 Campus Boulevard		Newtown Square	PA	1998	47,700	100.0%	1,237	27.45
1100 Cassett Road		Berwyn	PA	1997	43,480	100.0%	1,212	29.11
600 Park Avenue		King Of Prussia	PA	1964	39,000	100.0%	234	6.06
18 Campus Boulevard		Newtown Square	PA	1990	37,374	100.0%	762	21.29
2260 Butler Pike	(e)	Plymouth Meeting	PA	1984	31,892	100.0%	656	22.11
120 West Germantown Pike	(e)	Plymouth Meeting	PA	1984	30,574	79.9%	457	20.28
140 West Germantown Pike	(e)	Plymouth Meeting	PA	1984	25,357	100.0%	531	24.64
200 Radnor Chester Road		Radnor	PA	2014	17,884	100.0%	875	52.85
SUBTOTAL - PENNSYLVANIA SUBURBS SEGMENT					5,888,576	94.1%	$ 133,247	$ 26.78
PHILADELPHIA CENTRAL BUSINESS DISTRICT SEGMENT								
1717 Arch Street		Philadelphia	PA	1990	1,029,413	100.0%	$ 28,122	$ 31.47
Two Commerce Square		Philadelphia	PA	1992	953,276	96.7%	17,303	27.22
One Commerce Square		Philadelphia	PA	1987	942,866	97.7%	16,546	27.04
2970 Market Street	(e)	Philadelphia	PA	2010	862,692	100.0%	19,543	31.51
2929 Arch Street		Philadelphia	PA	2005	730,187	100.0%	25,971	37.81
100 North 18th Street	(f)	Philadelphia	PA	1988	708,844	98.1%	18,039	23.56
130 North 18th Street		Philadelphia	PA	1989	595,041	96.1%	12,700	25.79
101 - 103 Juniper Street	(h), (j)	Philadelphia	PA	2011	-	0.0%	-	-
129 South 30th Street	(k)	Philadelphia	PA	2010	9,788	100.0%	207	24.55
3020 Market Street	(d)	Philadelphia	PA	2008	190,925	100.0%	4,505	25.92
Philadelphia Marine Center	(d), (h)	Philadelphia	PA	Various	181,900	100.0%	624	5.20
SUBTOTAL - PHILADELPHIA CENTRAL BUSINESS DISTRICT					6,204,932	98.5%	$ 143,560	$ 28.57
METROPOLITAN WASHINGTON D.C. SEGMENT								
1676 International Drive		McLean	VA	1999	299,387	98.9%	$ 10,803	$ 37.92
2340 Dulles Corner Boulevard		Herndon	VA	1987	264,405	100.0%	7,989	35.42
2291 Wood Oak Drive		Herndon	VA	1999	230,389	100.0%	7,358	35.51
1900 Gallows Road		Vienna	VA	1989	210,632	83.4%	4,978	31.19
3141 Fairview Park Drive	(i)	Falls Church	VA	1988	183,618	92.7%	4,917	27.47
2411 Dulles Corner Park		Herndon	VA	1990	179,045	77.1%	2,418	16.20
2355 Dulles Corner Boulevard		Herndon	VA	1988	179,176	77.0%	4,135	33.70
2121 Cooperative Way		Herndon	VA	2000	162,578	94.0%	3,957	16.98
6600 Rockledge Drive	(d)	Bethesda	MD	1981	160,173	100.0%	3,576	17.69
8260 Greensboro Drive		McLean	VA	1980	158,961	76.9%	3,315	27.94
2251 Corporate Park Drive		Herndon	VA	2000	158,016	100.0%	5,330	34.85

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2015 (a)	Total Base Rent for the Twelve Months Ended December 31, 2015 (b) (000's)	Average Annualized Rental Rate as of December 31, 2015 (c)
12015 Lee Jackson Memorial Highway	(e)	Fairfax	VA	1985	153,255	72.6%	3,458	30.00
13880 Dulles Corner Lane		Herndon	VA	1997	151,853	96.0%	3,802	24.39
8521 Leesburg Pike		Vienna	VA	1984	150,897	94.4%	3,676	27.26
2273 Research Boulevard		Rockville	MD	1999	147,689	87.4%	3,231	25.22
2275 Research Boulevard		Rockville	MD	1990	147,650	71.6%	3,069	26.73
2201 Cooperative Way		Herndon	VA	1990	128,173	91.5%	3,050	28.87
2277 Research Boulevard		Rockville	MD	1986	138,095	85.2%	3,179	22.34
11781 Lee Jackson Memorial Highway	(e)	Fairfax	VA	1982	130,935	79.8%	2,370	22.82
11720 Beltsville Drive		Beltsville	MD	1987	128,903	51.2%	1,510	24.62
13825 Sunrise Valley Drive		Herndon	VA	1989	103,967	96.0%	2,297	24.88
198 Van Buren Street		Herndon	VA	1996	98,934	85.8%	2,310	27.01
196 Van Buren Street		Herndon	VA	1991	98,291	100.0%	2,575	29.51
11700 Beltsville Drive		Beltsville	MD	1981	96,843	72.1%	1,839	26.21
11710 Beltsville Drive		Beltsville	MD	1987	81,281	33.7%	520	20.59
4401 Fair Lakes Court	(e)	Fairfax	VA	1988	55,972	92.3%	1,347	30.00
11740 Beltsville Drive		Beltsville	MD	1987	6,783	100.0%	136	25.52
SUBTOTAL - METROPOLITAN WASHINGTON D.C. SEGMENT					4,005,901	87.0%	$ 97,145	$ 28.37
NEW JERSEY/DELAWARE SEGMENT								
300 Delaware Avenue		Wilmington	DE	1989	298,071	80.9%	$ 2,766	$ 15.32
920 North King Street		Wilmington	DE	1989	203,328	91.1%	3,979	19.51
700 East Gate Drive	(e)	Mt. Laurel	NJ	1984	119,272	90.0%	1,616	22.47
1120 Executive Boulevard		Mt. Laurel	NJ	1987	95,183	100.0%	1,206	22.31
220 Lake Drive East		Cherry Hill	NJ	1988	78,509	94.7%	817	19.22
200 Lake Drive East		Cherry Hill	NJ	1989	76,352	92.4%	1,105	27.76
701 East Gate Drive	(e)	Mt. Laurel	NJ	1986	61,794	91.2%	696	20.43
210 Lake Drive East		Cherry Hill	NJ	1986	60,604	100.0%	711	19.61
308 Harper Drive	(e)	Moorestown	NJ	1976	59,500	72.2%	497	21.09
305 Fellowship Drive	(e)	Mt. Laurel	NJ	1980	56,824	100.0%	549	18.74
309 Fellowship Drive	(e)	Mt. Laurel	NJ	1982	55,911	93.0%	718	22.77
307 Fellowship Drive	(e)	Mt. Laurel	NJ	1981	54,485	80.9%	475	20.56
303 Fellowship Drive	(e)	Mt. Laurel	NJ	1979	53,768	85.4%	464	14.01
2 Foster Avenue	(g)	Gibbsboro	NJ	1974	50,761	100.0%	180	3.72
Five Eves Drive		Marlton	NJ	1986	45,564	100.0%	360	13.83
161 Gaither Drive	(e)	Mt. Laurel	NJ	1987	44,739	72.7%	339	22.78
Main Street - Piazza		Voorhees	NJ	1990	44,708	100.0%	718	25.16
20 East Clementon Road		Gibbsboro	NJ	1986	38,260	84.2%	354	18.36
Two Eves Drive		Marlton	NJ	1987	37,532	93.7%	370	17.60
Main Street - Promenade		Voorhees	NJ	1988	31,445	84.6%	276	16.95
Four B Eves Drive		Marlton	NJ	1987	27,011	0.6%	129	-
815 East Gate Drive	(e)	Mt. Laurel	NJ	1986	25,500	100.0%	228	12.48
817 East Gate Drive	(e)	Mt. Laurel	NJ	1986	25,351	80.7%	234	15.30
Four A Eves Drive		Marlton	NJ	1987	24,687	67.7%	152	14.59
1 Foster Avenue	(g)	Gibbsboro	NJ	1972	24,255	100.0%	91	3.75
4 Foster Avenue	(g)	Gibbsboro	NJ	1974	23,372	100.0%	154	7.70
7 Foster Avenue		Gibbsboro	NJ	1983	22,158	100.0%	205	16.92
10 Foster Avenue		Gibbsboro	NJ	1983	18,651	95.7%	228	13.12
5 U.S. Avenue	(g)	Gibbsboro	NJ	1987	5,000	100.0%	32	6.37
50 East Clementon Road		Gibbsboro	NJ	1986	3,080	100.0%	160	51.90
5 Foster Avenue		Gibbsboro	NJ	1968	2,000	100.0%	-	-
SUBTOTAL - NEW JERSEY/DELAWARE SEGMENT					1,767,675	88.3%	$ 19,809	$ 18.29
AUSTIN, TX SEGMENT								
11501 Burnet Road - Building 1		Austin	TX	1991	203,210	100.0%	$ 1,257	$ 15.02
11501 Burnet Road - Building 5		Austin	TX	1991	199,610	100.0%	1,153	14.43
11501 Burnet Road - Building 3		Austin	TX	1991	199,559	100.0%	1,234	15.02
11501 Burnet Road - Building 2		Austin	TX	1991	147,837	100.0%	2,010	26.75
11501 Burnet Road - Building 6		Austin	TX	1991	144,818	100.0%	836	14.43
11501 Burnet Road - Building 4		Austin	TX	1991	141,434	100.0%	875	15.02
11501 Burnet Road - Building 8		Austin	TX	1991	75,768	100.0%	469	15.02
SUBTOTAL - AUSTIN, TX SEGMENT					1,112,236	100.0%	$ 7,834	$ 16.40

		Location	State	Year Built/ Renovated	Net Rentable Square Feet	Percentage Leased as of December 31, 2015 (a)	Total Base Rent for the Twelve Months Ended December 31, 2015 (b) (000's)	Average Annualized Rental Rate as of December 31, 2015 (c)
RICHMOND, VA SEGMENT (e)								
300 Arboretum Place		Richmond	VA	1988	212,228	100.0%	$ 3,349	$ 16.42
6800 Paragon Place		Richmond	VA	1986	146,365	97.1%	2,215	18.17
6802 Paragon Place		Richmond	VA	1989	143,783	100.0%	2,469	17.90
7501 Boulders View Drive		Richmond	VA	1990	136,654	100.0%	2,178	18.04
2511 Brittons Hill Road	(g)	Richmond	VA	1987	132,548	100.0%	648	6.75
2100-2116 West Laburnam Avenue		Richmond	VA	1976	127,714	100.0%	1,829	16.16
7300 Beaufont Springs Drive		Richmond	VA	2000	120,665	100.0%	1,646	21.27
1025 Boulders Parkway		Richmond	VA	1994	93,143	84.4%	1,211	15.66
2201-2245 Tomlynn Street	(g)	Richmond	VA	1989	85,861	95.0%	494	8.66
7401 Beaufont Springs Drive		Richmond	VA	1998	82,732	92.8%	1,035	16.01
7325 Beaufont Springs Drive		Richmond	VA	1999	75,218	82.5%	779	21.74
6806 Paragon Place		Richmond	VA	2007	74,480	100.0%	1,620	24.56
9011 Arboretum Parkway		Richmond	VA	1991	73,183	100.0%	887	15.66
4870 Sadler Road		Glen Allen	VA	2000	62,100	100.0%	1,301	21.59
4880 Sadler Road		Glen Allen	VA	1998	63,427	100.0%	1,280	21.38
4805 Lake Brooke Drive		Glen Allen	VA	1996	60,208	77.0%	727	18.21
9100 Arboretum Parkway		Richmond	VA	1988	58,446	100.0%	891	16.14
2812 Emerywood Parkway		Henrico	VA	1980	56,984	84.6%	665	11.49
4364 South Alston Avenue		Durham	NC	1985	57,245	95.6%	956	17.76
2277 Dabney Road	(g)	Richmond	VA	1986	50,400	100.0%	321	8.64
9200 Arboretum Parkway		Richmond	VA	1988	49,542	100.0%	674	12.75
9210 Arboretum Parkway		Richmond	VA	1988	48,012	100.0%	536	11.02
2212-2224 Tomlynn Street	(g)	Richmond	VA	1985	45,353	100.0%	351	8.87
2221-2245 Dabney Road	(g)	Richmond	VA	1994	45,250	100.0%	319	9.39
2251 Dabney Road	(g)	Richmond	VA	1983	42,000	100.0%	213	6.18
2161-2179 Tomlynn Street	(g)	Richmond	VA	1985	41,550	100.0%	246	7.03
2256 Dabney Road	(g)	Richmond	VA	1982	33,413	100.0%	213	9.17
2246 Dabney Road	(g)	Richmond	VA	1987	33,271	100.0%	277	10.55
2244 Dabney Road	(g)	Richmond	VA	1993	33,050	100.0%	274	10.38
9211 Arboretum Parkway		Richmond	VA	1991	30,791	100.0%	345	14.29
2248 Dabney Road	(g)	Richmond	VA	1989	30,184	100.0%	238	10.31
2130-2146 Tomlynn Street	(g)	Richmond	VA	1988	29,700	100.0%	204	9.44
2120 Tomlyn Street	(g)	Richmond	VA	1986	23,850	100.0%	179	10.47
2240 Dabney Road	(g)	Richmond	VA	1984	15,389	100.0%	127	15.37
SUBTOTAL - RICHMOND, VA SEGMENT					2,414,739	97.2%	$ 30,697	$ 15.12
CALIFORNIA SEGMENT								
Oakland Lot B	(h)	Oakland	CA	N/A	—	—	$ -	$ -
1220 Concord Avenue		Concord	CA	1984	175,153	100.0%	4,204	27.16
1200 Concord Avenue		Concord	CA	1984	175,103	100.0%	4,426	28.42
SUBTOTAL - CALIFORNIA SEGMENT					350,256	100.0%	$ 8,630	$ 27.79
TOTAL PORTFOLIO					**21,744,315**	**94.3%**	**$ 440,922**	**$ 25.06**
ASSETS HELD FOR SALE					**(4,787,475)**	**94.2%**	**$ (73,167)**	**$ 20.13**
TOTAL CORE PORTFOLIO					**16,956,840**	**94.4%**	**$ 367,755**	**$ 26.44**

(a) Calculated by dividing net rentable square feet included in leases signed on or before December 31, 2015 at the property by the aggregate net rentable square feet of the property.

(b) "Total Base Rent" for the twelve months ended December 31, 2015 represents base rents earned during such period, including tenant reimbursements, and excluding parking income, tenant inducements and deferred market rent adjustments, calculated in accordance with accounting principles generally accepted in the U.S., determined on a straight-line basis.

(c) "Average Annualized Rental Rate" is calculated by taking the sum of the annualized current base rent as of December 31, 2015 plus the annualized current billable operating expense reimbursements excluding tenant electricity divided by the total square feet occupied as of December 31, 2015.

(d) These properties are subject to a ground lease with a third party.

(e) These properties were held for sale at December 31, 2015.

(f) We hold our interest in Two Logan Square (100 North 18th Street - Philadelphia, Pennsylvania) through our ownership of second and third mortgages that are secured by this property and that are junior to a first mortgage held by a third party lender. Our ownership of these two mortgages currently provides us with all of the cash flows from Two Logan Square after the payment of operating expenses and debt service on the first mortgage.

(g) These properties are industrial facilities, of which six properties are included in our core portfolio. The industrial properties in the Richmond, Virginia segment are held for sale as of December 31, 2015.
(h) These properties are mixed-use.
(i) We contributed this property to an unconsolidated real estate venture. However, we continue to consolidate this property due to our continuing involvement resulting from our ongoing lease of space, and our 50% ownership interest in the real estate venture.
(j) This is a 220-space parking garage facility.
(k) This is a 1,662-space parking garage facility which has an in place lease with the IRS for 1,200 spaces.

The following table shows information regarding rental rates and lease expirations for the Properties at December 31, 2015 and assumes that none of the tenants exercises renewal options or termination rights, if any, at or prior to scheduled expirations:

Year of Lease Expiration December 31,	Number of Leases Expiring Within the Year	Rentable Square Footage Subject to Expiring Leases	Final Annualized Base Rent Under Expiring Leases (a)	Final Annualized Base Rent Per Square Foot Expiring Leases	Percentage of Total Final Annualized Base Rent Under Expiring Leases	Cumulative Total
2015 (b)	25	22,587	$ 359,652	$ 15.92	0.1%	0.1%
2016	186	1,591,492	34,012,699	21.37	5.8%	5.9%
2017	238	2,942,069	68,757,288	23.37	11.7%	17.6%
2018	221	2,029,307	59,794,589	29.47	10.2%	27.9%
2019	181	1,749,449	54,326,521	31.05	9.3%	37.1%
2020	175	2,441,100	62,676,298	25.68	10.7%	47.8%
2021	115	1,364,966	38,905,376	28.50	6.6%	54.5%
2022	72	1,981,625	57,534,721	29.03	9.8%	64.3%
2023	56	724,643	21,097,698	29.11	3.6%	67.9%
2024	38	855,444	32,940,239	38.51	5.6%	73.5%
2025	23	506,751	17,955,368	35.43	3.1%	76.6%
2026 and thereafter	72	4,636,846	137,329,478	29.62	23.4%	100.0%
	1,402	20,846,279	$ 585,689,927	$ 28.10	100.0%	

(a) "Final Annualized Base Rent" for each lease scheduled to expire represents the cash rental rate of base rents, including tenant reimbursements, in the final month prior to expiration multiplied by 12. Tenant reimbursements generally include payment of a portion of real estate taxes, operating expenses and common area maintenance and utility charges.
(b) Relates to existing month-to-month tenancy leases and to expired leases, which converted to month-to-month tenancies until a written notice to vacate is provided by us or until a new lease agreement is agreed upon with the tenant.

At December 31, 2015, our Properties were leased to1,245 tenants that are engaged in a variety of businesses. The following table sets forth information regarding leases at the Properties with the 20 tenants having the largest amounts of space leased based upon Annualized Base Rent as of December 31, 2015:

Tenant Name (a)	Number of Leases	Weighted Average Remaining Lease Term Months	Aggregate Leased Square Feet	Percentage of Aggregate Leased Square Feet	Annualized Base Rent (in 000) (b)	Percentage of Aggregate Annualized Base Rent
General Services Administration — U.S. Govt. (c)	13	157	1,436,084	6.9%	$ 33,498	6.4%
IBM, Inc.	1	11	964,399	4.6%	12,194	2.3%
Wells Fargo Bank, N.A.	10	20	423,028	2.0%	11,765	2.2%
Comcast Corporation	4	42	418,029	2.0%	11,515	2.2%
Northrup Grumman Corporation	2	24	284,460	1.4%	9,736	1.9%
Pepper Hamilton LLP	2	141	292,926	1.4%	9,227	1.8%
Dechert LLP	1	53	218,565	1.0%	7,872	1.5%
Lincoln National Management Co.	1	55	221,659	1.1%	7,832	1.5%
KPMG LLP	2	102	175,423	0.8%	6,693	1.3%
Macquarie US	1	55	223,355	1.1%	6,168	1.2%
Deltek Systems, Inc.	1	80	157,900	0.8%	5,809	1.1%
Blank Rome	1	73	196,689	0.9%	5,395	1.0%
Drinker Biddle & Reath LLP	1	166	157,989	0.8%	5,372	1.0%
Janney Montgomery Scott, LLC	3	141	160,544	0.8%	4,714	0.9%
PricewaterhouseCoopers LLP	1	172	161,450	0.8%	4,706	0.9%
Reliance Standard Life Insurance Company	2	70	147,202	0.7%	4,396	0.8%
CSL Behring LLC	3	151	191,654	0.9%	4,338	0.8%
VWR Management Services LLC	1	108	149,858	0.7%	4,238	0.8%
Reed Smith LLP	1	171	129,966	0.6%	4,030	0.8%
State of Texas - Health and Human Services	1	130	147,837	0.7%	3,955	0.8%
Consolidated Total/Weighted Average	52	90	6,259,017	30.0%	$ 163,453	31.2%

(a) The identified tenant includes affiliates in certain circumstances.

(b) Annualized Base Rent represents the monthly base rent, excluding tenant reimbursements, for each lease in effect at December 31, 2015 multiplied by 12. Tenant reimbursements generally include payment of a portion of real estate taxes, operating expenses and common area maintenance and utility charges.

(c) At year end, Cira Square, located in Philadelphia, Pennsylvania, was held for sale. The property consists of 862,692 square feet and was 100% leased by the GSA. This lease has annualized base rent of $24.4 million, which consists of 4.6% of annualized base rent.

Real Estate Ventures

As of December 31, 2015, we held ownership interests in 16 unconsolidated Real Estate Ventures for an aggregate investment balance of $239.9 million, of which $241.0 million is included in net assets and $1.1 million is included in other liabilities relating to the negative investment balance of one real estate venture. We formed or acquired interests in these 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 December 31, 2015, nine of the real estate ventures owned 31 office buildings that contain an aggregate of approximately 4.3 million net rentable square feet; two real estate ventures owned 4.3 acres of undeveloped parcels of land; three real estate ventures owned 2.2 acres of land under active development; one real estate venture owned a residential tower that contains 345 apartment units and one real estate venture owned an apartment complex that contains 398 units.

We account for our investments in these Real Estate Ventures using the equity method. For further information regarding Real Estate Ventures, see Note 4, "*Investment in Unconsolidated Ventures,*" of our Consolidated Financial Statements.

Item 3. Legal Proceedings

We are involved from time to time in legal proceedings, including tenant disputes, employee disputes, disputes arising out of agreements to purchase or sell properties and disputes relating to state and local taxes. We generally consider these disputes to be routine to the conduct of our business and management believes that the final outcome of such proceedings will not have a material adverse effect on our financial position, results of operations or liquidity.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The common shares of Brandywine Realty Trust are traded on the New York Stock Exchange ("NYSE") under the symbol "BDN." There is no established trading market for units of partnership interests in the Operating Partnership. On February 19, 2016, there were 635 holders of record of our common shares and 30 holders of record (in addition to Brandywine Realty Trust) of Class A units of the Operating Partnership. On February 19, 2016, the last reported sales price of the common shares on the NYSE was $12.15. The following table sets forth the quarterly high and low sales price per common share reported on the NYSE for the indicated periods and the distributions paid by us with respect to each such period.

	Share Price High		Share Price Low		Distributions Paid During Quarter	
First Quarter 2014	$	14.97	$	13.77	$	0.15
Second Quarter 2014	$	15.77	$	13.83	$	0.15
Third Quarter 2014	$	16.29	$	14.07	$	0.15
Fourth Quarter 2014	$	16.08	$	13.97	$	0.15
First Quarter 2015	$	17.00	$	14.81	$	0.15
Second Quarter 2015	$	16.10	$	13.28	$	0.15
Third Quarter 2015	$	13.99	$	11.72	$	0.15
Fourth Quarter 2015	$	13.87	$	12.18	$	0.15

For each quarter in 2015 and 2014, the Operating Partnership paid a cash distribution per Class A unit in an amount equal to the dividend paid on a common share for each such quarter.

In order to maintain the status of Brandywine Realty Trust as a REIT, we must make annual distributions to shareholders of at least 90% of our taxable income (not including net capital gains). Future distributions will be declared at the discretion of our Board of Trustees and will depend on our actual cash flow, financial condition and capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as our Board of Trustees deems relevant. Our credit facilities contain certain restrictions on the payment of dividends. Those restrictions permit us to pay dividends to the greater of (i) an aggregate amount required by us to retain our qualification as a REIT and (ii) 95% of our funds from operations. See Note 7, "*Debt Obligations,*" to our Consolidated Financial Statements for further details.

Our Board of Trustees has adopted a dividend policy designed such that our distributions are consistent with our normalized taxable income for 2015. On December 8, 2015, our Board of Trustees declared a quarterly dividend distribution of $0.15 per common share that was paid on January 20, 2016. On December 9, 2014, our Board of Trustees declared a quarterly dividend distribution of $0.15 per common share that was paid on January 20, 2015.

The following table provides information as of December 31, 2015, with respect to compensation plans (including individual compensation arrangements) under which our common shares are authorized for issuance:

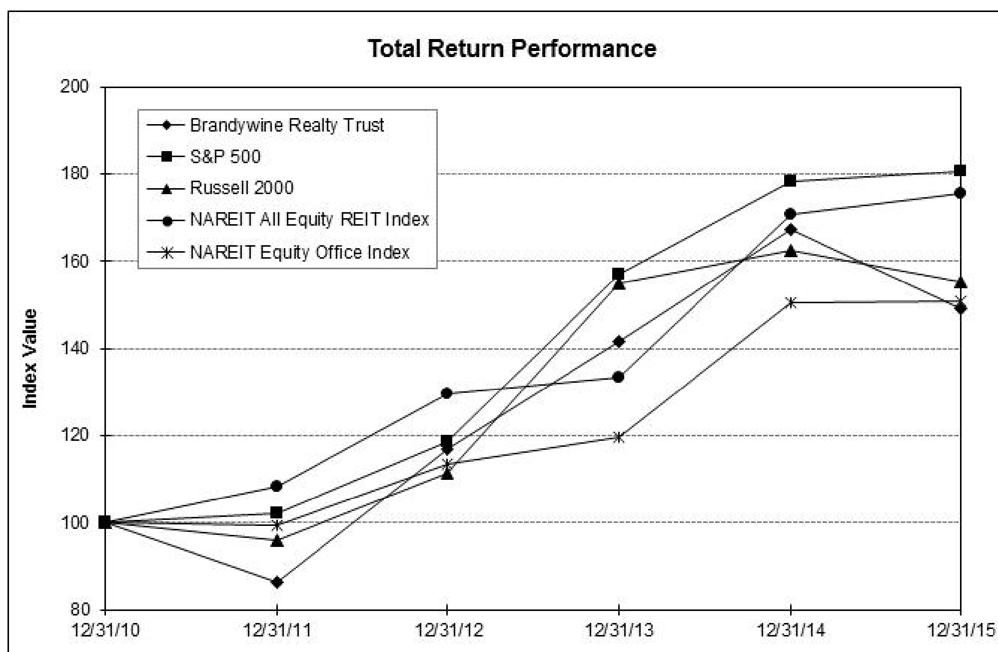
Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)	2,624,067	$ 15.47	4,295,559
Equity compensation plans not approved by security holders	—	—	—
Total	2,624,067	$ 15.47	4,295,559

(1) Relates to our Amended and Restated 1997 Long-Term Incentive Plan (the "1997 Plan") and 46,667 options awarded prior to adoption of the 1997 Plan. Under the 1997 Plan, as amended, the number of common shares remaining available for awards under the 1997 Plan was 4,295,559 as of December 31, 2015.

We maintain a share repurchase program under which the Board of Trustees has authorized us to repurchase common shares of Brandywine Realty Trust with no expiration date. On July 22, 2015, our Board of Trustees authorized additional share repurchases of up to $100.0 million. Prior to the authorization, 539,200 common shares were available for repurchase under the preexisting share repurchase program. During the year ended December 31, 2015, 5,209,437 common shares have been repurchased and retired at an average purchase price of $12.90 per share, totaling $67.3 million.

SHARE PERFORMANCE GRAPH

The SEC requires us to present a chart comparing the cumulative total shareholder return on the common shares with the cumulative total shareholder return of (i) a broad equity index and (ii) a published industry or peer group index. The following chart compares the cumulative total shareholder return for the common shares with the cumulative shareholder return of companies on (i) the S&P 500 Index (ii) the Russell 2000 and (iii) the NAREIT ALL-REIT Total Return Index as provided by NAREIT for the period beginning December 31, 2010 and ending December 31, 2015 and assumes an investment of $100, with reinvestment of all dividends, has been made in the common shares and in each index on December 31, 2010.



	Year Ended					
Index	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
Brandywine Realty Trust	100.00	86.46	117.02	141.45	167.25	149.14
S&P 500	100.00	102.11	118.45	156.82	178.28	180.75
Russell 2000	100.00	95.82	111.49	154.78	162.35	155.18
NAREIT All Equity REIT Index	100.00	108.28	129.62	133.32	170.68	175.51
NAREIT Equity Office Index	100.00	99.24	113.29	119.60	150.52	150.96

Item 6. Selected Financial Data

The following table sets forth selected financial and operating data and should be read in conjunction with the financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Annual Report on Form 10-K. The selected data have been revised to reflect disposition of all properties since January 1, 2011, which have been reclassified as discontinued operations for all periods presented in accordance with the accounting standard governing discontinued operations.

Brandywine Realty Trust

(in thousands, except per common share data and number of properties)

Years Ended December 31,	2015	2014	2013	2012	2011
Operating Results					
Total revenue	$ 602,631	$ 596,982	$ 562,210	$ 535,679	$ 538,568
Income (loss) from continuing operations	(30,740)	6,024	38,982	(37,309)	(24,556)
Net income (loss)	(30,740)	6,942	43,189	6,529	(4,715)
Income (loss) allocated to Common Shares	(37,630)	(274)	35,514	(8,238)	(12,996)
Income (loss) from continuing operations per Common Share					
Basic	$ (0.21)	$ (0.01)	$ 0.20	$ (0.36)	$ (0.24)
Diluted	$ (0.21)	$ (0.01)	$ 0.20	$ (0.36)	$ (0.24)
Earnings (loss) per Common Share					
Basic	$ (0.21)	—	$ 0.23	$ (0.06)	$ (0.10)
Diluted	$ (0.21)	—	$ 0.23	$ (0.06)	$ (0.10)
Cash distributions paid per Common Share	$ 0.60	$ 0.60	$ 0.60	$ 0.60	$ 0.60
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$ 3,225,427	$ 3,827,826	$ 3,853,006	$ 3,922,893	$ 4,061,461
Total assets (a)	4,554,511	4,835,210	4,741,615	4,479,993	4,532,627
Total indebtedness (a)	2,384,717	2,427,345	2,571,901	2,438,614	2,368,904
Total liabilities (a)	2,602,420	2,675,884	2,820,180	2,706,477	2,642,931
Noncontrolling interest	18,166	18,499	21,215	21,238	33,105
Brandywine Realty Trust’s equity	1,933,925	2,140,827	1,900,220	1,752,278	1,856,591
Other Data					
Cash flows from:					
Operating activities	$ 195,099	$ 188,999	$ 183,484	$ 159,110	$ 177,247
Investing activities	(166,452)	(270,785)	104,708	(74,864)	(46,163)
Financing activities	(229,455)	76,081	(26,534)	(83,107)	(147,239)
Funds from operations (FFO) (b)	261,793	227,662	210,373	170,533	203,396
Property Data					
Number of properties owned at year end	179	200	204	221	232
Net rentable square feet owned at year end	23,015	25,083	24,765	25,079	25,221

Brandywine Operating Partnership, L.P.

(in thousands, except per common partnership unit data and number of properties)

Years Ended December 31,	2015	2014	2013	2012	2011
Operating Results					
Total revenue	$ 602,631	$ 596,982	$ 562,210	$ 535,679	$ 538,568
Income (loss) from continuing operations	(30,740)	6,024	38,982	(37,309)	(24,556)
Net income (loss)	(30,740)	6,942	43,189	6,529	(4,715)
Income (loss) from continuing operations per Common Partnership Unit					
Basic	$ (0.21)	$ (0.01)	$ 0.20	$ (0.36)	$ (0.23)
Diluted	$ (0.21)	$ (0.01)	$ 0.20	$ (0.36)	$ (0.23)
Income (loss) per Common Partnership Units					
Basic	$ (0.21)	—	$ 0.23	$ (0.06)	$ (0.09)
Diluted	$ (0.21)	—	$ 0.23	$ (0.06)	$ (0.09)
Cash distributions paid per Common Partnership Unit	$ 0.60	$ 0.60	$ 0.60	$ 0.60	$ 0.60
Balance Sheet Data					
Real estate investments, net of accumulated depreciation	$ 3,225,427	$ 3,827,826	$ 3,853,006	$ 3,922,893	$ 4,061,461
Total assets (a)	4,554,511	4,835,210	4,741,615	4,479,993	4,532,627
Total indebtedness (a)	2,384,717	2,427,345	2,571,901	2,438,614	2,368,904
Total liabilities (a)	2,602,420	2,675,884	2,820,180	2,706,477	2,642,931
Redeemable limited partnership units	22,114	24,571	26,486	26,777	38,370
Brandywine Operating Partnership's equity	1,927,945	2,133,745	1,894,003	1,746,739	1,851,326
Non-controlling interest	2,032	1,010	946	—	—
Other Data					
Cash flows from:					
Operating activities	$ 195,099	$ 188,999	$ 183,484	$ 159,110	$ 177,247
Investing activities	(166,452)	(270,785)	104,708	(74,864)	(46,163)
Financing activities	(229,455)	76,081	(26,534)	(83,107)	(147,239)
Funds from operations (FFO) (b)	261,793	227,662	210,373	170,533	203,396
Property Data					
Number of properties owned at year end	179	200	204	221	232
Net rentable square feet owned at year end	23,015	25,083	24,765	25,079	25,221

(a) During the fourth quarter of 2015, we adopted ASU 2015-03, "*Simplifying the Presentation of Debt Issuance Costs,*" which required us to reclassify debt financing costs, which were previously accounted for on the deferred costs line (assets) and present those as a direct deduction from the carrying amount of the debt liability. See Footnote 2, *"Summary of Significant Accounting Policies – Reclassifications"*.

(b) See Item 7., "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Funds From Operations (FFO),*" for a discussion and definition of FFO and a reconciliation of net income (loss) attributable to common unit holders to FFO.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements appearing elsewhere herein and is based primarily on our Consolidated Financial Statements for the years ended December 31, 2015, 2014 and 2013.

OVERVIEW

We are a self-administered and self-managed REIT that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office, industrial, retail and mixed-use properties. As of December 31, 2015, we owned 179 properties that contain an aggregate of approximately 23.0 million net rentable square feet and consist of 106 office properties, six industrial facilities, three mixed-use properties, one retail property (116 core properties), 59 properties classified as held for sale, two development properties, one redevelopment property and one re-entitlement property (collectively, the "Properties"). In addition, as of December 31, 2015, we owned economic interests in 16 unconsolidated real estate ventures which own properties that contain approximately 4.3 million net rentable square feet (collectively, the "Real Estate Ventures"). As of

December 31, 2015, we also owned 412 acres of undeveloped land, of which 120 acres are held for sale, and held options to purchase a land parcel containing approximately 50 additional acres of undeveloped land. As of December 31, 2015, the total potential development that these land parcels could support under current zoning, entitlements or combination thereof, amounted to 7.1 million square feet. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; Aust in, Texas and Oakland and Concord California. In addition to managing properties that we own, as of December 31, 2015, we were managing approximately 6.5 million net rentable square feet of office and industrial properties for third parties and the Real Estate Ventures. Unless otherwise indicated, all references in this Form 10-K to square feet represent rentable area. We do not have any foreign operations and our business is not seasonal. Our operations are not dependent on a single tenant or a few tenants and no single tenant accounted for more than 10% of our total 2015 revenue.

During the year ended December 31, 2015, we were managing our portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia CBD, (3) Metropolitan Washington, D.C., (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California/Other. The Pennsylvania Suburbs segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in the District of Columbia, Northern Virginia and southern Maryland. The New Jersey/Delaware segment includes properties in Burlington and Camden counties in New Jersey and in New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and one property in Durham, North Carolina. The Austin, Texas segment includes properties in the City of Austin, Texas. The California segment includes properties in the City of Oakland and City of Concord, California. For additional information, see Item 1., "*Business - 2015 Transactions.*" 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.

As a result of the Och Ziff Sale that occurred on February 4, 2016, we have narrowed our segments to four core markets located in; (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington, D.C. and (4) Austin, Texas. The Och Ziff Sale disposed of the entire Richmond, Virginia segment. Subsequent to the Och Ziff Sale, the segments previously defined as New Jersey/Delaware and California will be managed as a consolidated segment entitled "Other," as these geographies no longer provide a significant revenue contribution. Accordingly, the chief operating decision maker is revising the management structure and allocating more resources to the four core markets beginning January 1, 2016.

We generate cash and revenue from leases of space at our properties and, to a lesser extent, from the management 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 and industrial space. We also generate cash through sales of assets, including assets that we do not view as core to our portfolio, either because of location or expected growth potential, and assets that are commanding premium prices from third party investors.

Factors that May Influence Future Results of Operations

Global Market and Economic Conditions

In the U.S., market and economic conditions have been improving, characterized by more availability to credit, increasing interest rates and modest growth. While recent economic data reflects modest growth, the cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads. Volatility in the U.S. and international markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our tenants. The continuation of these market conditions may limit our ability, as well as the ability of our tenants, to timely refinance maturing liabilities and access capital markets to meet liquidity needs.

Real Estate Asset Valuation

General economic conditions and the resulting impact on market conditions or a downturn in tenants' businesses may adversely affect the value of our assets. Challenging economic conditions in the U.S., declining demand for leased office, industrial, retail, or mixed-use properties and/or a decrease in market rental rates and/or market values of real estate assets in our submarkets could have a negative impact on the value of our properties. If we were required under GAAP to write down the carrying value of any of our properties due to impairment, or if as a result of an early lease termination we were required to remove or dispose of material amounts of tenant improvements that are not reusable to another tenant, our financial condition and results of operations could be negatively affected.

Leasing Activity and Rental Rates

The amount of net rental income generated by our properties depends principally on our ability to maintain the occupancy rates of currently leased space and to lease currently available space, newly developed or redeveloped properties and space available from unscheduled lease terminations. The amount of rental income we generate also depends on our ability to maintain or increase rental rates in our submarkets. Negative trends in one or more of these factors could adversely affect our rental income in future periods.

Equity Method Investment Valuation

Our equity method investments, primarily our investment in unconsolidated Real Estate Ventures, may be adversely affected by changes in the real estate markets in which they operate. Under the equity method, investments in unconsolidated Real Estate Ventures are recorded initially at cost and subsequently adjusted for equity in earnings, cash contributions, less distributions and impairments. As required under accounting rules, we periodically evaluate and assess our equity method investments for other than temporary impairment. In valuing our equity method investments, fair value is determined through various valuation techniques, including but not limited to, discounted cash flow models, quoted market values and third party appraisals. However, such quoted data and other market information can vary, even for the same properties. To the extent that the real estate markets deteriorate or we are unable to lease our development projects, it could result in declines in the fair value of our equity method investments that are other than temporary and, we may realize losses that never materialize or we may fail to recognize losses in the appropriate period. Rapidly changing conditions in the real estate markets in which we operate increase the complexity of valuing our equity method investments and our judgments and methodologies materially impact the valuation of the investments as reported in our financial statements.

Development and Redevelopment Programs

Historically, a significant portion of our growth has come from our development and redevelopment efforts. We have a proactive planning process by which we continually evaluate the size, timing, costs and scope of our development and redevelopment programs and, as necessary, scale activity to reflect the economic conditions and the real estate fundamentals that exist in our strategic submarkets. We are currently proceeding on certain development and redevelopment projects, and we take a cautious and selective approach when determining if a certain development or redevelopment project will benefit our portfolio.

In addition, we may be unable to lease committed development or redevelopment properties at underwritten rental rates or within projected timeframes or complete development or redevelopment properties on schedule or within budgeted amounts, which could adversely affect our financial condition, results of operations and cash flow.

Financial and Operating Performance

Our financial and operating performance is dependent upon the demand for office, industrial and other commercial 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, through 2015 and possibly beyond as the current economic climate may negatively impact tenants.

Overall economic conditions, including but not limited to high 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 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 our strong balance sheet will enable us to raise debt capital, if necessary, in various forms and from different sources, including traditional term or secured 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 continued to seek revenue growth in fiscal year 2016 by increasing occupancy and rental rates. Occupancy in our core portfolio at December 31, 2015 was 93.5%, compared to 91.4% at December 31, 2014.

The table below summarizes selected operating and leasing statistics of our wholly owned operating properties for the year ended December 31,2015:

	Year ended December 31, 2015	Year ended December 31, 2014
Leasing Activity:		
Total net rentable square feet owned (1)	16,956,840	23,285,890
Occupancy percentage (end of period) (1)	93.5%	91.4%
Average occupancy percentage (1)	91.4%	89.2%
Retention rate	77.1%	71.4%
New leases and expansions commenced (square feet)	1,323,393	2,015,711
Leases renewed (square feet)	1,661,930	1,707,178
Net absorption (square feet) (2)	268,988	503,612
Percentage change in rental rates per square feet (3)		
New and expansion rental rates	16.1%	2.5%
Renewal rental rates	5.2%	11.8%
Combined rental rates	8.8%	8.5%
Capital Costs Committed (4)		
Leasing commissions (per square feet)	$ 4.38	$ 7.50
Tenant Improvements (per square feet)	$ 15.79	$ 17.34
Weighted average lease term (years)	7.8	8.2
Total capital per square foot per lease year	$ 2.42	$ 2.74

(1) For each period, includes all properties in the core portfolio and does not include properties under development or redevelopment, 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 5.8% of our aggregate final annualized base rents as of December 31, 2015 (representing approximately 7.6% of the net rentable square feet of the properties) are scheduled to expire without penalty in 2016. We maintain an active dialogue with our tenants in an effort to maximize lease renewals. In our core portfolio the retention rate for the twelve month period ended December 31, 2015 is 77.1% compared to a retention rate of 71.4% for the twelve month period ended December 31, 2014. Rental rates on leases expiring during 2015 did not deviate significantly from market renewal rates in the regions in which we operate. 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 regularly evaluates our accounts receivable reserve policy in light of our tenant base and general and local economic conditions. Our accounts receivable allowance was $16.2 million or 9.1% of total receivables (including accrued rent receivable) as of December 31, 2015 compared to $15.3 million or 9.1% of total receivables (including accrued rent receivable) as of December 31, 2014.

If poor economic conditions materialize, 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:

FMC Tower at Cira Centre South

On October 31, 2013, we determined to proceed with development of the FMC Tower at Cira Centre South (the "FMC Tower") (formerly the Cira Walnut Tower), designed as a trophy class, mixed-use office tower at 30th and Walnut Streets in Philadelphia, Pennsylvania, a 49-story mixed-use office tower on a site ground leased from the University of Pennsylvania. We currently expect the FMC Tower to be ready for initial occupancy during the third quarter of 2016 and to include approximately 635,000 square feet of office space, 230,000 square feet of residential space consisting of 268 market rate rental apartment units, and 4,000 square feet of retail space, with an additional floor containing a full range of amenities.

We have reduced development risk by pre-leasing an aggregate of 61% of the office square feet of the FMC Tower. The anchor tenant for approximately 280,000 square feet of office space is FMC Corporation, a diversified chemical company serving agricultural, consumer and industrial markets globally. The lease with FMC Corporation has an initial term of sixteen (16) years from initial occupancy. In addition, we also pre-leased approximately 100,000 square feet of office space to the University of Pennsylvania under a 20-year lease.

We anticipate the project cost to total $385.0 million, of which $202.8 million has been funded through December 31, 2015. We intend to fund remaining development costs through a combination of potential sources, including existing cash balances, availability under our unsecured line of credit, capital raised through one or more joint venture formations, proceeds from asset sales or equity and debt financing. The costs to complete the project will be funded over the construction period, which commenced in the second quarter of 2014 and is scheduled to conclude during the third quarter of 2016.

We may joint venture or pre-sell the residential component of the FMC Tower. Pursuant to this objective, we have executed a property management agreement with a residential development and operating company that contemplates either outcome.

Our ground lease with the University of Pennsylvania has a term through July 2097, with a variable rent that would provide the University of Pennsylvania with a percentage of the cash flow or proceeds of specified capital events subject to receipt of a priority return on the Operating Partnership's investment.

1919 Ventures

On October 27, 2014, 1919 Ventures, a 50/50 joint venture between LCOR and us, announced a planned 29-story, 455,000 square foot contemporary glass tower development at 1919 Market Street in Philadelphia, Pennsylvania. The tower has been designed as a mixed-use development consisting of residential, retail and parking components. The residential component of the project will be comprised of 321 luxury apartments. The commercial space will consist of 24,000 square feet and was 100% pre-leased at December 31, 2015. The parking component will consist of a 215-car structured parking facility. Total project costs are estimated at $148.1 million. A portion of the costs are being funded with proceeds of an $88.9 million secured construction loan from an unaffiliated institutional lender, and the remaining $59.2 million was fully funded with equity contributions from each of us and LCOR. As of December 31, 2015, $19.4 million was outstanding on the construction loan and equity contributions of $29.6 million had been funded by each of us and LCOR.

4040 Wilson Venture

4040 Wilson, a 50/50 joint venture between Ashton Park and us, expects to develop a 426,000 square foot office building on a 1.3 acre land parcel contributed by Ashton Park to 4040 Wilson at an agreed upon valuation of $36.0 million. The total estimated project costs are $194.6 million, which we expect will be financed through approximately $72.0 million of partner capital contributions (consisting of $36.0 million in cash from us, of which $35.6 million has been funded to date, and land with a value of $36.0 million from Ashton Park), with the remaining balance funded by debt financing through a construction lender that has not yet been determined. During the second quarter of 2015, 4040 Wilson completed the construction of the garage structure. We expect groundbreaking on the building structure to commence upon achievement of certain pre-leasing levels, at which point 4040 Wilson expects to obtain debt financing for the remainder of the project costs.

Land Holdings

As of December 31, 2015, we owned approximately 412 acres of undeveloped land, of which 120 acres was held for sale, and held options to purchase a land parcel containing approximately 50 additional acres of undeveloped land. As market conditions warrant, we will seek to opportunistically dispose of those parcels that we do not anticipate developing. For parcels of land that we ultimately develop, we will be subject to risks and costs associated with land development, including building moratoriums and the inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals, construction cost increases or overruns and construction delays, and insufficient occupancy rates and rental rates. As of December 31, 2015, the total potential development that these land parcels could support amounted to 7.1 million square feet.

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. See Item 1A., "*Risk Factors*."

Although we continue to evaluate opportunities to acquire assets, the abundance of capital and demand for assets has resulted in increasing prices. As a result, in the current environment we are able to develop properties at a cost per square foot that is generally less than the cost at which we can acquire older existing properties, thereby generating relatively better returns with lower annual maintenance expenses and capital costs. Accordingly, we believe that successful lease-up and completion of our development pipeline will enhance our long-term return on equity and earnings growth as these developments are placed in-service.

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 financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the reporting periods. 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 the accounting estimate are reasonably likely to occur from period to period. Management believes the following critical accounting policies reflect our more significant judgments and estimates used in the preparation of our consolidated financial statements. For a summary of all of our significant accounting policies, see Note 2, "*Summary of Significant Accounting Policies,*" to our Consolidated Financial Statements included elsewhere in this report.

Operating Properties

Operating properties are carried at historical cost less accumulated depreciation and impairment losses. The cost of operating properties reflects their purchase price or development cost. Acquisition costs related to business combinations are expensed as incurred, whereas the costs related to asset acquisitions are capitalized as incurred. Costs incurred for the renovation and betterment of an operating property are capitalized to our investment in that property. Ordinary repairs and maintenance are expensed as incurred. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Purchase Price Allocation

We allocate the purchase price of properties to net tangible and identified intangible assets acquired based on fair values. Above-market and below-market in-place lease values for acquired properties are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) our estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancellable term of the lease (includes the below market fixed renewal period, if applicable). Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancellable terms of the respective leases. Capitalized below-market lease values are amortized as an increase of rental income over the remaining non-cancellable terms of the respective leases, including any fixed-rate renewal periods that are considered probable.

Other intangible assets also include amounts representing the value of tenant relationships and in-place leases based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with the respective tenant. We estimate the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, include leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases and any fixed-rate bargain renewal periods. We estimate fair value through methods similar to those used by independent appraisers or by using independent appraisals. Factors that we consider in our analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. In estimating carrying costs, we include real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from four to twelve months.

Characteristics that we consider in allocating value to our tenant relationships include the nature and extent of our business relationship with the tenant, growth prospects for developing new business with the tenant, the tenant's credit quality and expectations of lease renewals. The value of tenant relationship intangibles is amortized over the remaining initial lease term and expected renewals, but in no event longer than the remaining depreciable life of the building. The value of in-place leases is amortized over the remaining non-cancellable term of the respective leases and any fixed-rate renewal periods.

In the event that a tenant terminates its lease at or prior to the end of the lease term, the unamortized portion of each intangible,including market rate adjustments, in-place lease values and tenant relationship values, would be charged to expense.

We record development acquisitions that do not meet the accounting criteria to be accounted for as business combinations at the purchase price paid. Costs directly associated with development acquisitions accounted for as asset acquisitions are capitalized as part of the cost of the acquisition.

Impairment or 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. 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 the 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. The components of the property’s net income that is reflected as discontinued operations include the net gain (or loss) upon the disposition of the property held for sale, operating results, depreciation and interest expense (if the property is subject to a secured loan).

Investments in Unconsolidated Real Estate Ventures

When we obtain an economic interest in an entity, we evaluate the entity to determine if the entity is deemed a variable interest entity (“VIE”), and if we are deemed to be the primary beneficiary, in accordance with the accounting standard for the consolidation of variable interest entities. This accounting standard requires significant use of judgments and estimates in determining its application. If the entity is not deemed to be a VIE, and we serve as the general partner or managing member within the entity, we evaluate to determine if our presumed control as the general partner or managing member is overcome by the “kick out” rights and other substantive participating rights of the limited partners or non-managing members in accordance with the same accounting standard.

We consolidate (i) entities that are VIEs and of which we are deemed to be the primary beneficiary and (ii) entities that are non-VIEs which we control. Entities that we account for under the equity method (i.e., at cost, increased or decreased by our share of earnings or losses, less distributions) include (i) entities that are VIEs and of which we are not deemed the primary beneficiary, (ii) entities that are non-VIEs which we do not control, but over which we have the ability to exercise significant influence and (iii) entities that are non-VIEs which we maintain an ownership interest through our general partner status, but in which the limited partners in the entity have the substantive ability to dissolve the entity or remove us without cause or have substantive participating rights. We continuously assess our determination of whether an entity is a VIE and who the primary beneficiary is, and whether or not the limited partners in an entity have substantive rights, including if certain events occur that are likely to cause a change in original determinations.

Under the equity method, investments in unconsolidated Real Estate Ventures are recorded initially at cost, as investments in Real Estate Ventures, and subsequently adjusted for equity in earnings, cash contributions, less 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 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.

On a periodic basis, management assesses whether there are any indicators that the value of our investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be 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. Our estimates of value for each investment (particularly in commercial real estate joint ventures) 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 its impairment analyses may not be realized.

Revenue Recognition

Rental revenue is recognized on the straight-line basis, which averages minimum rents over the terms of the leases from the later of the date of the commencement of the lease or the date of acquisition of the property subject to existing leases. Deferred rents on the balance sheet represent rental revenue received prior to their due dates and amounts paid by the tenant for certain improvements considered to be landlord assets that will remain as our property at the end of the tenant's lease term. The amortization of the amounts paid by the tenant for such improvements is calculated on a straight-line basis over the term of the tenant's lease and is a component of straight-line rental income. Lease incentives, which are included as reductions of rental revenue in the accompanying consolidated statements of operations, are recognized on a straight-line basis over the term of the lease.

In addition, our rental revenue is impacted by our determination of whether improvements to the properties, whether made by us or by the tenant, are landlord assets. The determination of whether an improvement is a landlord asset requires judgment. In making this judgment, our primary consideration is whether the improvement would be utilizable by another tenant upon move out of the improved space by the then-existing tenant. If we have funded an improvement that we determine not to be landlord assets, then we treat the cost of the improvement as lease incentives. If the tenant has funded the improvement that we determine to be landlord assets, then we treat the costs of the improvement as deferred revenue and amortizes this cost into revenue over the lease term.

Our 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. For certain leases, we make significant assumptions and judgments in determining the lease term, including assumptions when the lease provides the tenant with an early termination option. The lease term impacts the period over which we determine and record minimum rents and also impacts the period over which we amortize lease-related costs.

Recoveries from tenants, consisting of amounts due from tenants for common area maintenance expenses, real estate taxes and other recoverable costs are recognized as revenue in the period during which the expenses are incurred.

Tenant reimbursements are recognized and presented in accordance with accounting guidance which requires that these reimbursements be recorded on a gross basis because we are generally the primary obligor with respect to the goods and services the purchase of which gives rise to the reimbursement obligation; because we have discretion in selecting the vendors and suppliers; and because we bear the credit risk in the event they do not reimburse us. We also receive payments from third parties for reimbursement of a portion of the payroll and payroll-related costs for certain of our personnel allocated to perform services for these third parties and reflects these payments on a gross basis.

We recognize gains on sales of real estate at times and in amounts determined in accordance with the accounting guidance for sales of real estate. The guidance takes into account the terms of the transaction and any continuing involvement, including in the form of management, leasing of space or financial assistance associated with the properties. If the sales criteria for the full accrual method are not met, then we defer some or all of the gain recognition and account for the continued operations of the property by applying the finance, leasing, profit sharing, deposit, installment or cost recovery method, as appropriate, until the sales criteria are met.

We derive parking revenues from leases, monthly parking and transient parking. We recognize parking revenue as earned.

We receive leasing commission income, management fees and development fees from third parties.

Leasing commission income is earned based on a percentage of gross rental income upon a tenant signing a lease with a third party lessor. Property management fees are recorded and earned based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents. We record development fees on a percentage of completion basis taking into account the risk associated with each project.

We recognize fees received for lease terminations as revenue and write off against such revenue any deferred rents receivable. The resulting netamount is the net revenue from the early termination of the leases. When a tenant's lease for space in a property is terminated early but the tenant continues to lease such space under a new or modified lease in the property, the net revenue from the early termination of the lease is recognized evenly over the remaining life of the new or modified lease in place on that property.

Income Taxes

Parent Company

The Parent Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). In addition, the Parent Company may elect to treat one or more of its subsidiaries as REITs. In order to continue to qualify as a REIT, the Parent Company and each of its REIT subsidiaries are required to, among other things, distribute at least 90% of their REIT taxable income to their stockholders and meet certain tests regarding the nature of their income and assets. As REITs, the Parent Company and its REIT subsidiaries are not subject to federal income tax with respect to the portion of their income that meets certain criteria and is distributed annually to the stockholders. Accordingly, no provision for federal income taxes is included in the accompanying Consolidated Financial Statements with respect to the operations of these REITs. The Parent Company and its REIT subsidiaries, if any, intend to continue to operate in a manner that allows them to continue to meet the requirements for taxation as REITs, including changes to the rules governing REITs made in the Protecting Americans From Tax Hikes Act 2015, signed into law on December 18, 2015. Many of these requirements, however, are highly technical and complex. If the Parent Company or one of its REIT subsidiaries were to fail to meet these requirements, they would be subject to federal income tax.

The Parent Company may elect to treat one or more of its subsidiaries as a taxable REIT subsidiary, or TRS. In general, a TRS may perform additional services for our tenants and generally may engage in any real estate or non-real estate related business (except for the operation or management of health care facilities or lodging facilities or the provision to any person, under a franchise, license or otherwise, of rights to any brand name under which any lodging facility or health care facility is operated). A TRS is subject to corporate federal income tax. The Parent Company has elected to treat certain of its corporate subsidiaries as TRSs; these entities provide third party property management services and certain services to tenants that could not otherwise be provided.

Operating Partnership

In general, the Operating Partnership is not subject to federal and state income taxes, and accordingly, no provision for income taxes has been made in the accompanying Consolidated Financial Statements. The partners of the Operating Partnership are required to include their respective share of the Operating Partnership's profits or losses in their respective tax returns. The Operating Partnership's tax returns and the amount of allocable Partnership profits and losses are subject to examination by federal and state taxing authorities. If such examination results in changes to the Operating Partnership profits or losses, then the tax liability of the partners would be changed accordingly.

The Operating Partnership may elect to treat one or several of its subsidiaries as REITs under Sections 856 through 860 of the Internal Revenue Code. Each subsidiary REIT has met or intends to meet the requirements for treatment as a REIT under Sections 856 through 860 of the Internal Revenue Code, and, accordingly, no provision has been made for federal and state income taxes in the accompanying Consolidated Financial Statements. If any subsidiary REIT fails to qualify as a REIT in any taxable year, that subsidiary REIT will be subject to federal and state income taxes and may not be able to qualify as a REIT for the four subsequent taxable years. Also, each subsidiary REIT may be subject to certain local income taxes.

The Operating Partnership has elected to treat several of its subsidiaries as TRSs, which are subject to federal, state and local income tax.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts that represents an estimate of losses that may be incurred from the inability of tenants to make required payments. The allowance is an estimate based on two calculations that are combined to determine the total amount reserved. First, we evaluate specific accounts where we have determined that a tenant may have an inability to meet its financial obligations. In these situations, we use our judgment, based on the facts and circumstances, and record a specific reserve for that tenant against amounts due to reduce the receivable to the amount that we expect to collect. These reserves are re-evaluated and adjusted as additional information becomes available. Second, a reserve is established for all tenants based on a range of percentages applied to receivable aging categories. If the financial condition of our tenants were to deteriorate, additional allowances may be required. For accrued rent receivables, we consider the results of the evaluation of specific accounts as well as other factors including assigning risk factors to different industries based on our tenants' standard industrial classification. Considering various factors including assigning a risk factor to different industries, these percentages are based on historical collection and write-off experience adjusted for current market conditions.

Deferred Costs

We incur direct costs related to the financing, development and leasing of our properties. Management exercises judgment in determining whether such costs, particularly internal costs, meet the criteria for capitalization or must be expensed. Capitalized financing fees are amortized over the related loan term on a basis that approximates the effective interest method while capitalized leasing costs are amortized over the related lease term. Management re-evaluates the remaining useful lives of leasing costs as the creditworthiness of our tenants and economic and market conditions change.

RESULTS OF OPERATIONS

The following discussion is based on our Consolidated Financial Statements for the years ended December 31, 2015, 2014 and 2013. 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 defined as 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, management fees and bad debt expense. 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 18, "*Segment Information,*" to the 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 also does not reflect general and administrative expenses, interest expenses, real estate impairment losses, depreciation and amortization costs, capital expenditures and leasing costs. Trends in development and construction activities that could materially impact our results from operations are also not included in NOI. We believe that net income, as defined by GAAP, is the most appropriate earnings measure. See Note 18, "*Segment Information,*" to the Consolidated Financial Statements for a reconciliation of NOI to our consolidated net income (loss).

Comparison of the Year Ended December 31, 2015 to the Year Ended December 31, 2014

The table below shows selected operating information for the "Same Store Property Portfolio" and the "Total Portfolio." The Same Store Property Portfolio consists of 107 properties containing an aggregate of approximately 15.7 million net rentable square feet, and represents properties that we owned for the twelve-month periods ended December 31, 2015 and 2014. The Same Store Property Portfolio includes properties acquired or placed in service on or prior to January 1, 2014 and owned through December 31, 2015. The Total Portfolio includes the effects of other properties that were either placed into service, acquired or redeveloped after January 1, 2014 or disposed prior to December 31, 2015. 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 twelve-month periods ended December 31, 2015 and 2014) by providing information for the properties which were acquired, placed into service, under development or redevelopment and administrative/elimination information for the twelve-month periods ended December 31, 2015 and 2014 (in thousands).

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

Comparison of Year Ended December 31, 2015 to the Year Ended December 31, 2014

(dollars and square feet in thousands)	Same Store Property Portfolio			Recently Completed/Acquired Properties (a)		Development/Redevelopment Properties (b)		Other (Eliminations) (c)		Total Portfolio		
	2015	2014	Increase/(Decrease)	2015	2014	2015	2014	2015	2014	2015	2014	Increase/(Decrease)
Revenue:												
Cash rents	$ 348,734	$ 340,872	$ 7,862	$ 11,130	$ 3,831	$ 8,436	$ 8,462	$ 86,801	$ 108,094	$ 455,101	$ 461,259	$ (6,158)
Straight-line rents	18,190	13,920	4,270	2,299	855	(118)	20	3,296	1,251	23,667	16,046	7,621
Above/below market rent amortization	3,494	5,189	(1,695)	3,280	-	1,092	1,033	97	155	7,963	6,377	1,586
Total rents	370,418	359,981	10,437	16,709	4,686	9,410	9,515	90,194	109,500	486,731	483,682	3,049
Tenant reimbursements	58,631	54,928	3,703	2,802	523	1,606	1,882	22,683	27,546	85,722	84,879	843
Termination fees	4,420	6,819	(2,399)	-	-	-	-	377	1,181	4,797	8,000	(3,203)
Third party management fees, labor reimbursement and leasing	-	-	-	-	-	-	-	18,764	17,200	18,764	17,200	1,564
Other	3,281	1,726	1,555	261	14	71	110	3,004	1,371	6,617	3,221	3,396
Total revenue	436,750	423,454	13,296	19,772	5,223	11,087	11,507	135,022	156,798	602,631	596,982	5,649
Property operating expenses	134,940	130,628	(4,312)	2,582	1,165	6,382	6,080	37,266	39,457	181,170	177,330	(3,840)
Real estate taxes	38,144	38,533	389	2,028	355	1,085	986	9,366	11,970	50,623	51,844	1,221
Third party management expenses	-	-	-	-	-	-	-	6,294	6,791	6,294	6,791	497
Net operating income	263,666	254,293	9,373	15,162	3,703	3,620	4,441	82,096	98,580	364,544	361,017	3,527
Depreciation and amortization	155,468	152,642	(2,826)	18,670	976	5,178	7,152	39,713	47,799	219,029	208,569	(10,460)
General & administrative expenses	-	-	-	-	-	-	-	29,406	26,779	29,406	26,779	(2,627)
Provision for impairment (d)	-	-	-	-	-	-	-	82,208	1,765	82,208	1,765	(80,443)
Operating income (loss)	$ 108,198	$ 101,651	$ 6,547	$ (3,508)	$ 2,727	$ (1,558)	$ (2,711)	$ (69,231)	$ 22,237	$ 33,901	$ 123,904	$ (90,003)
Number of properties	107	107		9		4		59		179		
Square feet	15,664	15,664		1,292		1,271		4,788		23,015		
Core Occupancy % (e)	93.0%	91.2%		99.7%								
Other Income (Expense):												
Interest income										1,224	3,974	(2,750)
Tax credit transaction income										19,955	11,853	8,102
Interest expense										(110,717)	(124,329)	13,612
Interest expense — Deferred financing costs										(4,557)	(5,148)	591
Interest expense —Financing obligation										(1,237)	(1,144)	(93)
Recognized hedge activity										-	(828)	828
Equity in loss of real estate ventures										(811)	(790)	(21)
Net gain on sale of interests in real estate										20,496	4,901	15,595
Net gain on sale of undepreciated real estate										3,019	1,184	1,835
Net gain from remeasurement of investments in real estate ventures										758	458	300
Net gain (loss) on real estate venture transactions										7,229	(417)	7,646
Loss on early extinguishment of debt										-	(7,594)	7,594
Income (loss) from continuing operations										(30,740)	6,024	(36,764)
Income from discontinued operations										-	918	(3,289)
Net income (loss)										$ (30,740)	$ 6,942	$ (40,053)
Net loss per common share										$ (0.21)	$ -	$ (0.21)

EXPLANATORY NOTES

(a) Results include: Nine assets completed/acquired and placed in service.

(b) Results include: two developments, one redevelopment and one re-entitlement property.

(c) Represents certain revenues and expenses at the corporate level as well as various intercompany costs that are eliminated in consolidation and third-party management fees. Includes 25 properties sold, 59 properties held for sale and two properties that were contributed to an unconsolidated real estate venture in which we have a 50% ownership interest.

(d) A held for use impairment charge of $27.5 million was recorded on three properties in our Metropolitan, D.C. segment as of December 31, 2015. We have excluded this impairment from the Same Store Property Portfolio operating income. See Note 3, *"Real Estate Investments"* to the Consolidated Financial Statements for further information.

(e) Pertains to properties that are part of our core portfolio (i.e. not under development, redevelopment, or re-entitlement).

Total Revenue

Cash rents from the Total Portfolio decreased by $6.2 million from 2014 to 2015, primarily attributable to a decrease of $22.0 million from the 34 properties disposed of between September 30, 2014 and December 31, 2015. This decrease was offset by an increase of $7.9 million in the Same Store Property Portfolio primarily due to a 1.8% increase in occupancy in 2015 compared to 2014 and an increase of $7.3 million in Recently Completed/Acquired Properties from the purchase of the Broadmoor Austin Portfolio in Austin, Texas during the second quarter of 2015 and two developments placed into service during the second quarter of 2014 at 660 Germantown Avenue in Plymouth Meeting, Pennsylvania and 200 Radnor Chester Road in Radnor, Pennsylvania.

Straight-line rents increased by $7.6 million from 2014 to 2015 on a consolidated basis which is primarily due to a $4.3 million increase which is a combination of free rent converting to cash rent subsequent to the twelve-month period ended December 31, 2014 at our Same Store Property Portfolio, and timing of revenue recognition under the straight-line method of accounting. An additional $2.0 million increase relates to properties sold and held for sale and $1.4 million increase due to Recently Completed/Acquired Properties from the purchase of the Broadmoor Austin Portfolio in Austin, Texas during the second quarter of 2015.

Above/below market rent amortization increased by $1.6 million from 2014 to 2015, primarily attributable to an increase of $3.3 million related to the Recently Completed/Acquired Properties from the purchase of the Broadmoor Austin Portfolio in Austin, Texas during the second quarter of 2015 and an increase of $0.2 million in the Pennsylvania Suburbs segment of the Same Store Property Portfolio. These increases were offset by decreases at the Same Store Property Portfolio of $0.9 million at the Philadelphia CBD segment and $1.0 in the Metropolitan D.C. segment, which are due to long-term leases, which were in place at the acquisition of certain properties in each segment, reaching their original expiration date prior to December 31, 2015.

Tenant reimbursements from the Total Portfolio increased $0.8 million from 2014 to 2015, primarily attributable to an increase of $3.7 million at the Same Store Property Portfolio, which trended along with the increase in operating expenses over the same period and $2.3 million increase from Recently Completed/Acquired Properties from the purchase of the Broadmoor Austin Portfolio in Austin, Texas during the second quarter of 2015. Expense recoveries increased to 33.9% during 2015 compared to 32.5% in 2014 at the Same Store Property Portfolio. These increases were offset by a decrease of $4.9 million from properties sold/contributed to unconsolidated real estate ventures during 2014 and 2015 and properties classified as held for sale at December 31, 2015.

Termination fees at our Total Portfolio decreased by $3.2 million due to the timing and volume of early tenant move-outs during 2015 when compared to 2014.

Third party management fees, labor reimbursement and leasing income increased $1.6 million from 2014 to 2015, primarily attributable to construction management fees for the development of the Subaru of America headquarters in Camden, New Jersey, recognized during the fourth quarter of 2015 with no comparable fees earned during 2014.

Other income at our Total Portfolio increased by $3.4 million from 2014 to 2015, primarily due to:(i) $1.2 million of recognized real estate tax assessment adjustments, (ii) $0.8 million related to other income across our portfolio, (iii) $0.6 million in liquidating distributions from an unconsolidated partnership, (iv) $0.5 million from the receipt of escheat funds and (v) $0.3 million in tax settlements.

Property Operating Expenses

The increase in property operating expense of $3.8 million from 2014 to 2015 is mainly attributable to the following: (i) $3.8 million due to payroll and payroll related expenses, (ii) $3.4 million in repairs and maintenance expenditures directly attributable to the timing of our tenants' needs, (iii) $1.5 million in pre-acquisition and tenant costs incurred for properties and lease transactions for which we determined that closing is not probable of occurring, (iv) $1.1 million in bad debt expense primarily attributable to uncollectible receivables in our Philadelphia CBD portfolio, (v) $1.1 million in office expenses, (vi) $0.8 million in management fees and (vii) $0.7 million in utilities.

The increase of $12.4 million in property operating expense described above was primarily offset by $8.6 million in decreases from properties sold/contributed to unconsolidated real estate ventures during 2014 and 2015.

Real Estate Taxes

Real estate taxes across our total portfolio decreased by $1.2 million from 2014 to 2015, primarily attributable to a decrease of $2.8 million from properties sold/contributed to unconsolidated real estate ventures during 2014 and 2015. These decreases were primarily offset by increases of $1.0 million from Recently Completed/Acquired Properties from the purchase of the Broadmoor Austin Portfolio in Austin, Texas during the second quarter of 2015 and $0.4 million from the Same Store Property Portfolio.

Depreciation and Amortization

Depreciation and amortization expense increased by $10.5 million from 2014 to 2015, of which $17.7 million is attributable to Recently Completed/Acquired Properties. Depreciation expense related to the Same Store Property Portfolio increased $2.8 million, as a result of the timing of tenant and capital improvement projects being completed and placed into service. These increases were offset by $10.1 million of decreases in depreciation expense, which is primarily attributable to an $8.1 million decrease for properties sold subsequent to the year ended December 31, 2014. The remaining decrease of $2.0 million for Development/Redevelopment Properties primarily relates to a re-entitlement, during the second quarter of 2013, of a property for residential and mixed-use development. Accordingly, we shortened the useful life of the building to the expected demolition date. The building was fully depreciated during the first quarter of 2015, resulting in a decrease of $2.9 million in 2015 compared to 2014.

General and Administrative Expenses

General and administrative expenses across our Total Portfolio increased by $2.6 million from 2014 to 2015, primarily attributable to a $1.0 million increase in stock-based compensation costs compared to the prior year which is directly attributable to the timing of recognizing accelerated amortization of compensation of our executive personnel meeting qualifying retirement provisions. Acquisition deal costs increased $0.5 million, primarily due to the acquisition of the Broadmoor Austin Portfolio in Austin, Texas during the second quarter of 2015 and costs incurred for the sale of the 120 acre land parcel and 59 office properties that were classified as held for sale as of December 31, 2015 compared to the acquisition of the Encino Trace development project during the first quarter of 2014. In addition, we increased our charitable contributions $0.8 million from 2014 to 2015.

Provision for Impairment

During 2015, we recognized a provision for impairment consisting of the following:

- We designated 58 office properties located in the Pennsylvania Suburbs; Metropolitan D.C.; Richmond, Virginia; and New Jersey/Delaware segments as held for sale of December 31, 2015. As the carrying value of these properties exceeded their fair value less the anticipated costs of sale, we recognized an impairment charge totaling $45.4 million during the quarter ended December 31, 2015;
- based on our held for use impairment analysis, we determined that we would not recover the carrying value of three properties located in our Metropolitan D.C. region. Because we determined that the carrying value of these properties exceeded their fair value, a $27.5 million impairment charge was recorded during the quarter ended December 31, 2015;
- during the quarter ended December 31, 2015, we determined to dispose of three office properties located in Carlsbad, California, a land parcel located in Berks County, Pennsylvania and a land parcel located in Wilmington, Delaware. As the carrying value of these properties exceeded their fair value less the costs of sale, we recognized impairment losses totaling $6.9 million;
- during the quarter ended June 30, 2015, we determined to dispose of the 100 Gateway Centre Parkway office property, and as the carrying value exceeded the fair value less the costs of sale, we recognized an impairment loss totaling approximately $0.8 million, which approximates the cost of sale; and,
- during the quarter ended March 31, 2015, we determined to dispose of the Lake Merritt office property, and as the carrying value exceeded the fair value of the property less the costs of sale, we recognized an impairment loss totaling approximately $1.7 million, which approximates the cost of sale.

During the quarter ended September 30, 2014, we determined to dispose of the Valleybrooke office portfolio, and as the carrying value exceeded the fair value less the costs of sale, we recognized an impairment loss totaling approximately $1.8 million, which approximates the loss on sale.

See Note 3, *"Real Estate Investments,"* to the Consolidated Financial Statements for further information related to the impairments.

Interest Income

Interest income decreased by $2.8 million, primarily due to $1.5 million of interest income from a note receivable from an unaffiliated third party during 2014 and $0.7 million from a note receivable from an unconsolidated joint venture during 2014, as well as lower average balances in interest bearing cash equivalents during 2015 compared to 2014.

Tax Credit Transaction Income

Tax Credit transaction income increased $8.1 million due to the recognition of the New Markets Tax Credit. See Note 16, "*Tax Credit Transactions*" to the Consolidated Financial Statements for further information regarding this transaction.

Interest Expense

The decrease in interest expense of $13.6 million from 2014 to 2015 is primarily due to the following;

- $9.4 million due to repurchases of $42.7 million and $114.9 million, in the third and fourth quarters of 2014, respectively, of our 7.500% Guaranteed Notes due 2015;
- $9.2 million due to repurchases of $75.1 million and $143.5 million, in the third and fourth quarters of 2014, respectively, of our 5.400% Guaranteed Notes due 2014;
- $5.3 million related to an increase in capitalized interest which is directly attributable to the development of the FMC Tower and Encino Trace;
- $1.9 million due to the repayment of our $150.0 million three-year term loan due February 2015 during the third quarter of 2014;
- $1.6 million of mortgage interest expense related to the repayment of the Tysons Corner mortgage debt during 2015;
- $1.3 million due to the repayment of our $100.0 million four-year term loan due February 2016 during the third quarter of 2014; and
- $0.8 million due to the termination during 2015 of interest rate swap contracts associated with our $100.0 million four-year term loan due February 2016.

The decrease of $29.5 million in interest expense described above was primarily offset by the increases of$7.7 million related to the September 2014 issuance of $250.0 million in principal amount of 4.10% Guaranteed Notes due 2024 and $8.1 million related to the September 2014 issuance of $250.0 million in principal amount of 4.55% Guaranteed Notes due 2029.

Interest Expense - Deferred Financing Costs

Interest expense - deferred financing costs decreased $0.6 million from 2014 to 2015, primarily due to the write-off of costs related to repurchases of debt during 2014, which included: (i) $218.5 million of our 5.40% Guaranteed Notes due 2014, (ii) $157.6 million of our 7.50% Guaranteed Notes due 2015, (iii) our $150.0 million three-year term loan due February 2015, and (iv) our $100.0 million four-year term loan due February 2016. The repurchases were partially offset by the issuance of $250.0 million in principal amount of our 4.10% Guaranteed Notes due 2024 and $250.0 million in principal amount of our 4.55% Guaranteed Notes due 2029.

Recognized Hedge Activity

The loss from recognized hedge activity decreased $0.8 million during 2015 due to the September 16, 2014 repayment of the entire $150.0 million three-year term loan ahead of its scheduled February 2015 maturity. In connection with these repayments a $0.8 million charge on the termination of associated interest rate swap contracts was incurred. There were no comparable charges incurred during 2015.

Net Gain on Sale of Interests in Real Estate

During 2015, the $20.5 million net gain on disposition of interests in real estate resulted from the sale of 25 office properties located in Mt. Laurel, New Jersey; Wayne, Pennsylvania; King of Prussia, Pennsylvania; Richmond, Virginia; Newark/Wilmington, Delaware; Oakland and Carlsbad, California; and Cherry Hill, New Jersey. See Item 2., "*Properties - Property Sales,*" for further information. During 2014, the $4.9 million net gain on disposition of real estate resulted from the sale of an office property located in Reston, Virginia.

Net Gain on Sale of Undepreciated Real Estate

During 2015, the $3.0 million net gain on the sale of undepreciated real estate resulted from the sale of four land parcels totaling 14.7 acres located in Wilmington, Delaware; Mount Laurel, New Jersey; Austin, Texas; and Oakland, California compared to the 2014 gain of $1.2 million related to the sale of two land parcels totaling 22.1 acres located in Dallas, Texas and Austin, Texas.

Net Gain on Remeasurement of Investments in Real Estate Ventures

The $0.8 million gain recognized during 2015 resulted from the acquisition of the remaining interest in Broadmoor Austin Associates. The gain recognized during 2014 resulted from the final settlement of the increase in ownership interest of the One and Two Commerce Square partnerships.

Net Gain on Real Estate Venture Transactions

The $7.2 million gain recognized during 2015 consists of the $5.2 million gain recognized on the sale of our interest in the Residence Inn real estate venture and $2.0 million related to the contribution of Encino Trace to the Austin Venture. The $0.4 million loss during 2014 relates to the contribution of Four Points Centre to the Austin Venture.

Loss on Early Extinguishment of Debt

During 2014, we (i) repurchased $218.5 million of our 5.40% Guaranteed Notes due 2014, (ii) repurchased $157.6 million of our 7.50% Guaranteed Notes due 2015, (iii) repaid the entire $150.0 million three-year term loan due February 2015 and (iv) repaid the entire $100.0 million four-year term loan due February 2016, which resulted in a net loss on early extinguishment of debt of $7.6 million. There we no such repurchases during 2015.

Discontinued Operations

During 2015, there were no property sales classified as discontinued operations. During 2014, the gain of $0.9 million primarily relates to the settlement of a sale that occurred during the first quarter of 2013 for a portfolio of eight office properties located in Lawrenceville, New Jersey.

Net Income

Net income decreased by $40.1 million from 2014 to 2015 as a result of the factors described above.

Earnings per Common Share

Net loss per share was ($0.21) during 2015 as compared to net income per share of $0.00 during 2014 as a result of the factors described above.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2014 to the Year Ended December 31, 2013

The table below shows selected operating information for the “Same Store Property Portfolio” and the “Total Portfolio.” The Same Store Property Portfolio consists of 188 properties containing an aggregate of approximately 21.1 million net rentable square feet, and represents properties that we owned for the twelve-month periods ended December 31, 2014 and 2013. The Same Store Property Portfolio includes properties acquired or placed in service on or prior to January 1, 2013 and owned through December 31, 2014. The Total Portfolio includes the effects of other properties that were either placed into service, acquired or redeveloped after January 1, 2013 or disposed prior to December 31, 2014. 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 twelve-month periods ended December 31, 2014 and 2013) by providing information for the properties which were acquired, placed into service, under development or redevelopment and administrative/elimination information for the twelve-month periods ended December 31, 2014 and 2013 (in thousands).

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 Year Ended December 31, 2014 to the Year Ended December 31, 2013

	Same Store Property Portfolio			Recently Completed/Acquired Properties (a)		Development/Redevelopment Properties (b)		Other (Eliminations) (c)		Total Portfolio		
(dollars and square feet in thousands)	2014	2013	Increase/(Decrease)	2014	2013	2014	2013	2014	2013	2014	2013	Increase/(Decrease)
Revenue:												
Cash rents	$ 407,080	$ 395,419	$ 11,661	$ 37,799	$ 3,460	$ 8,462	$ 8,389	$ 7,916	$ 26,916	$ 461,257	$ 434,184	$ 27,073
Straight-line rents	11,783	16,887	(5,104)	4,167	2,672	20	170	78	308	16,048	20,037	(3,989)
Above/below market rent amortization	4,561	5,765	(1,204)	727	48	1,033	991	56	362	6,377	7,166	(789)
Total rents	423,424	418,071	5,353	42,693	6,180	9,515	9,550	8,050	27,586	483,682	461,387	22,295
Tenant reimbursements	61,716	60,765	951	17,368	487	1,882	1,567	3,913	16,268	84,879	79,087	5,792
Termination fees	7,331	4,481	2,850	669	-	-	-	-	16	8,000	4,497	3,503
Third party management fees, labor reimbursement and leasing	-	-	-	-	-	-	-	17,200	13,053	17,200	13,053	4,147
Other	2,176	2,863	(687)	332	2	110	175	603	1,146	3,221	4,186	(965)
Total revenue	494,647	486,180	8,467	61,062	6,669	11,507	11,292	29,766	58,069	596,982	562,210	34,772
Property operating expenses	151,645	147,996	(3,649)	22,004	1,691	6,089	5,129	(2,408)	5,590	177,330	160,406	(16,924)
Real estate taxes	42,606	45,894	3,288	5,856	778	987	1,575	2,395	7,365	51,844	55,612	3,768
Third party management expenses	-	-	-	-	-	-	-	6,791	5,751	6,791	5,751	(1,040)
Net operating income	300,396	292,290	8,106	33,202	4,200	4,431	4,588	22,988	39,363	361,017	340,441	20,576
Depreciation and amortization	174,412	168,545	(5,867)	22,170	2,034	7,152	6,736	4,835	19,706	208,569	197,021	(11,548)
General & administrative expenses	-	-	-	2	183	83	1	26,694	27,444	26,779	27,628	849
Provision for impairment	-	-	-	-	-	-	-	1,765	-	1,765	-	(1,765)
Operating income (loss)	$ 125,984	$ 123,745	$ 2,239	$ 11,030	$ 1,983	$ (2,804)	$ (2,149)	$ (10,306)	$ (7,787)	$ 123,904	$ 115,792	$ 8,112
Number of properties	188	188		5		5		2		200		
Square feet	21,094	21,094		2,192		1,576		221		25,083		
Core Occupancy % (d)	91.4%	89.2%		87.7%								
Other Income (Expense):												
Interest income										3,974	1,044	2,930
Tax credit transaction income										11,853	11,853	-
Interest expense										(124,329)	(121,937)	(2,392)
Interest expense — Deferred financing costs										(5,148)	(4,676)	(472)
Interest expense —Financing obligation										(1,144)	(972)	(172)
Recognized hedge activity										(828)	-	(828)
Equity in (loss) income of real estate ventures										(790)	3,664	(4,454)
Net gain on sale of interests in real estate										4,901	-	4,901
Net gain (loss) on sale of undepreciated real estate										1,184	(137)	1,321
Net gain from remeasurement of investments in real estate ventures										458	6,866	(6,408)
Net (loss) gain on real estate venture transactions										(417)	29,604	(30,021)
Loss on early extinguishment of debt										(7,594)	(2,119)	(5,475)
Income from continuing operations										6,024	38,982	(32,958)
Income from discontinued operations										918	4,207	(3,289)
Net income										$ 6,942	$ 43,189	$ (36,247)
Net income per common share										$ -	$ 0.23	$ (0.23)

EXPLANATORY NOTES

(a) Results include: Five assets completed/acquired and placed in service.
(b) Results include: Three developments, one redevelopment and one re-entitlement property.
(c) Represents certain revenues and expenses at the corporate level as well as various intercompany costs that are eliminated in consolidation and third-party management fees. Also includes six properties sold and eight properties that were contributed to an unconsolidated real estate venture in which we have a 50% ownership interest.
(d) Pertains to properties that are part of our core portfolio (i.e. not under development, redevelopment, or re-entitlement).

Total Revenue

Cash rents from the Total Portfolio increased by $27.1 million from 2013 to 2014, primarily attributable to:

- an increase of $11.7 million in the Same Store Property Portfolio primarily due to a 2.2% increase in occupancy in 2014 compared to 2013;
- an increase of $29.7 million related to the increase in our equity ownership interest and resulting consolidation of One Commerce Square and Two Commerce Square during the fourth quarter of 2013;
- an increase of $3.2 million related to the development at 200 Radnor Chester Road and redevelopment property at 660 Germantown Avenue being placed into service;
- an increase of $0.8 million related to a property that was purchased during the fourth quarter of 2013 and subsequently contributed to a real estate venture during the second quarter of 2014;
- an increase of $1.5 million related to the acquisition of Six Tower Bridge during the second quarter of 2013;
- a decrease of $0.8 million related to the sale of five office properties in Malvern, PA;
- a decrease of $0.8 million related to the sale of an office property in Reston, Virginia; and
- a decrease of $17.7 million related to the contribution of seven office properties in Austin, Texas to the Austin Venture during the fourth quarter of 2013.

Straight-line rents decreased by $4.0 million from 2013 to 2014 on a consolidated basis which is primarily due to a $5.1 million decrease which is a combination of free rent converting to cash rent subsequent to the twelve-month period ended December 31, 2013 at our Same Store Property Portfolio, and timing of revenue recognition under the straight-line method of accounting. An additional $1.7 million decrease relates to the expiration of a single tenant's free rent period at 660 Germantown Pike subsequent to December 31, 2013. The decreases were offset by a $3.0 million increase related to the increase in our equity ownership interest and resulting consolidation of One and Two Commerce Square in the fourth quarter of 2013 and a $0.2 million increase relating to a development property placed into service during the second quarter of 2014.

Tenant reimbursements increased $5.8 million from 2013 to 2014 which trended along with the increase in operating expenses over the same period. Expense recoveries increased to 37.0% during 2014 compared to 36.6% in 2013.

Termination fees at our Total Portfolio increased by $3.5 million due to the timing and volume of early tenant move-outs during 2014 when compared to 2013.

Third party management fees, labor reimbursement and leasing income increased $4.1 million from 2013 to 2014 which is primarily attributable to an increase of $3.1 million in management fees and labor reimbursements from our Austin Venture which was formed during the fourth quarter of 2013. Leasing and construction management fees increased $0.4 million at the Brandywine -AI real estate venture. In addition, development fee income increased $0.2 million related to increased development activity at the evo at Cira Centre South real estate venture. Other net increases total $0.4 million, none of which related significantly to a particular property.

Other income at our Total Portfolio decreased by $1.0 million from 2013 to 2014, primarily due to lower real estate tax refunds received related to prior year tax assessment appeals.

Property Operating Expenses

Property operating expenses across our Total Portfolio increased by $16.9 million from 2013 to 2014, primarily attributable to: (i) an increase of $20.3 million due to additional operating expenses from properties that we acquired and placed into service during 2013 and 2014, (ii) an increase of $1.3 million in snow removal costs, (iii) an increase of $1.3 million in utilities, (iv) a net increase of $2.2 million in repairs and maintenance expenditures due to the timing of our tenants' needs and (v) a $0.3 million increase to bad debt expense. These and other increases were offset by: (i) $8.3 million decrease from the contribution of seven office properties in Austin, Texas to the Austin Venture during the fourth quarter of 2013 and (ii) $0.2 million decrease from the sale of an office property in Reston, Virginia during the third quarter of 2014.

Real Estate Taxes

Real estate taxes across our total portfolio decreased by $3.8 million from 2013 to 2014, primarily attributable to: (i) a decrease of $5.1 million from the contribution of seven office properties in Austin, Texas to the Austin Venture, (ii) a net decrease of $3.3 million in the Same Store Property Portfolio and (iii) a decrease of $0.6 million relating to development/redevelopment properties. The decreases in the Same Store Property Portfolio and development/redevelopment properties are due to successful tax appeals that reduced property assessments that occurred subsequent to December 31, 2013. These decreases were offset by $5.1 million in increases due to properties we acquired subsequent to the second quarter of 2013.

General and Administrative Expenses

General and administrative expenses across our Total Portfolio decreased by $0.8 million from 2013 to 2014, primarily attributable to a $2.0 million decrease in stock-based compensation costs compared to the prior year which is directly attributable to the timing of recognizing accelerated amortization of such compensation of our executive personnel meeting qualifying retirement provisions. Salary and benefits costs decreased $0.2 million during 2014 compared to 2013. These decreases were offset by an increase of $0.6 million of severance costs in 2014 compared to 2013. The remaining increase of $0.8 million is due to additional professional fees incurred during 2014 compared to 2013.

Depreciation and Amortization

Depreciation and amortization expense increased by $11.5 million from 2013 to 2014, of which $20.1 million is primarily attributable to properties we acquired and placed into service subsequent to the second quarter of 2013. Increases in depreciation expense to the Same Store Property Portfolio totaled $5.9 million, as a result of the timing of tenant and capital improvement projects being completed and placed into service. Depreciation expense for the development/redevelopment properties increased $0.4 million and reflects additional assets placed into service. These increases were offset by reductions in depreciation expense of $10.9 million related to the contribution of seven office properties in Austin, Texas to the Austin Venture during the fourth quarter of 2013. During the second quarter of 2013, we re-entitled a property for residential and mixed-use development, and accordingly, we shortened the useful lives for this building to the expected demolition date and accelerated $3.6 million of depreciation expense. Other net decreases to depreciation total $0.4 million, none of which related significantly to a particular property.

Interest Income

Interest income increased by $2.9 million primarily due to $1.5 million of interest income from a note receivable from an unaffiliated third party and $0.7 million from a note receivable from an unconsolidated joint venture, as well as higher average balances in interest bearing cash equivalents during 2014 compared to 2013.

Interest Expense

The increase in interest expense of $2.4 million from 2013 to 2014 is primarily due to the following;

- $6.5 million related to the issuance of $250.0 million in principal amount of our 4.10% Guaranteed Notes due 2024 and $250.0 million in principal amount of our 4.55% Guaranteed Notes due 2029; and
- $9.5 million related to the fourth quarter 2013 increase in our ownership interest in One and Two Commerce Square and our consolidation of One Commerce Square mortgage debt having a principal balance at December 31, 2014 of $123.2 million and an effective rate of 3.68% and Two Commerce Square mortgage debt having a principal balance of $112.0 million at December 31, 2014 and an effective rate of 4.51%.

The increase of $16.0 million in interest expense described above was primarily offset by the following decreases in interest expense during 2014 compared to 2013:

- $3.7 million related to an increase in capitalized interest which is directly attributable to increased development activity compared to 2013;
- $1.1 million due to the early repayment of the entire principal balance of our $150.0 million three-year term loan due February 2015;
- $0.7 million due to the early repayment of the remaining principal balance of our $100.0 million four-year term loan due February 2016;
- $0.2 million due to the fact that we did not have any borrowings on our Credit Facility during 2014;
- $3.6 million due to repurchases of $218.5 million of our 5.40% Guaranteed Notes due 2014;
- $3.2 million due to repurchases of $157.6 million of our 7.50% Guaranteed Notes due 2015; and
- $1.1 million is due to debt principal amortization.

Interest Expense - Deferred Financing Costs

Interest expense - deferred financing costs increased $0.5 million from 2013 to 2014, primarily due to the write-off of costs related to repurchases of debt during 2014, which included, (i) $218.5 million of our 5.40% Guaranteed Notes due 2014, (ii) $157.6 million of our 7.50% Guaranteed Notes due 2015, (iii) $150.0 million three-year term loan due February 2015, and (iv) $100.0 million four-year term loan due February 2016. Additional increases relate to the issuance of $250.0 million in principal amount of our 4.10% Guaranteed Notes due 2024 and $250.0 million in principal amount of our 4.55% Guaranteed Notes due 2029.

Equity in Income of Real Estate Ventures

The decrease in equity in income of Real Estate Ventures of $4.4 million during 2013 to 2014 is primarily attributable to the following:

- $1.5 million in preferred return income as a result of increasing our common ownership interest in, and consolidating of, the One and Two Commerce real estate ventures during December of 2013;
- $0.4 million as a result of recognizing income during 2013 related to the exchange of our ownership interest in Two Tower Bridge to acquire the remaining ownership interest in Six Tower Bridge during the second quarter of 2013;
- $0.9 million related to sales proceeds received in excess of our investment in the BDN Beacon real estate venture during 2013;
- $0.4 million from our Broadmoor Austin real estate venture, as a lead tenant reduced the amount of leased space subsequent to December 31, 2013;
- $0.4 million as a result of recognizing professional fees and interest expense incurred related to our investment in the Seven Tower Bridge real estate venture;
- $0.5 million Four Tower Bridge due to decreased occupancy subsequent to December 31, 2013; and
- $0.3 million due to net losses incurred at our remaining real estate ventures.

Recognized Hedge Activity

Recognized hedge activity increased $0.8 million during 2014 due to the September 16, 2014 repayment of the entire $150.0 million three-year term loan its scheduled February 2015 maturity. In connection with these repayments a $0.8 million charge on the termination of associated interest rate swap contracts was incurred. There were no comparable charges incurred during 2013.

Net Gain on Remeasurement of Investments in Real Estate Ventures

The net gain on remeasurement of investments in real estate ventures was $0.5 million during 2014 and $6.9 million during 2013. The gain recognized during 2014 resulted from the final settlement of the increase in ownership interest of the One and Two Commerce partnerships. The 2013 net gains resulted from our taking control of Six Tower Bridge and One and Two Commerce Square during 2013 which required the remeasurement at fair value of our existing equity interest in each partnership.

Net Gain on Real Estate Venture Transactions

The $30.0 million decrease in gain on real estate venture transactions primarily results from contributing seven properties to the newly-formed Austin Venture and recognizing a $25.9 million gain on sale during 2013. Additionally in 2013, a $3.7 million increase in gain on real estate venture transactions is the result of the exchange of our remaining ownership in the Two Tower Bridge Venture for the remaining ownership interest in the Six Tower Bridge Venture. The $0.4 million loss during 2014 relates primarily to the contribution of Four Points Centre to an unconsolidated real estate venture.

Loss on Early Extinguishment of Debt

During 2014, we (i) repurchased $218.5 million of our 5.40% Guaranteed Notes due 2014, (ii) repurchased $157.6 million of our 7.50% Guaranteed Notes due 2015, (iii) repaid the entire $150.0 million three-year term loan due February 2015 and (iv) repaid the entire $100.0 million four-year term loan due February 2016, which resulted in a net loss on early extinguishment of debt of $7.6 million.

During 2013, we repurchased (i) $0.5 million of our 6.00% Guaranteed Notes due 2016, (ii) $9.9 million of our 7.50% Guaranteed Notes due 2015, and (iii) $20.8 million of our 5.40% Guaranteed Notes due 2014, which resulted in a net loss on early extinguishment of debt of $2.1 million.

Discontinued Operations

During 2014, there were no property sales classified as discontinued operations. The gain of $0.9 million primarily relates to the settlement of a sale that occurred during the first quarter of 2013 for a portfolio of eight office properties located in Lawrenceville, New Jersey. See Note 3, "*Real Estate Investments,*" for further information.

During 2013, we sold a portfolio of eight office properties located in Lawrenceville, New Jersey, one property located in San Diego, California, one property located in Carlsbad, California, one property located in Malvern, Pennsylvania one property located in Exton, Pennsylvania, one property located in King of Prussia, Pennsylvania, and one property in West Chester, Pennsylvania. These properties had total revenues of $5.2 million, property operating expenses of $2.5 million and $1.9 million of depreciation and amortization expense. We recognized a net gain on sale related to these transactions of $3.4 million.

Net Income

Net income decreased by $36.2 million from 2013 to 2014 as a result of the factors described above.

Earnings per Common Share

Net income per share was $0.00 during 2014 as compared to net income per share of $0.23 during 2013 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 repayment of certain debt instruments when they mature,
- fund current development and redevelopment costs,
- fund commitments to unconsolidated joint ventures,
- fund distributions to shareholders to maintain REIT status, and
- fund share repurchases.

As of December 31, 2015, the Parent Company owned a 99.1% interest in the Operating Partnership. The remaining interest of approximately 0.9% 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.

We believe that our liquidity needs will be satisfied through available cash balances and cash flows generated by operations, financing activities and selective property sales. Rental revenue, expense recoveries from tenants, 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 throughout 2016 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 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 credit facility, including unsecured term loans and unsecured notes. As of December 31, 2015, 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 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 from time to time as necessary. In light of the continuing 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 loans would increase.

The Parent Company unconditionally guarantees the Operating Partnership's secured and unsecured obligations, which, as of December 31, 2015, amounted to $562.7 million and $1,853.5 million, respectively.

We maintain 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 under which we may sell up to 16,000,000 common shares until November 5, 2016 in at-the-market offerings.

The Parent Company maintains a share repurchase program under which the Board of Trustees has authorized the Parent Company to repurchase shares of its preferred and common stock with no expiration date. On July 22, 2015, the Parent Company's Board of Trustees authorized additional share repurchases of up to $100.0 million. Prior to the authorization 539,200 common shares were available for repurchase under the preexisting share repurchase program. We expect to fund the share repurchases with a combination of available cash balances and availability under our line of credit. During the year ended December 31, 2015, 5,209,437 common shares were repurchased and retired at an average purchase price of $12.90 per share and totaling $67.3 million. The timing and amounts of any purchases 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.

The Parent Company, other than acting as the sole general partner of the Operating Partnership, also 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 Operating Partnership also considers net sales of selected properties as another source of managing its liquidity. During 2015, we sold 27 properties, including two properties contributed to the Austin Venture, containing 2,649,926 in net rentable square feet and 14.7 acres of land for an aggregate sales price of $396.9 million. Also during 2015, we purchased the remaining partnership interest in a real estate venture that owned seven office properties with a value of $118.2 million, before our portion of debt repayment of $25.6 million, and containing an aggregate of 1,112,236 square feet, a parking garage for a sales price of $17.0 million and 8.4 acres of land for an aggregate sales price of $54.2 million.

On January 14, 2016, we funded $221.4 million, consisting of $176.8 million of principal repayment, $44.5 million in prepayment charges and $0.1 million of accrued interest, in repayment of the mortgage indebtedness of Cira Square, ahead of its scheduled maturity date of September 10, 2030. Also on January 14, 2016, we funded $44.5 million, consisting of $35.4 million of principal repayment, $8.9 million in prepayment charges and a nominal amount of accrued interest, in repayment of the mortgage indebtedness of the Cira South Garage, ahead of its scheduled maturity date of September 10, 2030. These repayments were financed with funds available under our unsecured revolving credit facility. Subsequent to repayment of the mortgage indebtedness, we closed on the disposition of Cira Square and the Och Ziff transactions receiving total net proceeds of $350.3 million and $353.4 million, respectively (See Note 21, "*Subsequent Events,*" to our Consolidated Financial Statements for further information regarding these transactions).We intend to use the net cash proceeds from the disposition of Cira Square and the Och Ziff transactions for general corporate purposes, including to reduce our outstanding debt and fund current development commitments. We continue to maintain substantial liquidity, including available cash as of February 19, 2016, of approximately $1,061.2 million, consisting of $475.6 million of liquid cash balances, primarily from the property sales that occurred subsequent to year end, and $585.6 million of availability, net of $14.4 million of outstanding letters of credit, under our Operating Partnership's $600.0 million unsecured revolving credit facility.

Cash Flows

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

As of December 31, 2015 and 2014, we maintained cash and cash equivalents of $56.7 million and $257.5 million, respectively. The following are the changes in cash flow from our activities for the years ended December 31, 2015, 2014 and 2013 (in thousands):

Activity	2015	2014	2013
Operating	$ 195,099	$ 188,999	$ 183,484
Investing	(166,452)	(270,785)	104,708
Financing	(229,455)	76,081	(26,534)
Net cash flows	$ (200,808)	$ (5,705)	$ 261,658

Our principal source of cash flows is from the operation of our properties. We do not restate our cash flows for discontinued operations.

The net increase of $6.1 million in cash from operating activities during 2015 compared to 2014 is primarily attributable to the timing of cash receipts and cash expenditures in the normal course of operations.

The decrease in net cash used in investing activities of $104.3 million during 2015 compared to 2014 is primarily attributable to the following:

- an increase of $241.3 million of net proceeds from 27 property sales during 2015, including the contribution of two office properties to the Austin Venture, and the sale of four land parcels compared to the contribution of one office property to the Austin Venture, the sale of two land parcels and the sale of six office properties during 2014 (see Note 3, "*Real Estate Investments*," to the Consolidated Financial Statements for details);
- an increase of $169.0 million in net payments on mortgage notes receivable during 2015 compared to 2014;
- an increase of $6.1 million from the sale of our interest in an unconsolidated real estate venture during 2015, compared to no such sales during 2014 (see Note 4, "*Investment in Unconsolidated Ventures,*" to the Consolidated Financial Statements for details);
- an increase in advances for purchase of tenant assets, net of repayments of $0.8 million during 2015 when compared to 2014; and
- a decrease of $0.2 million in escrow cash due to timing of payments.

The decrease in net cash used in investing activities of $417.4 million was partially offset by the following:

- an increase in capital expenditures for development, tenant and building improvements and leasing commissions of $85.6 million during 2015 compared to 2014 primarily attributed to the development of FMC at Cira Centre South and Encino Trace in 2015;
- an increase of $194.8 million in funds used to acquire operating properties, attributable to the 2015 acquisitions of the remaining interest in Broadmoor Austin Associates for net cash of $142.4 million (cash at settlement of $143.8 million, less $1.4 million of operating cash assumed), the purchase of land parcels totaling 8.4 acres for $53.0 million and 618 Market Street in Philadelphia, Pennsylvania for $17.8 million compared to the 2014 purchase of a development project in Austin, Texas known as Encino Trace for $14.0 million, the purchase of 50% of the partnership interest in the land parcel and improvements for 1919 Ventures totaling $6.0 million and the settlement of the One and Two Commerce Square partnership interest redemption agreement for $1.6 million. (see Note 3, "*Real Estate Investments*," and Note 4, "*Investment In Unconsolidated Ventures*," to the Consolidated Financial Statements for details);
- a decrease from the contribution of a land parcel to 1919 Ventures for net proceeds of $8.2 million during 2014 with no comparable contributions during 2015;
- an increase in net investment in real estate ventures of $22.5 million during 2015 reflecting contributions of; (i) $30.7 million to form the JBG real estate ventures, (ii) $16.2 million to 1919 Ventures, (iii) $8.8 million to 4040 Wilson, $6.3 million to Brandywine-AI Venture LLC, (iv) $3.4 million to the Austin Venture and (v) $3.1 million to other real estate ventures. These investments were offset by 2014 contributions of; (i) $25.2 million to the Austin Venture, (ii) $13.3 million to 4040 Wilson, (iii) $5.2 million to 1919 Ventures and (iv) $2.4 million to other real estate ventures;
- a decrease in cash distributions from unconsolidated Real Estate Ventures of $1.2 million during 2015 compared to 2014; and
- a decrease of $0.9 million for real estate deposits.

The net decrease of $305.5 million in cash from financing activities during 2015 compared to 2014 is mainly due to the following:

- a decrease of $335.0 million from the receipt of net proceeds from the issuance of 21,850,000 common shares by the Parent Company during 2014, with no such issuances during 2015;
- a decrease of $496.5 million from the receipt of net proceeds from the issuance of $250.0 million of our 4.10% Guaranteed Notes due 2024 and $250.0 million of our 4.55% Guaranteed Notes due 2029 during 2014, with no such issuances during 2015;
- a decrease of $79.4 million from the net repayments of mortgage notes payable in 2015 compared to 2014, primarily related to the repayment of the Tysons Corner mortgage debt;
- a decrease of $67.3 million related to the repurchase and retirement of common shares during 2015, with no such repurchases during 2014;
- an increase in distributions paid by the Parent Company to its shareholders and on non-controlling interests of $9.5 million during 2015 compared to 2014, primarily related to the issuance of 21,850,000 common shares on August 1, 2014;
- a decrease in stock option exercise proceeds of $2.0 million for 2015 compared to 2014; and
- an increase of $1.5 million in debt financing costs in 2015 compared to 2014.

The net decrease of $991.2 million in cash from financing activities described above was offset by the following:

- an increase of $50.0 million from additional term loan borrowings under the Seven-Year Term Loan;
- a decrease in repayments of unsecured notes of $383.8 million during 2015, relating to the redemption of the 5.40% Guaranteed Notes due November 1, 2014 and the 7.50% Guaranteed Notes due May 15, 2015, with no such repayments during 2015;

- an increase in repayments of unsecured term loans of $250.8 million during 2015 relating to the repayment of the entire principal balance of the $150.0 million three-year term loan due February 2015, the $100.0 million four-year term loan due February 2016 and $0.8 million to terminate the interest rate hedge associated with the $150.0 million three-year term loan during 2014, with no such repayments during 2015; and
- an increase of $1.0 million from partner contributions to consolidated real estate ventures related to the formation of the Akridge Venture (See Note 3, "*Real Estate Investments,*" to the Consolidated Financial Statements for details).

Capitalization

Indebtedness

The table below summarizes our indebtedness under our mortgage notes payable, our unsecured notes and our unsecured credit facility at December 31, 2015 and December 31, 2014:

	December 31, 2015	December 31, 2014
	(dollars in thousands)	
Balance: (a)		
Mortgage notes payable	$ 562,695	$ 655,934
Unsecured debt	1,853,529	1,803,529
Total	$ 2,416,224	$ 2,459,463
Percent of Total Debt:		
Mortgage notes payable	23.3%	26.7%
Unsecured debt	76.7%	73.3%
Total	100.0%	100.0%
Weighted-average interest rate at period end:		
Mortgage notes payable	5.7%	5.7%
Unsecured debt	4.7%	4.7%
Total	4.9%	5.0%
Weighted-average maturity in years:		
Mortgage notes payable	8.9	7.3
Unsecured debt	6.5	7.0
Total	7.0	7.1

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

All debt shown above is fixed rate, which includes a $250.0 million term loan swapped to fixed.Scheduled principal payments and related weighted average annual effective interest rates for our debt as of December 31, 2015 are as follows (in thousands):

Period	Scheduled amortization	Principal maturities	Total	Weighted Average Interest Rate of Maturing Debt
2016	$ 12,898	$ 236,570	$ 249,468	6.52%
2017	13,265	320,417	333,682	5.62%
2018	15,438	325,000	340,438	5.17%
2019	16,768	-	16,768	5.99%
2020	17,662	-	17,662	6.00%
2021	18,604	-	18,604	6.02%
2022	19,599	250,000	269,599	3.80%
2023	15,696	455,116	470,812	4.13%
2024	14,933	250,000	264,933	4.39%
2025	15,843	-	15,843	7.02%
Thereafter	89,805	328,610	418,415	4.94%
Totals	$ 250,511	$ 2,165,713	$ 2,416,224	4.92%

Unsecured Credit Facility and Term Loan

We maintain a $600.0 million four-year unsecured revolving credit facility (the “New Credit Facility”) maturing May 15, 2019 and an unsecured seven-year term loan (the “Term Loan”) in the amount of $250.0 million maturing October 8, 2022.

On October 8, 2015, we amended and restated our $200.0 million seven-year term loan maturing February 1, 2019. Pursuant to the terms of the amendment, we increased the term loan by an additional $50.0 million, lengthened the maturity date to October 8, 2022, and obtained the option to increase the aggregate amount by up to $150.0 million. The loan will bear interest at LIBOR plus 1.80%. Through a series of interest rate swaps, the $250.0 million outstanding balance of the term loan has a fixed interest rate of 3.72%.

On May 15, 2015, we closed on a new four-year unsecured revolving credit facility that provides for borrowings of up to $600.0 million. We expect to use advances under the New Credit Facility for general business purposes, including to fund costs of acquisitions, developments and redevelopments of properties and to repay from time to time other debt. On terms and conditions specified in the credit agreement, we may enter into unsecured term loans and/or increase the initial amount of the credit facility by up to, in the aggregate for all such term loans and increases, an additional $400.0 million. The New Credit Facility includes a $65.0 million sub-limit for the issuance of letters of credit and a $60.0 million sub-limit for swing-loans. The New Credit Facility has a scheduled maturity date of May 15, 2019, and is subject to two six-month extensions on terms and conditions specified in the credit agreement.

At our option, loans outstanding under the New Credit Facility will bear interest at a rate per annum equal to (1) LIBOR plus between 0.875% and 1.55% based on our credit rating or (2) a base rate equal to the greatest of (a) the Administrative Agent's prime rate, (b) the Federal Funds rate plus 0.5% or (c) LIBOR for a one month period plus 1.00%, in each case, plus a margin ranging from 0.0% to 0.55% based on our credit rating. The New Credit Facility also contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loan advances to us at a reduced interest rate. In addition, we are also obligated to pay (1) in quarterly installments a facility fee on the total commitment at a rate per annum ranging from 0.125% to 0.30% based on our credit rating and (2) an annual fee on the undrawn amount of each letter or credit equal to the LIBOR Margin. Based on our current credit rating, the LIBOR margin is 1.20% and the facility fee is 0.25%. We had no borrowings under the New Credit Facility as of December 31, 2015.

The New Credit Facility contains financial and operating covenants and restrictions, including covenants that relate to our incurrence of additional debt; granting liens; consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments and dividends. The terms of the New Credit Facility require that we maintain customary financial and other covenants, including: (i) a fixed charge coverage ratio greater than or equal to 1.5 to 1.00; (ii) a minimum net worth; (iii) a leverage ratio less than or equal to 0.60 to 1.00, subject to specified exceptions; (iv) a ratio of unsecured indebtedness to unencumbered asset value less than or equal to 0.60 to 1.00, subject to specified exceptions; (v) a ratio of secured indebtedness to total asset value less than or equal to 0.40 to 1.00; and (vi) a ratio of unencumbered cash flow to interest expense on unsecured debt greater than 1.75 to 1.00. In addition, the New Credit Facility restricts payments of dividends and distributions on shares in excess of 95% of our funds from operations (FFO) except to the extent necessary to enable us to continue to qualify as a REIT for Federal income tax purposes.

Concurrently with our entry into the New Credit Facility, we terminated our then existing unsecured revolving credit facility, which had a scheduled maturity date of February 1, 2016.

On June 1, 2015, we amended our Term Loan C Agreement dated December 15, 2011 to align the above aforementioned financial and operating covenants and restrictions of the New Credit Facility with those of Term Loan C.

As amended, Term Loan C contains financial and operating covenants and restrictions, including covenants that relate to our incurrence of additional debt; granting liens; consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments; negative pledges, transactions with affiliates and the payment of dividends. The restriction on dividends permits us to pay dividends to the greater of (i) an amount required for us to retain our qualification as a REIT and (ii) 95% of our funds from operations. The Term Loan includes financial covenants that require us to maintain an interest coverage ratio, a fixed charge coverage ratio and an unencumbered cash flow ratio above specified levels; to maintain a minimum net worth above an amount determined on a specified formula; and to maintain a leverage ratio and a secured debt ratio below certain maximum levels. Another financial covenant limits the ratio of our unsecured debt to the value of our unencumbered properties.

We were in compliance with all financial and non-financial covenants under the New Credit Facility, Term Loan and our credit agreements as of December 31, 2015. We continuously monitor our compliance with all covenants. Certain covenants restrict our ability to obtain alternative sources of capital. While we believe that we will remain in compliance with our covenants, a slow-down in the economy and a decrease in availability of debt financing could result in non-compliance with covenants.

Unsecured Notes and Mortgage Notes

The Operating Partnership is the issuer of our unsecured notes which are fully and unconditionally guaranteed by the Parent Company. During the year-ended December 31, 2015, we did not repurchase any of our outstanding unsecured notes.

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 December 31, 2015.

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 mortgage loans as they mature 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 January 14, 2016, we funded $221.4 million, consisting of $176.8 million of principal repayment, $44.5 million in prepayment charges and $0.1 million of accrued interest, to repay the mortgage indebtedness of the IRS Philadelphia Campus, ahead of its scheduled maturity date of September 10, 2030. Also on January 14, 2016, we funded $44.4 million, consisting of $35.5 million of principal repayment, $8.9 million in prepayment charges and a nominal amount of accrued interest, to repay the mortgage indebtedness of the Cira South Garage, ahead of its scheduled maturity date of September 10, 2030. The repayment was financed with funds available under the New Credit Facility.

On December 29, 2015, we refinanced the One Commerce Square mortgage, increasing the principal balance from $121.2 million to $130 million. The mortgage bears interest at 3.64% and the mortgage matures on April 5, 2023.

On October 9, 2015, we funded $88.4 million, including $0.4 million of accrued interest, in repayment of the Tysons Corner mortgage note with funds from the additional borrowings under the Term Loan.

The charter documents of the Parent Company and Operating Partnership do not limit the amount or form of indebtedness that the Operating Partnership may incur, and its policies on debt incurrence are solely within the discretion of the Parent Company's Board of Trustees, subject to the financial covenants in the New Credit Facility, indenture and other credit agreements.

<u>Equity</u>

On December 8, 2015, the Parent Company declared a distribution of $0.15 per common share, totaling $26.5 million, which it paid on January 20, 2016 to its shareholders of record as of January 6, 2016. In addition, the Parent Company declared a distribution on its Series E Preferred Shares to holders of record as of December 30, 2015. These shares are entitled to a preferential return of 6.90% per annum on the $25.00 per share liquidation preference. Distributions paid on January 15, 2016 to holders of Series E Preferred Shares totaled $1.7 million. To fund this distribution, on December 8, 2015, the Operating Partnership declared distributions on its Series E-Linked Preferred Mirror Units to holders of record as of December 30, 2015. These units are entitled to a preferential return of 6.90% per annum on the $25.00 per unit liquidation preference. Distributions paid on January 15, 2016 to holders of Series E-Linked Preferred Mirror Units totaled $1.7 million. 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. During the year ended December 31, 2015, the Parent Company paid dividends in excess of the 90% criterion.

The Parent Company maintains a share repurchase program under which the Board of Trustees has authorized the Parent Company to repurchase up to $100.0 million of its common shares with no expiration date. Prior to that authorization, 539,200 common shares were available for repurchase under our share repurchase program. We expect to fund the share repurchases with a combination of available cash balances and availability under our revolving credit facility. During the year ended December 31, 2015, 5,209,437 common shares were repurchased and retired at an average purchase price of $12.90 per share for total cash consideration of $67.3 million. The timing and amounts of any purchases 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.

The Parent Company also maintains a continuous offering program (the "Offering Program"), under which we may sell up to an aggregate amount of 16,000,000 common shares until November 5, 2016 in at the market offerings. This program was put in place on November 5, 2013 in replacement of a prior continuous equity offering program that expired on March 10, 2013 (the "Prior Offering Program"). During the year ended December 31, 2015, we did not sell any shares under the Offering Program.

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 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.

Commitments and Contingencies

The following table outlines the timing of payment requirements related to our contractual commitments as of December 31, 2015:

	Payments by Period (in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Mortgage notes payable (a)	$ 562,695	$ 99,549	$ 49,120	$ 34,430	$ 379,596
Unsecured term loan	250,000	-	-	-	250,000
Unsecured debt (a)	1,603,529	149,919	625,000	-	828,610
Ground leases (b)	74,154	1,385	2,770	2,770	67,229
Development contracts (c)	236,537	219,910	16,627	-	-
Interest expense (d)	629,478	102,742	153,407	106,961	266,368
Other liabilities (e)	25,497	505	4,812	7,393	12,787
	$ 3,381,890	$ 574,010	$ 851,736	$ 151,554	$ 1,804,590

(a) Amounts are gross of deferred financing costs and do not include unamortized discounts and/or premiums.

(b) Future minimum 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. The table also does not include the future minimum rental payments related to two ground leases in Philadelphia, Pennsylvania. These ground leases are discussed below.

(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 described below. For information regarding our developments, see Item 1. "*Business - Developments.*"

(d) Variable rate debt future interest expense commitments are calculated using December 31, 2015 interest rates.

(e) Other liabilities consists of (i) our deferred compensation liability, (ii) the liability investment balance related to Coppell Associates real estate venture located in Austin, Texas, (iii) the interest accretion on the existing transfer tax liability on Two Logan Square in Philadelphia, Pennsylvania and (iv) the contingent consideration associated with the purchase of 618 Market Street in Philadelphia, Pennsylvania and the deferred payment associated with the purchase of 2100 Market Street in Philadelphia, Pennsylvania.

The above table does not include amounts related to the 4040 Wilson LLC Venture development of the Liberty Center Complex, the JBG Ventures at 51 N 50 Patterson and 1250 First Street in Washington, D.C. or the 1919 Ventures development of the property located at 20th and Market Street in Philadelphia, Pennsylvania. For further discussion of these developments, see Item 1., "*Business - Developments.*"

As of December 31, 2015, we were obligated to pay a maximum of $57.4 million for tenant improvements not yet completed, of which $6.3 million relates to assets held for sale at December 31, 2015. These amounts are not included in the above table. We expect that most of the obligations will be paid within one year.

On May 4, 2015, we entered into a put agreement in the ordinary course of business that grants an independent third party the unilateral option to require us to purchase a property, at a stated price of $35.0 million, until May 4, 2018. In addition to the $35.0 million purchase price, we would be responsible for transaction and closing costs. There can be no assurance that the counterparty will exercise the option.

The ground leases, entered into in Philadelphia, Pennsylvania, 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 us. Such amounts, if any, will be reflected as contingent rent when incurred. The leases also provide for payment by us of certain operating costs relating to the land, primarily real estate taxes. The above schedule of future minimum rental payments for ground leases does not include any contingent rent amounts or any reimbursed expenses.

As part of the Operating Partnership's September 2004 acquisition of a portfolio of properties from the Rubenstein Company (which we refer to as the "TRC acquisition"), the Operating Partnership acquired its interest in Two Logan Square, a 708,844 square foot office building in Philadelphia, primarily through its ownership of a second and third mortgage secured by this property. This property is consolidated as the borrower is a variable interest entity and the Operating Partnership, through its ownership of the second and

third mortgages, is the primary beneficiary. The Operating Partnership currently does not expect to take title to Two Logan Square until, at the earliest, September 2019. If the Operating Partnership takes fee title to Two Logan Square upon a foreclosure of its mortgage, the Operating Partnership has agreed to pay an unaffiliated third party that holds a residual interest in the fee owner of this property an amount equal to $2.9 million. On the TRC acquisition date, the Operating Partnership recorded a liability of $0.7 million and this amount will accrete up to $2.9 million through September 2019. As of December 31, 2015, the Operating Partnership has a balance of $2.0 million for this liability on its consolidated balance sheet.

As part our 2006 merger with Prentiss Properties Trust, our 2004 TRC acquisition and several of our other transactions, we agreed not to sell certain of the properties we acquired in transactions that would trigger taxable income to the former owners. In the case of the TRC acquisition, we agreed not to sell for a period of up to 15 years from the date of the TRC acquisition the acquired properties at One Logan Square, Two Logan Square and Radnor Corporate Center (January, 2020). In the Prentiss acquisition, we assumed the obligation of Prentiss not to sell Concord Airport Plaza before March, 2018. Our agreements generally provide that we may dispose of the subject properties only in transactions that qualify as tax-free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. If we were to sell a restricted property before expiration of the restricted period in a non-exempt transaction, we would be required to make significant payments to the parties who sold the applicable property to us for tax liabilities attributed to them. Similarly, as part of our 2013 acquisition of substantially all of the equity interests in the partnerships that own One and Two Commerce Square, we agreed, for the benefit of affiliates of the holder of the 1% residual ownership interest in these properties, to not sell these two properties in certain taxable transactions prior to October 20, 2021 without the holder's consent.

In connection with the development of the IRS Philadelphia Campus and the Cira South Garage, during 2008, the Operating Partnership entered into a historic tax credit and new markets tax credit arrangement, respectively. The Operating Partnership is required to be in compliance with various laws, regulations and contractual provisions that apply to its historic and new market tax credit arrangements. Non-compliance with applicable requirements could result in projected tax benefits not being realized and therefore, require a refund to US Bancorp or a reduction of investor capital contributions, which are reported as deferred income in the Operating Partnership's consolidated balance sheet, until such time as its obligation to deliver tax benefits is relieved. The remaining compliance periods for its tax credit arrangements expired during 2015. The Operating Partnership does not anticipate that any material refunds or reductions of investor capital contributions will be required in connection with these arrangements.

We invest in properties and regularly incur capital expenditures in the ordinary course of business to maintain the properties. We believe that such expenditures enhance our competitiveness. We also enter into construction, utility and service contracts in the ordinary course of its business which may extend beyond one year. These contracts typically provide for cancellation with insignificant or no cancellation penalties.

Guarantees

As of December 31, 2015, we had provided guarantees on behalf of certain of the real estate ventures, consisting of (i) a $24.7 million payment guaranty on the construction loan for evo at Cira; (ii) a $3.2 million payment guarantee on the construction loan for TB-BDN Plymouth Apartments; (iii) a several cost overrun guaranty on the $88.9 million construction loan for the development project being undertaken by 1919 Market Street LP; and (iv) a $0.5 million payment guarantee on a loan provided to PJP VII. In addition, during construction undertaken by real estate ventures we have provided, and expect to continue to provide, cost overrun and completion guarantees, with rights of contribution among partners in ventures, as well as customary environmental indemnities and guarantees of customary exceptions to nonrecourse provisions in loan agreements.

Also as of December 31, 2015, we provided a cost overrun guarantee on the Subaru Headquarters Development (See Item 1., "*Business - Other Development Services*") for amounts in excess of the NTE amount. The NTE amount, currently at $77.3 million, may be adjusted by change orders agreed upon by both Subaru and us. We are obligated to pay for construction costs in excess of the NTE amount. The terms of the guarantee do not provide a limitation on the costs we may be responsible for.

As part of our acquisition of properties from time to time in tax-deferred transactions, we have agreed to provide certain of the prior owners of the acquired properties with the right to guarantee our indebtedness. If we were to seek to repay the indebtedness guaranteed by the prior owner before the expiration of the applicable agreement, we would be required to provide the prior owner an opportunity to guarantee qualifying replacement debt. These debt maintenance agreements may limit our ability to refinance indebtedness on terms that will be favorable to us. As part of our 2013 acquisition of substantially all of the equity interests in the partnerships that own One and Two Commerce Square, we agreed, for the benefit of affiliates of the holder of the 1% residual ownership interest in these properties, to maintain qualifying mortgage debt through October 20, 2021, in the amounts of not less than $125.0 million on One Commerce Square and $100.0 million on Two Commerce Square. Similarly, we have agreements in place with other contributors of assets to us that obligate us to maintain debt available for them to guaranty.

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 December 31, 2015, our consolidated debt consisted of mortgage loans with an outstanding principal balance of $562.7 million and unsecured notes with an outstanding principal balance of $1,524.9 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 and an unsecured term loan with an outstanding principal balance of $250.0 million, all of which have been swapped to fixed rates. 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 instrument 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 $29.8 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 $32.3 million.

As of December 31, 2015, based on prevailing interest rates and credit spreads, the fair value of our unsecured notes was $1,529.3 million. For sensitivity purposes, a 100 basis point change in the discount rate equates to a change in the total fair value of our debt of approximately $15.1 million at December 31, 2015.

From time to time or as the need arises, we use derivative instruments to manage interest rate risk exposures and not for speculative purposes. The total outstanding principal balance of our variable rate debt was approximately $328.6 million and $278.6 million at December 31, 2015 and December 31, 2014, respectively. The total fair value of our debt was approximately $305.5 million and $257.2 million at December 31, 2015 and December 31, 2014, 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 $23.3 million at December 31, 2015. If market rates of interest decrease by 100 basis points the fair value of our outstanding variable rate debt would increase by approximately $26.0 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 it may undertake to minimize possible effects of market interest rate increases, this analysis assumes no changes in our financial structure.

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 joint 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. The Operating Partnership believes that the use of FFO combined with the required U.S. 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. The Operating Partnership considers 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. The Operating Partnership's 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.

The Operating Partnership considers net income, as defined by U.S. 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 U.S. GAAP and should not be considered as alternatives to those measures in evaluating the Company's liquidity or operating performance. The Operating Partnership believes that to further understand our performance, FFO should be compared with its 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 (loss) attributable to common unit holders to FFO for the years ended December 31, 2015 and 2014:

	Years ended	
	December 31, 2015	December 31, 2014
	(amounts in thousands, except share information)	
Net income (loss) attributable to common unitholders	**$ (37,966)**	**$ (263)**
Add (deduct):		
Amount allocated to unvested restricted unitholders	329	349
Net (gain) loss on real estate venture transactions	(7,229)	417
Net gain on disposition of real estate	(20,496)	(4,901)
Net gain on disposition of discontinued operations	-	(900)
Net gain from remeasurement of investments in real estate ventures	(758)	(458)
Provision for impairment (a)	81,589	1,765
Depreciation and amortization:		
Real property — continuing operations	161,610	163,218
Leasing costs including acquired intangibles — continuing operations	57,034	45,159
Company's share of unconsolidated real estate ventures	28,707	24,292
Partners' share of consolidated joint ventures	(225)	(225)
Funds from operations	**$ 262,595**	**$ 228,453**
Funds from operations allocable to unvested restricted shareholders	(802)	(791)
Funds from operations available to common share and unit holders (FFO)	**$ 261,793**	**$ 227,662**
Weighted-average shares/units outstanding — fully diluted	**180,438,141**	**169,411,616**

(a) In accordance with the NAREIT definition of FFO, impairments on land held for development has been excluded.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

See discussion in "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" included in Item 7 herein.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary financial data of the Parent Company and the Operating Partnership and the reports thereon of PricewaterhouseCoopers LLP, an independent registered public accounting firm, with respect thereto are listed under Items 15(a) and 15(b) and filed as part of this Annual Report on Form 10-K. See Item 15., "*Exhibits and Financial Statement Schedules.*"

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Controls and Procedures (Parent Company)

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Parent Company's management, including its principal executive officer and principal financial officer, the Parent Company's management 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"). Based on this evaluation, the principal executive officer and the principal financial officer of the Parent Company concluded that the Parent Company's disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

The management of the Parent Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f).

Under the supervision and with the participation of the Parent Company's management, including its principal executive officer and principal financial officer, the Parent Company's management conducted an evaluation of the effectiveness of the Parent Company's internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation under the framework in *Internal Control — Integrated Framework,* the Parent Company's management concluded that the Parent Company's internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of the Parent Company's internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control over Financial Reporting

There have not been any changes in the Parent Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Parent Company's internal control over financial reporting.

Controls and Procedures (Operating Partnership)

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

The management of the Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f).

Under the supervision and with the participation of the Operating Partnership's management, including its principal executive officer and principal financial officer, the Operating Partnership's management conducted an evaluation of the effectiveness of the Operating Partnership's internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation under the framework in *Internal Control — Integrated Framework*, the Operating Partnership's management concluded that the Operating Partnership's internal control over financial reporting was effective as of December 31, 2015.

The effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control over Financial Reporting.

There have not been any changes in the Operating Partnership's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated herein by reference to the Company's definitive proxy statement to be filed with respect to its 2016 Annual Meeting of Shareholders.

Item 11. Executive Compensation

Incorporated herein by reference to the Company's definitive proxy statement to be filed with respect to its 2016 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters

Incorporated herein by reference to the Company's definitive proxy statement to be filed with respect to its 2016 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated herein by reference to the Company's definitive proxy statement to be filed with respect to its 2016 Annual Meeting of Shareholders.

Item 14. Principal Accountant Fees and Services

Incorporated herein by reference to the Company's definitive proxy statement to be filed with respect to its 2016 Annual Meeting of Shareholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Financial Statements and Schedules of Brandywine Realty Trust

(b) Financial Statements and Schedules of Brandywine Operating Partnership

The financial statements and schedules of the Parent Company and the Operating Partnership listed below are filed as part of this annual report on the pages indicated.

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(c) Exhibits

Exhibits Nos.	Description
3.1.1	Amended and Restated Declaration of Trust of Brandywine Realty Trust (amended and restated as of May 12, 1997) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated June 9, 1997 and incorporated herein by reference)
3.1.2	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (September 4, 1997) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated September 10, 1997 and incorporated herein by reference)
3.1.3	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated June 3, 1998 and incorporated herein by reference)
3.1.4	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (September 28, 1998) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.1.5	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (March 19, 1999) (previously filed as an exhibit to Brandywine Realty Trust’s Form 10-K for the fiscal year ended December 31, 1998 and incorporated herein by reference)
3.1.6	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (April 19, 1999) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated April 26, 1999 and incorporated herein by reference)
3.1.7	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (December 30, 2003) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-A dated December 29, 2003 and incorporated herein by reference)
3.1.8	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (February 5, 2004) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-A dated February 5, 2004 and incorporated herein by reference)
3.1.9	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (October 3, 2005) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated October 4, 2005 and incorporated herein by reference)
3.1.10	Articles Supplementary to Declaration of Trust of Brandywine Realty Trust (April 6, 2012) classifying and designating Series E Cumulative Redeemable Preferred Shares of Beneficial Interest, par value $0.01 per share and liquidation preference $25 per share, of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-A dated April 6, 2012 and incorporated herein by reference)
3.1.11	Articles of Amendment to Declaration of Trust of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K filed on May 21, 2014 and incorporated herein by reference)
3.2.1	Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (the “Operating Partnership”) (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated December 17,1997 and incorporated herein by reference)
3.2.2	First Amendment to Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated December 17,1997 and incorporated herein by reference)
3.2.3	Second Amendment to the Amended and Restated Agreement of Limited Partnership Agreement of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated April 13, 1998 and incorporated herein by reference)
3.2.4	Third Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated May 14, 1998 and incorporated herein by reference)

Exhibits Nos.	Description
3.2.5	Fourth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.2.6	Fifth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.2.7	Sixth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 13, 1998 and incorporated herein by reference)
3.2.8	Seventh Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.2.9	Eighth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.2.10	Ninth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.2.11	Tenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.2.12	Eleventh Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.2.13	Twelfth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference)
3.2.14	Thirteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated September 21, 2004 and incorporated herein by reference)
3.2.15	Fourteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated January 10, 2006 and incorporated herein by reference)
3.2.16	Fifteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated August 18, 2006 and incorporated herein by reference)
3.2.17	Sixteenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated August 9, 2010 and incorporated herein by reference)
3.2.18	Seventeenth Amendment to the Amended and Restated Agreement of Limited Partnership of Brandywine Operating Partnership, L.P. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 11, 2012 and incorporated herein by reference)
3.2.19	List of partners of Brandywine Operating Partnership, L.P. (filed herewith)

Exhibits Nos.	Description
3.3	Amended and Restated Bylaws of Brandywine Realty Trust (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K dated March 30, 2015 and incorporated herein by reference)
4.1	Form of 7.50% Series C Cumulative Redeemable Preferred Share Certificate (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-A dated December 29, 2003 and incorporated herein by reference)
4.2	Form of 7.375% Series D Cumulative Redeemable Preferred Share Certificate (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-A dated February 5, 2004 and incorporated herein by reference)
4.3	Form of 6.90% Series E Cumulative Redeemable Preferred Shares Certificate (previously filed as an exhibit to Brandywine Realty Trust's Form 8-A dated April 6, 2012 and incorporated herein by reference)
4.4.1	Indenture dated October 22, 2004 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust, certain subsidiaries of Brandywine Operating Partnership, L.P. named therein and The Bank of New York Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 22, 2004 and incorporated herein by reference)
4.4.2	First Supplemental Indenture dated as of May 25, 2005 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust, certain subsidiaries of Brandywine Operating Partnership, L.P. named therein and The Bank of New York Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated May 26, 2005 and incorporated herein by reference)
4.4.3	Second Supplemental Indenture dated as of October 4, 2006 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust and The Bank of New York Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2006 and incorporated herein by reference)
4.4.4	Third Supplemental Indenture dated as of April 5, 2011 by and among Brandywine Operating Partnership, L.P., Brandywine Realty Trust and The Bank of New York Mellon, as Trustee (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 5, 2011 and incorporated herein by reference)
4.5	Form of $250,000,000 5.40% Guaranteed Note due 2014 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 22, 2004 and incorporated herein by reference)
4.6	Form of $250,000,000 aggregate principal amount of 6.00% Guaranteed Note due 2016 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated March 28, 2006 and incorporated herein by reference)
4.7	Form of $300,000,000 aggregate principal amount of 5.70% Guaranteed Notes due 2017 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 30, 2007 and incorporated herein by reference)
4.8	Form of $250,000,000 aggregate principal amount of 7.50% Guaranteed Notes due 2015 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated September 25, 2009 and incorporated herein by reference)
4.9	Form of $325,000,000 aggregate principal amount of 4.95% Guaranteed Notes due 2018 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 5, 2011 and incorporated herein by reference)
4.10	Form of $250,000,000 aggregate principal amount of 3.95% Guaranteed Notes due 2023 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 18, 2012 and incorporated herein by reference)
4.11	Form 4.10% Guaranteed Notes due 2024 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on September 17, 2014 and incorporated herein by reference)
4.12	Form of 4.55% Guaranteed Notes due 2029 previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on September 17, 2014 and incorporated herein by reference)
10.1	Revolving Credit Agreement dated as of May 15, 2015 (previously filed as an exhibit to Brandywine Realty Trust’s Form 8-K filed on May 21, 2015 and incorporated herein by reference)

Exhibits Nos.	Description
10.2	Amended and Restated Term Loan C Agreement dated as of October 8, 2015 (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q filed on October 27, 2015 and incorporated herein by reference)
10.3	Contribution Agreement dated August 18, 2004 with TRC Realty, Inc.-GP, TRC-LB LLC and TRC Associates Limited Partnership (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated August 19, 2004 and incorporated herein by reference)
10.4	Registration Rights Agreement (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated September 21, 2004 and incorporated herein by reference)
10.5	Tax Protection Agreement (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated September 21, 2004 and incorporated herein by reference)
10.6	Registration Rights Agreement dated as of October 3, 2005 (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated October 4, 2005 and incorporated herein by reference)
10.7	Letter dated August 10, 2015 to Cohen & Steers Capital Management, Inc. relating to the waiver of share ownership limit, including Representations, Warranties and Agreements of Cohen & Steers Capital Management, Inc. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on August 13, 2015 and incorporated herein by reference)
10.8	Letter to RREEF America LLC relating to waiver of share ownership limit (previously filed as an exhibit to Brandywine Realty Trust's Form 10-K for the fiscal year ended December 31, 2009 and incorporated herein by reference)
10.9	Amended and Restated Employment Agreement dated as of February 9, 2007 of Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated February 14, 2007 and incorporated herein by reference)
10.10	Letter Agreement dated March 1, 2012 modifying Amended and Restated Employment Agreement of Gerard H. Sweeney** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated March 7, 2012 and incorporated herein by reference)
10.11	Amended and Restated 1997 Long-Term Incentive Plan (as amended effective June 2, 2010)** (previously filed as an exhibit to Brandywine Realty Trust's Registration Statement on Form S-8, File No. 333-167266 and incorporated herein by reference)
10.12	Amended and Restated Executive Deferred Compensation Plan dated January 1, 2013** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated December 11, 2012 and incorporated herein by reference)
10.13	2007 Non-Qualified Employee Share Purchase Plan** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference)
10.14	Summary of Trustee Compensation** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 25, 2015 and incorporated herein by reference)
10.15	Form of Non-Qualified Share Option Agreement to the President and CEO and Executive Vice President and CFO** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.16	Form of Non-Qualified Share Option Agreement to the executive officers (other than the President and CEO and Executive Vice President and CFO)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 11, 2008 and incorporated herein by reference)

Exhibits Nos.	Description
10.17	Form of Incentive Stock Option Agreement to the President and CEO and Executive Vice President and CFO ** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.18	Form of Incentive Stock Option Agreement to the executive officers (other than the President and CEO and Executive Vice President and CFO)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 11, 2008 and incorporated herein by reference)
10.19	Forms of Non-Qualified Share Option Agreement for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 1, 2009 and incorporated herein by reference)
10.20	Forms of Incentive Stock Option Agreement for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K dated April 1, 2009 and incorporated herein by reference)
10.21	Form of Amended and Restated Change of Control Agreement with Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 4, 2010 and incorporated herein by reference)
10.22	Forms of Incentive Stock Option Agreement (March 2010) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2010 and incorporated herein by reference)
10.23	Forms of Non-Qualified Share Option Agreement (March 2010) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2010 and incorporated herein by reference)
10.24	Forms of Incentive Share Option Agreement (March 2011) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2011 and incorporated herein by reference)
10.25	Forms of Non-Qualified Share Option Agreement (March 2011) for Executive Officers** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 8, 2011 and incorporated herein by reference)
10.26	Letter Agreement dated May 24, 2011 modifying options of President and Chief Executive Officer** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on May 24, 2011 and incorporated herein by reference)
10.27	Form of Performance Unit Award Agreement** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 1, 2013 and incorporated herein by reference)
10.28	Form of Restricted Share Award** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 1, 2013 and incorporated herein by reference)
10.29	2013 -2015 Performance Share Unit Program** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 1, 2013 and incorporated herein by reference)
10.30	Form of Restricted Share Award Agreement for non-employee Trustees** (previously filed as an exhibit to Brandywine Realty Trust's Form 10-Q for the quarter ended June 30, 2013 and incorporated herein by reference)
10.31	Sales Agency Agreement dated November 5, 2013 among Brandywine Realty Trust, Brandywine Operating Partnership, L.P. and RBC Capital Markets (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on November 5, 2013 and incorporated herein by reference)
10.32	Sales Agency Agreement dated November 5, 2013 among Brandywine Realty Trust, Brandywine Operating Partnership, L.P. and Barclays Capital Inc. (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on November 5, 2013 and incorporated herein by reference)
10.33	Sales Agency Agreement dated November 5, 2013 among Brandywine Realty Trust, Brandywine Operating Partnership, L.P. and Jefferies LLC (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on November 5, 2013 and incorporated herein by reference)

Exhibits Nos.	Description
10.34	Sales Agency Agreement dated November 5, 2013 among Brandywine Realty Trust, Brandywine Operating Partnership, L.P. and BNY Mellon Capital Markets LLC (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on November 5, 2013 and incorporated herein by reference)
10.35	Form of Performance Unit Award Agreement** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 17, 2014 and incorporated herein by reference)
10.36	2014-2016 Performance Share Unit Program** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 17, 2014 and incorporated herein by reference)
10.37	Form of Cliff-Vesting Restricted Share Award (President and CEO)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 17, 2014 and incorporated herein by reference)
10.38	Form of Three-Year Pro Rata Vesting Restricted Share Award (President and CEO)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 17, 2014 and incorporated herein by reference)
10.39	Form of Cliff-Vesting Restricted Share Award (Other Executives)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on March 17, 2014 and incorporated herein by reference)
10.40	Form of Performance Unit Award Agreement** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 26, 2015 and incorporated herein by reference)
10.41	2015-2017 Performance Share Unit Program** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 26, 2015 and incorporated herein by reference)
10.42	Form of Restricted Share Award (President and CEO)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 26, 2015 and incorporated herein by reference)
10.43	Form of Restricted Share Award (Other Executives)** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 26, 2015 and incorporated herein by reference)
10.44	Form of Incentive Compensation Clawback Agreement** (previously filed as an exhibit to Brandywine Realty Trust's Form 8-K filed on February 26, 2015 and incorporated herein by reference)
10.45	Purchase and Sale Agreement dated as of December 23, 2015 by and between Brandywine Operating Partnership, L.P., as seller, and KIM TopCo, Inc., as purchaser (filed herewith)
10.46	First Amendment to Agreement of Sale and Purchase dated as of January 26, 2016 by and between Brandywine Operating Partnership, L.P., as seller, and KIM TopCo, Inc., as purchaser (filed herewith)
12.1	Statement Re: Computation of Ratios of Earnings to Fixed Charges of Brandywine Realty Trust (filed herewith)
12.2	Statement Re: Computation of Ratios of Earnings to Fixed Charges of Brandywine Operating Partnership, L.P (filed herewith)
21	List of subsidiaries (filed herewith)
23.1	Consent of PricewaterhouseCoopers LLP relating to financial statements of Brandywine Realty Trust (filed herewith)
23.2	Consent of PricewaterhouseCoopers LLP relating to financial statements of Brandywine Operating Partnership, L.P. (filed herewith)
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)

Exhibits Nos.	Description
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 (filed 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 (filed 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 (filed 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 (filed herewith)
99.1	Material Federal Income Tax Considerations (filed herewith)
101.1	The following materials from the Annual Reports on Form 10-K of Brandywine Realty Trust and Brandywine Operating Partnership, L.P. for the year ended December 31, 2015 formatted in XBRL (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.

** Management contract or compensatory plan or arrangement

(d) Financial Statement Schedule: See Item 15 (a) and (b) above

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

By: /s/ Gerard H. Sweeney
Gerard H. Sweeney
President and Chief Executive Officer

Date: February 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Walter D'Alessio Walter D'Alessio	Chairman of the Board and Trustee	February 26, 2016
/s/ Gerard H. Sweeney Gerard H. Sweeney	President, Chief Executive Officer and Trustee (Principal Executive Officer)	February 26, 2016
/s/ Thomas E. Wirth Thomas E. Wirth	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2016
/s/ Daniel Palazzo Daniel Palazzo	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 26, 2016
/s/ Wyche Fowler Wyche Fowler	Trustee	February 26, 2016
/s/ James Diggs James Diggs	Trustee	February 26, 2016
/s/ Michael J. Joyce Michael J. Joyce	Trustee	February 26, 2016
/s/ Anthony A. Nichols, Sr. Anthony A. Nichols, Sr.	Trustee	February 26, 2016
/s/ Charles P. Pizzi Charles P. Pizzi	Trustee	February 26, 2016
/s/ Carol G. Carroll Carol G. Carroll	Trustee	February 26, 2016

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: Brandywine Realty Trust, its General Partner
By: /s/ Gerard H. Sweeney
Gerard H. Sweeney
President and Chief Executive Officer

Date: February 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Walter D'Alessio Walter D'Alessio	Chairman of the Board and Trustee	February 26, 2016
/s/ Gerard H. Sweeney Gerard H. Sweeney	President, Chief Executive Officer and Trustee (Principal Executive Officer)	February 26, 2016
/s/ Thomas E. Wirth Thomas E. Wirth	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2016
/s/ Daniel Palazzo Daniel Palazzo	Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 26, 2016
/s/ Wyche Fowler Wyche Fowler	Trustee	February 26, 2016
/s/ James Diggs James Diggs	Trustee	February 26, 2016
/s/ Michael J. Joyce Michael J. Joyce	Trustee	February 26, 2016
/s/ Anthony A. Nichols, Sr. Anthony A. Nichols, Sr.	Trustee	February 26, 2016
/s/ Charles P. Pizzi Charles P. Pizzi	Trustee	February 26, 2016
/s/ Carol G. Carroll Carol G. Carroll	Trustee	February 26, 2016

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Brandywine Realty Trust:

In our opinion, the consolidated financial statements listed in the accompanying index appearing under Item 15(a) present fairly, in all material respects, the financial position of Brandywine Realty Trust and its subsidiaries (the "Company") at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the accompanying index appearing under Item 15(a) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 26, 2016

Report of Independent Registered Public Accounting Firm

To the Partners of Brandywine Operating Partnership, L.P.:

In our opinion, the consolidated financial statements listed in the accompanying index appearing under Item 15(b) present fairly, in all material respects, the financial position of Brandywine Operating Partnership, L.P. and its subsidiaries (the "Partnership") at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the accompanying index appearing under Item 15(b) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. The Partnership's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Partnership's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 26, 2016

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

	December 31, 2015	December 31, 2014
ASSETS		
Real estate investments:		
Operating properties	$ 3,693,000	$ 4,603,692
Accumulated depreciation	(867,035)	(1,067,829)
Operating real estate investments, net	2,825,965	3,535,863
Construction-in-progress	268,983	201,360
Land held for development	130,479	90,603
Total real estate investments, net	3,225,427	3,827,826
Cash and cash equivalents	56,694	257,502
Accounts receivable, net	17,126	18,757
Accrued rent receivable, net	145,092	134,051
Assets held for sale, net	584,365	18,295
Investment in Real Estate Ventures, at equity	241,004	225,004
Deferred costs, net	101,419	101,261
Intangible assets, net	111,623	99,403
Mortgage note receivable	-	88,000
Other assets	71,761	65,111
Total assets	$ 4,554,511	$ 4,835,210
LIABILITIES AND BENEFICIARIES' EQUITY		
Mortgage notes payable, net	545,753	639,631
Unsecured term loans, net	247,800	198,923
Unsecured senior notes, net	1,591,164	1,588,791
Accounts payable and accrued expenses	99,856	96,046
Distributions payable	28,249	28,871
Deferred income, gains and rent	30,413	59,452
Acquired lease intangibles, net	25,655	26,010
Liabilities related to assets held for sale	2,151	602
Other liabilities	31,379	37,558
Total liabilities	$ 2,602,420	$ 2,675,884
Commitments and contingencies (See Note 20)		
Brandywine Realty Trust's Equity:		
Preferred Shares (shares authorized-20,000,000)		
6.90% Series E Preferred Shares, $0.01 par value; issued and outstanding- 4,000,000 in 2015 and 2014	40	40
Common Shares of Brandywine Realty Trust's beneficial interest, $0.01 par value; shares authorized 400,000,000; 174,688,568 and 179,293,160 issued and outstanding in 2015 and 2014, respectively	1,747	1,793
Additional paid-in-capital	3,252,622	3,314,693
Deferred compensation payable in common shares	11,918	6,219
Common shares in grantor trust, 745,686 in 2015, 384,536 in 2014	(11,918)	(6,219)
Cumulative earnings	499,086	529,487
Accumulated other comprehensive loss	(5,192)	(4,607)
Cumulative distributions	(1,814,378)	(1,700,579)
Total Brandywine Realty Trust's equity	1,933,925	2,140,827
Non-controlling interests	18,166	18,499
Total beneficiaries' equity	1,952,091	2,159,326
Total liabilities and beneficiaries' equity	$ 4,554,511	$ 4,835,210

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

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

	Years ended December 31, 2015	2014	2013
Revenue			
Rents	$ 486,731	$ 483,682	$ 461,387
Tenant reimbursements	85,722	84,879	79,087
Termination fees	4,797	8,000	4,497
Third party management fees, labor reimbursement and leasing	18,764	17,200	13,053
Other	6,617	3,221	4,186
Total revenue	602,631	596,982	562,210
Operating expenses:			
Property operating expenses	181,170	177,330	160,406
Real estate taxes	50,623	51,844	55,612
Third party management expenses	6,294	6,791	5,751
Depreciation and amortization	219,029	208,569	197,021
General and administrative expenses	29,406	26,779	27,628
Provision for impairment	82,208	1,765	-
Total operating expenses	568,730	473,078	446,418
Operating income	33,901	123,904	115,792
Other income (expense):			
Interest income	1,224	3,974	1,044
Tax credit transaction income	19,955	11,853	11,853
Interest expense	(110,717)	(124,329)	(121,937)
Interest expense - amortization of deferred financing costs	(4,557)	(5,148)	(4,676)
Interest expense - financing obligation	(1,237)	(1,144)	(972)
Recognized hedge activity	-	(828)	-
Equity in income (loss) of Real Estate Ventures	(811)	(790)	3,664
Net gain on disposition of real estate	20,496	4,901	-
Net gain (loss) on sale of undepreciated real estate	3,019	1,184	(137)
Net gain from remeasurement of investments in real estate ventures	758	458	6,866
Net gain (loss) on real estate venture transactions	7,229	(417)	29,604
Loss on early extinguishment of debt	-	(7,594)	(2,119)
Income (loss) from continuing operations	(30,740)	6,024	38,982
Discontinued operations:			
Income from discontinued operations	-	18	825
Net gain on disposition of discontinued operations	-	900	3,382
Total discontinued operations	-	918	4,207
Net income (loss)	(30,740)	6,942	43,189
Net income from discontinued operations attributable to non-controlling interests	-	(10)	(55)
Net (income) loss from continuing operations attributable to non-controlling interests	339	43	(357)
Net (income) loss attributable to non-controlling interests	339	33	(412)
Net income (loss) attributable to Brandywine Realty Trust	(30,401)	6,975	42,777
Distribution to preferred shareholders	(6,900)	(6,900)	(6,900)
Nonforfeitable dividends allocated to unvested restricted shareholders	(329)	(349)	(363)
Net income (loss) attributable to Common Shareholders of Brandywine Realty Trust	$ (37,630)	$ (274)	$ 35,514
Basic income (loss) per Common Share:			
Continuing operations	$ (0.21)	$ (0.01)	$ 0.20
Discontinued operations	-	0.01	0.03
	$ (0.21)	$ -	$ 0.23
Diluted income (loss) per Common Share:			
Continuing operations	$ (0.21)	$ (0.01)	$ 0.20
Discontinued operations	-	0.01	0.03
	$ (0.21)	$ -	$ 0.23
Basic weighted average shares outstanding	178,162,160	166,202,649	153,140,458
Diluted weighted average shares outstanding	178,162,160	166,202,649	154,414,311
Net income (loss) attributable to Brandywine Realty Trust			
Total continuing operations	$ (30,401)	$ 6,067	$ 38,625
Total discontinued operations	-	908	4,152
Net income (loss)	$ (30,401)	$ 6,975	$ 42,777
Distributions declared per Common Share	$ 0.60	$ 0.60	$ 0.60

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

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

	Years ended December 31,		
	2015	**2014**	**2013**
Net income (loss)	$ (30,740)	$ 6,942	$ 43,189
Comprehensive income (loss):			
Unrealized gain (loss) on derivative financial instruments	(1,010)	(1,190)	12,789
Loss on settlement of interest rate swaps	-	(828)	-
Reclassification of realized losses on derivative financial instruments to operations, net (1)	420	388	286
Total comprehensive income (loss)	(590)	(1,630)	13,075
Comprehensive income (loss)	(31,330)	5,312	56,264
Comprehensive income (loss) attributable to non-controlling interest	344	51	(564)
Comprehensive income (loss) attributable to Brandywine Realty Trust	$ (30,986)	$ 5,363	$ 55,700

(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
For the Years ended December 31, 2015, 2014 and 2013
(in thousands, except number of shares)

December 31, 2013

	Number of Preferred Shares	Par Value of Preferred 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	Non-Controlling Interests	Tota
BALANCE, December 31, 2012	**4,000,000**	**$ 40**	**143,538,733**	**290,745**	**$ 1,434**	**$ 2,780,194**	**$ 5,352**	**$ (5,352)**	**$ 479,734**	**$ (15,918)**	**$ (1,493,206)**	**$ 21,238**	**$ 1,7**
Net income									42,777			412	4
Other comprehensive income										12,923		152	[illegible]
Issuance of Common Shares of Beneficial Interest			12,650,000		127	181,907							1
Issuance of partnership interest in joint venture												946	
Equity issuance costs						(744)							
Conversion of LP Units to Common Shares			81,998		1	1,239						(1,240)	
Bonus share issuance			27,918			361							
Share-based compensation activity			438,356	34,117	4	9,417			17				
Share Issuance from/to Deferred Compensation Plan			(5,012)	(12,583)			55	(55)					
Adjustment to Non-controlling Interest						(778)						778	
Preferred Share distributions											(6,900)		
Distributions declared ($0.60 share)											(92,409)	(1,071)	(9
BALANCE, December 31, 2013	**4,000,000**	**$ 40**	**156,731,993**	**312,279**	**$ 1,566**	**$ 2,971,596**	**$ 5,407**	**$ (5,407)**	**$ 522,528**	**$ (2,995)**	**$ (1,592,515)**	**$ 21,215**	**$ 1,9**

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

December 31, 2014

	Number of Preferred Shares	Par Value of Preferred 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	Non-Controlling Interests	To
BALANCE, December 31, 2013	**4,000,000**	**$ 40**	**156,731,993**	**312,279**	**$ 1,566**	**$ 2,971,596**	**$ 5,407**	**$ (5,407)**	**$ 522,528**	**$ (2,995)**	**$ (1,592,515)**	**$ 21,215**	**$ 1,9**
Net income									6,975			(33)	
Other comprehensive income										(1,612)		(18)	
Issuance of Common Shares of Beneficial Interest			21,850,000		219	335,179							3.
Equity issuance costs						(495)							
Conversion of LP Units to Common Shares			228,536		2	3,612						(3,614)	
Share-based compensation activity			403,902		6	6,857			(16)				
Share Issuance from/to Deferred Compensation Plan			80,152	72,257		(90)	812	(812)					
Share Choice Plan Issuance			(1,423)										
Adjustment to Non-controlling Interest						(1,966)						1,966	
Preferred Share distributions											(6,900)		
Distributions declared ($0.60 share)											(101,164)	(1,017)	(1
BALANCE, December 31, 2014	**4,000,000**	**$ 40**	**179,293,160**	**384,536**	**$ 1,793**	**$ 3,314,693**	**$ 6,219**	**$ (6,219)**	**$ 529,487**	**$ (4,607)**	**$ (1,700,579)**	**$ 18,499**	**$ 2,1**

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

December 31, 2015

	Number of Preferred Shares	Par Value of Preferred 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	Non-Controlling Interests	To
BALANCE, December 31, 2014	**4,000,000**	**$ 40**	**179,293,160**	**384,536**	**$ 1,793**	**$ 3,314,693**	**$ 6,219**	**$ (6,219)**	**$ 529,487**	**$ (4,607)**	**$ (1,700,579)**	**$ 18,499**	**$ 2,1**
Net loss									(30,401)			(339)	(
Other comprehensive income										(585)		(5)	
Repurchase and retirement of Common Shares of Beneficial Interest			(5,209,437)		(52)	(67,273)							(
Issuance of partnership interest in joint venture												1,025	
Equity issuance costs						(105)							
Bonus share issuance			8,447			125							
Share-based compensation activity			509,675	280,011	6	5,091							
Share Issuance from/to Deferred Compensation Plan			88,146	81,139		(2)	5,699	(5,699)					
Share Choice Plan Issuance			(1,423)										
Adjustment to Non-controlling Interest						93						(93)	
Preferred Share distributions											(6,900)		
Distributions declared ($0.60 share)											(106,899)	(921)	(1
BALANCE, December 31, 2015	**4,000,000**	**$ 40**	**174,688,568**	**745,686**	**$ 1,747**	**$ 3,252,622**	**$ 11,918**	**$ (11,918)**	**$ 499,086**	**$ (5,192)**	**$ (1,814,378)**	**$ 18,166**	**$ 1,9**

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

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

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	$ (30,740)	$ 6,942	$ 43,189
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation and amortization	219,029	208,569	198,731
Amortization of deferred financing costs	4,557	5,148	4,676
Amortization of debt discount/(premium), net	(755)	(531)	2,480
Amortization of stock compensation costs	5,065	4,137	6,998
Shares used for employee taxes upon vesting of share awards	(2,055)	(1,177)	(1,062)
Recognized hedge activity	-	828	-
Settlement of hedge transaction	(5,266)	-	-
Straight-line rent income	(23,668)	(16,046)	(20,136)
Amortization of acquired above (below) market leases, net	(7,960)	(6,377)	(7,170)
Straight-line ground rent expense	88	89	1,509
Provision for doubtful accounts	2,489	1,763	2,467
Net (gain) loss on real estate venture transactions	(7,418)	417	(3,683)
Net gain on sale of interests in real estate	(23,515)	(6,085)	(29,166)
Preacquisition cost write-off	1,299	-	-
Net gain from remeasurement of investment in a real estate venture	(758)	(458)	(6,866)
Loss on early extinguishment of debt	-	7,594	2,119
Provision for impairment	82,208	1,765	-
Tax credit transaction income	(19,955)	(11,853)	(11,853)
Real Estate Venture (income) loss in excess of distributions	2,034	1,954	(2,014)
Deferred financing obligation	(1,237)	(1,147)	(974)
Changes in assets and liabilities			
Accounts receivable	(848)	(2,869)	(4,048)
Other assets	837	(4,111)	5,440
Accounts payable and accrued expenses	4,083	962	(526)
Deferred income, gains and rent	(521)	2,436	3,758
Other liabilities	(1,894)	(2,951)	(385)
Net cash provided by operating activities	195,099	188,999	183,484
Cash flows from investing activities:			
Acquisition of properties	(150,472)	(18,443)	(161,604)
Acquisition of property - 1031 exchange funds applied	(62,812)	-	-
Proceeds from the sale of properties	247,228	118,855	423,480
Sale of property - 1031 exchange funds held in escrow	62,800	-	-
Net proceeds from the contribution of properties to an unconsolidated real estate venture	50,158	-	-
Net proceeds from the contribution of land to an unconsolidated real estate venture	-	8,212	-
Distribution of sales proceeds from a real estate venture	6,100	-	16,963
Loan provided to an unconsolidated real estate venture	-	(88,000)	-
Proceeds from repayment of mortgage notes receivable	88,000	7,026	200
Capital expenditures for tenant improvements	(97,851)	(131,077)	(109,357)
Capital expenditures for redevelopments	(48,367)	(19,245)	(6,265)
Capital expenditures for developments	(179,927)	(86,608)	(5,490)
Reimbursement from real estate venture for pre-formation development costs	-	-	1,976
Advances for the purchase of tenant assets, net of repayments	308	(540)	(127)
Investment in unconsolidated Real Estate Ventures	(68,549)	(46,098)	(33,069)
Deposits for real estate	(878)	-	-
Escrowed cash	516	283	1,902
Cash distribution from unconsolidated Real Estate Ventures in excess of cumulative equity income	8,557	9,767	7,496
Leasing costs paid	(21,263)	(24,917)	(31,397)
Net cash (used in) from investing activities	(166,452)	(270,785)	104,708
Cash flows from financing activities:			
Repayments of mortgage notes payable	(222,836)	(13,441)	(11,268)
Repayments of unsecured term loan	-	(250,828)	-
Proceeds from credit facility borrowings	89,000	-	186,000
Repayments of credit facility borrowings	(89,000)	-	(255,000)
Proceeds from term loan borrowings	50,000	-	-
Proceeds from mortgage notes payable	130,000	-	-
Net proceeds from unsecured notes	-	496,459	-
Net proceeds from issuance of common shares	-	335,016	181,527
Repayments of unsecured notes	-	(383,768)	(31,369)
Debt financing costs paid	(5,202)	(3,705)	(355)
Proceeds from the exercise of stock options	127	2,143	2,381
Partner contribution to consolidated real estate venture	1,025	-	-
Repurchase and retirement of common shares	(67,320)	-	-
Distributions paid to shareholders	(114,328)	(104,731)	(97,367)
Distributions to non-controlling interest	(921)	(1,064)	(1,083)
Net cash (used in) from financing activities	(229,455)	76,081	(26,534)
(Decrease) Increase in cash and cash equivalents	(200,808)	(5,705)	261,658

	2015	2014	2013
Cash and cash equivalents at beginning of year	257,502	263,207	1,549
Cash and cash equivalents at end of year	$ 56,694	$ 257,502	$ 263,207
Supplemental disclosure:			
Cash paid for interest, net of capitalized interest during the years ended December 31, 2015, 2014 and 2013 of $12,150, $6,802 and $3,137, respectively	$ 124,953	$ 129,160	$ 118,714
Supplemental disclosure of non-cash activity:			
Change in real estate investments related to a non-cash acquisition of an operating property	-	-	(21,649)
Change in operating real estate due to non-cash adjustment to land	-	-	7,752
Change in intangible assets, net related to non-cash acquisition of an operating property	-	-	(3,517)
Change in acquired lease intangibles, net related to non-cash acquisition of an operating property	-	-	462
Change in investments in joint venture related to non-cash disposition of property	(25,127)	(5,897)	(17,628)
Change in operating real estate related to non-cash property disposition	25,127	-	-
Change in real estate investments related to non-cash property acquisition	(66,324)	-	-
Change in investments in joint venture related to non-cash acquisition of property	66,324	-	-
Change in investments in joint venture related to a contribution of land at period end	-	(1,182)	(6,058)
Change in mortgage notes payable related to acquisition of an operating property	-	-	238,082
Change in receivable from settlement of acquisitions	-	619	-
Change in other liabilities from contingent consideration related to a business combination	1,585	-	-
Change in operating real estate from contingent consideration related to a business combination	(1,585)	-	-
Change in other liabilities from deferred payment related to a asset acquisition	2,000	-	-
Change in operating real estate from deferred payment related to an asset acquisition	(2,000)	-	-
Change in capital expenditures financed through accounts payable at period end	(7,654)	7,336	11,703
Change in capital expenditures financed through retention payable at period end	6,104	6,164	(204)
Change in unfunded tenant allowance	(273)	(955)	(969)

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

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

	December 31, 2015	December 31, 2014
ASSETS		
Real estate investments:		
Operating properties	$ 3,693,000	$ 4,603,692
Accumulated depreciation	(867,035)	(1,067,829)
Operating real estate investments, net	2,825,965	3,535,863
Construction-in-progress	268,983	201,360
Land held for development	130,479	90,603
Total real estate investments, net	3,225,427	3,827,826
Cash and cash equivalents	56,694	257,502
Accounts receivable, net	17,126	18,757
Accrued rent receivable, net	145,092	134,051
Assets held for sale, net	584,365	18,295
Investment in Real Estate Ventures, at equity	241,004	225,004
Deferred costs, net	101,419	101,261
Intangible assets, net	111,623	99,403
Mortgage note receivable	-	88,000
Other assets	71,761	65,111
Total assets	$ 4,554,511	$ 4,835,210
LIABILITIES AND BENEFICIARIES' EQUITY		
Mortgage notes payable, net	545,753	639,631
Unsecured term loans, net	247,800	198,923
Unsecured senior notes, net	1,591,164	1,588,791
Accounts payable and accrued expenses	99,856	96,046
Distributions payable	28,249	28,871
Deferred income, gains and rent	30,413	59,452
Acquired lease intangibles, net	25,655	26,010
Liabilities related to assets held for sale	2,151	602
Other liabilities	31,379	37,558
Total liabilities	$ 2,602,420	$ 2,675,884
Commitments and contingencies (See Note 20)		
Redeemable limited partnership units at redemption value; 1,535,102 issued and outstanding in 2015 and 2014	22,114	24,571
Brandywine Operating Partnership, L.P.'s equity:		
6.90% Series E-Linked Preferred Mirror Units; issued and outstanding- 4,000,000 in 2015 and 2014	96,850	96,850
General Partnership Capital 174,688,568 and 179,293,160 units issued and outstanding in 2015 and 2014, respectively	1,836,692	2,041,902
Accumulated other comprehensive loss	(5,597)	(5,007)
Total Brandywine Operating Partnership, L.P.'s equity	1,927,945	2,133,745
Non-controlling interest - consolidated real estate ventures	2,032	1,010
Total partners' equity	1,929,977	2,134,755
Total liabilities and partners' equity	$ 4,554,511	$ 4,835,210

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

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

	Years ended December 31,		
	2015	2014	2013
Revenue			
Rents	$ 486,731	$ 483,682	$ 461,387
Tenant reimbursements	85,722	84,879	79,087
Termination fees	4,797	8,000	4,497
Third party management fees, labor reimbursement and leasing	18,764	17,200	13,053
Other	6,617	3,221	4,186
Total revenue	602,631	596,982	562,210
Operating expenses:			
Property operating expenses	181,170	177,330	160,406
Real estate taxes	50,623	51,844	55,612
Third party management expenses	6,294	6,791	5,751
Depreciation and amortization	219,029	208,569	197,021
General and administrative expenses	29,406	26,779	27,628
Provision for impairment	82,208	1,765	-
Total operating expenses	568,730	473,078	446,418
Operating income	33,901	123,904	115,792
Other income (expense):			
Interest income	1,224	3,974	1,044
Tax credit transaction income	19,955	11,853	11,853
Interest expense	(110,717)	(124,329)	(121,937)
Interest expense - amortization of deferred financing costs	(4,557)	(5,148)	(4,676)
Interest expense - financing obligation	(1,237)	(1,144)	(972)
Recognized hedge activity	-	(828)	-
Equity in income (loss) of Real Estate Ventures	(811)	(790)	3,664
Net gain on disposition of real estate	20,496	4,901	-
Net gain (loss) on sale of undepreciated real estate	3,019	1,184	(137)
Net gain from remeasurement of investments in real estate ventures	758	458	6,866
Net gain (loss) on real estate venture transactions	7,229	(417)	29,604
Loss on early extinguishment of debt	-	(7,594)	(2,119)
Income (loss) from continuing operations	(30,740)	6,024	38,982
Discontinued operations:			
Income from discontinued operations	-	18	825
Net gain on disposition of discontinued operations	-	900	3,382
Total discontinued operations	-	918	4,207
Net income (loss)	(30,740)	6,942	43,189
Net loss from continuing operations attributable to non-controlling interests - consolidated real estate ventures	3	44	-
Net income (loss) attributable to Brandywine Operating Partnership	(30,737)	6,986	43,189
Distribution to preferred unitholders	(6,900)	(6,900)	(6,900)
Amounts allocated to unvested restricted unitholders	(329)	(349)	(363)
Net income (loss) attributable to Common Partnership Unitholders of Brandywine Operating Partnership, L.P.	$ (37,966)	$ (263)	$ 35,926
Basic income (loss) per Common Partnership Unit:			
Continuing operations	$ (0.21)	$ (0.01)	$ 0.20
Discontinued operations	-	0.01	0.03
	$ (0.21)	$ -	$ 0.23
Diluted income (loss) per Common Partnership Unit:			
Continuing operations	$ (0.21)	$ (0.01)	$ 0.20
Discontinued operations	-	0.01	0.03
	$ (0.21)	$ -	$ 0.23
Basic weighted average common partnership units outstanding	179,697,262	167,942,246	154,929,545
Diluted weighted average common partnership units outstanding	179,697,262	167,942,246	156,203,398
Net (loss) income attributable to Brandywine Operating Partnership			
Total continuing operations	$ (30,740)	$ 6,024	$ 38,982
Total discontinued operations	-	918	4,207
Net income (loss)	$ (30,740)	$ 6,942	$ 43,189
Distributions declared per Common Partnership Unit	$ 0.60	$ 0.60	$ 0.60

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

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

	Years ended December 31,		
	2015	**2014**	**2013**
Net income (loss)	$ (30,740)	$ 6,942	$ 43,189
Comprehensive income (loss):			
Unrealized gain (loss) on derivative financial instruments	(1,010)	(1,190)	12,789
Loss on settlement of interest rate swaps	-	(828)	-
Reclassification of realized losses on derivative financial instruments to operations, net (1)	420	388	286
Total comprehensive income (loss)	(590)	(1,630)	13,075
Comprehensive loss attributable to non-controlling interest - consolidated real estate ventures	3	44	-
Comprehensive income (loss) attributable to Brandywine Operating Partnership, L.P.	$ (31,327)	$ 5,356	$ 56,264

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

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

BRANDYWINE OPERATING PARTNERSHIP, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY
For the Years ended December 31, 2015, 2014 and 2013
(in thousands, except Units)

	Series E-Linked Preferred Mirror Units		General Partner Capital				
	Units	Amount	Units	Amount	Accumulated Other Comprehensive Income	Non-controlling Interest - Consolidated Real Estate Ventures	Total Partners' Equity
BALANCE, December 31, 2012	4,000,000	$ 96,850	143,538,733	$ 1,666,341	$ (16,452)	$ -	**$ 1,746,739**
Net income				43,189			**43,189**
Other comprehensive income					13,075		**13,075**
Deferred compensation obligation			(5,012)				**-**
Issuance of LP Units			12,650,000	181,289			**181,289**
Issuance of partnership interest in real estate						946	**946**
Bonus share issuance			27,918	361			**361**
Conversion of LP Units to common shares			81,998	1,240			**1,240**
Share-based compensation activity			438,356	9,437			**9,437**
Adjustment of redeemable partnership units to liquidation value at period end				(778)			**(778)**
Redemption value of limited partnership units				(1,240)			**(1,240)**
Distributions to Preferred Mirror Units				(6,900)			**(6,900)**
Distributions to general partnership unitholders				(92,409)			**(92,409)**
BALANCE, December 31, 2013	**4,000,000**	**$ 96,850**	**156,731,993**	**$ 1,800,530**	**$ (3,377)**	**$ 946**	**$ 1,894,949**

	Series E-Linked Preferred Mirror Units		General Partner Capital				
	Units	Amount	Units	Amount	Accumulated Other Comprehensive Income	Non-controlling Interest - Consolidated Real Estate Ventures	Total Partners' Equity
Net income				$ 6,942		$ (44)	**$ 6,898**
Other comprehensive income					(1,630)		**(1,630)**
Deferred compensation obligation			80,152	(90)			**(90)**
Issuance of LP Units			21,850,000	334,903			**334,903**
Conversion of LP Units to common shares			228,536	3,614			**3,614**
Share Choice Plan Issuance			(1,423)				**-**
Share-based compensation activity			403,902	6,847			**6,847**
Adjustment of redeemable partnership units to liquidation value at period end				942			**942**
Adjustment to non-controlling interest				(108)		108	**-**
Redemption value of limited partnership units				(3,614)			**(3,614)**
Distributions to Preferred Mirror Units				(6,900)			**(6,900)**
Distributions to general partnership unitholders				(101,164)			**(101,164)**
BALANCE, December 31, 2014	**4,000,000**	**$ 96,850**	**179,293,160**	**$ 2,041,902**	**$ (5,007)**	**$ 1,010**	**$ 2,134,755**

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

	Series E-Linked Preferred Mirror Units		General Partner Capital				
	Units	Amount	Units	Amount	Accumulated Other Comprehensive Income	Non-controlling Interest - Consolidated Real Estate Ventures	Total Partners' Equity
Net loss				$ (30,740)	$	$ 3	**$ (30,737)**
Other comprehensive income					(590)		**(590)**
Deferred compensation obligation			88,146	(2)			**(2)**
Repurchase and retirement of LP units			(5,209,437)	(67,430)			**(67,430)**
Issuance of partnership interest in real estate						1,025	**1,025**
Bonus share issuance			8,447	125			**125**
Share Choice Plan Issuance			(1,423)				**-**
Share-based compensation activity			509,675	5,097			**5,097**
Adjustment of redeemable partnership units to liquidation value at period end				1,533			**1,533**
Adjustment to non-controlling interest				6		(6)	**-**
Distributions to Preferred Mirror Units				(6,900)			**(6,900)**
Distributions to general partnership unitholders				(106,899)			**(106,899)**
BALANCE, December 31, 2015	**4,000,000**	**$ 96,850**	**174,688,568**	**$ 1,836,692**	**$ (5,597)**	**$ 2,032**	**$ 1,929,977**

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

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

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	$ (30,740)	$ 6,942	$ 43,189
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation and amortization	219,029	208,569	198,731
Amortization of deferred financing costs	4,557	5,148	4,676
Amortization of debt discount/(premium), net	(755)	(531)	2,480
Amortization of stock compensation costs	5,065	4,137	6,998
Shares used for employee taxes upon vesting of share awards	(2,055)	(1,177)	(1,062)
Recognized hedge activity	-	828	-
Settlement of hedge transaction	(5,266)	-	-
Straight-line rent income	(23,668)	(16,046)	(20,136)
Amortization of acquired above (below) market leases, net	(7,960)	(6,377)	(7,170)
Straight-line ground rent expense	88	89	1,509
Provision for doubtful accounts	2,489	1,763	2,467
Net (gain) loss on real estate venture transactions	(7,418)	417	(3,683)
Net gain on sale of interests in real estate	(23,515)	(6,085)	(29,166)
Preacquisition cost write-off	1,299	-	-
Net gain from remeasurement of investment in a real estate venture	(758)	(458)	(6,866)
Loss on early extinguishment of debt	-	7,594	2,119
Provision for impairment	82,208	1,765	-
Tax credit transaction income	(19,955)	(11,853)	(11,853)
Real Estate Venture (income) loss in excess of distributions	2,034	1,954	(2,014)
Deferred financing obligation	(1,237)	(1,147)	(974)
Changes in assets and liabilities			
Accounts receivable	(848)	(2,869)	(4,048)
Other assets	837	(4,111)	5,440
Accounts payable and accrued expenses	4,083	962	(526)
Deferred income, gains and rent	(521)	2,436	3,758
Other liabilities	(1,894)	(2,951)	(385)
Net cash provided by operating activities	195,099	188,999	183,484
Cash flows from investing activities:			
Acquisition of properties	(150,472)	(18,443)	(161,604)
Acquisition of property - 1031 exchange funds applied	(62,812)	-	-
Proceeds from the sale of properties	247,228	118,855	423,480
Sale of property - 1031 exchange funds held in escrow	62,800	-	-
Net proceeds from the contribution of properties to an unconsolidated real estate venture	50,158	-	-
Net proceeds from the contribution of land to an unconsolidated real estate venture	-	8,212	-
Distribution of sales proceeds from a real estate venture	6,100	-	16,963
Loan provided to an unconsolidated real estate venture	-	(88,000)	-
Proceeds from repayment of mortgage notes receivable	88,000	7,026	200
Capital expenditures for tenant improvements	(97,851)	(131,077)	(109,357)
Capital expenditures for redevelopments	(48,367)	(19,245)	(6,265)
Capital expenditures for developments	(179,927)	(86,608)	(5,490)
Reimbursement from real estate venture for pre-formation development costs	-	-	1,976
Advances for the purchase of tenant assets, net of repayments	308	(540)	(127)
Investment in unconsolidated Real Estate Ventures	(68,549)	(46,098)	(33,069)
Deposits for real estate	(878)	-	-
Escrowed cash	516	283	1,902
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Cash flows from financing activities:			
Repayments of mortgage notes payable	(222,836)	(13,441)	(11,268)
Repayments of unsecured term loan	-	(250,828)	-
Proceeds from credit facility borrowings	89,000	-	186,000
Repayments of credit facility borrowings	(89,000)	-	(255,000)
Proceeds from term loan borrowings	50,000	-	-
Proceeds from mortgage notes payable	130,000	-	-
Net proceeds from unsecured notes	-	496,459	-
Net proceeds from issuance of common units	-	335,016	181,527
Repayments of unsecured notes	-	(383,768)	(31,369)
Debt financing costs paid	(5,202)	(3,705)	(355)
Proceeds from the exercise of stock options	127	2,143	2,381
Partner contribution to consolidated real estate venture	1,025	-	-
Repurchase and retirement of common shares	(67,320)	-	-
Distributions paid to preferred and common partnership units	(115,249)	(105,795)	(98,450)
Net cash (used in) from financing activities	(229,455)	76,081	(26,534)
(Decrease) Increase in cash and cash equivalents	(200,808)	(5,705)	261,658
Cash and cash equivalents at beginning of year	257,502	263,207	1,549

	2015	2014	2013
Cash and cash equivalents at end of year	$ 56,694	$ 257,502	$ 263,207
Supplemental disclosure:			
Cash paid for interest, net of capitalized interest during the years ended December 31, 2015, 2014 and 2013 of $12,150, $6,802 and $3,137, respectively	$ 124,953	$ 129,160	$ 118,714
Supplemental disclosure of non-cash activity:			
Change in real estate investments related to a non-cash acquisition of an operating property	-	-	(21,649)
Change in operating real estate due to non-cash adjustment to land	-	-	7,752
Change in intangible assets, net related to non-cash acquisition of an operating property	-	-	(3,517)
Change in acquired lease intangibles, net related to non-cash acquisition of an operating property	-	-	462
Change in investments in joint venture related to non-cash disposition of property	(25,127)	(5,897)	(17,628)
Change in operating real estate related to non-cash property disposition	25,127	-	-
Change in real estate investments related to non-cash property acquisition	(66,324)	-	-
Change in investments in joint venture related to non-cash acquisition of property	66,324	-	-
Change in investments in joint venture related to a contribution of land at period end	-	(1,182)	(6,058)
Change in mortgage notes payable related to acquisition of an operating property	-	-	238,082
Change in receivable from settlement of acquisitions	-	619	-
Change in other liabilities from contingent consideration related to a business combination	1,585	-	-
Change in operating real estate from contingent consideration related to a business combination	(1,585)	-	-
Change in other liabilities from deferred payment related to a asset acquisition	2,000	-	-
Change in operating real estate from deferred payment related to an asset acquisition	(2,000)	-	-
Change in capital expenditures financed through accounts payable at period end	(7,654)	7,336	11,703
Change in capital expenditures financed through retention payable at period end	6,104	6,164	(204)
Change in unfunded tenant allowance	(273)	(955)	(969)

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

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 and industrial 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 December 31, 2015, owned a 99.1% 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 December 31, 2015, the Company owned 179 properties, consisting of 106 office properties, six industrial facilities, three mixed-use properties, one retail property (116 core properties), two development properties, 59 properties classified as held for sale, one redevelopment property and one re-entitlement property (collectively, the "Properties") containing an aggregate of approximately 23.0 million net rentable square feet. In addition, as of December 31, 2015, the Company owned economic interests in 16 unconsolidated real estate ventures that contain approximately 4.3 million net rentable square feet (collectively, the "Real Estate Ventures"). As of December 31, 2015, the Company also owned 412 acres of undeveloped land, of which 120 acres were held for sale, and held options to purchase a parcel containing approximately 50 additional acres of undeveloped land. As of December 31, 2015, the total potential development that these land parcels could support, under current zoning, entitlements or combination thereof, amounted to an estimated 7.1 million square feet. The Properties and the properties owned by the Real Estate Ventures are located in or near Philadelphia, Pennsylvania; Metropolitan Washington, D.C.; Southern New Jersey; Richmond, Virginia; Wilmington, Delaware; Austin, Texas and Oakland and Concord, California. In addition to managing properties that the Company owns, as of December 31, 2015, the Company was managing approximately 6.5 million net rentable square feet of office and industrial properties for third parties and Real Estate Ventures.

All references to building square footage, acres, occupancy percentage the number of buildings and tax basis are unaudited.

The Company conducts its third-party real estate management services business primarily through six management companies (collectively, the "Management Companies"): Brandywine Realty Services Corporation ("BRSCO"), BTRS, Inc. ("BTRS"), Brandywine Properties I Limited, Inc. ("BPI"), BDN Brokerage, LLC ("BBL"), Brandywine Properties Management, L.P. ("BPM") and Brandywine Brokerage Services, LLC ("BBS"). Each of BRSCO, BTRS and BPI is a taxable REIT subsidiary. As of December 31, 2015, the Operating Partnership owns, directly and indirectly, 100% of each of BRSCO, BTRS, BPI, BBL, BPM and BBS. As of December 31, 2015, the Management Companies were managing properties containing an aggregate of approximately 29.5 million net rentable square feet, of which approximately 23.0 million net rentable square feet related to Properties owned by the Company and approximately 6.5 million net rentable square feet related to properties owned by third parties and Real Estate Ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

Reclassifications are related to the treatment of sold properties as discontinued operations on the statement of operations for all periods presented.

During the fourth quarter of 2015, the Company adopted ASU 2015-03, *Simplifying the Presentation of Debt Issuances Costs ("ASU 2015-03")*, which requires the Company to reclassify debt financing costs, which were previously accounted for on the deferred costs line (assets), and present them in the balance sheet as a direct deduction from the carrying amount of the debt liability. The guidance provides an exception whereby deferred financing costs associated with our credit facility remain in deferred costs (assets) on the consolidated balance sheet. Deferred financing costs totaling $24.0 million have been reclassified in the December 31, 2014 balance sheet from the deferred costs line and netted against the debt liability. See *Recent Accounting Pronouncements* below for revisions to the accounting guidance for deferred financing costs.

Principles of Consolidation

When the Company obtains an economic interest in an entity, the Company evaluates the entity to determine if the entity is deemed a variable interest entity ("VIE"), and if the Company is deemed to be the primary beneficiary, in accordance with the accounting standard for the consolidation of variable interest entities. The accounting standard for the consolidation of VIEs requires the Company to qualitatively assess if the Company was the primary beneficiary of the VIEs based on whether the Company had (i) the power to direct those matters that most significantly impacted the activities of the VIE and (ii) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. For entities determined to be VIEs, but for which the Company is not the primary beneficiary, the Company's maximum exposure to loss is the carrying amount of its investments. As of December 31, 2015, the Company has provided guarantees on behalf of certain real estate ventures, consisting of: (i) a $24.7

million payment guaranty on the construction loan for evo at Cira; (ii) a $3.2 million payment guarantee on the construction loan for TB-BDN Plymouth Apartments; (iii) a several cost overrun guaranty on the $88.9 million construction loan for the development project being undertaken by 1919 Ventures; and (iv) a $0.5 million payment guarantee on a loan provided to PJP VII.

When an entity is not deemed to be a VIE, the Company considers the provisions of the same accounting standard to determine whether a general partner/managing member, or the general partners/managing members as a group, controls a limited partnership or similar entity when the limited partners/non-managing members have certain rights. The Company consolidates (i) entities that are VIEs and of which the Company is deemed to be the primary beneficiary and (ii) entities that are non-VIEs and are controlled by the Company and in which the limited partners neither have the ability to dissolve the entity or remove the Company without cause nor any substantive participating rights. The Company continuously assesses its determination of whether an entity is a VIE and who the primary beneficiary is, and whether or not the limited partners/non-managing members in an entity have substantive rights, more particularly if certain events occur that are likely to cause a change in the original determinations. The Company's assessment includes a review of applicable documents such as, but not limited to, applicable partnership agreements, limited liability company and other real estate venture agreements and management and leasing agreements to determine whether the Company has control to direct the business activities of the entities. The portion of the consolidated entities that is not owned by the Company is presented as non-controlling interest as of and during the periods consolidated. All intercompany transactions have been eliminated in consolidation.

As of December 31, 2015, the Company included in its consolidated balance sheets consolidated VIEs having total assets of $422.9 million and total liabilities of $258.2 million.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management makes significant estimates regarding revenue, valuation of real estate and related intangible assets and liabilities, impairment of long-lived assets, allowance for doubtful accounts and deferred costs.

Operating Properties

Operating properties are carried at historical cost less accumulated depreciation and impairment losses. The cost of operating properties reflects their purchase price or development cost. Acquisition costs related to business combinations are expensed as incurred, whereas the costs related to asset acquisitions are capitalized as incurred. Costs incurred for the renovation and betterment of an operating property are capitalized to the Company's investment in that property. Ordinary repairs and maintenance are expensed as incurred. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

Purchase Price Allocation

The Company allocates the purchase price of properties considered to be business combinations to net tangible and identified intangible assets acquired based on fair values. Above-market and below-market in-place lease values for acquired properties are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) the Company's estimate of the fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term of the lease (including the below market fixed renewal period, if applicable). Capitalized above-market lease values are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. Capitalized below-market lease values are amortized as an increase to rental income over the remaining non-cancelable terms of the respective leases, including any below market fixed-rate renewal periods that are considered probable.

Other intangible assets also include in-place leases based on the Company's evaluation of the specific characteristics of each tenant's lease and the Company's overall relationship with the respective tenant. The Company estimates the cost to execute leases with terms similar to the remaining lease terms of the in-place leases, including leasing commissions, legal and other related expenses. This intangible asset is amortized to expense over the remaining term of the respective leases and any fixed-rate bargain renewal periods. Company estimates of value are made using methods similar to those used by independent appraisers or by using independent appraisals. Factors considered by the Company in this analysis include an estimate of the carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance and other operating expenses and estimates of lost rentals at market rates during the expected lease-up periods, which primarily range from four to twelve months. The Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. The Company also uses the information obtained as a result of its pre-acquisition due diligence as part of its consideration of the accounting standard governing asset retirement obligations and when necessary, will record a conditional asset

retirement obligation as part of its purchase price. Though the Company considers the value of tenant relationships, the amounts are determined on a tenant-specific basis. On certain of our acquisitions this intangible has been deemed immaterial. In these instances no related intangible value is assigned.

In the event that a tenant terminates its lease, the unamortized portion of each intangible, including in-place lease values and tenant relationship values, is charged to expense and market rate adjustments (above or below) are recorded to revenue.

The Company records development acquisitions that do not meet the accounting criteria to be accounted for as business combinations at the purchase price paid. Costs directly associated with development acquisitions accounted for as asset acquisitions are capitalized as part of the cost of the acquisition.

Depreciation and Amortization

The costs of buildings and improvements are depreciated using the straight-line method based on the following useful lives: buildings and improvements (5 to 55 years) and tenant improvements (the shorter of (i) the life of the asset, 1 to 16 years, or (ii) the lease term).

Construction in Progress

Project costs directly associated with the development and construction of a real estate project are capitalized as construction in progress. Construction in progress also includes costs related to ongoing tenant improvement projects. In addition, interest, real estate taxes and other expenses that are directly associated with the Company's development activities are capitalized until the property is placed in service. Interest expense is capitalized using the Company's average interest rate. Internal direct costs are capitalized to projects in which qualifying expenditures are being incurred. Internal direct construction costs totaling $7.3 million in 2015, $5.2 million in 2014, $3.7 million in 2013 and interest totaling $10.2 million in 2015, $4.8 million in 2014, and $2.6 million in 2013 were capitalized related to development of certain properties and land holdings. The increase in capitalized costs is due to the development activity. See Item 1., "*Business - Developments,*" for further discussion.

During the years ended December 31, 2015, 2014 and 2013, the Company's internal direct construction costs are comprised entirely of capitalized salaries. The following table shows the amount of compensation costs (including bonuses and benefits) capitalized for the years presented (in thousands):

	December 31,		
	2015	2014	2013
Development	$ 2,641	$ 1,749	$ 156
Redevelopment	221	184	194
Tenant Improvements	4,429	3,261	3,323
Total	$ 7,291	$ 5,194	$ 3,673

Impairment or Disposal of Long-Lived Assets

The Company reviews its 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. The Company 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. For long-lived assets to be held and used, the Company analyzes 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 the Company will dispose of assets earlier, it analyzes 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 the Company's plans change, it revises its recoverability analysis to use cash flows expected from operations and eventual disposition of each asset using hold periods that are consistent with its revised plans.

Estimated cash flows used in such analysis are based on the Company's 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 the Company's direct experience with the properties and their markets.

The Company 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, the Company stops 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 carrying value of the property, an impairment loss is recognized equal to the difference and reduces the net carrying value of the property. For periods in which a property is classified as held for sale, the Company classifies the assets of the property as held for sale onthe 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 the Company's operations and financial results. The components of the property's net income that is reflected as discontinued operations include the net gain (or loss) upon the disposition of the property held for sale, operating results, depreciation and interest expense (if the property is subject to a secured loan).

Cash and Cash Equivalents

Cash and cash equivalents are highly-liquid investments with original maturities of three months or less. The Company maintains cash equivalents in financial institutions in excess of insured limits, but believes this risk is mitigated by only investing in or through major financial institutions.

Restricted Cash

Restricted cash consists of cash held as collateral to provide credit enhancement for the Company's mortgage debt, cash for property taxes, capital expenditures and tenant improvements. Escrows also include cash held by qualified intermediaries for possible investments in like-kind exchanges in accordance with Section 1031 of the Internal Revenue Code in connection with sales of the Company's properties.

Accounts Receivable and Accrued Rent Receivable

Leases with tenants are accounted for as operating leases. Minimum annual rentals 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 payment terms is recorded as "accrued rent receivable, net" on the accompanying balance sheets. Included in current tenant receivables are tenant reimbursements which are comprised of amounts recoverable from tenants for common area maintenance expenses and certain other recoverable expenses that are recognized as revenue in the period in which the related expenses are incurred. As of December 31, 2015 and 2014, no tenant represented more than 10% of accounts receivable and accrued rent receivable.

Tenant receivables and accrued rent receivables are carried net of the allowances for doubtful accounts of $1.7 million and $14.5 million in 2015, respectively and $2.0 million and $13.4 million in 2014, respectively. The allowance is an estimate based on two calculations that are combined to determine the total amount reserved. First, the Company evaluates specific accounts where it has determined that a tenant may have an inability to meet its financial obligations. In these situations, the Company uses its judgment, based on the facts and circumstances, and records a specific reserve for that tenant against amounts due to reduce the receivable to the amount that the Company expects to collect. These reserves are reevaluated and adjusted as additional information becomes available. Second, a reserve is established for all tenants based on a range of percentages applied to receivable aging categories for tenant receivables. For accrued rent receivables, the Company considers the results of the evaluation of specific accounts and also considers other factors including assigning risk factors to different industries based on its tenants Standard Industrial Classification (SIC). Considering various factors including assigning a risk factor to different industries, these percentages are based on historical collection and write-off experience adjusted for current market conditions, which requires management's judgments.

Investments in Unconsolidated Real Estate Ventures

The Company accounts for its investments in unconsolidated Real Estate Ventures under the equity method of accounting as it is not the primary beneficiary (for VIEs) and the Company exercises significant influence, but does not control these entities under the provisions of the entities' governing agreements pursuant to the accounting standard for the consolidation of VIEs. When the Company determines that its investment in an unconsolidated Real Estate Venture does not constitute a VIE, the Company utilizes the voting interest model under the accounting standard for consolidation to determine whether to consolidate the venture.

Under the equity method, investments in unconsolidated Real Estate Ventures are recorded initially at cost, as investments in Real Estate Ventures, and subsequently adjusted for equity in earnings, cash contributions, less distributions and impairments. For Real Estate Ventures that are constructing assets to commence planned principal operations, the Company capitalizes interest expense using the Company's weighted average interest rate of consolidated debt and its investment balance as a basis. Planned principal operations commence when a property is available to lease and at that point in time the Company ceases capitalizing interest to its investment basis. In each of the twelve months ended December 31, 2015 and 2014 the Company capitalized interest expense of $2.0 million. During the twelve months ended December 31, 2013, the Company capitalized interest expense of $0.6 million.

On a periodic basis, management also assesses whether there are any indicators that the value of the Company's 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 that an 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. The determination as to whether an impairment exists requires significant management judgment about the fair value of its ownership interest. Fair value is determined through various valuation techniques, including but not limited to, discounted cash flow models, quoted market values and third party appraisals.

When the Company acquires an interest in or contributes assets to a real estate venture project, the difference between the Company's cost basis in the investment and the value of the real estate venture or asset contributed is amortized over the life of the related assets, intangibles and liabilities and such adjustment is included in the Company's share of equity in income of unconsolidated Real Estate Ventures. For purposes of cash flow presentation, distributions from unconsolidated Real Estate Ventures are presented as part of operating activities when they are considered as return on investments. Distributions in excess of the Company's share in the cumulative unconsolidated Real Estate Ventures' earnings are considered as return of investments and are presented as part of investing activities in accordance with the accounting standard for cash flow presentation.

Deferred Costs

Costs incurred in connection with property leasing are capitalized as deferred leasing costs. Deferred leasing costs consist primarily of leasing commissions and internal leasing costs that are amortized using the straight-line method over the life of the respective lease which generally ranges from 1 to 15 years. Management re-evaluates the remaining useful lives of leasing costs as economic and market conditions change.

Notes Receivable

The Company accounts for notes receivable on its balance sheet at amortized cost, net of allowance for loan losses. Interest income is recognized over the term of the notes receivable and is calculated based on the terms on the contractual terms of each note agreement.

Notes receivable are placed on nonaccrual status when management determines, after considering economic and business conditions and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is recognized as bad debt expense. Interest income on nonaccrual loans is recognized only to the extent that cash payments are received.

On October 17, 2014, the Austin Venture acquired River Place (See Note 4, "*Investment in Unconsolidated Real Estate Ventures*," for further information related to the acquisition) and funded $88.0 million of the purchase price with a short-term loan, secured by a mortgage. The short-term financing was provided by the Company while the Austin Venture secured permanent financing. On January 30, 2015, the Austin Venture closed on a mortgage loan with a non-affiliated institutional lender, and used the proceeds to repay in full the $88.0 million. The Company earned $0.4 million and $0.7 million of interest income for the years ended December 31, 2015 and December 31, 2014, respectively.

Deferred Financing Costs

Costs incurred in connection with debt financing are capitalized as deferred financing costs and charged to interest expense over the terms of the related debt agreements. Deferred financing costs consist primarily of loan fees which are amortized over the related loan term on a basis that approximates the effective interest method. Deferred financing costs are accelerated, when debt is extinguished, as part of "*Interest expense-amortization of deferred financing costs*" within the Company's consolidated statements of operations. Original issue discounts are recognized as part of the gain or loss on extinguishment of debt, as appropriate.

During the fourth quarter of 2015, the Company adopted accounting guidance related to the presentation of deferred financing costs on the balance sheet and reclassified amounts from the deferred costs line (assets) to net against the debt liability for all periods presented. See *Recent Accounting Pronouncements* below for revisions to the accounting guidance for deferred financing costs.

Revenue Recognition

Rental revenue is recognized on the straight-line basis, which averages minimum rents over the terms of the leases from the later of the date of the commencement of the lease or the date of acquisition of the property subject to existing leases. The straight-line rent adjustment increased revenue by approximately $21.6 million in 2015, $13.7 million in 2014 and $17.7 million in 2013. Deferred rents on the balance sheet represent rental revenue received prior to their due dates and amounts paid by the tenant for certain improvements considered to be landlord assets that will remain as the Company's property at the end of the tenant's lease term. The amortization of the amounts paid by the tenant for such improvements is calculated on a straight-line basis over the term of the tenant's lease and is a component of straight-line rental income and increased revenue by $2.0 million in 2015 and $2.4 million in each of 2014 and 2013. Lease incentives, which are included as reductions of rental revenue in the accompanying consolidated statements of operations, are recognized on a straight-line basis over the term of the lease. Lease incentives decreased revenue by $1.8 million in 2015, $1.5 million in 2014, and $0.7 million in 2013.

In addition, the Company's rental revenue is impacted by the Company's determination of whether improvements to the properties, 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 the improvement would be utilizable by another tenant upon move out of the improved space by the then-existing tenant. 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 this cost into revenue over the 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. For certain leases, the Company makes significant assumptions and judgments in determining the lease term, including assumptions when the lease provides the tenant with an early termination option. The lease term impacts the period over which the Company determines and records minimum rents and also impacts the period over which the Company amortizes lease-related costs.

Recoveries from tenants, consisting of amounts due from tenants for common area maintenance expenses, real estate taxes and other recoverable costs are recognized as revenue in the period during which the expenses are incurred.

Tenant reimbursements are recognized and presented in accordance with accounting guidance which requires that these reimbursements be recorded on a gross basis because the Company is generally the primary obligor with respect to the goods and services the purchase of which gives rise to the reimbursement obligation; because the Company has discretion in selecting the vendors and suppliers; and because the Company bears the credit risk in the event they do not reimburse the Company. The Company also receives payments from third parties for reimbursement of a portion of the payroll and payroll-related costs for certain of the Company's personnel allocated to perform services for these third parties and reflects these payments on a gross basis.

The Company recognizes gains on sales of real estate at times and in amounts determined in accordance with the accounting guidance for sales of real estate. The guidance takes into account the terms of the transaction and any continuing involvement, including in the form of management, leasing of space or financial assistance associated with the properties. If the sales criteria for the full accrual method are not met, then the Company defers some or all of the gain recognition and accounts for the continued operations of the property by applying the finance, leasing, profit sharing, deposit, installment or cost recovery method, as appropriate, until the sales criteria are met.

The Company derives parking revenues from leases, monthly parking and transient parking. The Company recognizes parking revenue as earned.

The Company receives leasing commission income, management fees and development fees from third parties.

Leasing commission income is earned based on a percentage of gross rental income upon a tenant signing a lease with a third party lessor. Property management fees are recorded and earned based on a percentage of collected rents at the properties under management, and not on a straight-line basis, because such fees are contingent upon the collection of rents. The Company records development fees on a percentage of completion basis taking into account the risk associated with each project.

The Company recognizes fees received for lease terminations as revenue and write off against such revenue any deferred rents receivable. The resulting net amount is the net revenue from the early termination of the leases. When a tenant's lease for space in a property is terminated early but the tenant continues to lease such space under a new or modified lease in the property, the net revenue from the early termination of the lease is recognized evenly over the remaining life of the new or modified lease in place on that property.

No tenant represented greater than 10% of the Company's rental revenue in 2015, 2014 or 2013.

Income Taxes

Parent Company

The Parent Company has elected to be treated as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"). In order to continue to qualify as a REIT, the Parent Company is required to, among other things, distribute at least 90% of its annual REIT taxable income to its shareholders and meet certain tests regarding the nature of its income and assets. As a REIT, the Parent Company is not subject to federal and state income taxes with respect to the portion of its income that meets certain criteria and is distributed annually to its shareholders. Accordingly, no provision for federal and state income taxes is included in the accompanying consolidated financial statements with respect to the operations of the Parent Company. The Parent Company intends to continue to operate in a manner that allows it to meet the requirements for taxation as a REIT. If the Parent Company fails to qualify as a REIT in any taxable year, it will be subject to federal and state income taxes and may not be able to qualify as a REIT for

the four subsequent tax years. The Parent Company is subject to certain local income taxes. Provision for such taxes has been included in general and administrative expenses in the Parent Company's Consolidated Statements of Operations and Comprehensive Income.

The tax basis of the Parent Company's assets was $3.9 billion and $3.7 billion for the years ended December 31, 2015 and 2014, respectively.

The Parent Company is subject to a 4% federal excise tax if sufficient taxable income is not distributed within prescribed time limits. The excise tax equals 4% of the annual amount, if any, by which the sum of (a) 85% of the Parent Company's ordinary income and (b) 95% of the Parent Company's net capital gain exceeds cash distributions and certain taxes paid by the Parent Company. No excise tax was incurred in 2015, 2014 or 2013.

The Parent Company has elected to treat several of its subsidiaries as taxable REIT subsidiaries (each a "TRS"). A TRS is subject to federal, state and local income tax. In general, a TRS may perform non-customary services for tenants, hold assets that the Parent Company, as a REIT, cannot hold directly and generally may engage in any real estate or non-real estate related business. The Company's taxable REIT subsidiaries did not have significant tax provisions or deferred income tax items as of December 31, 2015 and 2014.

The Protecting Americans from Tax Hikes Act (PATH Act) was enacted in December 2015, and included numerous law changes applicable to REITs. The provisions have various effective dates beginning as early as 2016. We expect that the changes will not materially impact our operations, but the Company will continue to monitor as regulatory guidance is issued.

Operating Partnership

In general, the Operating Partnership is not subject to federal and state income taxes, and accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The partners of the Operating Partnership are required to include their respective share of the Operating Partnership's profits or losses in their respective tax returns. The Operating Partnership's tax returns and the amount of allocable Partnership profits and losses are subject to examination by federal and state taxing authorities. If such examination results in changes to the Operating Partnership profits or losses, then the tax liability of the partners would be changed accordingly.

The tax basis of the Operating Partnership's assets was $3.9 billion and $3.7 billion for the years ended December 31, 2015 and 2014, respectively.

The Operating Partnership may elect to treat one or more of its subsidiaries as REITs under Sections 856 through 860 of the Code. Each subsidiary REIT has met the requirements for treatment as a REIT under Sections 856 through 860 of the Code, and, accordingly, no provision has been made for federal and state income taxes in the accompanying consolidated financial statements. If any subsidiary REIT fails to qualify as a REIT in any taxable year, that subsidiary REIT will be subject to federal and state income taxes and may not be able to qualify as a REIT for the four subsequent taxable years. Also, each subsidiary REIT may be subject to certain local income taxes.

The Operating Partnership has elected to treat several of its subsidiaries as TRSs, which are subject to federal, state and local income tax.

Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income available to common shareholders, as adjusted for unallocated earnings, if any, of certain securities, by the weighted average number of shares of common stock outstanding during the year. Diluted EPS reflects the potential dilution that could occur from shares issuable in connection with awards under share-based compensation plans, including upon the exercise of stock options, and conversion of the noncontrolling interests in the Operating Partnership. Anti-dilutive shares are excluded from the calculation.

Earnings Per Unit

Basic EPS is computed by dividing net income available to common unitholders, as adjusted for unallocated earnings, if any, of certain securities issued by the Operating Partnership, by the weighted average number of common unit equivalents outstanding during the year. Diluted EPS reflects the potential dilution that could occur from shares issuable in connection with awards under share-based compensation plans, including upon the exercise of stock options. Anti-dilutive units are excluded from the calculation.

Stock-Based Compensation Plans

The Parent Company maintains a shareholder-approved equity-incentive plan known as the Amended and Restated 1997 Long-Term Incentive Plan (the "1997 Plan"). The 1997 Plan is administered by the Compensation Committee of the Parent Company's Board of Trustees. Under the 1997 Plan, the Compensation Committee is authorized to award equity and equity-based awards, including

incentive stock options, non-qualified stock options, restricted shares and performance-based shares. On June 2, 2010, the Parent Company's shareholders approved amendments to the 1997 Plan that, among other things, increased the number of common shares available for future awards under the 1997 Plan by 6,000,000 (of which 3,600,000 shares are available solely for options and share appreciation rights). As of December 31, 2015, 4,295,559 common shares remained available for future awards under the 1997 Plan (including 2,624,067 shares available solely for options and share appreciation rights). Through December 31, 2015, all options awarded under the 1997 Plan had a one to ten-year term.

The Company incurred stock-based compensation expense of $7.3 million during 2015, of which $1.9 million was capitalized as part of the Company's review of employee salaries eligible for capitalization. The Company incurred stock-based compensation on expense of $6.1 million and $8.3 million during 2014 and 2013, of which $1.7 million and $1.4 million, respectively, were also capitalized. The expensed amounts are included in general and administrative expense on the Company's consolidated income statement in the respective periods.

Comprehensive Income

Comprehensive income is recorded in accordance with the provisions of the accounting standard for comprehensive income. The accounting standard establishes standards for reporting comprehensive income and its components in the financial statements. Comprehensive income includes the effective portions of changes in the fair value of derivatives.

Accounting for Derivative Instruments and Hedging Activities

The Company accounts for its derivative instruments and hedging activities in accordance with the accounting standard for derivative and hedging activities. The accounting standard requires the Company to measure every derivative instrument (including certain derivative instruments embedded in other contracts) at fair value and record them in the balance sheet as either an asset or liability. See disclosures below related to the accounting standard for fair value measurements and disclosures.

For derivatives designated as cash flow hedges, the effective portions of changes in the fair value of the derivative are reported in other comprehensive income while the ineffective portions are recognized in earnings.

The Company actively manages its ratio of fixed-to-floating rate debt. To manage its fixed and floating rate debt in a cost-effective manner, the Company, from time to time, enters into interest rate swap agreements as cash flow hedges, under which it agrees to exchange various combinations of fixed and/or variable interest rates based on agreed upon notional amounts.

Fair Value Measurements

The Company estimates the fair value of its derivatives in accordance with the accounting standard for fair value measurements and disclosures. The accounting standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value. 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.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Non-financial assets and liabilities recorded at fair value on a non-recurring basis include non-financial assets and liabilities measured at fair value in a business combination and the impairment or disposal of long-lived assets measured at fair value. The Company periodically reviews its long-lived assets and equity method investments for other than temporary impairment. Any impairments recorded on equity method investments would be recorded at fair value on a non-recurring basis. The fair values assigned to the

Company's purchase price allocations primarily utilize Level 3 inputs. The fair value assigned to the long-lived assets for which there was impairment recorded utilize Level 3 inputs.

Recent Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued guidance pertaining to entities that have reported provisional amounts for items in a business combination for which the accounting is incomplete by the end of the reporting period in which the combination occurs and during the measurement period have an adjustment to provisional amounts recognized. The guidance requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. Any adjustments should be calculated as if the accounting had been completed at the acquisition date. The guidance is effective for public companies for fiscal years beginning after December 15, 2016, with early adoption permitted. Application of the guidance is prospective.

On July 9, 2015, the FASB elected to defer the effective date of the revenue recognition standard issued in May 2014 by one year. Reporting entities may choose to adopt the standard as of the original effective date or for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Calendar year-end public entities are therefore required to apply the new revenue guidance beginning in their 2018 interim and annual financial statements. The Company has not yet determined the impact, if any, that the adoption of this guidance will have on its consolidated financial statements.

In April 2015, the FASB issued guidance requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this update. Additionally, in August 2015 the FASB issued guidance expanding the April 2015 update. It states that, given the absence of authoritative guidance within the update, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset for revolving lines of credit and subsequently amortizing the deferred debt issuance costs ratably over the term of the arrangement, regardless of whether there are any outstanding borrowings on the line of credit. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted for financial statements that have not been previously issued. Full retrospective application is required. Early adoption is permitted. The Company elected to early adopt this guidance during the fourth quarter of 2015 and reclassify amounts in each period presented. The adoption of this guidance did not have a material impact on our consolidated financial position or results of operations as the update relates only to changes in financial statement presentation. See "*Reclassifications*" section above for further details on the adoption of this guidance.

In February 2015, the FASB issued guidance modifying the analysis a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The guidance does not change the general order in which the consolidation models are applied. A reporting entity that holds an economic interest in, or is otherwise involved with, another legal entity must first determine if the variable interest entity model applies, and if so, whether it holds a controlling financial interest under that model. If the entity being evaluated for consolidation is not a variable interest entity, then the voting interest model should be applied to determine whether the entity should be consolidated by the reporting entity. Key changes to the guidance include, but are not limited to: (i) limiting the extent to which related party interests are included to determine the decision maker's effective financial interest in the entity, (ii) requiring that the limited partners in the limited partnership (or the members of a limited liability company that is similar to a limited partnership) have either substantive kick-out rights or substantive participating rights over the general partner to demonstrate that the limited partnership is a voting interest entity, (iii) changing the evaluation of whether the equity holders at risk lack decision making rights when decision making is outsourced and (iv) changing how the economics test is performed. The guidance does not amend the existing disclosure requirements for variable interest entities or voting interest model entities. The guidance is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. A reporting entity may elect to either apply the amendments using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or apply the amendments retrospectively. Under the revised guidance, the Operating Partnership will be a variable interest entity of the Parent Company. As the Operating Partnership is already consolidated in the balance sheets of the Parent Company, the identification of this entity as a variable interest entity has no impact on the consolidated financial statements of the Parent Company. The Company has determined that the adoption of this guidance will not have a significant impact on our existing consolidation conclusions and we plan to adopt the guidance as of January 1, 2016.

3. REAL ESTATE INVESTMENTS

As of December 31, 2015 and 2014 the gross carrying value of the Company's Properties was as follows (in thousands):

	2015	2014
Land	$ 513,268	$ 669,635
Building and improvements	2,719,780	3,409,303
Tenant improvements	459,952	524,754
	3,693,000	4,603,692
Assets held for sale - real estate investments (a)	794,588	27,436
Total	$ 4,487,588	$ 4,631,128

(a) Real estate investments related to assets held for sale above represents gross real estate assets and does not include accumulated depreciation or other assets on the balance sheets of the properties held for sale. See *Held for Sale* section below.

Acquisitions and Dispositions

2015

Acquisitions

The Company completed each of the transactions described below with unaffiliated third parties in arms' length transactions.

On July 7, 2015, the Company acquired a 0.8 acre parcel of land located at 2100 Market Street in Philadelphia, Pennsylvania for $18.8 million. The Company funded $16.8 million of the purchase price with available corporate funds and the remaining $2.0 million of the purchase price was deferred until the earlier of the commencement of development or 24 months from settlement. The Company accounted for this transaction as an asset acquisition and capitalized a nominal amount of acquisition related costs and other costs as part of land inventory on its consolidated balance sheet. In connection with the purchase agreement, if certain land parcels adjacent to 2100 Market Street are acquired from unaffiliated third parties, the Company may be required to pay additional consideration to the seller of 2100 Market Street. The unaffiliated third parties are not party to this transaction and any land parcels acquired will be acquired in arm's length transactions. The amount of additional consideration, if any, payable to the seller of 2100 Market Street cannot be determined at this time. The Company has not yet determined the timing and cost of construction for the project as of December 31, 2015.

On June 22, 2015, through a series of transactions with International Business Machines ("IBM"), the Company acquired the remaining 50.0% interest in Broadmoor Austin Associates, consisting of seven office buildings and the 66.0 acre underlying land parcel located in Austin, Texas, for an aggregate purchase price of $211.4 million. The aggregate purchase price includes the carrying amount of our investment in Broadmoor Austin Associates of $66.3 million. The office buildings contain 1,112,236 net rentable square feet of office space and were 100.0% occupied as of June 22, 2015. The Company funded the cost of the acquisition with an aggregate cash payment of $143.8 million, consisting of $81.0 million from available corporate funds and $62.8 million previously held in escrow related to a Section 1031 like-kind exchange. Part of the cash payment was used at closing to repay, at no repayment penalty, the remaining $51.2 million of secured debt. The Company incurred $0.2 million of acquisition related costs that are classified within general and administrative expenses.

The Company previously accounted for its 50.0% non-controlling interest in Broadmoor Austin Associates under the equity method of accounting. As a result of acquiring IBM's remaining 50.0% common interest in Broadmoor Austin Associates, the Company obtained control of Broadmoor Austin Associates and the Company's existing investment balance was remeasured based on the fair value of the underlying properties acquired and the existing distribution provisions under the relevant partnership agreement. As a result, the Company recorded a $0.8 million gain on remeasurement.

The Company has treated its acquisition of the 50.0% ownership interest in Broadmoor Austin Associates as a business combination and allocated the purchase price to the tangible and intangible assets and liabilities. The Company utilized a number of sources in making estimates of fair values for purposes of allocating the purchase price to tangible and intangibles assets acquired and intangible liabilities assumed. The purchase price has been allocated as follows (in thousands):

		June 22, 2015
Building, land and improvements	$	163,271
Land inventory		6,045
Intangible assets acquired (a)		50,637
Below market lease liabilities assumed (b)		(8,600)
	$	211,353
Return of existing equity method investment		(66,324)
Gain on remeasurement		(758)
Net working capital assumed		(450)
Total cash payment at settlement	$	143,821

(a) Weighted average amortization period of 4.0 years.
(b) Weighted average amortization period of 1.5 years

The unaudited pro forma information below summarizes the Company's combined results of operations for the years ended December 31, 2015 and 2014, respectively, as though the acquisition of Broadmoor Austin Associates was completed on January 1, 2014. The supplemental pro forma operating data is not necessarily indicative of what the actual results of operations would have been assuming the transaction had been completed as set forth above, nor do they purport to represent the Company's results of operations for future periods (in thousands, except for per share amounts).

	December 31,			
	2015		2014	
Pro forma revenue	$	612,649	$	618,119
Pro forma income (loss) from continuing operations		(36,704)		(7,371)
Pro forma net income (loss) available to common shareholders		(43,594)		(13,669)
Earnings (loss) per common share from continuing operations:				
Basic -- as reported	$	(0.17)	$	0.04
Basic -- as pro forma	$	(0.21)	$	(0.04)
Diluted -- as reported	$	(0.17)	$	0.04
Diluted -- as pro forma	$	(0.21)	$	(0.04)
Earnings (loss) per common share:				
Basic -- as reported	$	(0.21)	$	-
Basic -- as pro forma	$	(0.24)	$	(0.08)
Diluted -- as reported	$	(0.21)	$	-
Diluted -- as pro forma	$	(0.24)	$	(0.08)

For the year ended December 31, 2014, $0.2 million of acquisition related costs are included as if the transaction occurred January 1, 2014.

On April 6, 2015, the Company acquired a 0.8 acre parcel of land, located at 25 M Street Southeast, Washington, D.C. for $20.3 million. The Company funded the cost of this acquisition with available corporate funds. The Company capitalized $0.3 million of acquisition related costs and these costs are included as part of land inventory on the Company's consolidated balance sheet. On May

12, 2015, the Company subsequently contributed the land parcel into a newly formed real estate venture known as 25 M Street Holdings, LLC (“25 M Street”), a joint venture between the Company and Jaco 25 M Investors, LLC (“Akridge”), an unaffiliated third party, with the intent to construct a 271,000 square foot Class A office property. The Company holds a 95.0% ownership interest in 25 M Street and Akridge contributed $1.0 million in cash for its 5.0% ownership interest in 25 M Street. The $1.0 million contribution from Akridge was distributed to the Company during 2015. 25 M Street is consolidated within the Company's financial statements. See Note 4,*"Investment in Unconsolidated Real Estate Ventures,"* for further information. As of December 31, 2015, 25 M Street had not finalized development plans and total development costs, or received committed debt financing.

On April 2, 2015, the Company acquired, from an unaffiliated third party, a property located at 618 Market Street in Philadelphia, Pennsylvania, comprised of a 330-space parking garage and 14,404 net rentable square feet for $19.4 million. Although the property is currently fully operational, the Company intends to either redevelop the existing property or demolish and fully develop the property. As of December 31, 2015, we had not yet begun any such development or redevelopment plans. The purchase price includes contingent consideration, recorded at fair value and payable to the seller upon commencement of development, totaling $1.6 million, and cash of $17.8 million.

The Company has treated the acquisition of 618 Market Street as a business combination and allocated the purchase price to the tangible and intangible assets. The Company utilized a number of sources in making estimates of fair values for purposes of allocating the purchase price to tangible and intangible assets acquired. The Company allocated $19.2 million to building, land and improvements and $0.2 million to intangible assets.

The fair value of 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 falls within Level 3 for fair value reporting. As of December 31, 2015, there was no significant changes to the inputs and the liability remains within Level 3 for fair value reporting.

Dispositions

The Company sold the following office properties, in each case to unaffiliated third parties in arms' length transactions, during the twelve-month period ended December 31, 2015 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Properties	Rentable Square Feet	Sales Price	Net Proceeds on Sale	Gain On Sale (a)	
December 31, 2015	5707 Southwest Parkway (Encino Trace)	Austin, TX	2	320,000	$ 76,700	$ 50,158	$ 2,008	(b)
December 29, 2015	Laurel Corporate Center	Mt. Laurel, NJ	6	560,147	56,500	56,253	2,901	
December 18, 2015	Carlsbad Properties	Carlsbad, CA	3	196,075	30,400	29,568	-	(c)
December 18, 2015	751-761 Fifth Ave	King of Prussia, PA	1	158,000	4,600	4,245	894	
September 29, 2015	1000 Howard Boulevard	Mt. Laurel, NJ	1	105,312	16,500	15,780	4,828	
August 13, 2015	Bay Colony Office Park	Wayne, PA	4	247,294	37,500	36,386	269	
August 11, 2015	741 First Avenue	King of Prussia, PA	1	77,184	4,900	4,640	372	
June 10, 2015	100 Gateway Centre Parkway	Richmond, VA	1	74,991	4,100	3,911	-	(d)
April 24, 2015	Christina & Delaware Corporate Centers	Newark, DE / Wilmington, DE	5	485,182	50,100	49,579	1,749	
April 9, 2015	Lake Merritt Tower	Oakland, CA	1	204,336	65,000	62,800	-	(e)
January 8, 2015	1000 Atrium Way / 457 Haddonfield Road (Atrium I / Libertyview)	Mt. Laurel, NJ / Cherry Hill, NJ	2	221,405	28,300	26,778	8,981	
Total Dispositions			27	2,649,926	$ 374,600	$ 340,098	$ 22,002	(f)

(a) Gain on Sale is net of closing and other transaction related costs.

(b) On December 31, 2015, the Company contributed two newly constructed four-story, Class A office buildings, commonly known as “Encino Trace,” containing an aggregate of approximately 320,000 square feet in Austin, Texas to one of its existing real estate ventures (the “Austin Venture”) that the Company formed in 2013 with G&I VII Austin Office LLC, an investment vehicle advised by DRA Advisors LLC (“DRA”). When these two properties were contributed to the Austin Venture the Company had incurred a total of $76.7 million of development costs, representing the contribution value. The project is expected to cost $91.3 million with remaining costs fully funded by the Austin Venture. In conjunction with the contribution: (i) the Austin Venture obtained a $30.0 million mortgage loan; (ii) DRA contributed $25.1 million in net cash to

the capital of the Austin Venture, including a $1.8 million working capital contribution; and (iii) the Austin Venture distributed $50.2 million to the Company and credited the Company with a $23.3 million capital contribution to the Austin Venture. In addition to the contribution of the properties, the Company also made a $1.8 million cash contribution to the Austin Venture for working capital. The Company recognized a $2.0 million gain on the contribution. Under the Encino Trace loan agreement the Austin Venture has the option, subject to certain leasing and loan-to-value requirements, to borrow an additional $29.7 million to fund tenant improvements and leasing commissions.

(c) The Company recorded an impairment loss of $6.3 million for the Carlsbad office properties during the fourth quarter of 2015. As such, there was no gain at disposition for this property.

(d) The Company recorded an impairment loss of $0.8 million for 100 Gateway Centre Parkway during the second quarter of 2015. As such, there was no gain at disposition for this property.

(e) The Company recorded an impairment loss of $1.7 million for Lake Merritt Tower at March 31, 2015. As such, there was no gain at disposition for this property. Sales proceeds were deposited in escrow under Section 1031 of the Internal Revenue Code and applied to purchase the Broadmoor Austin portfolio. Refer to Broadmoor Austin Associates acquisition summary, above, for further details.

(f) Total gain on sale does not include a deferred gain of $0.5 million related to a prior sale.

The Company sold the following land parcels, in each case to unaffiliated third parties in arms' length transactions, during the twelve-month period ended December 31, 2015 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Parcels	Acres	Sales Price	Net Proceeds on Sale	Gain/(Loss) on Sale (a)
December 18, 2015	Two Christina Centre	Wilmington, DE	1	1.6	$ 6,500	$ 5,986	$ - (b)
September 1, 2015	7000 Midlantic	Mt. Laurel, NJ	1	3.5	2,200	1,742	(169)
August 31, 2015	Four Points	Austin, TX	1	8.6	2,500	2,344	71
August 25, 2015	Two Kaiser Plaza	Oakland, CA	1	1.0	11,100	11,016	3,117
Total Dispositions			4	14.7	$ 22,300	$ 21,088	$ 3,019

(a) Gain/(Loss) on sale includes closing and other transaction related costs.

(b) The Company recorded an impairment loss of $0.3 million for Two Christina Centre during the fourth quarter of 2015. As such, there was no gain/(loss) at disposition for this land parcel.

Held for Sale

The following is a summary of properties classified as held for sale but which did it not meet the criteria to be classified within discontinued operations at December 31, 2015 (in thousands):

	Held for Sale Properties Included in Continuing Operations			
	December 31, 2015			
	Och-Ziff Properties (a)	2970 Market Street (b)	Greenhills Land (c)	Total
ASSETS HELD FOR SALE				
Real estate investments:				
Operating properties	$ 526,099	$ 268,489	$ -	$ 794,588
Accumulated depreciation	(179,092)	(34,489)	-	(213,581)
Operating real estate investments, net	347,007	234,000	-	581,007
Construction-in-progress	1,915	25	-	1,940
Land held for development	-	-	837	837
Total real estate investments, net	348,922	234,025	837	583,784
Intangible assets, net	581	-	-	581
Total assets held for sale, net	$ 349,503	$ 234,025	$ 837	$ 584,365
LIABILITIES HELD FOR SALE				
Acquired lease intangibles, net	$ 192	$ -	$ -	$ 192
Other liabilities	1,959	-	-	1,959
Total liabilities held for sale	$ 2,151	$ -	$ -	$ 2,151

(a) On February 4, 2016, the Company disposed of its interests in 58 properties located in the Pennsylvania Suburbs, New Jersey/Delaware, Metropolitan Washington, D.C. and Richmond, Virginia segments in a series of related transactions with Och Ziff Real Estate. During the fourth quarter of 2015, significant provisions were agreed upon by both the Company and Och Ziff Real Estate and, as a result, the Company determined that the sale of the portfolio was probable and classified these

properties as held for sale in accordance with applicable accounting standards for long lived assets. At such date, the carrying value of the properties exceeded the fair value less the anticipated costs of sale. As a result, the Company recognized an impairment loss totaling approximately $45.4 million during the year ended December 31, 2015. The fair value measurement was based on the pricing in the purchase and sale agreement. As the significant inputs to the model are unobservable, the Company determined that the value determined for these real estate investments fall within Level 3 for fair value reporting.

(b) On December 23, 2015 the Company entered into a purchase and sale agreement to dispose of its equity interests in the office property located at 2970 Market Street in Philadelphia commonly known as 30th Street Main Post Office ("Cira Square"), which includes 862,692 square feet of rentable space and is fully leased to a single tenant. As of December 31, 2015, the Company determined the sale was probable and classified the property as held for sale in accordance with applicable accounting standards for long lived assets. As the fair value less anticipated costs to sell exceeded the carrying value of the property no impairment loss was recorded. The fair value measurement was based on the pricing in the purchase and sale agreement. As the sales price is unobservable, the Company determined that the significant inputs used to value this real estate investment falls within Level 3 for fair value reporting. On February 5, 2016 the Company completed the disposition of our equity interests in Cira Square.

(c) On January 15, 2016, the Company sold the fee interest in a 120 acre land parcel located in Berks County, Pennsylvania for $0.9 million. As of December 31, 2015, the Company classified this land parcel as held for sale in accordance with the applicable accounting standards for long lived assets. At such date, the carrying value of the properties exceeded the fair value less the anticipated costs of sale. As a result, the Company recognized an impairment loss totaling approximately $0.3 million during the year ended December 31, 2015.

The sales of our equity interests and the fee interests in the properties referenced above do not represent a strategic shift that has a major effect on the Company's operations and financial results. As a result, the operating results of these properties remain classified within continuing operations for all periods presented. See Note 21, "*Subsequent Events,*" for further information regarding these dispositions.

Held for Use Impairment

As of December 31, 2015, the Company evaluated the recoverability of the carrying value of its properties under the undiscounted cash flow model. Based on the analysis, it was determined that due to deteriorating operating results, increased market vacancy and a reduction in management's intended hold period, the Company would not recover the carrying value of three properties located in our Metropolitan D.C. segment. Accordingly, the Company recorded an impairment charge of $27.5 million at December 31, 2015 reducing the aggregate carrying values of these properties from $40.4 million to their estimated fair values of $12.9 million. The Company determined these impairments based on a discounted cash flow analysis, using a hold period of 10 years and residual capitalization rates and discount rates of 8.0%. The results were compared to indicative pricing in the market. The assumptions used to determine fair value are Level 3 inputs, respectively, in accordance with the fair value hierarchy established by Accounting Standards Codification (ASC) Topic 820, "*Fair Value Measurements and Disclosures.*"

2014

Acquisitions

The Company completed each of the transactions described below with unaffiliated third parties in arms' length transactions.

On February 19, 2014, the Company acquired 54.1 acres of undeveloped land known as Encino Trace in Austin, Texas for $14.0 million. The land is fully entitled with a site plan and building permits in place allowing for the development of two four-story office buildings containing approximately 320,000 net rentable square feet. The purchase price included an in-place lease for 75% of the first building. The Company capitalized $8.4 million in construction in progress, recorded $4.6 million in land inventory and recorded a deposit for a portion of the future development fee held in escrow of $1.0 million. The Company funded the acquisition with available corporate funds.

As of December 31, 2014, each of the two office buildings at Encino Trace was in development, and the Company had funded, through such date, $38.8 million, inclusive of the $14.0 million acquisition cost. During the second quarter of 2014, the Company reclassified the $4.6 million remaining in land inventory to construction in progress in connection with commencement of development of the second building.

Dispositions

The Company sold the following office properties, in each case to unaffiliated third parties in arms' length transactions, during the twelve-month period ended December 31, 2014 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Properties	Rentable Square Feet		Sales Price		Net Proceeds on Sale		Gain/(Loss) On Sale (a)	
October 24, 2014	100, 101, 200, 300 and 301 Lindenwood Drive (the Valleybrooke Poperties)	Malvern, PA	5	279,934	$	37,900	$	37,156	$	203	(b)
September 30, 2014	1880 Campus Commons Drive (Campus Pointe)	Reston, VA	1	172,943		42,500		41,476		4,698	
April 3, 2014	11305 Four Points Drive (Four Points Centre) (c)	Austin, TX	2	192,396		20,750		34,392		(255)	(c)
Total Dispositions			8	645,273	$	101,150	$	113,024	$	4,646	

(a) Gain/(Loss) on Sale is net of closing and other transaction related costs.

(b) During the third quarter of 2014, the Company recorded a $1.8 million impairment loss on these properties.

(c) On April 3, 2014, the Company contributed two three-story, Class A office buildings, commonly known as "Four Points Centre," containing an aggregate of approximately 192,396 net rentable square feet in Austin, Texas to an existing real estate venture (the "Austin Venture") that the Company formed in 2013 with G&I VII Austin Office LLC, an investment vehicle advised by DRA Advisors LLC ("DRA"). The Company contributed the properties to the Austin Venture at an agreed upon value of $41.5 million. In conjunction with the contribution: (i) the Austin Venture obtained a $29.0 million mortgage loan; (ii) DRA contributed $5.9 million in net cash to the capital of the Austin Venture; and (iii) the Austin Venture distributed $34.4 million to the Company and credited the Company with a $5.9 million capital contribution to the Austin Venture. The Company incurred a $0.2 million loss on the contribution, driven primarily by closing costs.

The Company sold the following land parcels, in each case to unaffiliated third parties in arms' length negotiations, during the twelve-month period ended December 31, 2014 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Parcels	Acres		Sales Price		Net Proceeds on Sale		Gain/(Loss) on Sale (a)
April 16, 2014	Westpoint II Land	Dallas, TX	1	5.3	$	1,600	$	1,505	$	12
March 27, 2014	Rob Roy Land	Austin, TX	1	16.8		3,520		3,350		1,172
Total Dispositions			2	22.1	$	5,120	$	4,855	$	1,184

(a) Gain/(Loss) on Sale is net of closing and other transaction related costs.

Held for Sale

Subsequent to December 31, 2014, the Company sold two office properties, commonly known as "Atrium I," which includes 99,668 square feet of rentable space located in Mt Laurel, New Jersey and "Libertyview," which includes 121,737 square feet of rentable space located in Cherry Hill, New Jersey. As of December 31, 2014, the Company classified Atrium I and Libertyview as held for sale in accordance with applicable accounting standard for long lived assets. Accordingly, at December 31, 2014, the properties were required to be measured at the lower of their carrying value or the estimated fair value less costs to sell. No provision for impairment was recognized at December 31, 2014, as the estimated fair value of the properties (based on the executed agreement in place at December 31, 2014) less costs to sell exceeded the carrying value of the properties.

The disposal of the properties referenced above does not represent a strategic shift that has a major effect on our operations and financial results. Accordingly, the operating results of these properties remain classified within continuing operations for all periods presented.

2013

Acquisitions

One and Two Commerce Square

On December 19, 2013, the Company acquired 99% of the common interests in the One and Two Common Square partnerships ("Commerce Square"), the entities which own two 41-story Trophy-class office towers in Philadelphia, Pennsylvania, from Parkway. The office towers contain 1,896,142 of net rentable square feet and were 86.7% occupied as of December 31, 2013. The Company

acquired Commerce Square for an aggregate purchase price of $331.8 million and funded the acquisition via assumption of $237.1 million of existing mortgage debt and a $73.1 million cash payment from available corporate funds.

The Company previously accounted for our non-controlling interest in Commerce Square under the equity method of accounting. As a result of acquiring a 99% common interest in the partnerships the Company obtained control of Commerce Square and our existing investment balance was remeasured based on the fair value of the underlying properties acquired and the existing distribution provisions under the relevant partnership agreements. Accordingly, a loss on remeasurement of $1.0 million was recorded as a result of this transaction.

The Company has treated this transaction as a business combination and allocated the purchase price to the tangible and intangible assets and liabilities. As discussed in Note 2, the Company utilized a number of sources in making estimates of fair values for purposes of allocating the purchase price to tangible and intangible assets acquired and intangible liabilities assumed. The purchase price is allocated as follows:

		December 19, 2013
Building, land and improvements	$	255,705
Intangible assets acquired		85,036
Below market lease liabilities assumed		(8,637)
	$	332,104
Mortgage debt assumed - at fair value (a)		(238,082)
Return of existing equity method investment		(30,424)
Net working capital assumed		10,423
Non-controlling interest		(946)
Total cash payment at settlement	$	73,075

(a) Principal outstanding on assumed mortgage debt at December 19, 2013 was $237.1 million.

Intangible assets acquired and intangible liabilities assumed consist of the following (in thousands):

		December 19, 2013	Weighted Average Amortization Period (in years)
Intangible assets:			
In-place lease value	$	80,916	7.9
Above market tenant leases acquired		4,120	6.9
Total	$	85,036	
Intangible liabilities:			
Below market leases acquired	$	(8,637)	6.5

In connection with the acquisition of One Commerce Square, the Company assumed a $125.1 million existing non-recourse first mortgage with a fixed interest rate of 5.67% and a maturity date of January 6, 2016. In accordance with generally accepted accounting principles, the mortgage was recorded at $130.2 million to reflect the fair value. On December 29, 2015, the Company refinanced the debt increasing the principal balance to $130.0 million and extended the term from the scheduled maturity from January 6, 2016 to April 5, 2023.

In connection with the acquisition of Two Commerce Square, the Company assumed a $112.0 million existing non-recourse first mortgage with a fixed interest rate of 3.96% and a maturity date of April 5, 2023. In accordance with generally accepted accounting principles, the mortgage was recorded at $107.9 million to reflect the fair value.

The Company recognized $0.9 million of acquisition related costs which are included as part of general and administrative expenses of the Company's consolidated statement of operations.

Four Points Centre

On December 19, 2013, the Company acquired two three-story, Class A office buildings totaling 192,396 of net rentable square feet known as Four Points Centre, together with 22.3 acres of nearby parcels of land in Austin, Texas known for an aggregate $47.3 million. This property was 99.2% occupied as of December 31, 2013. The Company funded the acquisition price with available corporate funds, while recognizing $0.1 million of acquisition related costs, which are included as part of general and administrative

expenses in the Company's consolidated statements of operations. The acquisition has been treated as a business combination and the total purchase price was allocated as follows: $36.0 million to building, $5.8 million to land, $6.5 million to intangible assets and $1.0 million to below market lease liabilities assumed.

Six Tower Bridge

On June 19, 2013, the Company acquired the remaining ownership interest in the real estate venture known as "Six Tower Bridge" that it did not then already own. See Note 4, "*Investments in Unconsolidated Real Estate Ventures,*" for further discussion.

Cira Centre

On November 19, 2013, the Company acquired a 0.8 acre land parcel underlying Cira Centre in Philadelphia, Pennsylvania for $24.6 million. The purchase terminates a long term ground lease agreement entered into during the development of Cira Centre. The Company has accounted for the transaction as an asset acquisition. Prior to the acquisition date, the Company recorded ground rent expense on a straight-line basis, resulting in accrued rent liability of $12.1 million. The accounting guidance for leases requires that an asset purchased which was previously subject to an operating lease cannot result in a gain, accordingly, the basis of the acquired land was reduced by the accrued rent liability and no income was recognized at acquisition. The Company capitalized $1.4 million of acquisition related costs as part of the basis in the operating land.

Three Logan Square

On April 25, 2013, the Company exercised its purchase option under the long term ground lease agreement it held through its acquisition of Three Logan Square on August 5, 2010 and acquired the 1.8 acre land parcel underlying Three Logan Square in Philadelphia, Pennsylvania for $20.8 million. The Company has accounted for the transaction as an asset acquisition. A portion of the original purchase price of Three Logan Square was allocated to a below market ground lease intangible asset. As the sum of the purchase price of the land plus the $4.3 million remaining unamortized balance for the intangible asset approximates the fair value of the land as unencumbered by the ground lease, the remaining intangible asset balance was reclassified to land upon exercise of the purchase option. The Company funded the cost of the acquisition with available corporate funds and capitalized $0.1 million of acquisition related costs as part of the basis in the operating land.

Dispositions

The Company sold the following office properties during the twelve-month period ended December 31, 2013 (dollars in thousands):

Disposition Date	Property/Portfolio Name	Location	Number of Properties	Rentable Square Feet	Sales Price	Net Proceeds on Sale	Gain/(Loss) On Sale (a)
December 19, 2013	875 First Avenue	King of Prussia, PA	1	50,000	$ 3,750	$ 3,658	$ 131
October 17, 2013	1336 Enterprise Drive	West Chester, PA	1	39,330	2,600	2,521	156
October 16, 2013	Austin Properties/DRA JV	Austin, TX	7	1,398,826	330,000	266,340	25,864 (b)
June 28, 2013	16870 West Bernardo Drive	San Diego, CA	1	68,708	18,000	17,403	(856)
June 28, 2013	100 Arrandale Boulevard	Exton, PA	1	34,931	3,500	3,268	(401)
June 19, 2013	1700 Paoli Pike (100 Applebrook)	Malvern, PA	1	28,000	2,675	2,544	(444)
June 14, 2013	Pacific View Plaza	Carlsbad, CA	1	51,695	10,300	9,950	(521)
February 25, 2013	Princeton Pike Corporate Center	Lawrenceville, NJ	8	800,546	121,000	112,863	5,304
Total Dispositions			21	2,472,036	$ 491,825	$ 418,547	$ 29,233

(a) Gain/(Loss) on Sale is net of closing and other transaction related costs.

(b) The Austin portfolio was contributed to a newly formed real estate venture. For additional information, see Note 4, "*Investments in Unconsolidated Ventures*," to our consolidated financial statements.

On August 5, 2013, the Company sold an eight-acre parcel of land located in Richmond, Virginia known as Dabney Land East, for a sales price of $0.5 million resulting in a $0.1 million loss on sale after closing and other transaction related costs. The land parcel was undeveloped as of the date of sale.

The sales of these properties, with the exception of the Austin portfolio and Dabney Land East, are included in discontinued operations.

4. INVESTMENT IN UNCONSOLIDATED VENTURES

As of December 31, 2015, the Company held ownership interests in 16 unconsolidated Real Estate Ventures for an aggregate investment balance of $239.9 million, of which $241.0 million is included in assets and $1.1 million is included in other liabilities relating to the negative investment balance of one real estate venture. The Company formed or acquired interests in these ventures with unaffiliated 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 December 31, 2015, nine of the real estate ventures owned 31 office buildings that contain an aggregate of approximately 4.3 million net rentable square feet; two real estate ventures owned 4.3 acres of undeveloped parcels of land; three real estate ventures owned 2.2 acres of land under active development; one real estate venture owned a residential tower that contains 345 apartment units and one real estate venture owned an apartment complex that contains 398 units.

The Company accounts for its unconsolidated interests in its Real Estate Ventures using the equity method. The Company's unconsolidated interests range from 20% to 70%, subject to specified priority allocations of distributable cash in certain of the Real Estate Ventures.

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

The Company's investment in Real Estate Ventures as of December 31, 2015 and 2014, and the Company's share of the Real Estate Ventures' income (loss) for the years ended December 31, 2015 and 2014 was as follows (in thousands):

		Carrying Amount		Company's Share of Real Estate Venture Income (Loss)		Real Estate Venture Debt at 100%			
	Ownership Percentage (a)	2015	2014	2015	2014	2015	2014	Current Interest Rate	Debt Maturity
Office Properties									
Brandywine-AI Venture LLC	50%	$ 50,760	$ 45,712	$ (229)	$ (185)	$ 132,717	$ 133,843	3.94%	(c)
DRA (G&I) Austin (b)	50%	60,427	40,374	(1,235)	(574)	410,066	382,100	3.38%	(d)
1000 Chesterbrook Blvd.	50%	1,895	2,152	117	388	23,610	24,251	4.75%	Dec 2021
Four Tower Bridge	65%	1,684	1,474	211	(144)	10,162	10,353	5.20%	Feb 2021
PJP VII	25%	872	911	211	177	5,621	5,785	L+2.65%	Dec 2019
PJP II	30%	435	403	32	73	3,201	3,492	6.12%	Nov 2023
PJP V	25%	305	216	189	166	5,035	5,242	6.47%	Aug 2019
PJP VI	25%	45	45	151	(67)	7,918	8,168	6.08%	Apr 2023
Invesco, L.P. (h)		-	-	349	989	-	-		
Broadmoor Austin Associates (h)		-	65,407	(377)	(460)	-	53,516		
G&I Interchange Office LLC (DRA-N. PA) (h)		-	-	-	(658)	-	174,595		
Coppell Associates (e)	50%	(1,130)	(1,214)	84	(45)	15,515	15,747	5.75%	Feb 2016
Other									
HSRE-Campus Crest IX, LLC (b)	30%	15,003	14,314	(188)	67	95,562	90,245	L+2.20%	Jul 2016
4040 Wilson	50%	36,626	27,415	(106)	(132)	-	-		
TB-BDN Plymouth Apartments	50%	12,338	12,720	(252)	(83)	50,964	29,481	L+1.70%	Dec 2017
Residence Inn Tower Bridge (h)		-	723	367	107	-	13,394		
Development Properties									
Brandywine 1919 Ventures (b) (f)	50%	29,086	12,823	-	(21)	19,411	-	L+2.25%	Oct 2018
51 N Street	70%	16,725	-	-	-	-	-		
1250 First Street Office	70%	14,312	-	-	-	-	-		
Seven Tower Bridge	20%	491	315	(135)	(388)	14,789	14,865	3.44%	(g)
		$ 239,874	$ 223,790	$ (811)	$ (790)	$ 794,571	$ 965,077		

(a) Ownership percentage represents the Company's entitlement to residual distributions after payments of priority returns, where applicable.

(b) The basis differences associated with these ventures are allocated between cost and the underlying equity in the net assets of the investee and is accounted for as if the entity were consolidated (i.e., allocated to the Company's relative share of assets and liabilities with an adjustment to recognize equity in earnings for the appropriate depreciation/amortization).

(c) The debt for these properties is comprised of three fixed rate mortgages: (1) $38.8 million with a 4.40% fixed interest rate due January 1, 2019, (2) $27.6 million with a 4.65% fixed interest rate due January 1, 2022, and (3) $66.5 million with a 3.22% fixed interest rate due August 1, 2019, resulting in a time weighted average rate of 3.94%.

(d) The debt for these properties includes seven mortgages: (1) $34.0 million that was swapped to a 1.59% fixed rate (or an all-in fixed rate of 3.52% incorporating the 1.93% spread) due November 1, 2018, (2) $55.8 million that was swapped to a 1.49% fixed rate (or an all-in rate of 3.19% incorporating the 1.70% spread) due October 15, 2018, (3) $140.3 million that was swapped to a 1.43% fixed rate (for an all-in fixed rate of 3.44% incorporating the 2.01% spread) due November 1, 2018, (4) $29.0 million with a 4.50% fixed interest rate due April 6, 2019, (5) $34.5 million with a 3.87% fixed interest rate due August 6, 2019, (6) $86.4 million that was swapped to a 1.36% fixed rate (or all-in fixed rate of 3.36% incorporating the 2.00% spread) due February 28, 2020, and (7) $30.0 million with a rate of LIBOR + 1.85% with a cap of 2.75%, resulting in a time and dollar weighted average rate of 3.38%.

(e) Carrying amount represents the negative investment balance of the venture and is included in other liabilities.

(f) The stated rate for the construction loan is LIBOR + 2.25%. The interest rate spread decreases to 2.00% upon receipt of certificate of occupancy. It is further reduced to 1.75% upon stabilization. To fulfill interest rate protection requirements an interest rate cap was purchased at 4.50%.

(g) Comprised of two fixed rate mortgages totaling $8.0 million that mature on March 1, 2017 and accrue interest at a current rate of 7.00%, a $0.9 million 3.00% fixed rate loan through its September 1, 2025 maturity, a $2.0 million 4.00% fixed rate loan with interest only through its February 7, 2016 maturity and a $3.9 million 3.00% fixed rate loan with interest only beginning March 11, 2018 through its March 11, 2020 maturity, resulting in a time and dollar weighted average rate of 3.4%.

(h) The ownership interest in Invesco, L.P. was sold prior to December 31, 2014. The Company purchased the remaining 50% interest in Broadmoor Austin Associates on June 22, 2015. The ownership interest in DRA-N. PA was disposed of on August 12, 2015. The ownership interest in Residence Inn Tower Bridge was sold on December 30, 2015. See below for further detail on 2015 dispositions.

The following is a summary of the financial position of the Real Estate Ventures as of December 31, 2015 and December 31, 2014 (in thousands):

	December 31, 2015	December 31, 2014
Net property	$ 1,258,999	$ 1,281,282
Other assets	158,672	195,121
Other liabilities	68,028	68,481
Debt	794,571	965,077
Equity	554,072	442,845
Company's share of equity (Company's basis) (a) (b)	$ 241,004	$ 225,004

(a) 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.

(b) Does not include the negative investment balance of one real estate venture totaling $1.1 million and $1.2 million as of December 31, 2015 and 2014, respectively, which is included in other liabilities.

The following is a summary of results of operations of the Real Estate Ventures in which the Company had interests as of December 31, 2015, 2014 and 2013 (in thousands):

	Years ended December 31,		
	2015	2014	2013
Revenue	$ 164,928	$ 147,236	$ 102,919
Operating expenses	(70,136)	(61,268)	(40,436)
Interest expense, net	(34,584)	(36,511)	(26,529)
Depreciation and amortization	(68,100)	(57,109)	(35,138)
Net income (loss)	$ (7,892)	$ (7,652)	$ 816
Company's share of income (loss) (Company's basis)	$ (811)	$ (790)	$ 3,664

As of December 31, 2015, the aggregate principal payments of recourse and non-recourse debt payable to third-parties are as follows (in thousands):

2016	$	120,811
2017		68,319
2018		244,403
2019		175,975
2020		92,761
Thereafter		92,302
	$	794,571

Residence Inn Tower Bridge

On December 30, 2015, the Company sold its entire 50% ownership interest in an unconsolidated real estate venture known as Residence Inn Tower Bridge (the "Residence Inn"). The proceeds to the Company, net of closing costs and related debt payoff, were $6.1 million. The carrying amount of the Company's investment in the Residence Inn amounted to $0.9 million at the sale date, resulting in a $5.2 million gain on sale of its interest in the Real Estate Venture.

JBG Ventures

On May 29, 2015, the Company and an unaffiliated third party, JBG/DC Manager, LLC ("JBG"), formed 51 N 50 Patterson, Holdings, LLC Venture ("51 N Street") and 1250 First Street Office, LLC Venture ("1250 First Street"), as real estate ventures, with the Company owning a 70.0% interest and JBG owning a 30.0% interest in each of the two ventures. At formation, the Company and JBG made cash contributions of $15.2 million and $6.5 million, respectively, to 51 N Street, which was used to purchase 0.9 acres of undeveloped land. At formation, the Company and JBG made cash capital contributions of $13.2 million and $5.7 million, respectively, to 1250 First Street, which was used to purchase 0.5 acres of undeveloped land.

Based upon the facts and circumstances at formation of each of the two ventures with JBG, the Company determined that each venture is a VIE in accordance with the accounting standard for the consolidation of VIEs. As a result, the Company used the variable interest model under the accounting standard for consolidation in order to determine whether to consolidate the JBG Ventures. JBG is the managing member of the ventures, and pursuant to the operating and related agreements, major decisions require the approval of both members. Based upon each member's shared power over the activities of each of the two ventures, which most significantly impact the economics of the ventures, neither venture is consolidated by the Company. Each venture is accounted for under the equity method of accounting.

Broadmoor Austin Associates

On June 22, 2015, the Company became the sole owner of Broadmoor Austin Associates upon the Company's acquisition from an unaffiliated third party of the remaining 50.0% ownership interest in Broadmoor Austin Associates. Broadmoor Austin Associates owns seven office buildings in Austin, Texas. See Note 3, " *Real Estate Investments*," for further information.

25 M Street (Akridge)

On May 12, 2015, the Company contributed the parcel of land purchased on April 9, 2015 into a newly formed real estate venture known as 25 M Street, a joint venture between the Company and Akridge, an unaffiliated third party. See Note 3, "Real Estate Investments," for further information.

Based on the facts and circumstances at formation of 25 M Street, the Company determined that 25 M Street is a variable interest entity (VIE) in accordance with the accounting standard for consolidation of VIEs. Accordingly, the Company used the variable interest model under the accounting standard for consolidation in order to determine whether to consolidate 25 M Street. Under the operating and related agreements the Company has the power to control substantially all of the activities which most significantly impact the economics of 25 M Street, and accordingly, 25 M Street is consolidated within the Company's financial statements. As of December 31, 2015, the carrying value of the assets of 25 M Street was $20.5 million.

DRA - PA Venture

On December 19, 2007, the Company formed G&I Interchange Office LLC, a real estate venture (the "Interchange Venture"), with an unaffiliated third party, G&I VI Investment Interchange Office LLC ("G&I VI"), an investment vehicle advised by DRA Advisors LLC. The Interchange Venture owned 29 office properties containing an aggregate of 1,611,961 net rentable square feet located in Montgomery, Lehigh and Bucks counties, Pennsylvania. The Company contributed these 29 properties to the Interchange Venture

upon the Interchange Venture's formation and in exchange for the contribution received a cash distribution from the Venture and a 20.0% ownership interest in the Interchange Venture.

On February 27, 2015, the Interchange Venture entered into a forbearance agreement with an unaffiliated lender that held a nonrecourse mortgage on the Venture's assets. The loan matured on January 1, 2015. On August 12, 2015, the lender sold the properties to an unaffiliated third-party purchaser under the forbearance agreement and assumed the proceeds. Commensurate with the sale, the Interchange Venture was dissolved.

1919 Ventures

On January 20, 2011, the Company acquired a one acre parcel of land in Philadelphia, Pennsylvania for $9.3 million. The Company thereafter contributed the acquired land into a then newly-formed general partnership, referred to below as “1919 Ventures” in return for a 50.0% general partner interest, with the remaining 50.0% interest owned by an unaffiliated third party, who contributed cash in exchange for its interest. On October 15, 2014, the Company acquired the interest of the unaffiliated third party at fair value, which approximates carrying value. No remeasurement gain or loss on our previous investment was recorded at that time.

On October 21, 2014, the Company admitted an unaffiliated third party, LCOR/CalSTRS (“LCOR”) into 1919 Ventures, for $8.2 million, representing a 50% interest and, reflecting an agreed upon $16.4 million valuation of the land and improvements incurred by the Company on behalf of 1919 Ventures. After giving effect to settlement date contributions, distributions and credits, the Company and LCOR had each made, as of October 21, 2014, an additional $5.2 million capital contribution to 1919 Ventures for closing costs and development. See Item 1., *“Developments – 1919 Ventures”* for an overview of the development project currently in process.

As of December 31, 2015, $19.4 million was outstanding on the construction loan and equity contributions of $29.6 million had been funded by each of the Company and LCOR.

Based upon the facts and circumstances at formation of 1919 Ventures, the Company determined that 1919 Ventures is a VIE in accordance with the accounting standard for the consolidation of VIEs since the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support. The initial equity contributed to this entity was not sufficient to fully finance the real estate construction as development costs are funded by the partners throughout the construction period. The Company determined that it was not the primary beneficiary of this VIE based on the fact that the Company has shared control of this entity along with the entity’s partner and therefore does not have controlling financial interests in this VIE.

Austin Venture

On October 16, 2013, the Company contributed a portfolio of seven office properties containing an aggregate of 1,398,826 rentable square feet located in Austin, Texas (the “Austin Properties”) to a newly-formed joint venture (the “Austin Venture”) with G&I VII Austin Office LLC (“DRA”). DRA and the Company, based on arm’s-length negotiation, agreed to an aggregate gross sales price of $330.0 million subject to an obligation on the Company’s part to fund the first $5.2 million of post-closing capital expenditures, of which $0.8 million was funded by the Company during 2013 and the remaining $4.4 million was funded by the Company during the twelve months ended December 31, 2014.

DRA owns a 50% interest in the Austin Venture and the Company owns a 50% interest in the Austin Venture, subject to the Company’s right to receive up to an additional 10% of distributions.

At the closing the Austin Venture incurred third party debt financing of approximately $230.6 million secured by mortgages on the Austin Properties and used proceeds of this financing together with $49.7 million of cash contributions by DRA (less $1.9 million of closing costs and $6.9 million of closing prorations and lender holdbacks) to fund a $271.5 million distribution to the Company. The Company agreed to fund the first $5.2 million of post-closing capital expenditures on behalf of the Austin Venture, resulting in net proceeds of $266.3 million after funding the Company’s capital expenditure obligation. As part of the transaction, the Company’s subsidiary management company executed an agreement with the Austin Venture to provide property management and leasing services to the Austin Venture in exchange for a market-based fee.

The Company measured its equity interest at fair value based on the fair value of the Austin Properties and the distribution provisions of the real estate venture agreement. Since the Company retains a non-controlling interest in the Austin Properties and there are no other facts and circumstances that preclude the consummation of a sale, the contribution qualifies as a partial sale of real estate under the relevant guidance for sales of real estate. Accordingly, during the fourth quarter of 2013, the Company recorded a gain of approximately $25.9 million, which is reflected in “Net gain (loss) on real estate venture transactions” on the accompanying statement of operations.

On April 3, 2014, the Company contributed two three-story, Class A office buildings, commonly known as “Four Points Centre,” containing an aggregate of 192,396 net rentable square feet in Austin, Texas to the Austin Venture. See Note 3, “*Real Estate Investments*,” for further information on the contribution.

On July 31, 2014, the Austin Venture acquired the Crossings at Lakeline, comprised of two three-story buildings containing an aggregate of 232,274 rentable square feet located in Austin, TX for $48.2 million. The transaction was funded with $34.5 million of proceeds of a 3.87% fixed rate mortgage loan from a non-affiliated institutional lender and $12.8 million (net of $0.9 million in purchase adjustments) of cash capital contributions, with $6.4 million made by each of DRA and the Company. The Austin Venture expensed approximately $0.1 million of transaction costs to acquire the property, net of $0.6 million credit from the seller.

On October 17, 2014, the Austin Venture acquired River Place, comprised of seven Class A office buildings containing 590,881 rentable square feet located in Austin, Texas for $128.1 million. The transaction was funded through a combination of an $88.0 million short-term loan, secured by a mortgage, made by the Company to the Austin Venture and cash capital contributions of $18.9 million made by each of DRA and the Company to the Austin Venture. The short-term financing was provided by the Company while the Austin Venture secured permanent financing. As of December 31, 2014. The Company accounted the short-term financing as a note receivable. See Note 2, "*Summary of Significant Accounting Policies*," for the Company's accounting treatment. On January 30, 2015, the Austin Venture closed on a mortgage loan with a non-affiliated institutional lender, and used the proceeds of the loan to repay in full an $88.0 million short-term secured loan made by the Company to fund costs of the Austin Venture's acquisition of River Place. The Austin Venture expensed approximately $0.2 million of transaction costs to acquire the property.

On December 31, 2015, the Company contributed two newly constructed four-story, Class A office buildings, commonly known as "Encino Trace," containing an aggregate of approximately 320,000 square feet in Austin, Texas to the Austin Venture. See Note 3, "*Real Estate Investments*," for further information on the contribution.

Based upon the facts and circumstances at formation of the Austin Venture, the Company determined that the Austin Venture is not a VIE in accordance with the accounting standard for the consolidation of VIEs. As a result, the Company used the voting interest model under the accounting standard for consolidation in order to determine whether to consolidate the Austin Venture. Based upon each member's substantive participating rights over the activities of the Austin Venture under the operating and related agreements of the Austin Venture, it is not consolidated by the Company, and is accounted for under the equity method of accounting.

The reconsideration event caused by the Company's contribution of Encino Trace to the Austin Venture did not change the conclusion reached at formation, as the Austin Venture is operating under the same operating and related agreements and the economics are unchanged.

4040 Wilson Venture

On July 31, 2013, the Company formed 4040 Wilson LLC Venture ("4040 Wilson"), a joint venture between the Company and Ashton Park Associates LLC ("Ashton Park"), an unaffiliated third party. Each of the Company and Ashton Park owns a 50% interest in 4040 Wilson. 4040 Wilson expects to construct a 426,900 square foot office representing the final phase of the eight building, mixed-use, Liberty Center complex developed by the parent company of Ashton Park in the Ballston submarket of Arlington, Virginia. 4040 Wilson expects to develop the office building on a 1.3-acre land parcel contributed by Ashton Park to 4040 Wilson at an agreed upon value of $36.0 million. The total estimated project costs are $194.6 million, which the Company expects will be financed through approximately $72.0 million of partner capital contributions (consisting of $36.0 million in cash from the Company, of which $35.6 million has been funded to date, and land with a value of $36.0 million from Ashton Park), with the remaining balance funded by debt financing through a construction lender that has not yet been determined. During the second quarter of 2015, 4040 Wilson completed the construction of the garage structure. The Company expects groundbreaking on the building structure to commence upon achievement of certain pre-leasing levels, at which point 4040 Wilson expects to obtain debt financing for the remainder of the project costs. As of December 31, 2015, the Company had not provided any guarantees in respect of 4040 Wilson.

Based upon the facts and circumstances at formation of 4040 Wilson, the Company determined that 4040 Wilson is a VIE in accordance with the accounting standard for the consolidation of VIEs. As a result, the Company used the variable interest model under the accounting standard for consolidation in order to determine whether to consolidate 4040 Wilson. Based upon each member's shared power over the activities of 4040 Wilson under the operating and related agreements of 4040 Wilson, and the Company's lack of control over the development and construction phases of the project, 4040 Wilson is not consolidated by the Company, and is accounted for under the equity method of accounting.

Two and Six Tower Bridge Exchange Transaction

On June 19, 2013, the Company acquired, from an unaffiliated third party, the third party's ownership interest in the Six Tower Bridge real estate venture through a nonmonetary exchange for the Company's ownership interest in the Two Tower Bridge real estate venture. The Six Tower Bridge real estate venture owns an unencumbered office property in Conshohocken, PA. The Company previously accounted for its noncontrolling interest in Six Tower Bridge using the equity method. As a result of the exchange transaction, the Company obtained control of the Six Tower Bridge property and the Company's existing equity interest was remeasured at fair value based on the fair value of the underlying property and the distribution provisions of the real estate venture agreement. Accordingly, during 2013, the Company recorded a gain of approximately $7.8 million, which is reflected in "Net gain from remeasurement of investments in a real estate ventures" on the accompanying statement of operations. Following the acquisition,

the Class A office property in Conshohocken, PA is wholly owned by the Company with an unencumbered fair value of $24.5 million. The Company accounted for this transaction as a business combination and allocated the fair value as follows: $14.8 million to building, $6.9 million to land, $3.3 million to intangible assets and $0.5 million to below market lease liabilities assumed.

As mentioned above, the Company exchanged its non-controlling interest in Two Tower Bridge real estate venture in a nonmonetary transaction with an unaffiliated third party for the third party's interest in the Six Tower Bridge real estate venture. The investment in Two Tower Bridge had a fair value of $3.6 million on the date of the exchange transaction based on the fair value of the venture's equity and the distribution provisions of the real estate venture agreement. Based on this fair value and the carrying value for the Company's investment of $(0.1) million, during 2013 the Company recognized a gain on exchange of interests in real estate ventures of $3.7 million, which is reflected in "Net gain (loss) on real estate venture transactions" on the accompanying statement of operations.

evo at Cira Centre South Venture

On January 25, 2013, the Company formed HSRE-Campus Crest IX Real Estate Venture ("evo at Cira"), a joint venture among the Company and two unaffiliated third parties: Campus Crest Properties, LLC ("Campus Crest") and HSRE-Campus Crest IXA, LLC ("HSRE"). evo at Cira constructed a 33-story, 850-bed student housing tower located in the University City submarket of Philadelphia, Pennsylvania. Each of the Company and Campus Crest owns a 30% interest in evo at Cira and HSRE owns a 40% interest. evo at Cira developed the project on a one-acre land parcel held under a long-term ground lease with a third party lessor. The Company contributed to evo at Cira its tenancy rights under a long-term ground lease, together with associated development rights, at an agreed-upon value of $8.5 million.

In connection with the development of evo at Cira, each of the Company and Campus Crest provided, in addition to customary non-recourse carve-out guarantees, a completion and cost overrun guaranty, as well as a payment guaranty, on the construction financing (with the Company's share of the payment guaranty being approximately $24.7 million).

The Company's historical cost basis in the development rights that it contributed to the evo at Cira was $4.0 million, thus creating a $4.5 million basis difference at December 31, 2013 between the Company's initial outside investment basis and its $8.5 million initial equity basis. As this basis difference is not related to a physical land parcel, but rather to development rights to construct evo at Cira, the Company will accrete the basis difference as a reduction of depreciation expense over the life of evo at Cira's assets.

Based upon the facts and circumstances at evo at Cira formation, the Company determined that evo at Cira is a VIE in accordance with the accounting standard for the consolidation of VIEs. As a result, the Company used the variable interest model under the accounting standard for consolidation in order to determine whether to consolidate the evo at Cira. Based upon each member's shared power over the activities of evo at Cira under the operating and related agreements of evo at Cira, and the Company's lack of exclusive control over the development and construction phases of the project, evo at Cira is not consolidated by the Company, and is accounted for under the equity method of accounting. Accordingly, the land parcel and associated development rights contributed by the Company to evo at Cira were deconsolidated by the Company upon formation of evo at Cira.

During the third quarter of 2014, evo at Cira placed into service the student housing tower.

BDN Beacon Venture

On March 26, 2013, the Company sold its entire 20% ownership interest in an unconsolidated real estate venture known as BDN Beacon Venture LLC (the "Beacon Venture"). The carrying amount of the Company's investment in the Beacon Venture amounted to $17.0 million at the sale date, with the Company's proceeds effectively matching the carrying amount.

Guarantees

As of December 31, 2015, the Company had provided guarantees on behalf of certain real estate ventures, consisting of (i) a $24.7 million payment guarantee on the construction loan for evo at Cira; (ii) a $3.2 million payment guarantee on the construction loan for TB-BDN Plymouth Apartments; (iii) a several cost overrun guaranty on the $88.9 million construction loan for the development project being undertaken by 1919 Ventures; and (iv) a $0.5 million payment guarantee on a loan provided to PJP VII. In addition, during construction undertaken by real estate ventures, the Company has provided and expects to continue to provide cost overrun and completion guarantees, with rights of contribution among partners in the real estate ventures, as well as customary environmental indemnities and guarantees of customary exceptions to nonrecourse provisions in loan agreements.

5. DEFERRED COSTS

As of December 31, 2015 and 2014, the Company's deferred costs (assets) were comprised of the following (in thousands):

	December 31, 2015		
	Total Cost	Amortization	Deferred Costs, net
Leasing costs	$ 165,741	$ (67,342)	$ 98,399
Financing costs - Revolving Credit Facility (a)	3,578	(558)	3,020
Total	$ 169,319	$ (67,900)	$ 101,419

	December 31, 2014		
	Total Cost	Accumulated Amortization	Deferred Costs, net
Leasing costs	$ 164,081	$ (64,065)	$ 100,016
Financing costs - Revolving Credit Facility (a)	4,588	(3,343)	1,245
Total	$ 168,669	$ (67,408)	$ 101,261

(a) During the fourth quarter of 2015, the Company adopted accounting guidance related to the presentation of deferred financing costs on the balance sheet and reclassified amounts from the deferred costs line to net against the debt liability for all periods presented. Only deferred financing costs associated with our credit facility remain in deferred costs (assets) on the consolidated balance sheets. See Note 2, "*Summary of Significant Accounting Policies,*" for revisions to the accounting guidance for deferred financing costs.

During the years ended December 31, 2015, 2014 and 2013, the Company capitalized internal direct leasing costs of $6.6 million, $7.1 million and $7.5 million, respectively, in accordance with the accounting standard for the capitalization of leasing costs.

6. INTANGIBLE ASSETS

As of December 31, 2015 and 2014, the Company's intangible assets were comprised of the following (in thousands):

	December 31, 2015		
	Total Cost	Accumulated Amortization	Intangible Assets, net
Intangible assets, net:			
In-place lease value	$ 161,276	$ (57,063)	$ 104,213
Tenant relationship value	20,117	(15,580)	4,537
Above market leases acquired	5,333	(1,879)	3,454
	186,726	(74,522)	112,204
Assets held for sale	(2,854)	2,273	(581)
Total intangible assets, net	$ 183,872	$ (72,249)	$ 111,623
Acquired lease intangibles, net:			
Below market leases acquired	$ 50,025	$ (24,178)	$ 25,847
Assets held for sale	(1,069)	877	(192)
Total acquired lease intangibles, net	$ 48,956	$ (23,301)	$ 25,655

	December 31, 2014		
	Total Cost	Accumulated Amortization	Intangible Assets, net
Intangible assets, net:			
In-place lease value	$ 129,411	$ (42,068)	$ 87,343
Tenant relationship value	34,172	(26,344)	7,828
Above market leases acquired	5,641	(1,409)	4,232
Total intangible assets, net	$ 169,224	$ (69,821)	$ 99,403
Acquired lease intangibles, net:			
Below market leases acquired	$ 53,049	$ (27,039)	$ 26,010

For the years ended December 31, 2015, 2014, and 2013, the Company wrote-off through the acceleration of amortization approximately $0.5 million, $0.8 million and $1.6 million, respectively, of intangible assets as a result of tenant move-outs prior to the end of the associated lease term. For the years ended December 31 2015, 2014 and 2013, the Company accelerated amortization of a nominal amount of intangible liabilities as a result of tenant move-outs.

As of December 31, 2015, the Company's annual amortization for its intangible assets/liabilities, assuming no early lease terminations, are as follows (in thousands):

	Assets	Liabilities
2016	$ 36,635	$ 7,595
2017	19,814	3,461
2018	12,587	2,217
2019	11,288	1,885
2020	9,149	1,337
Thereafter	22,731	9,352
	112,204	25,847
Assets held for sale	(581)	(192)
Total	$ 111,623	$ 25,655

7. DEBT OBLIGATIONS

The following table sets forth information regarding the Company's consolidated debt obligations outstanding at December 31, 2015 and 2014 (in thousands):

	December 31, 2015	December 31, 2014	Effective Interest Rate	Maturity Date
MORTGAGE DEBT:				
Tysons Corner	$ -	$ 89,513	5.36%	Oct 2015 (a)
Two Logan Square	86,886	87,767	7.57%	Apr 2016
Fairview Eleven Tower (b)	20,838	21,242	4.25%	Jan 2017
One Commerce Square	130,000	123,205	3.64%(c)	Apr 2023
Two Commerce Square	112,000	112,000	4.51%(d)	Apr 2023
IRS Philadelphia Campus (e)	177,425	184,442	7.00%	Sep 2030
Cira South Garage (e)	35,546	37,765	7.12%	Sep 2030
Principal balance outstanding	562,695	655,934		
Plus: fair market value premium (discount), net	(3,198)	(1,344)		
Less: deferred financing costs	(13,744)	(14,959)		
Mortgage indebtedness	$ 545,753	$ 639,631		
UNSECURED DEBT				
Seven-Year Term Loan - Swapped to fixed	$ 250,000	$ 200,000	3.72%(f)	Oct 2022
$250.0M 6.00% Guaranteed Notes due 2016	149,919	149,919	5.95%	Apr 2016
$300.0M 5.70% Guaranteed Notes due 2017	300,000	300,000	5.68%	May 2017
$325.0M 4.95% Guaranteed Notes due 2018	325,000	325,000	5.13%	Apr 2018
$250.0M 3.95% Guaranteed Notes due 2023	250,000	250,000	4.02%	Feb 2023
$250.0M 4.10% Guaranteed Notes due 2024	250,000	250,000	4.33%	Oct 2024
$250.0M 4.55% Guaranteed Notes due 2029	250,000	250,000	4.60%	Oct 2029
Indenture IA (Preferred Trust I)	27,062	27,062	2.75%	Mar 2035
Indenture IB (Preferred Trust I)	25,774	25,774	3.30%	Apr 2035
Indenture II (Preferred Trust II)	25,774	25,774	3.09%	Jul 2035
Principal balance outstanding	1,853,529	1,803,529		
Plus: original issue premium (discount), net	(5,714)	(6,811)		
Less: deferred financing costs	(8,851)	(9,004)		
Total unsecured indebtedness	$ 1,838,964	$ 1,787,714		
Total Debt Obligations	$ 2,384,717	$ 2,427,345		

(a) On August 19, 2015, the Company entered into a forbearance agreement to extend the maturity date of the mortgage note payable collateralized by two of its properties located at 8260 Greensboro Drive and 1676 International Drive in Mclean, Virginia (referred to as "Tysons Corner" above). On October 9, 2015, the Company funded $88.4 million, including $0.4 million of accrued interest, in repayment of the Tysons Corner mortgage note with funds from the additional borrowings under the seven-year term loan referenced below.

(b) Represents the full debt amount of a property in a consolidated real estate venture for which the Company maintains a 50% interest.

(c) This loan was assumed upon acquisition of the related properties on December 19, 2013. On December 29, 2015, the Company refinanced the debt increasing the principal balance to $130.0 million and extended the term from the scheduled maturity from January 6, 2016 to April 5, 2023. The effective interest rate as of December 31, 2015 was 3.64%. A default under this loan will also constitute a default under the loan outstanding on Two Commerce Square. This loan is also secured by a lien on Two Commerce Square.

(d) This loan was assumed upon acquisition of the related property on December 19, 2013. The interest rate reflects the market rate at the time of acquisition. A default under this loan will also constitute a default under the loan outstanding on One Commerce Square. This loan is also secured by a lien on One Commerce Square.

(e) Mortgage debt was prepaid prior to the scheduled maturity. See Note 21, *"Subsequent Events,"* for additional information regarding the prepayment.

(f) On October 8, 2015, the Company amended and restated its $200.0 million seven-year term loan maturing February 1, 2019. Pursuant to the terms of the amendment, the Company increased the term loan by an additional $50.0 million, lengthened the maturity date to October 8, 2022, and exercised the option to increase the aggregate amount by up to $150.0 million. The loan

will bear interest at LIBOR plus 1.80%. Through a series of interest rate swaps, the $250.0 million outstanding balance of the term loan has a fixed interest rate of 3.72%.

During the fourth quarter of 2015, the Company adopted accounting guidance related to the presentation of deferred financing costs on the balance sheet and reclassified amounts from the deferred costs line to net against the liability for all periods presented. Deferred financing costs associated with our credit facility remain in deferred costs on the consolidated balance sheet. See Note 2, *"Summary of Significant Accounting Policies,"* for revisions to the accounting guidance for deferred financing costs.

During 2015, 2014, and 2013, the Company's weighted-average effective interest rate on its mortgage notes payable was 5.72%, 5.72%, and 5.73%, respectively. As of December 31, 2015 and 2014, the net carrying value of the Company's Properties that are encumbered by mortgage indebtedness was $562.7 million and $655.9 million, respectively.

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.

On September 16, 2014, the Company closed on an underwritten offering of its 2024 Notes and 2029 Notes (as defined above). The 2024 Notes were priced at 99.388% of their face amount with a yield to maturity of 4.175%, representing a spread at the time of pricing of 1.70%. The 2029 Notes were priced at 99.191% of their face amount with a yield to maturity of 4.625%, representing a spread at the time of pricing of 2.15%. The 2024 Notes and 2029 Notes have been reflected net of discounts of $1.3 million and $1.8 million, respectively, in the consolidated balance sheets as of December 31, 2015 and $1.5 million and $2.0 million, respectively, in the consolidated balance sheets as of December 31, 2014.

The Company used a portion of the net proceeds from the sale of the 2024 Notes and 2029 Notes, aggregating $492.9 million after the deduction for underwriting discounts and offering expenses, to fund its repurchase, through a tender offer, of a portion of the 5.40% Guaranteed Notes due November 1, 2014 (the "2014 Notes") and 7.50% Guaranteed Notes due May 15, 2015 (the "2015 Notes"). Specifically, on September 16, 2014, the Company funded, under the tender offer, $75.1 million in respect of the 2014 Notes and $42.7 million in respect of the 2015 Notes. The Company recognized a $2.6 million loss on early extinguishment of debt related to the total repurchase during the year ended December 31, 2014.

On September 16, 2014, the Company repaid the entire $150.0 million three-year term loan and $100.0 million four-year term loan prior to their scheduled February 2015 and 2016 maturities, respectively. In connection with these repayments, the Company accelerated $0.3 million of deferred financing amortization expense and also incurred a $0.8 million charge on the termination of associated interest rate swap contracts, as reflected in the Company's consolidated statements of operations. See Note 9, "*Risk Management and Use of Financial Instruments*," for further information related to the termination of the interest rate swap contracts.

On September 16, 2014, the Company gave notice of redemption, in full, of the $143.5 million in principal amount of 2014 Notes that remained outstanding following completion of the tender offer. The Company completed the redemption of the 2014 Notes on October 16, 2014 at a cash redemption price of $1,026.88 per $1,000 principal amount of the 2014 Notes (inclusive of accrued interest to the redemption date). Also on September 16, 2014, the Company gave notice of redemption, in full, of the $114.9 million in principal amount of 2015 Notes that remained outstanding following completion of the tender offer. The Company completed the redemption of the 2015 Notes on October 16, 2014 at a cash redemption price of $1,070.24 per $1,000 principal amount of the 2015 Notes (inclusive of accrued interest to the redemption date). The Company recognized a $5.0 million loss on early extinguishment of debt related to total repurchase during the year ended December 31, 2014.

There were no repurchases of unsecured debt during the twelve months ended December 31, 2015. The following table provides additional information on the Company's repurchase of $376.2 million in aggregate principal amount of its outstanding unsecured notes (consisting of the 2014 Notes and 2015 Notes, as indicated above) during the twelve months ended December 31, 2014 (in thousands):

Notes	Principal	Repurchase Amount (a)	Gain (Loss) on Early Extinguishment of Debt (b)	Acceleration of Deferred Financing
2014 5.40% Notes	$ 218,549	$ 219,404	$ (855)	$ 9
2015 7.50% Notes	157,625	164,364	(6,739)	143
	$ 376,174	$ 383,768	$ (7,594)	$ 152

During the year-ended December 31, 2013, the Company repurchased $29.3 million of its outstanding unsecured Notes in a series of transactions that are summarized in the following table (in thousands):

Notes	Principal	Repurchase Amount (a)	Gain (Loss) on Early Extinguishment of Debt (b)	Acceleration of Deferred Financing
2014 5.40% Notes	$ 19,830	$ 20,853	$ (1,020)	$ 16
2015 7.50% Notes	8,910	9,945	(1,036)	23
2016 6.00% Notes	510	571	(63)	1
	$ 29,250	$ 31,369	$ (2,119)	$ 40

(a) Includes cash losses with respect to redemption of debt.
(b) Includes unamortized balance of the original issue discount.

On May 15, 2015, the Company closed on a new four-year unsecured revolving credit facility (the "New Credit Facility") that provides for borrowings of up to $600.0 million. The Company expects to use advances under the New Credit Facility for general business purposes, including to fund costs of acquisitions, developments and redevelopments of properties, fund share repurchases and to repay from time to time other debt. On terms and conditions specified in the credit agreement, the Company may enter into unsecured term loans and/or increase the initial amount of the credit facility by up to, in the aggregate for all such term loans and increases, an additional $400.0 million. The New Credit Facility includes a $65.0 million sub-limit for the issuance of letters of credit and a $60.0 million sub-limit for swing-loans. The New Credit Facility has a scheduled maturity date of May 15, 2019, and is subject to two six-month extensions on terms and conditions specified in the credit agreement.

At the Company's option, loans outstanding under the New Credit Facility will bear interest at a rate per annum equal to (1) LIBOR plus between 0.875% and 1.55% based on the Company's credit rating or (2) a base rate equal to the greatest of (a) the Administrative Agent's prime rate, (b) the Federal Funds rate plus 0.5% or (c) LIBOR for a one month period plus 1.00%, in each case, plus a margin ranging from 0.0% to 0.55% based on the Company's credit rating. The New Credit Facility also contains a competitive bid option that allows banks that are part of the lender consortium to bid to make loan advances to the Company at a reduced interest rate. In addition, the Company is also obligated to pay (1) in quarterly installments a facility fee on the total commitment at a rate per annum ranging from 0.125% to 0.30% based on the Company's credit rating and (2) an annual fee on the undrawn amount of each letter or credit equal to the LIBOR Margin. Based on the Company's current credit rating, the LIBOR margin is 1.20% and the facility fee is 0.25%. The Company had no borrowings under the New Credit Facility as of December 31, 2015.

The New Credit Facility contains financial and operating covenants and restrictions, including covenants that relate to our incurrence of additional debt; granting liens; consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments and the payment of dividends. The terms of the New Credit Facility require that the Company maintain customary financial and other covenants, including: (i) a fixed charge coverage ratio greater than or equal to 1.5 to 1.00; (ii) a minimum net worth; (iii) a leverage ratio less than or equal to 0.60 to 1.00, subject to specified exceptions; (iv) a ratio of unsecured indebtedness to unencumbered asset value less than or equal to 0.60 to 1.00, subject to specified exceptions; (v) a ratio of secured indebtedness to total asset value less than or equal to 0.40 to 1.00; and (vi) a ratio of unencumbered cash flow to interest expense on unsecured debt greater than 1.75 to 1.00. In addition, the New Credit Facility restricts payments of dividends and distributions on shares in excess of 95% of the Company's funds from operations (FFO) except to the extent necessary to enable the Company to continue to qualify as a REIT for Federal income tax purposes. At December 31, 2015, the Company was in compliance with all covenants in the New Credit Facility.

Concurrently with its entry into the New Credit Facility, the Company terminated its then existing unsecured revolving credit facility, which had a scheduled maturity date of February 1, 2016.

As amended, Term Loan C contains financial and operating covenants and restrictions, including covenants that relate to the incurrence of additional debt; the granting of liens; the consummation of mergers and consolidations; the disposition of assets and interests in subsidiaries; the making of loans and investments; negative pledges; transactions with affiliates and the payment of dividends. The restriction on dividends permits the Company to pay dividends to the greater of (i) an amount required for the Company to retain its qualification as a REIT and (ii) 95% of its funds from operations. The term loan includes financial covenants that require the Company to maintain an interest coverage ratio, a fixed charge coverage ratio and an unencumbered cash flow ratio above specified levels; to maintain a minimum net worth above an amount determined on a specified formula; and to maintain a leverage ratio and a secured debt ratio below certain maximum levels. Another financial covenant limits the ratio of unsecured debt to the value of unencumbered properties

As of December 31, 2015, the Company's aggregate scheduled principal payments of debt obligations, excluding amortization of discounts and premiums,are as follows (in thousands):

2016	$	249,468
2017		333,682
2018		340,437
2019		16,768
2020		17,661
Thereafter		1,458,208
Total principal payments		2,416,224
Net unamortized premiums/(discounts)		(8,912)
Net deferred financing costs		(22,595)
Outstanding indebtedness	$	2,384,717

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company determined the fair values disclosed below using available market information and discounted cash flow analyses as of December 31, 2015 and 2014, 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 estimation methodologies may have a material effect on the estimated fair value amounts shown. The Company believes that the carrying amounts reflected in the consolidated balance sheets at December 31, 2015 and 2014 approximate the fair values for cash and cash equivalents, accounts receivable, other assets, 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):

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Unsecured notes payable	$ 1,512,554	$ 1,529,346	$ 1,510,181	$ 1,593,212
Variable rate debt	$ 326,410	$ 305,522	$ 277,533	$ 257,188
Mortgage notes payable (a)	$ 545,753	$ 597,377	$ 639,631	$ 707,241
Mortgage note receivable (b)	$ -	$ -	$ 88,000	$ 87,692

(a) The IRS Philadelphia Campus mortgage debt and Cira South Garage mortgage debt were prepaid prior to their scheduled maturity. See Note 21,*"Subsequent Events,"* for additional information regarding the prepayment. As of December 31, 2015 the fair value of the IRS Philadelphia Campus mortgage debt and Cira South Garage mortgage debt were $177.4 million and $35.5 million, respectively.

(b) See Note 2, "*Summary of Significant Accounting Policies - Notes Receivable*," for further discussion.

The fair value of the Company's unsecured notes payable is categorized at a Level 2 basis (as provided by the accounting standard for Fair Value Measurements and Disclosures). This is because the Company valued these instruments using quoted market prices as of December 31, 2015 and 2014. 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 fair value of the Company's mortgage notes payable, variable rate debt and notes receivable are all categorized at a Level 3 basis (as provided by the accounting standard for Fair Value Measurements and Disclosures). The fair value of the variable rate debt was estimated using a discounted cash flow analysis valuation on the borrowing rates currently available to the Company for loans with similar terms and maturities, as applicable. The fair value of the mortgage debt was determined by discounting the future contractual interest and principal payments by a blended market rate for loans with similar terms, maturities and loan-to-value. The fair value of the notes receivable was determined by using the expected cash flows of the notes receivable, and discounting those cash flows using the market rate of interest for mortgage notes with a comparable level of risk. These financial instruments have been categorized as Level 3 because the Company considers the rates used in the valuation techniques to be unobservable inputs.

For the Company's mortgage loans, the Company uses an estimate based on its knowledge of the mortgage market. The weighted average discount rate for the combined variable rate debt and mortgage loans used as to calculate fair value as of December 31, 2015 was 4.550%. An increase in the discount rate used in the discounted cash flow model would result in a decrease to the fair value of

the Company's long-term debt. Conversely, a decrease in the discount rate used in the discounted cash flow model would result in an increase to the fair value of the Company's long-term debt.

Disclosure about the fair value of financial instruments is based upon pertinent information available to management as of December 31, 2015 and December 31, 2014. 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 December 31, 2015, and current estimates of fair value may differ from the amounts presented herein.

9. RISK MANAGEMENT AND USE OF FINANCIAL INSTRUMENTS

Risk Management

In the course of its ongoing business operations, the Company encounters economic risk. There are three main components of economic risk: interest rate risk, credit risk and market risk. The Company is subject to interest rate risk on its interest-bearing liabilities. Credit risk is primarily the risk of inability or unwillingness of tenants to make contractually required payments and of counterparties on derivatives contracts to fulfill their obligations. Market risk is the risk of declines in the value of Company properties due to changes in rental rates, interest rates, supply and demand of similar products and other market factors affecting the valuation of properties.

Risks and Uncertainties

In the U.S., market and economic conditions have been improving, resulting in an increase of the volume of real estate transactions in the market. If the economy deteriorates, vacancy rates may increase through 2016 and possibly beyond. The financial markets also have an effect on the Company's Real Estate Venture partners and contractual counterparties, including counterparties in derivative contracts.

The Company's Credit Facility, term loans and the indenture governing its unsecured public debt securities (See Note 7, "*Debt Obligations*") contain restrictions, requirements and other limitations on the ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which it must maintain. The ability to borrow under the unsecured revolving credit facility is subject to compliance with such financial and other covenants. In the event that the Company fails to satisfy these covenants, it would be in default under the unsecured revolving credit facility, the term loans and the indenture and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of capital may not be available, or may be available only on unattractive terms.

Availability of borrowings under the unsecured revolving credit facility is subject to a traditional material adverse effect clause. Each time the Company borrows it must represent to the lenders that there have been no events of a nature which would have a material adverse effect on the business, assets, operations, condition (financial or otherwise) or prospects of the Company taken as a whole or which could negatively affect the ability of the Company to perform its obligations under the unsecured revolving credit facility. While the Company believes that there are currently no material adverse effect events, it is possible that such an event could arise which would limit the Company's borrowings under the unsecured revolving credit facility. If an event occurs which is considered to have a material adverse effect, the lenders could consider the Company in default under the terms of the unsecured revolving credit facility and any borrowings under the unsecured revolving credit facility would become unavailable. If the Company is unable to obtain a waiver, this would have a material adverse effect on the Company's financial position and results of operations.

The Company was in compliance with all financial covenants as of December 31, 2015. Management continuously monitors the Company's compliance with and anticipated compliance with the covenants. Certain of the covenants restrict management's ability to obtain alternative sources of capital. While the Company currently believes it will remain in compliance with its covenants, in the event that the economy deteriorates in the future, the Company may not be able to remain in compliance with such covenants, in which case a default would result absent a lender waiver.

Use of Derivative Financial Instruments

The Company's use of derivative instruments is limited to the utilization of interest rate agreements or other instruments to manage interest rate risk exposures and not for speculative purposes. The principal objective of such arrangements is to minimize the risks and/or costs associated with the Company's operating and financial structure, as well as to hedge specific transactions. The counterparties to these arrangements are major financial institutions with which the Company and its affiliates may also have other financial relationships. The Company is potentially exposed to credit loss in the event of non-performance by these counterparties. However, because of the high credit ratings of the counterparties, the Company does not anticipate that any of the counterparties will fail to meet these obligations as they come due. The Company does not hedge credit or property value market risks through derivative financial instruments.

The Company formally assesses, both at inception of a hedge and on an on-going basis, whether each derivative is highly-effective in offsetting changes in cash flows of the hedged item. If management determines that a derivative is not highly-effective as a hedge or if a derivative ceases to be a highly-effective hedge, the Company will discontinue hedge accounting prospectively. The related ineffectiveness would be charged to the consolidated statement of operations.

The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

To comply with the provisions of the accounting standard for fair value measurements and disclosures, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

The following table summarizes the terms and fair values of the Company's derivative financial instruments as of December 31, 2015 and December 31, 2014. 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 liabilities on the Company's consolidated balance sheets).

Hedge Product	Hedge Type	Designation		Notional Amount		Strike	Trade Date	Maturity Date	Fair value	
				12/31/2015	12/31/2014				12/31/2015	12/31/2014
Assets										
Swap	Interest Rate	Cash Flow	(a), (b)	$ 250,000	$ -	3.718 %	October 8, 2015	October 8, 2022	$ 1,884	$ -
Liabilities										
Swap	Interest Rate	Cash Flow	(a), (b)	$ -	$ 200,000	3.623 %	December 6-13, 2011	February 1, 2019	$ -	$ (2,649)
Swap	Interest Rate	Cash Flow	(a)	25,774	25,774	3.300 %	December 22, 2011	January 30, 2021	(531)	(334)
Swap	Interest Rate	Cash Flow	(a)	25,774	25,774	3.090 %	January 6, 2012	October 30, 2019	(388)	(254)
Swap	Interest Rate	Cash Flow	(a)	27,062	27,062	2.750 %	December 21, 2011	September 30, 2017	(201)	(253)
				$ 328,610	$ 278,610					

(a) Hedging unsecured variable rate debt.

(b) On October 8, 2015, the Company amended its $200.0 million seven-year term loan maturing February 1, 2019, increasing the term loan by an additional $50.0 million and lengthening the maturity date to October 8, 2022 (See Note 7, "*Debt Obligations*"). In connection with the amendment, the Company settled associated interest rate swap contracts and incurred a settlement fee of $5.3 million. The associated debt was not repaid, accordingly the settlement fee was recorded within other comprehensive income and will be amortized as interest expense through October 8, 2022. The Company entered into new hedging contracts consisting of $250.0 million interest rate swaps maturing through October 8, 2022 (shown above).

The Company measures its derivative instruments at fair value and records them in the balance sheet as either an asset or liability. As of December 31, 2015, one interest rate swap held a position and is included in other assets on the Company's consolidated balance sheet. The remaining swaps are included in other liabilities on the Company's consolidated balance sheet.

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 its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

Concentration of Credit Risk

Concentrations of credit risk arise for the Company when multiple tenants of the Company are engaged in similar business activities, or are located in the same geographic region, or have similar economic features that impact in a similar manner their ability to meet contractual obligations, including those to the Company. The Company regularly monitors its tenant base to assess potential

concentrations of credit risk. Management believes the current credit risk portfolio is reasonably well diversified and does not contain an unusual concentration of credit risk. No tenant accounted for 10% or more of the Company's rents during 2015, 2014 and 2013. Conditions in the general economy and the global credit markets have had a significant adverse effect on numerous industries. The Company has tenants concentrated in various industries that may be experiencing adverse effects from the current economic conditions and the Company could be adversely affected if such tenants were to default under their leases.

10. DISCONTINUED OPERATIONS

The Company had no property dispositions classified as discontinued operations during the year ended December 31, 2015. There was nominal income before gain on sales recognized during 2014 relating to properties classified into discontinued operations in prior periods and a $0.9 million gain relating to the post closing activity for the sale of the Princeton Pike Corporate Center completed in the first quarter of 2013.

For the years ended December 31, 2014 and 2013, income from discontinued operations relates to an aggregate of 14 properties containing approximately 1.1 million net rentable square feet that the Company has sold since January 1, 2013.

The following table summarizes revenue and expense information for the properties sold which qualify for discontinued operations reporting since January 1, 2013 (in thousands):

	Years ended December 31,	
	2014	2013
Revenue:		
Rents	$ -	$ 4,754
Tenant reimbursements	26	355
Other	-	123
Total revenue	26	5,232
Expenses:		
Property operating expenses	8	1,839
Real estate taxes	-	649
Depreciation and amortization	-	1,921
Total operating expenses	8	4,409
Other income:		
Interest income	-	2
Income from discontinued operations before gain on sale of interests in real estate	18	825
Net gain on disposition of discontinued operations	900	3,382
Income from discontinued operations	$ 918	$ 4,207

Discontinued operations have not been segregated in the consolidated statements of cash flows. Therefore, amounts for certain captions will not agree with respective data in the consolidated statements of operations.

11. 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.

Operating Partnership

The aggregate book value of the non-controlling interests associated with the redeemable common limited partnership interests that were consolidated in the accompanying consolidated balance sheet of the Parent Company as of December 31, 2015 and December 31, 2014, was $16.1 million and $17.5 million, 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 date) was approximately $21.0 million and $24.5 million, respectively, as of December 31, 2015 and December 31, 2014.

12. 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):

	Year ended December 31,					
	2015		2014		2013	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Income (loss) from continuing operations	$ (30,740)	$ (30,740)	$ 6,024	$ 6,024	$ 38,982	$ 38,982
Net income (loss) from continuing operations attributable to non-controlling interests	339	339	43	43	(357)	(357)
Nonforfeitable dividends allocated to unvested restricted shareholders	(329)	(329)	(349)	(349)	(363)	(363)
Preferred share dividends	(6,900)	(6,900)	(6,900)	(6,900)	(6,900)	(6,900)
Income (loss) from continuing operations available to common shareholders	(37,630)	(37,630)	(1,182)	(1,182)	31,362	31,362
Income from discontinued operations	-	-	908	908	4,152	4,152
Net income (loss) attributable to common shareholders	$ (37,630)	$ (37,630)	$ (274)	$ (274)	$ 35,514	$ 35,514
Denominator						
Weighted-average shares outstanding	178,162,160	178,162,160	166,202,649	166,202,649	153,140,458	153,140,458
Contingent securities/Share based compensation	-	-	-	-	-	1,273,853
Weighted-average shares outstanding	178,162,160	178,162,160	166,202,649	166,202,649	153,140,458	154,414,311
Earnings (loss) per Common Share:						
Income (loss) from continuing operations attributable to common shareholders	$ (0.21)	$ (0.21)	$ (0.01)	$ (0.01)	$ 0.20	$ 0.20
Discontinued operations attributable to common shareholders	-	-	0.01	0.01	0.03	0.03
Net income (loss) attributable to common shareholders	$ (0.21)	$ (0.21)	$ -	$ -	$ 0.23	$ 0.23

The contingent securities/share based compensation impact is calculated using the treasury stock method and relates to employee awards settled in shares of the Parent Company. The effect of these securities is anti-dilutive for periods that the Parent Company incurs a net loss from continuing operations available to common shareholders and therefore is excluded from the dilutive earnings per share calculation in such periods.

Redeemable common limited partnership units, totaling 1,535,102 in both 2015 and 2014 and 1,763,739 in 2013, 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 years ended December 31, 2015, 2014 and 2013, earnings representing nonforfeitable dividends were allocated to the unvested restricted shares issued to the Company's executives and other employees under the 1997 Plan.

Common and Preferred Shares

On December 8, 2015, the Parent Company declared a distribution of $0.15 per common share, totaling $26.5 million, which was paid on January 20, 2016 to shareholders of record as of January 6, 2016. On December 8, 2015, the Parent Company declared distributions on its Series E Preferred Shares to holders of record as of December 30, 2015. These shares are entitled to a preferential return of 6.90% per annum on the $25.00 per share liquidation preference. Distributions paid on January 15, 2016 to holders of Series E Preferred Shares totaled $1.7 million.

On August 1, 2014, the Parent Company completed an underwritten offering of 21,850,000 common shares. The Parent Company contributed the net proceeds from the sale of the common shares, amounting to $335.0 million after deducting underwriting discounts and commissions and other offering expenses, to the Operating Partnership in exchange for partnership units of the Operating Partnership. The Operating Partnership intends to use the net proceeds for working capital, capital expenditures and other general corporate purposes, which may include acquisitions, developments and the repayment, repurchase and refinancing of debt.

On November 5, 2013, the Parent Company commenced a continuous equity offering program (the "Offering Program"), under which it may sell, in at-the-market offerings, up to an aggregate amount of 16,000,000 common shares until November 5, 2016. This

Offering Program replaced a prior continuous equity offering program which expired on March 10, 2013 The Parent Company may sell common shares in amounts and at times to be determined by the Parent Company. Actual sales will depend on a variety of factors to be determined by the Parent Company, including, among others, market conditions, the trading price of the Company's common shares of beneficial interest and determinations by the Parent Company of the appropriate sources of funding. In conjunction with the Offering Program, the Parent Company engages sales agents who receive compensation, in aggregate, of up to 2% of the gross sales price per share sold. From inception of the Offering Program through December 31, 2015, the Parent Company has not sold any shares under the program, resulting in 16,000,000 remaining shares available for sale.

On April 10, 2013, the Parent Company closed a public offering of 12,650,000 common shares, inclusive of 1,650,000 common shares issued upon exercise by the underwriters of the option granted to them to purchase additional shares. The Parent Company contributed the net proceeds from the sale of shares, amounting to $181.5 million after deducting underwriting discounts and commissions and other offering expenses, to the Operating Partnership in exchange for partnership units of the Operating Partnership. The Operating Partnership continues to use the net proceeds for working capital, capital expenditures and other general corporate purposes, which may include acquisitions, developments and the repayment, repurchase and refinancing of debt.

Common Share Repurchases

The Parent Company maintains a share repurchase program under which the Board of Trustees has authorized the Parent Company to repurchase shares of its preferred and common stock with no expiration date. On July 22, 2015, the Parent Company's Board of Trustees authorized additional share repurchases of up to $100.0 million. Prior to the authorization 539,200 common shares were available for repurchase under the preexisting share repurchase program. The Company expects to fund the share repurchases with a combination of available cash balances and availability under our line of credit. As of December 31, 2015, 5,209,437 common shares have been repurchased and retired at an average purchase price of $12.90 per share and totaling $67.3 million. The timing and amounts of any purchases 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.

The common stock repurchases were retired and, as a result, were accounted for in accordance with Maryland law, which does not contemplate treasury stock. The repurchases were recorded as a reduction of common stock (at $0.01 par value per share) and a decrease to additional paid-in-capital.

13. 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):

	Year ended December 31,					
	2015		2014		2013	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Numerator						
Income (loss) from continuing operations	$ (30,740)	$ (30,740)	$ 6,024	$ 6,024	$ 38,982	$ 38,982
Nonforfeitable dividends allocated to unvested restricted unitholders	(329)	(329)	(349)	(349)	(363)	(363)
Preferred unit dividends	(6,900)	(6,900)	(6,900)	(6,900)	(6,900)	(6,900)
Net loss attributable to non-controlling interests	3	3	44	44	-	-
Income (loss) from continuing operations available to common unitholders	(37,966)	(37,966)	(1,181)	(1,181)	31,719	31,719
Discontinued operations attributable to common unitholders	-	-	918	918	4,207	4,207
Net income (loss) attributable to common unitholders	$ (37,966)	$ (37,966)	$ (263)	$ (263)	$ 35,926	$ 35,926
Denominator						
Weighted-average units outstanding	179,697,262	179,697,262	167,942,246	167,942,246	154,929,545	154,929,545
Contingent securities/Share based compensation	-	-	-	-	-	1,273,853
Total weighted-average units outstanding	179,697,262	179,697,262	167,942,246	167,942,246	154,929,545	156,203,398
Earnings (loss) per Common Partnership Unit:						
Income (loss) from continuing operations attributable to common unitholders	(0.21)	(0.21)	(0.01)	(0.01)	0.20	0.20
Discontinued operations attributable to common unitholders	-	-	0.01	0.01	0.03	0.03
Net income (loss) attributable to common unitholders	$ (0.21)	$ (0.21)	$ -	$ -	$ 0.23	$ 0.23

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 unit. For the years ended December 31, 2015, 2014 and 2013, earnings representing nonforfeitable dividends were allocated to the unvested restricted units issued to the Parent Company's executives and other employees under the Parent Company's shareholder-approved long-term incentive plan.

Common Partnership Units and Preferred Mirror Units

The Operating Partnership issues partnership units to the Parent Company in exchange for the contribution of the net proceeds of any equity security issuance by the Parent Company. The number and terms of such partnership units correspond to the number and terms of the related equity securities issued by the Parent Company. In addition, the Operating Partnership may also issue separate classes of partnership units. Historically, the Operating Partnership has had the following types of partnership units outstanding: (i) Preferred Partnership Units which have been issued to parties other than the Parent Company; (ii) Preferred Mirror Partnership Units which have been issued to the Parent Company; and (iii) Common Partnership Units which include both interests held by the Parent Company and those held by other limited partners.

Preferred Mirror Partnership Units

In exchange for the proceeds received in corresponding offerings by the Parent Company of preferred units of beneficial interest, the Operating Partnership has issued to the Parent Company a corresponding amount of Preferred Mirror Partnership Units with terms consistent with that of the preferred securities issued by the Parent Company.

Common Partnership Units (Redeemable and General)

The Operating Partnership has two classes of Common Partnership Units: (i) Class A Limited Partnership Interest which are held by both the Parent Company and outside third parties and (ii) General Partnership Interests which are held by the Parent Company (collectively, the Class A Limited Partnership Interest, and General Partnership Interests are referred to as "Common Partnership Units"). The holders of the Common Partnership Units are entitled to share in cash distributions from, and in profits and losses of, the Operating Partnership, in proportion to their respective percentage interests, subject to preferential distributions on the preferred mirror units and the preferred units.

The Common Partnership Units held by the Parent Company (comprised of both General Partnership Units and Class A Limited Partnership Units) are presented as partner's equity in the consolidated financial statements. Class A Limited Partnership Interest held by parties other than the Parent Company are redeemable at the option of the holder for a like number of common shares of the Parent Company, or cash, or a combination thereof, at the election of the Parent Company. Because the form of settlement of these redemption rights are not within the control of the Operating Partnership, these Common Partnership Units have been excluded from partner's equity and are presented as redeemable limited partnership units measured at the potential cash redemption value as of the end of the periods presented based on the closing market price of the Parent Company's common shares at December 31, 2015, 2014 and 2013, which was $13.66, $15.98, $14.09, respectively. As of December 31, 2015 and 2014, 1,535,102 of Class A Units were outstanding and owned by outside limited partners of the Operating Partnership. As of December 31, 2013, 1,763,739 of Class A Units were outstanding and owned by outside limited partners of the Operating Partnership.

On December 8, 2015, the Operating Partnership declared a distribution of $0.15 per common unit, totaling $26.5 million, which was paid on January 20, 2016 to unitholders of record as of January 6, 2016. On December 8, 2015, the Operating Partnership declared distributions on its Series E Preferred Units to holders of record as of December 30, 2015. These units are entitled to a preferential return of 6.90% per annum on the $25.00 per share liquidation preference. Distributions paid on January 15, 2016 to holders of Series E Preferred Shares totaled $1.7 million.

On November 5, 2013, the Parent Company commenced a continuous equity offering program (the "Offering Program"), under which it may sell, in at-the-market offerings, up to an aggregate amount of 16,000,000 common shares until November 5, 2016. This Offering Program replaced a prior continuous equity offering program which expired on March 10, 2013. The Parent Company may sell common shares in amounts and at times to be determined by the Parent Company. Actual sales will depend on a variety of factors to be determined by the Parent Company, including, among others, market conditions, the trading price of the Company's common shares of beneficial interest and determinations by the Parent Company of the appropriate sources of funding. In conjunction with the Offering Program, the Parent Company engages sales agents who receive compensation, in aggregate, of up to 2% of the gross sales price per share sold. From inception of the Offering Program through December 31, 2015 the Parent Company has not sold any shares under the program, resulting in 16,000,000 remaining shares available for sale. Generally, the Parent Company contributes the net proceeds from the sales to the Operating Partnership, which the Operating Partnership in turn uses for general corporate purposes.

Common Unit Repurchases

The Parent Company maintains a share repurchase program under which the Board of Trustees has authorized the Parent Company to repurchase shares of its preferred and common stock with no expiration date. On July 22, 2015, the Parent Company's Board of Trustees authorized additional share repurchases of up to $100.0 million. Prior to the authorization 539,200 common shares were available for repurchase under the preexisting share repurchase program. The Company expects to fund the share repurchases with a combination of available cash balances and availability under our line of credit. As of December 31, 2015, 5,209,437 common shares have been repurchased and retired at an average purchase price of $12.90 per share and totaling $67.3 million. The timing and amounts of any purchases 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.

The common stock repurchases were retired and, as a result, were accounted for in accordance with Maryland law, which does not contemplate treasury stock. The repurchases were recorded as a reduction of common stock (at $0.01 par value per share) and a decrease to additional paid-in-capital.

14. SHARE BASED COMPENSATION, 401(k) PLAN AND DEFERRED COMPENSATION

Stock Options

At December 31, 2015, options exercisable for 2,624,067 common shares were outstanding under the Parent Company's shareholder approved equity incentive plan (referred to as the "Equity Incentive Plan"). During the year ended December 31, 2015, the Company did not recognize any compensation expense related to unvested options. During the year ended December 31, 2014, the Company recognized compensation expense related to unvested options that was nominal. For the year ended 2013, the Company recognized compensation expense related to unvested options of $0.7 million. During the year ended December 31, 2015, the Company did not capitalize any compensation expense related to stock options as part of the Company's review of employee salaries eligible for capitalization. For the years ended December 31, 2014 and 2013, the Company capitalized a nominal amount and $0.1 million, respectively.

Option activity as of December 31, 2015 and changes during the year-ended December 31, 2015 were as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2015	2,684,795	$ 15.55	4.10	
Exercised	(10,728)	$ 11.89		$ 18,989
Forfeited/Expired	(50,000)	$ 20.61		
Outstanding at December 31, 2015	2,624,067	$ 15.47	3.12	-
Vested/Exercisable at December 31, 2015	2,624,067	$ 15.47	3.12	-

401(k) Plan

The Company sponsors a 401(k) defined contribution plan for its employees. Each employee may contribute up to 100% of annual compensation, subject to specific limitations under the Internal Revenue Code. At its discretion, the Company can make matching contributions equal to a percentage of the employee's elective contribution and profit sharing contributions. Employees automatically vest in employer contributions. Beginning in 2016, the Company will begin funding its 401(k) contributions annually and plan participants must be employed as of December 31st in order to receive contributions, except for employees eligible for qualifying retirement, as defined under the Internal Revenue Code. Retiring employees will receive contributions at the time of their retirement. The Company contributions were $0.4 million in each of 2015, 2014 and 2013.

Restricted Share Awards

As of December 31, 2015, 506,147 restricted shares were outstanding under the Equity Incentive Plan and vest over three years from the initial grant dates. The remaining compensation expense to be recognized at December 31, 2015 was approximately $2.4 million, and is expected to be recognized over a weighted average remaining vesting period of 1.6 years. During 2015, the Company recognized compensation expense related to outstanding restricted shares of $2.4 million, of which $0.7 million was capitalized as part of the Company's review of employee salaries eligible for capitalization. For the years ended December 31, 2014 and 2013, the Company recognized $2.7 million (of which $0.6 million was capitalized) and $3.2 million (of which $0.6 million was capitalized), respectively, of compensation expense included in general and administrative expense in the respective periods related to outstanding restricted shares.

The following table summarizes the Company's restricted share activity during the year-ended December 31, 2015:

	Shares	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested at January 1, 2015	540,066	$ 12.21	
Granted	186,791	15.67	$ 2,927,538
Vested	(219,312)	11.78	$ 3,272,381
Forfeited	(1,398)	14.33	
Non-vested at December 31, 2015	506,147	$ 14.50	$ 6,913,968

On February 23, 2015 and March 10, 2015, the Compensation Committee of the Parent Company's Board of Trustees awarded restricted shares, of which119,136 cliff vest after three years from the grant date and 33,649 vest ratably over two years. On May 28, 2015,the Compensation Committee of the Parent Company's Board of Trustees awarded 34,006 restricted shares which vest ratably over three years. Restricted shares that cliff vest are subject to acceleration upon a change in control or if the recipient of the award were to die, become disabled or, in certain cases, retire in a qualifying retirement. Qualifying retirement generally means the recipient's voluntary termination of employment after reaching at least age 57 and accumulating at least 15 years of service with the Company. In accordance with the accounting standard for stock-based compensation, the Company amortizes stock-based compensation costs through the qualifying retirement dates for those executives who meet the conditions for qualifying retirement during the scheduled vesting period.

Restricted Performance Share Units Plan

The Compensation Committee of the Parent Company's Board of Trustees has granted performance share-based awards (referred to as Restricted Performance Share Units, or RPSUs) to officers of the Parent Company. The RPSUs are settled in common shares, with the number of common shares issuable in settlement determined based on the Company's total shareholder return over specified

measurement periods compared to total shareholder returns of comparative groups over the measurement periods. The table below presents certain information as to unvested RPSU awards.

	RPSU Grant				
	2/25/2013	3/11/2014	3/12/2014	2/23/2015	Total
(Amounts below in shares, unless otherwise noted)					
Non-vested at January 1, 2015	199,577	130,717	61,720	-	392,014
Units Granted	-	-	-	186,395	186,395
Units Accelerated for Qualifying Retirement	(8,255)	(7,562)	-	(7,003)	(22,820)
Non-vested at December 31, 2015	191,322	123,155	61,720	179,392	555,589
Measurement Period Commencement Date	1/1/2013	1/1/2014	1/1/2014	1/1/2015	
Measurement Period End Date	12/31/2015	12/31/2016	12/31/2016	12/31/2017	
Units Granted	231,093	134,284	61,720	186,395	
Fair Value of Units on Grant Date (in thousands)	$ 4,137	$ 2,624	$ 1,225	$ 3,933	

The Company values each RPSU on its grant date using a Monte Carlo simulation. The fair values of each award are being amortized over the three year cliff vesting period. The vesting of RPSUs is subject to acceleration upon a change in control or if the recipient of the award were to die, become disabled or retire in a qualifying retirement prior to the vesting date. In accordance with the accounting standard for stock-based compensation, the Company amortizes stock-based compensation costs through the qualifying retirement date for those executives who meet the conditions for qualifying retirement during the schedule vesting period.

For the year ended December 31, 2015, the Company recognized total compensation expense for the 2015, 2014 and 2013 RPSU awards of $4.2 million, of which $1.2 million was capitalized consistent with the Company's policies for capitalizing eligible portions of employee compensation. For the year ended December 31, 2014, the Company recognized total compensation expense for the 2014, 2013 and 2012 RPSU awards of $3.2 million, of which $1.1 million was capitalized consistent with the Company's policies for capitalizing eligible portions of employee compensation. For the year ended December 31, 2013, the Company recognized total compensation expense for the 2013, 2012 and 2011 RPSU awards of $4.4 million, of which $0.8 million was capitalized consistent with the Company's policies for capitalizing eligible portions of employee compensation.

The remaining compensation expense to be recognized at December 31, 2015 was approximately $2.0 million, and is expected to be recognized over a weighted average remaining vesting period of 1.0 year.

The Company issued 486,056 common shares on February 1, 2015 in settlement of RPSUs that had been awarded on March 1, 2012 (with a three-year measurement period ended December 31, 2014). Holders of these RPSUs also received a cash dividend of $0.15 per share for these common shares on February 6, 2015.

Employee Share Purchase Plan

The Parent Company's shareholders approved the 2007 Non-Qualified Employee Share Purchase Plan (the "ESPP"), which is intended to provide eligible employees with a convenient means to purchase common shares of the Parent Company through payroll deductions and voluntary cash purchases at an amount equal to 85% of the average closing price per share for a specified period. Under the plan document, the maximum participant contribution for the 2015 plan year is limited to the lesser of 20% of compensation or $50,000. The ESPP allows the Parent Company to make open market purchases, which reflects all purchases made under the plan to date. In addition, the number of shares separately reserved for issuance under the ESPP is 1.25 million. During the year ended December 31, 2015, employees made purchases under the ESPP of $0.5 million and the Company recognized $0.1 million of compensation expense related to the ESPP. During the years ended December 31, 2014 and 2013, employees made purchases under the ESPP of $0.4 million and the Company recognized $0.1 million of compensation expense related to the ESPP. Compensation expense represents the 15% discount on the purchase price. The Board of Trustees of the Parent Company may terminate the ESPP at its sole discretion at any time.

Deferred Compensation

In January 2005, the Parent Company adopted a Deferred Compensation Plan (the "Plan") that allows trustees and certain key employees to voluntarily defer compensation. Compensation expense is recorded for the deferred compensation and a related liability is recognized. Participants may elect designated benchmark investment options for the notional investment of their deferred compensation. The deferred compensation obligation is adjusted for deemed income or loss related to the investments selected. At the time the participants defer compensation, the Company records a liability, which is included in the Company's consolidated balance sheet. The liability is adjusted for changes in the market value of the participant-selected investments at the end of each accounting period, and the impact of adjusting the liability is recorded as an increase or decrease to compensation cost.

The Company has purchased mutual funds which can be utilized as a funding source for the Company's obligations under the Plan. Participants in the Plan have no interest in any assets set aside by the Company to meet its obligations under the Plan. For each of the years ended December 31, 2015 and December 31, 2014, the Company recorded a nominal amount of deferred compensation costs, net of investments in the company-owned policies and mutual funds. For the year ended December 31, 2013, the Company recorded a net increase in compensation costs of $0.2 million, net of investments in the company-owned policies and mutual funds.

Participants in the Plan may elect to have all or a portion of their deferred compensation invested in the Company's common shares. The Company holds these shares in a rabbi trust, which is subject to the claims of the Company's creditors in the event of the Company's bankruptcy or insolvency. The Plan does not permit diversification of a participant's deferral allocated to the Company common shares and deferrals allocated to Company common shares can only be settled with a fixed number of shares. In accordance with the accounting standard for deferred compensation arrangements where amounts earned are held in a rabbi trust and invested, the deferred compensation obligation associated with the Company's common shares is classified as a component of shareholder's equity and the related shares are treated as shares to be issued and are included in total shares outstanding. At December 31, 2015 and 2014, 0.7 million and 0.4 million of such shares, respectively, were included in total shares outstanding. Subsequent changes in the fair value of the common shares are not reflected in operations or shareholders' equity of the Company.

15. DISTRIBUTIONS

The following table provides the tax characteristics of the 2015, 2014 and 2013 distributions:

	Years ended December 31,		
	2015	2014	2013
	(in thousands, except per share amounts)		
Common Share Distributions:			
Ordinary income	$ 0.36	$ 0.41	$ 0.52
Capital gain	0.14	0.02	-
Non-taxable distributions	0.10	0.17	0.08
Distributions per share	$ 0.60	$ 0.60	$ 0.60
Percentage classified as ordinary income	59.10%	69.00%	87.00%
Percentage classified as capital gain	23.50%	3.30%	-%
Percentage classified as non-taxable distribution	17.40%	27.70%	13.00%
Preferred Share Distributions:			
Total distributions declared	$ 6,900	$ 6,900	$ 6,900
Percentage classified as ordinary income	100.00%	100.00%	100.00%

16. TAX CREDIT TRANSACTIONS

Historic Tax Credit Transaction

On November 17, 2008, the Company closed a transaction with US Bancorp ("USB") related to the historic rehabilitation of the IRS Philadelphia Campus, a 862,692 square foot office building that is 100% leased to the IRS. On August 27, 2010, the Company completed the development of the IRS Philadelphia Campus and the IRS lease commenced. In connection with this completed development project, USB contributed to the Company $64.1 million of total project costs.

In exchange for its contributions to the development of the IRS Philadelphia Campus, USB is entitled to substantially all of the benefits derived from the tax rehabilitation credits available under section 47 of the Internal Revenue Code. USB does not have a material interest in the underlying economics of the property. This transaction includes a put/call provision whereby the Company may be obligated or entitled to repurchase USB's interest in the IRS Philadelphia Campus. The put option was exercised on September 30, 2015 and USB's interest in the IRS Philadelphia Campus was assigned to the Company. A purchase price of $3.2 million was attributed to that puttable non-controlling interest obligation, which was funded with available corporate funds. Upon exercise of the put option, the Company funded USB's final 2% preferred return of $1.0 million.

Based on the contractual arrangements that obligate the Company to deliver tax benefits and provide other guarantees to USB and that entitle the Company through fee arrangements to receive substantially all available cash flow from the IRS Philadelphia Campus, the Company concluded that the IRS Philadelphia Campus should be consolidated. The Company also concluded that capital contributions received from USB, in substance, are consideration that the Company receives in exchange for its obligation to deliver tax credits and other tax benefits to USB. These receipts other than the amounts allocated to the put obligation will be recognized as revenue in the consolidated financial statements beginning when the obligation to USB is relieved which occurs upon delivery of the expected tax benefits net of any associated costs. The tax credit is subject to 20% recapture per year beginning one year after the completion of the IRS Philadelphia Campus. Beginning September 2011 to September 2015, the Company recognized the cash

received as revenue net of allocated expenses over the five year credit recapture period as defined in the Internal Revenue Code within other income (expense) in its consolidated statement of operations. The fifth and final recapture period ended September 30, 2015 and the Company recognized $11.9 million of cash received as revenue, net of $0.5 million of allocated expenses within other income (expense) it its consolidated statement of operations. As of December 31, 2015, there were no USB contributions presented in the Company's balance sheet. As of December 31, 2014 there were $15.1 million total USB contributions presented in the Company's balance sheet. The contributions were recorded net of the amounts allocated to non-controlling interest for 2014, as described above of $3.0 million at year end December 31, 2014, with the remaining balance presented within deferred income.

Direct and incremental costs incurred in structuring the transaction are deferred and will be recognized as expense in the consolidated financial statements upon the recognition of the related revenue as discussed above. There were no deferred costs at December 31, 2015. At December 31, 2014, there were $0.5 million of deferred costs recognized and included in other assets in the Company's consolidated balance sheet. Amounts included in interest expense related to the accretion of the non-controlling interest liability and the 2% return expected to be paid to USB on its non-controlling interest aggregates to $1.1 million for the year ended December 31, 2015 and $1.4 million for each of the years ended December 31, 2014 and 2013.

New Markets Tax Credit Transaction

On December 30, 2008, the Company entered into a transaction with USB related to the Cira South Garage in Philadelphia, Pennsylvania and expects to receive a net benefit of $8.0 million under a qualified New Markets Tax Credit Program ("NMTC"). The NMTC was provided for in the Community Renewal Tax Relief Act of 2000 (the "Act") and is intended to induce investment capital in under-served and impoverished areas of the United States. The Act permits taxpayers (whether companies or individuals) to claim credits against their Federal income taxes for up to 39% of qualified investments in qualified, active low-income businesses or ventures.

USB contributed $13.3 million into the development of the Cira South Garage and as such it is entitled to substantially all of the benefits derived from the tax credit, but it does not have a material interest in the underlying economics of the Cira South Garage. This transaction also includes a put/call provision whereby the Company may be obligated or entitled to repurchase USB's interest. The Company believes the put will be exercised and an amount attributed to that obligation is included in other liabilities and is being accreted to the expected fixed put price. The said put price is insignificant.

Based on the contractual arrangements that obligate the Company to deliver tax benefits and provide various other guarantees to USB, the Company concluded that the investment entities established to facilitate the NMTC transaction should be consolidated. There were no USB contributions presented in the Company's balance sheet at December 31, 2015. At December 31, 2014, the total USB contributions presented in the Company's balance sheet were $13.0 million. The contributions were recorded net of direct and incremental costs incurred in structuring the transaction are deferred and will be recognized as expense in the consolidated financial statements upon the recognition of the related revenue as discussed above. There were no deferred costs included within other assets on the balance sheet as of December 31, 2015. The deferred cost included within other assets on the balance sheet was $5.3 million as of December 31, 2014.

The USB contribution other than the amount allocated to the put obligation was recognized as income in the consolidated financial statements when the tax benefits were delivered on December 30, 2015 without risk of recapture to the tax credit investors and the Company's obligation is relieved. The NMTC is subject to 100% recapture for a period of seven years from the date that construction of the Cira South Garage commenced as provided in the Internal Revenue Code. The Company recognized the $8.1 million of net cash received as revenue within tax credit transaction income in the year ended December 31, 2015. The Company expects that the put/call provision will be exercised in 2017.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table details the components of accumulated other comprehensive income (loss) of the Parent Company and the Operating Partnership as of and for the three years ended December 31, 2015 (in thousands):

Parent Company	Cash Flow Hedges
Balance at January 1, 2013	$ (15,918)
Change during year	12,789
Allocation of unrealized (gains)/losses on derivative financial instruments to non-controlling interests	(152)
Reclassification adjustments for (gains)/losses reclassified into operations	286
Balance at December 31, 2013	$ (2,995)
Change during year	(1,190)
Allocation of unrealized (gains)/losses on derivative financial instruments to non-controlling interests	18
Settlement of interest rate swaps	(828)
Reclassification adjustments for (gains)/losses reclassified into operations	388
Balance at December 31, 2014	$ (4,607)
Change during year	(1,010)
Allocation of unrealized (gains)/losses on derivative financial instruments to non-controlling interests	5
Reclassification adjustments for (gains)/losses reclassified into operations	420
Balance at December 31, 2015	$ (5,192)

Operating Partnership	Cash Flow Hedges
Balance at January 1, 2013	$ (16,452)
Change during year	12,789
Reclassification adjustments for (gains)/losses reclassified into operations	286
Balance at December 31, 2013	$ (3,377)
Change during year	(1,190)
Settlement of interest rate swaps	(828)
Reclassification adjustments for (gains)/losses reclassified into operations	388
Balance at December 31, 2014	$ (5,007)
Change during year	(1,010)
Reclassification adjustments for (gains)/losses reclassified into operations	420
Balance at December 31, 2015	$ (5,597)

Over time, the unrealized gains and losses held in Accumulated Other Comprehensive Income (“AOCI”) will be reclassified to interest expense when the related hedged items are recognized in earnings. The current balance1 held in AOCI is expected to be reclassified to interest expense for realized losses on forecasted debt transactions over the related term of the debt obligation, as applicable. The Company expects to reclassify $1.1 million from AOCI into interest expense within the next twelve months.

18. SEGMENT INFORMATION

During the year ended December 31, 2015, the Company managed its portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District (CBD), (3) Metropolitan Washington, D.C., (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California. The Pennsylvania segment includes properties in Chester, Delaware, and Montgomery counties in the Philadelphia suburbs. The Philadelphia CBD segment includes properties located in the City of Philadelphia in Pennsylvania. The Metropolitan Washington, D.C. segment includes properties in the District of Columbia, Northern Virginia and southern Maryland. The New Jersey/Delaware segment includes properties in Burlington and Camden counties in New Jersey and in

New Castle county in the state of Delaware. The Richmond, Virginia segment includes properties primarily in Albemarle, Chesterfield, Goochland and Henrico counties and one property in Durham, North Carolina. The Austin, Texas segment includes properties in the City of Austin, Texas. The California segment includes properties in Oakland and Concord, California. 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 are 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 for the three years ended December 31, 2015, 2014 and 2013 (in thousands):

Real estate investments, at cost:

	December 31, 2015	December 31, 2014	December 31, 2013
Philadelphia CBD (a)	$ 1,157,667	$ 1,338,655	$ 1,300,666
Pennsylvania Suburbs (b)	1,019,280	1,178,470	1,199,105
Metropolitan Washington, D.C. (b)	1,129,206	1,183,652	1,214,965
New Jersey/Delaware (b)	154,326	392,581	414,716
Richmond, Virginia (b)	-	317,076	310,397
California	68,003	193,258	192,584
Austin, Texas (c)	164,518	-	36,856
	$ 3,693,000	$ 4,603,692	$ 4,669,289
Assets held for sale (a), (b)	794,588	27,436	-
Operating Properties	$ 4,487,588	$ 4,631,128	$ 4,669,289
Corporate			
Construction-in-progress	$ 268,983	$ 201,360	$ 74,174
Land inventory	$ 130,479	$ 90,603	$ 93,351

(a) As of December 31, 2015, 2970 Market Street was classified as held for sale on the consolidated balance sheets. The property was sold on February 5, 2016. See Note 21, "*Subsequent Events*," for further information. The sale is not classified as a significant disposition under the accounting guidance for discontinued operations.

(b) As of December 31, 2015, the 58 properties associated with the transaction with Och Ziff Real Estate were classified as held for sale on the consolidated balance sheets. On February 4, 2016, the Company completed a series of transactions resulting in the disposition of the properties. See Note 21, *"Subsequent Events,"* for further information regarding the disposition. The sale is not classified as a significant disposition under the accounting guidance for discontinued operations

(c) On June 22, 2015 the Company acquired the remaining 50.0% of the common interest in Broadmoor Austin Associates. As such, the Company has seven wholly owned properties in its Austin, Texas business segment at December 31, 2015. See Note 3, *"Real Estate Investments,"* for further information regarding this transaction.

	Years ended December 31,								
	2015			2014			2013		
	Total revenue	Operating expenses (a)	Net operating income	Total revenue	Operating expenses (a)	Net operating income	Total revenue	Operating expenses (a)	Net Operating income
Philadelphia CBD	$ 209,298	$ (77,352)	$ 131,946	$ 201,809	$ (75,262)	$ 126,547	$ 146,081	$ (55,702)	$ 90,379
Pennsylvania Suburbs	158,398	(57,319)	101,079	160,630	(55,062)	105,568	153,426	(54,506)	98,920
Metropolitan Washington, D.C.	110,657	(44,294)	66,363	113,834	(43,399)	70,435	116,048	(42,641)	73,407
New Jersey/Delaware	47,726	(26,854)	20,872	60,403	(31,650)	28,753	60,262	(29,981)	30,281
Richmond, Virginia	36,486	(15,073)	21,413	34,180	(15,399)	18,781	35,058	(14,916)	20,142
California	14,587	(7,677)	6,910	19,388	(10,165)	9,223	18,369	(9,411)	8,958
Austin, Texas (b)	20,910	(8,010)	12,900	5,610	(3,223)	2,387	31,451	(13,298)	18,153
Corporate	4,569	(1,508)	3,061	1,128	(1,805)	(677)	1,515	(1,314)	201
Operating Properties	$ 602,631	$ (238,087)	$ 364,544	$ 596,982	$ (235,965)	$ 361,017	$ 562,210	$ (221,769)	$ 340,441

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

(b) On June 22, 2015 the Company acquired the remaining 50.0% of the common interest in Broadmoor Austin Associates. As such, the Company has seven wholly owned properties in its Austin, Texas business segment at December 31, 2015. See Note 3, *"Real Estate Investments,"* for further information regarding these transactions.

Unconsolidated real estate ventures:

	Investment in real estate ventures, at equity			Equity in income (loss) of real estate ventures		
	As of			Years ended December 31,		
	December 31, 2015	December 31, 2014	December 31, 2013	2015	2014	2013
Philadelphia CBD (a)	$ 44,089	$ 27,137	$ 19,975	$ (188)	$ 46	$ 1,547
Pennsylvania Suburbs	16,408	17,385	17,272	310	(777)	925
Metropolitan Washington, D.C. (b)	118,422	73,127	59,905	(336)	(317)	130
New Jersey/Delaware	-	-	-	348	989	1,245
Richmond, Virginia	1,657	1,574	1,400	582	349	381
Austin, Texas (c) (d)	60,428	105,781	81,960	(1,527)	(1,080)	(564)
Total	$ 241,004	$ 225,004	$ 180,512	$ (811)	$ (790)	$ 3,664

(a) evo at Cira was placed into service during the third quarter ended September 30, 2014.

(b) Investment in real estate ventures as of December 31, 2015 includes the JBG Ventures, which were formed on May 29, 2015.

(c) Investment in real estate ventures does not include the $1.1 million and $1.2 million negative investment balance in one real estate venture as of December 31, 2015 and December 31, 2014, respectively, which is included in other liabilities.

(d) On June 22, 2015 the Company acquired the remaining 50.0% of the common interest in Broadmoor Austin Associates. As such, the equity method investment at December 31, 2015 related to the Austin Venture only. See Note 3, "*Real Estate Investments*," for further information regarding the purchase of Broadmoor Austin Associates.

Net operating income ("NOI") is defined as total revenue less property operating expenses, real estate taxes and third party management expenses. Segment NOI includes revenue, real estate taxes and property operating expenses directly related to operation and management of the properties owned and managed within the respective geographical region. Segment NOI excludes property level depreciation and amortization, revenue and expenses directly associated with third party real estate management and development services, expenses associated with corporate administrative support services, and inter-company eliminations. NOI also does not reflect general and administrative expenses, interest expenses, real estate impairment losses, depreciation and amortization costs, capital expenditures and capitalized leasing costs. Trends in development and construction activities that could materially impact the Company's results from operations are also not reflected in NOI. All companies may not calculate NOI in the same manner. NOI is the measure that is used by the Company to evaluate the operating performance of its real estate assets by segment. The Company also believes that NOI provides useful information to investors regarding its financial condition and results of operations because it reflects only those income and expenses recorded at the property level. The Company believes that net income, as defined by GAAP, is an appropriate earnings measure. The following is a reconciliation of consolidated NOI to consolidated net income, as defined by GAAP:

	Years Ended December 31,		
	2015	2014	2013
Consolidated net operating income	$ 364,544	$ 361,017	$ 340,441
Less:			
Interest expense	(110,717)	(124,329)	(121,937)
Interest expense - amortization of deferred financing costs	(4,557)	(5,148)	(4,676)
Interest expense - financing obligation	(1,237)	(1,144)	(972)
Depreciation and amortization	(219,029)	(208,569)	(197,021)
General and administrative expenses	(29,406)	(26,779)	(27,628)
Equity in income (loss) of real estate ventures	(811)	(790)	3,664
Provision for impairment	(82,208)	(1,765)	-
Plus:			
Interest income	1,224	3,974	1,044
Tax credit transaction income	19,955	11,853	11,853
Recognized hedge activity	-	(828)	-
Net gain from remeasurement of investments in real estate ventures	758	458	6,866
Net gain on sales of interests in real estate	20,496	4,901	-
Net gain (loss) on sale of undepreciated real estate	3,019	1,184	(137)
Net gain (loss) on real estate venture transactions	7,229	(417)	29,604
Loss on early extinguishment of debt	-	(7,594)	(2,119)
Income (loss) from continuing operations	(30,740)	6,024	38,982
Income from discontinued operations	-	918	4,207
Net income (loss)	$ (30,740)	$ 6,942	$ 43,189

19. OPERATING LEASES

The Company leases properties to tenants under operating leases with various expiration dates extending to 2030. Minimum future rentals on non-cancelable leases at December 31, 2015 are as follows (in thousands):

Year	Minimum Rent
2016	$ 448,798
2017	425,828
2018	394,055
2019	349,315
2020	307,163
Thereafter	1,500,760

Total minimum future rentals presented above do not include amounts to be received as tenant reimbursements for operating costs.

20. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is involved from time to time in litigation on various matters, including disputes with tenants 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 we determine 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, the Company has funded required leasing and capital reserve accounts for the benefit of the mortgage lenders with letters-of-credit. There is an associated $10.0 million letter of credit for a mortgage lender at December 31, 2015. There were no mortgage lenders with letters of credit at December 31, 2014. 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

Future minimum rental payments under the terms of all non-cancellable ground leases under which the Company is the lessee are expensed on a straight-line basis regardless of when payments are due. The Company's ground leases have remaining lease terms ranging from 5 to 73 years. Minimum future rental payments on non-cancelable leases at December 31, 2015 are as follows (in thousands):

Year	Minimum Rent
2016	$ 1,385
2017	1,385
2018	1,385
2019	1,385
2020	1,385
Thereafter	67,229
Total	$ 74,154

The Company obtained ground tenancy rights related to two 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 future minimum rental payments does not include any contingent rent amounts or any reimbursed expenses.

Other Commitments or Contingencies

As part of the Company's September 2004 acquisition of a portfolio of properties from The Rubenstein Company (which the Company refers to as the "TRC acquisition"), the Company acquired its interest in Two Logan Square, a 708,844 square foot office building in Philadelphia, primarily through its ownership of a second and third mortgage secured by this property. This property is consolidated, as the borrower is a variable interest entity and the Company, through its ownership of the second and third mortgages, is the primary beneficiary. The Company currently does not expect to take title to Two Logan Square until, at the earliest, September 2019. If the Company takes fee title to Two Logan Square upon a foreclosure of its mortgage, the Company has agreed to pay an unaffiliated third party that holds a residual interest in the fee owner of this property an amount equal to $2.9 million. On the TRC acquisition date, the Company recorded a liability of $0.7 million and this amount will accrete up to $2.9 million through September 2019. As of December 31, 2015, the Company had a balance of $2.0 million for this liability in its consolidated balance sheet.

As part of the Company's 2006 merger with Prentiss Properties Trust ("Prentiss"), the 2004 TRC acquisition and several of our other transactions, the Company agreed not to sell certain of the properties it acquired in transactions that would trigger taxable income to the former owners. In the case of the TRC acquisition, the Company agreed not to sell acquired properties in non-exempt transactions for periods up to 15 years from the date of the TRC acquisition as follows at December 31, 2015: One Logan Square, Two Logan Square and Radnor Corporate Center (January, 2020). In the Prentiss acquisition, the Company assumed the obligation of Prentiss not to sell Concord Airport Plaza before March, 2018. The Company's agreements generally provide that it may dispose of the subject properties only in transactions that qualify as tax-free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. If the Company were to sell a restricted property before expiration of the restricted period in a non-exempt transaction, the Company may be required to make significant payments to the parties who sold the applicable property on account of tax liabilities attributed to them. Similarly, as part of the 2013 acquisition of substantially all of the equity interests in the partnerships that own One and Two Commerce Square, the Company agreed, for the benefit of affiliates of the holder of the 1% residual ownership interest in these properties, to not sell these two properties in certain taxable transactions prior to October 20, 2021 without the holder's consent.

As part of the Company's acquisition of properties from time to time in tax-deferred transactions, the Company has agreed to provide certain of the prior owners of the acquired properties with the right to guarantee the Company's indebtedness. If the Company were to seek to repay the indebtedness guaranteed by the prior owner before the expiration of the applicable agreement, the Company would be required to provide the prior owner an opportunity to guaranty qualifying replacement debt. These debt maintenance agreements may limit the Company's ability to refinance indebtedness on terms favorable to the Company. As part of our 2013 acquisition of substantially all of the equity interests in the partnerships that own One and Two Commerce Square, the Company agreed, for the benefit of affiliates of the holder of the 1% residual ownership interest in these properties, to maintain qualifying mortgage debt through October 20, 2021, in the amounts of not less than $125.0 million on One Commerce Square and $100.0 million on Two Commerce Square. Similarly, the Company has agreements in place with other contributors of assets that obligate it to maintain debt available for them to guaranty.

In connection with the development of the IRS Philadelphia Campus and the Cira South Garage, during 2008, the Company entered into a historic tax credit and new markets tax credit arrangement, respectively. The Company is required to be in compliance with various laws, regulations and contractual provisions that apply to its historic and new market tax credit arrangements. Non-compliance with applicable requirements could result in projected tax benefits not being realized and therefore, require a refund to US Bancorp or a reduction of investor capital contributions, which are reported as deferred income in the Company's consolidated balance sheet, until such time as its obligation to deliver tax benefits is relieved. The remaining compliance periods for its tax credit arrangements expired on December 30, 2015. The Company does not anticipate that any material refunds or reductions of investor capital contributions will be required in connection with these arrangements.

On December 3, 2015, the Company entered into an agreement as development manager to construct Subaru of America's ("Subaru") corporate headquarters in Camden, New Jersey. The agreement provides the Company with the ability to earn additional profit if total project costs are less than the not-to-exceed ("NTE") amount. The NTE amount, currently at $77.3 million, may be adjusted by change orders agreed upon by both Subaru and the Company. If construction costs are in excess of the NTE amount, the Company is obligated to pay such cost overruns. The terms of the guarantee do not provide a limitation on the costs the Company may be responsible for.

The Company invests in its properties and regularly incurs capital expenditures in the ordinary course 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.

21. SUBSEQUENT EVENTS

30th Street Main Post Office Sale

On February 5, 2016, the Company completed the disposition of its equity interests in the office property located at 2970 Market Street in Philadelphia, Pennsylvania commonly known as 30th Street Main Post Office ("Cira Square"),for a gross sales price of $354.0 million. Cira Square, which contains 862,692 net rentable square feet of office space and is fully leased to a single tenant, was encumbered by mortgage indebtedness at December 31, 2015 (referred to in Note 7, *"Debt Obligations,"* as IRS Philadelphia Campus – Mortgage Debt). After the payment of $3.7 million of closings costs at settlement, the Company received net proceeds of $350.3 million and recognized a gain on sale of $113.4 million.

On January 14, 2016, the Company funded $221.4 million, consisting of $176.8 million of principal repayment, $44.5 million in prepayment charges and $0.1 million of accrued interest, in repayment of the mortgage indebtedness of Cira Square, ahead of its scheduled maturity date of September 10, 2030. Also on January 14, 2016, the Company funded $44.5 million, consisting of $35.4 million of principal repayment, $8.9 million in prepayment charges and a nominal amount of accrued interest, in repayment of the mortgage indebtedness of the Cira South Garage, ahead of its scheduled maturity date of September 10, 2030. The repayment was

financed with funds available under the unsecured revolving credit facility. Additionally, the Company recognized a loss on extinguishment of debt in the amount of $13.2 million related to a non-cash charge for deferred financing costs. The Company intends to use the net proceeds from the Cira Square sale, net of the early mortgage payoffs,to reduce debt, fund current development commitments and for general corporate purposes.

The transaction agreements provide for the purchaser to engage the Company's management company subsidiary to provide customary property management services for the property with an annual management fee (exclusive of expense reimbursement) not to exceed 1.5% of annual gross revenues of the property. The Company's agreement is for a ten-year term, subject to early termination by the purchaser in the event that the Company fails to fulfill its obligations at any time during the term of the agreement or upon sale by the purchaser of the property. If the purchaser terminates the agreement within seven years of the management agreement commencement date the Company shall be entitled to a termination fee in an amount equal to the management fee that would have been paid to the Company for the remainder of the seven-year term had such termination not occurred.

Och Ziff Sale

On February 4, 2016, the Company received $353.4 million in cash proceeds from a series of related transactions with affiliates of Och Ziff Capital Management Group LLC ("Och Ziff") that resulted in the disposition of 58 properties that contain an aggregate of 3,924,783 square feet. The properties are located in the Pennsylvania Suburbs, New Jersey/Delaware, Metropolitan Washington, D.C. and Richmond, Virginia segments. The transactions involved: (i) the sale to MAP Fee Owner LLC, an affiliate of Och-Ziff (the "O-Z Land Purchaser"), 100% of the Company's fee interests in the land parcels (the "Land Parcels") underlying the office properties, together with rights to be the lessor under long-term ground leases (the "Ground Leases") covering the Land Parcels; (ii) the Company's formation of a joint venture (the "Venture") with MAP Ground Lease Owner LLC, an affiliate of Och-Ziff (the "O-Z Venture Partner"), and the Company's sale to the Venture of the office buildings and related improvements (the "Buildings") situated on the Land Parcels; and (iii) the retention of a non-controlling equity interest in the Venture.

The transaction agreements provide for the Venture to engage a subsidiary of the Company to provide customary property management services in an amount equal to 2.5% of gross rental receipts. The initial term is through December 31, 2016 and is renewed automatically each year unless terminated. The Company may be terminated without cause, subject to a ninety day notification.

The Company intends to use the net cash proceeds that it received in the transaction for general corporate purposes, including to reduce its outstanding debt and fund current development commitments.

Based upon the facts and circumstances at formation of the Venture, the Company determined that the Venture is a VIE in accordance with the accounting standard for the consolidation of VIEs. As a result, the Company used the variable interest model under the accounting standard for consolidation in order to determine whether to consolidate the Venture. Based upon each member's power to control the activities that most significantly impact the economics of the Venture under the operating and related agreements of the Venture, it is accounted for under the equity method of accounting.

Reportable Segments

During the year ended December 31, 2015, the Company was managing its portfolio within seven segments: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington, D.C., (4) New Jersey/Delaware, (5) Richmond, Virginia, (6) Austin, Texas and (7) California. As a result of the Och Ziff Sale that occurred on February 4, 2016, the Company has narrowed its segments to four core markets located in: (1) Pennsylvania Suburbs, (2) Philadelphia Central Business District ("CBD"), (3) Metropolitan Washington, D.C. and (4) Austin, Texas. The Och Ziff Sale disposed of the entire Richmond, Virginia segment. Subsequent to the Och Ziff Sale, the segments previously defined as New Jersey/Delaware and California will be managed as a consolidated segment entitled "Other," as these geographies no longer provide a significant revenue contribution. Accordingly, the chief operating decision maker is revising the management structure and allocating more resources to the four core markets beginning January 1, 2016.

The Company has evaluated subsequent events through the date the financial statements were issued.

22. SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

The following is a summary of quarterly financial information as of and for the years ended December 31, 2015 and 2014 (in thousands, except per share data):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2015				
Total revenue	$ 150,406	$ 145,648	$ 152,585	$ 153,992
Net income (loss)	8,594	3,058	20,308	(62,700)
Net income (loss) allocated to Common Shares	6,710	1,255	18,346	(63,941)
Basic earnings (loss) per Common Share	$ 0.04	$ 0.01	$ 0.10	$ (0.37)
Diluted earnings (loss) per Common Share	$ 0.04	$ 0.01	$ 0.10	$ (0.37)
2014				
Total revenue	$ 152,114	$ 150,500	$ 146,558	$ 147,810
Net income (loss)	(2,245)	2,174	8,882	(1,869)
Net income (loss) allocated to Common Shares	(4,041)	385	6,967	(3,585)
Basic earnings (loss) per Common Share	$ (0.03)	$ -	$ 0.04	$ (0.02)
Diluted earnings (loss) per Common Share	$ (0.03)	$ -	$ 0.04	$ (0.02)

The summation of quarterly earnings per share amounts do not necessarily equal the full year amounts due to rounding.

Brandywine Realty Trust and Brandywine Operating Partnership, L.P.
Schedule II
Valuation and Qualifying Accounts
(in thousands)

Description	Balance at Beginning of Year	Additions	Deductions (1)	Balance at End of Year
Allowance for doubtful accounts:				
Year-ended December 31, 2015	$ 15,347	$ 2,640	$ 1,809	$ 16,178
Year-ended December 31, 2014	$ 16,248	$ 790	$ 1,691	$ 15,347
Year-ended December 31, 2013	$ 16,646	$ 1,384	$ 1,782	$ 16,248

(1) Deductions represent amounts that the Company had fully reserved for in prior years and pursuit of collection of such amounts was ceased during the year.

BRANDYWINE REALTY TRUST AND BRANDYWINE OPERATING PARTNERSHIP, L.P.
Schedule III
Real Estate and Accumulated Depreciation — December 31, 2015
(in thousands)

				Initial Cost			Gross Amount Which Carried December 31, 2015 (c)						
Property Name	City	State	Encumbrances (a)	Land	Building & Improvements	Net Improvements (Retirements) Since Acquisition	Land	Building & Improvements	Total (b)	Accumulated Depreciation at December 31, 2015 (c)	Year of Construction	Year Acquired	Depreciable Life
PENNSYLVANIA SUBURBS													
400 Berwyn Park	Berwyn	PA	-	2,657	4,462	13,383	2,657	17,845	20,502	6,357	1999	1999	40
300 Berwyn Park	Berwyn	PA	-	2,206	13,422	3,896	2,206	17,318	19,524	8,603	1989	1997	40
1050 Westlakes Drive	Berwyn	PA	-	2,611	10,445	5,056	2,611	15,501	18,112	8,686	1984	1999	40
1200 Swedesford Road	Berwyn	PA	-	2,595	11,809	3,533	2,595	15,342	17,937	7,454	1994	2001	40
200 Berwyn Park	Berwyn	PA	-	1,533	9,460	2,178	1,533	11,638	13,171	5,846	1987	1997	40
1180 Swedesford Road	Berwyn	PA	-	2,086	8,342	2,978	2,086	11,320	13,406	3,952	1987	2001	40
100 Berwyn Park	Berwyn	PA	-	1,180	7,290	1,948	1,180	9,238	10,418	4,696	1986	1997	40
1160 Swedesford Road	Berwyn	PA	-	1,781	7,124	6,108	2,045	12,968	15,013	3,689	1986	2001	40
1100 Cassett Road	Berwyn	PA	-	1,695	6,779	1,272	1,695	8,051	9,746	2,847	1997	2001	40
980 Harvest Drive (d), (e)	Blue Bell	PA	-	2,079	8,315	149	1,949	8,594	10,543	3,069	1988	2002	40
910 Harvest Drive (d)	Blue Bell	PA	-	1,225	8,645	(718)	1,225	7,927	9,152	4,822	1990	1998	40
925 Harvest Drive (d)	Blue Bell	PA	-	1,671	6,606	913	1,671	7,519	9,190	3,539	1990	1998	40
920 Harvest Drive (d)	Blue Bell	PA	-	1,208	6,595	(427)	1,208	6,168	7,376	2,892	1990	1998	40
181 Washington Street	Conshohocken	PA	-	6,927	14,722	318	6,237	15,730	21,967	1,215	1999	2013	40
426 Lancaster Avenue	Devon	PA	-	1,689	6,756	376	1,689	7,132	8,821	3,621	1990	1998	40
52 Swedesford Square	East Whiteland Twp.	PA	-	4,241	16,579	1,852	4,241	18,431	22,672	8,115	1988	1998	40
One Progress Drive (d), (e)	Horsham	PA	-	1,399	5,629	3,802	1,127	9,703	10,830	4,883	1986	1996	40
500 Enterprise Drive (d)	Horsham	PA	-	1,303	5,188	3,709	1,303	8,897	10,200	4,624	1990	1996	40
640 Freedom Business Center	King Of Prussia	PA	-	4,222	16,891	4,760	4,222	21,651	25,873	10,262	1991	1998	40
555 Croton Road (d), (e)	King of Prussia	PA	-	4,486	17,943	(228)	4,024	18,177	22,201	7,337	1999	2001	40
630 Allendale Road	King of Prussia	PA	-	2,836	4,028	12,595	2,898	16,561	19,459	6,083	2000	2000	40
620 Freedom Business Center	King Of Prussia	PA	-	2,770	11,014	3,700	2,770	14,714	17,484	8,116	1986	1998	40
1000 First Avenue	King Of Prussia	PA	-	2,772	10,936	1,912	2,772	12,848	15,620	5,898	1980	1998	40
1060 First Avenue	King Of Prussia	PA	-	2,712	10,953	3,585	2,712	14,538	17,250	6,418	1987	1998	40
630 Freedom Business Center	King Of Prussia	PA	-	2,773	11,144	1,991	2,773	13,135	15,908	6,403	1989	1998	40
1020 First Avenue	King Of Prussia	PA	-	2,168	8,576	7,627	2,168	16,203	18,371	7,618	1984	1998	40
1040 First Avenue	King Of Prussia	PA	-	2,860	11,282	5,037	2,860	16,319	19,179	6,079	1985	1998	40
610 Freedom Business Center	King Of Prussia	PA	-	2,017	8,070	2,477	2,017	10,547	12,564	5,363	1985	1998	40
650 Park Avenue	King Of Prussia	PA	-	1,916	4,378	1,655	1,916	6,033	7,949	3,129	1968	1998	40
500 North Gulph Road	King Of Prussia	PA	-	1,303	5,201	1,445	1,303	6,646	7,949	3,577	1979	1996	40
620 Allendale Road	King Of Prussia	PA	-	1,020	3,839	628	1,020	4,467	5,487	2,132	1961	1998	40
600 Park Avenue	King Of Prussia	PA	-	1,012	4,048	385	1,012	4,433	5,445	2,166	1964	1998	40
660 Allendale Road	King Of Prussia	PA	-	396	948	2,957	1,085	3,216	4,301	1,219	2011	1998	40
640 Allendale Road	King of Prussia	PA	-	439	432	1,507	439	1,939	2,378	808	2000	2000	40
14 Campus Boulevard	Newtown Square	PA	-	2,244	4,217	1,533	2,244	5,750	7,994	3,665	1998	1998	40
17 Campus Boulevard	Newtown Square	PA	-	1,108	5,155	(374)	1,108	4,781	5,889	1,939	2001	1997	40
11 Campus Boulevard	Newtown Square	PA	-	1,112	4,067	997	1,112	5,064	6,176	2,116	1998	1999	40
15 Campus Boulevard	Newtown Square	PA	-	1,164	3,896	247	1,164	4,143	5,307	1,519	2002	2000	40
18 Campus Boulevard	Newtown Square	PA	-	787	3,312	478	787	3,790	4,577	1,649	1990	1996	40
401 Plymouth Road	Plymouth Meeting	PA	-	6,199	16,131	16,709	6,199	32,840	39,039	11,265	2001	2000	40
4000 Chemical Road	Plymouth Meeting	PA	-	4,373	24,546	1,484	4,373	26,030	30,403	5,570	2006	2001	40
610 West Germantown Pike	Plymouth Meeting	PA	-	3,651	14,514	3,375	3,651	17,889	21,540	6,508	1987	2002	40
600 West Germantown Pike	Plymouth Meeting	PA	-	3,652	15,288	1,985	3,652	17,273	20,925	5,902	1986	2002	40

Property Name	City	State	Encumbrances (a)	Initial Cost			Gross Amount Which Carried December 31, 2015 (c)						
				Land	Building & Improvements	Net Improvements (Retirements) Since Acquisition	Land	Building & Improvements	Total (b)	Accumulated Depreciation at December 31, 2015 (c)	Year of Construction	Year Acquired	Depreciable Life
630 West Germantown Pike	Plymouth Meeting	PA	-	3,558	14,743	997	3,558	15,740	19,298	5,537	1988	2002	40
620 West Germantown Pike	Plymouth Meeting	PA	-	3,572	14,435	963	3,572	15,398	18,970	5,551	1990	2002	40
660 West Germantown Pike	Plymouth Meeting	PA	-	3,694	5,487	19,418	5,405	23,194	28,599	2,357	1987	2012	30
2240/2250 Butler Pike (d)	Plymouth Meeting	PA	-	1,104	4,627	1,312	1,104	5,939	7,043	3,888	1984	1996	40
2260 Butler Pike (d), (e)	Plymouth Meeting	PA	-	662	2,727	2,009	550	4,848	5,398	2,460	1984	1996	40
120 West Germantown Pike (d)	Plymouth Meeting	PA	-	685	2,773	667	685	3,440	4,125	1,861	1984	1996	40
140 West Germantown Pike (d)	Plymouth Meeting	PA	-	482	1,976	282	482	2,258	2,740	1,181	1984	1996	40
351 Plymouth Road	Plymouth Meeting	PA	-	1,043	555	-	1,043	555	1,598	149	N/A	2000	40
150 Radnor Chester Road	Radnor	PA	-	11,925	36,986	12,574	11,897	49,588	61,485	18,681	1983	2004	29
One Radnor Corporate Center	Radnor	PA	-	7,323	28,613	23,135	7,323	51,748	59,071	21,189	1998	2004	29
201 King of Prussia Road	Radnor	PA	-	8,956	29,811	4,530	8,949	34,348	43,297	16,172	2001	2004	25
555 Lancaster Avenue	Radnor	PA	-	8,014	16,508	16,414	8,609	32,327	40,936	13,850	1973	2004	24
Four Radnor Corporate Center	Radnor	PA	-	5,406	21,390	14,393	5,705	35,484	41,189	11,578	1995	2004	30
Five Radnor Corporate Center	Radnor	PA	-	6,506	25,525	5,512	6,578	30,965	37,543	9,253	1998	2004	38
Three Radnor Corporate Center	Radnor	PA	-	4,773	17,961	2,540	4,791	20,483	25,274	9,029	1998	2004	29
Two Radnor Corporate Center	Radnor	PA	-	3,937	15,484	3,883	3,942	19,362	23,304	7,797	1998	2004	29
130 Radnor Chester Road	Radnor	PA	-	2,573	8,338	3,483	2,567	11,827	14,394	4,895	1983	2004	25
170 Radnor Chester Road	Radnor	PA	-	2,514	8,147	2,486	2,509	10,638	13,147	3,488	1983	2004	25
200 Radnor Chester Road	Radnor	PA	-	3,366	-	3,583	3,366	3,583	6,949	239	2014	2005	40
101 West Elm Street	W. Conshohocken	PA	-	6,251	25,209	3,483	6,251	28,692	34,943	8,481	1999	2005	40
1 West Elm Street	W. Conshohocken	PA	-	3,557	14,249	3,069	3,557	17,318	20,875	4,089	1999	2005	40
PHILADELPHIA CBD													
2970 Market Street (d) (f)	Philadelphia	PA	177,425	22,430	217,763	25,597	22,430	243,360	265,790	34,339	2010	2007	40
2929 Arch Street	Philadelphia	PA	-	-	208,570	27,724	12,586	223,708	236,294	93,087	2005	N/A	40
1717 Arch Street	Philadelphia	PA	-	-	98,188	68,523	25,195	141,516	166,711	26,182	1990	2010	40
2001 Market Street	Philadelphia	PA	112,000	15,323	120,200	17,323	15,323	137,523	152,846	7,332	1992	2013	40
130 North 18th Street	Philadelphia	PA	-	14,496	107,736	27,407	14,473	135,166	149,639	41,218	1998	2004	34
100 North 18th Street	Philadelphia	PA	86,886	16,066	100,255	12,834	16,066	113,089	129,155	33,526	1988	2004	36
2005 Market Street	Philadelphia	PA	130,000	15,161	105,021	14,907	15,161	119,928	135,089	6,783	1987	2013	40
Cira Centre South Garage (f)	Philadelphia	PA	35,546	-	76,008	2,538	-	78,546	78,546	10,467	2010	N/A	40
1900 Market Street	Philadelphia	PA	-	7,768	17,263	17,545	7,768	34,808	42,576	2,093	1981	2012	30
3020 Market Street	Philadelphia	PA	-	-	21,417	7,975	-	29,392	29,392	4,685	1959	2011	26
101 - 103 Juniper Street	Philadelphia	PA	-	-	14,401	324	478	14,247	14,725	2,390	2010	2006	40
Philadelphia Marine Center	Philadelphia	PA	-	532	2,196	3,444	628	5,544	6,172	2,679	Various	1998	40
618-634 Market Street (g)	Philadelphia	PA	-	13,365	5,791	-	13,365	5,791	19,156	869	1966	2015	5
METROPOLITAN WASHINGTON, D.C.													
11720 Beltsville Drive (h)	Beltsville	MD	-	3,831	16,661	(5,279)	1,927	13,286	15,213	6,581	1987	2006	46
11700 Beltsville Drive (h)	Beltsville	MD	-	2,808	12,081	(10,493)	336	4,060	4,396	2,963	1981	2006	46
11710 Beltsville Drive (h)	Beltsville	MD	-	2,278	11,100	(8,534)	534	4,310	4,844	2,560	1987	2006	46
6600 Rockledge Drive	Bethesda	MD	-	-	37,421	10,749	-	48,170	48,170	10,174	1981	2006	50
11740 Beltsville Drive (h)	Bethesda	MD	-	198	870	42	202	908	1,110	233	1987	2006	46
12015 Lee Jackson Memorial Highway (d), (e)	Fairfax	VA	-	3,770	22,895	1,902	3,561	25,006	28,567	7,574	1985	2006	42
11781 Lee Jackson Memorial Highway (d), (e)	Fairfax	VA	-	3,246	19,836	(1,435)	2,615	19,032	21,647	5,512	1982	2006	40
4401 Fair Lakes Court (d), (e)	Fairfax	VA	-	1,569	11,982	(2,098)	990	10,463	11,453	2,766	1988	2006	52
3141 Fairview Park Drive (i)	Falls Church	VA	20,838	5,918	40,981	14,119	7,081	53,937	61,018	11,640	1988	2006	51
2340 Dulles Corner Boulevard	Herndon	VA	-	16,345	65,379	18,280	16,129	83,875	100,004	31,570	1987	2006	40
2291 Wood Oak Drive	Herndon	VA	-	8,243	52,413	12,524	8,782	64,398	73,180	15,294	1999	2006	55
196/198 Van Buren Street	Herndon	VA	-	7,931	43,812	9,059	8,348	52,454	60,802	11,986	1991	2006	53

				Initial Cost			Gross Amount Which Carried December 31, 2015 (c)						
Property Name	City	State	Encumbrances (a)	Land	Building & Improvements	Net Improvements (Retirements) Since Acquisition	Land	Building & Improvements	Total (b)	Accumulated Depreciation at December 31, 2015 (c)	Year of Construction	Year Acquired	Depreciable Life
2251 Corporate Park Drive	Herndon	VA	-	11,472	45,893	3,367	11,472	49,260	60,732	11,204	2000	2006	40
2355 Dulles Corner Boulevard	Herndon	VA	-	10,365	43,876	4,612	10,365	48,488	58,853	13,849	1988	2006	40
2411 Dulles Corner Park	Herndon	VA	-	7,279	46,340	16,028	7,417	62,230	69,647	10,822	1990	2006	50
13880 Dulles Corner Lane	Herndon	VA	-	7,236	39,213	4,556	7,373	43,632	51,005	9,193	1997	2006	55
2121 Cooperative Way	Herndon	VA	-	5,598	38,639	2,688	5,795	41,130	46,925	8,879	2000	2006	54
2201 Cooperative Way	Herndon	VA	-	4,809	34,093	5,317	4,809	39,410	44,219	8,573	1990	2006	54
13825 Sunrise Valley Drive	Herndon	VA	-	3,794	19,365	2,126	3,866	21,419	25,285	5,398	1989	2006	46
1676 International Drive (j)	Mclean	VA	-	18,437	97,538	3,740	18,785	100,930	119,715	19,257	1999	2006	55
8260 Greensboro Drive (j)	Mclean	VA	-	7,952	33,964	2,227	8,102	36,041	44,143	7,898	1980	2006	52
2273 Research Boulevard	Rockville	MD	-	5,167	31,110	4,638	5,237	35,678	40,915	10,292	1999	2006	45
2275 Research Boulevard	Rockville	MD	-	5,059	29,668	7,413	5,154	36,986	42,140	9,057	1990	2006	45
2277 Research Boulevard	Rockville	MD	-	4,649	26,952	17,817	4,733	44,685	49,418	7,715	1986	2006	45
1900 Gallows Road	Vienna	VA	-	7,797	47,817	11,469	7,944	59,139	67,083	13,191	1989	2006	52
8521 Leesburg Pike	Vienna	VA	-	4,316	30,885	5,280	4,397	36,084	40,481	7,393	1984	2006	51
NEW JERSEY/DELAWARE													
200 Lake Drive East	Cherry Hill	NJ	-	2,069	8,275	1,798	2,069	10,073	12,142	3,922	1989	2001	40
220 Lake Drive East	Cherry Hill	NJ	-	2,144	8,798	1,955	2,144	10,753	12,897	3,818	1988	2001	40
210 Lake Drive East	Cherry Hill	NJ	-	1,645	6,579	2,748	1,645	9,327	10,972	3,102	1986	2001	40
20 East Clementon Road	Gibbsboro	NJ	-	769	3,055	401	769	3,456	4,225	1,712	1986	1997	40
10 Foster Avenue	Gibbsboro	NJ	-	244	971	78	244	1,049	1,293	525	1983	1997	40
7 Foster Avenue	Gibbsboro	NJ	-	231	921	123	231	1,044	1,275	514	1983	1997	40
50 East Clementon Road	Gibbsboro	NJ	-	114	964	671	114	1,635	1,749	584	1986	1997	40
2 Foster Avenue	Gibbsboro	NJ	-	185	730	16	185	746	931	369	1974	1997	40
4 Foster Avenue	Gibbsboro	NJ	-	183	726	16	183	742	925	362	1974	1997	40
1 Foster Avenue	Gibbsboro	NJ	-	93	364	57	93	421	514	228	1972	1997	40
5 U.S. Avenue	Gibbsboro	NJ	-	21	81	3	21	84	105	41	1987	1997	40
5 Foster Avenue	Gibbsboro	NJ	-	9	32	26	9	58	67	30	1968	1997	40
Two Eves Drive	Marlton	NJ	-	818	3,461	269	818	3,730	4,548	1,761	1987	1997	40
Five Eves Drive	Marlton	NJ	-	703	2,819	1,437	703	4,256	4,959	1,760	1986	1997	40
Four B Eves Drive	Marlton	NJ	-	588	2,369	185	588	2,554	3,142	1,311	1987	1997	40
Four A Eves Drive	Marlton	NJ	-	539	2,168	376	539	2,544	3,083	1,215	1987	1997	40
308 Harper Drive (d), (e)	Moorestown	NJ	-	1,643	6,663	(39)	1,425	6,842	8,267	3,481	1976	1998	40
1120 Executive Boulevard	Mt. Laurel	NJ	-	2,074	8,415	4,280	2,074	12,695	14,769	5,696	1987	1997	40
700 East Gate Drive (d)	Mt. Laurel	NJ	-	3,569	14,436	1,956	3,569	16,392	19,961	7,573	1984	1998	40
701 East Gate Drive (d), (e)	Mt. Laurel	NJ	-	1,736	6,877	1,163	1,589	8,187	9,776	4,033	1986	1998	40
307 Fellowship Drive (d), (e)	Mt. Laurel	NJ	-	1,565	6,342	306	1,330	6,883	8,213	3,551	1981	1998	40
305 Fellowship Drive (d), (e)	Mt. Laurel	NJ	-	1,421	5,768	920	1,233	6,876	8,109	3,340	1980	1998	40
303 Fellowship Drive (d), (e)	Mt. Laurel	NJ	-	1,493	6,055	205	1,250	6,503	7,753	3,213	1979	1998	40
309 Fellowship Drive (d)	Mt. Laurel	NJ	-	1,518	6,154	711	1,518	6,865	8,383	3,206	1982	1998	40
161 Gaither Drive (d), (e)	Mt. Laurel	NJ	-	1,016	4,064	535	1,011	4,604	5,615	1,724	1987	2001	40
815 East Gate Drive (d), (e)	Mt. Laurel	NJ	-	636	2,584	446	581	3,085	3,666	1,532	1986	1998	40
817 East Gate Drive (d), (e)	Mt. Laurel	NJ	-	611	2,426	216	600	2,653	3,253	1,247	1986	1998	40
Main Street - Plaza 1000	Voorhees	NJ	-	2,732	10,942	96	2,732	11,038	13,770	11,002	1988	1997	40
Main Street - Piazza	Voorhees	NJ	-	696	2,802	3,360	696	6,162	6,858	2,035	1990	1997	40
Main Street - Promenade	Voorhees	NJ	-	532	2,052	538	532	2,590	3,122	1,288	1988	1997	40
920 North King Street	Wilmington	DE	-	6,141	21,140	2,707	6,141	23,847	29,988	8,113	1989	2004	30
300 Delaware Avenue	Wilmington	DE	-	6,369	13,739	2,889	6,369	16,628	22,997	7,496	1989	2004	23
AUSTIN, TX													
11501 Burnet Road - Building 1	Austin	TX	-	3,755	22,702	119	3,755	22,821	26,576	358	1991	2015	35
11501 Burnet Road - Building 2	Austin	TX	-	2,732	16,305	654	2,732	16,959	19,691	274	1991	2015	35
11501 Burnet Road - Building 3	Austin	TX	-	3,688	22,348	118	3,688	22,466	26,154	353	1991	2015	35

Property Name	City	State	Encumbrances (a)	Initial Cost Land	Initial Cost Building & Improvements	Net Improvements (Retirements) Since Acquisition	Gross Amount Which Carried December 31, 2015 (c) Land	Gross Amount Which Carried December 31, 2015 (c) Building & Improvements	Total (b)	Accumulated Depreciation at December 31, 2015 (c)	Year of Construction	Year Acquired	Depreciable Life
11501 Burnet Road - Building 4	Austin	TX	-	2,614	15,740	83	2,614	15,823	18,437	248	1991	2015	35
11501 Burnet Road - Building 5	Austin	TX	-	3,689	22,354	117	3,689	22,471	26,160	353	1991	2015	35
11501 Burnet Road - Building 6	Austin	TX	-	2,676	15,972	84	2,676	16,056	18,732	252	1991	2015	35
11501 Burnet Road - Building 8	Austin	TX	-	1,400	7,422	39	1,400	7,461	8,861	122	1991	2015	35
11501 Burnet Road - Parking Garage	Austin	TX	-	-	19,826	103	-	19,929	19,929	424	1991	2015	35
RICHMOND													
4364 South Alston Avenue (d), (e)	Durham	NC	-	1,622	6,419	(454)	1,144	6,443	7,587	3,512	1985	1998	40
4805 Lake Brooke Drive (d), (e)	Glen Allen	VA	-	1,640	6,567	703	1,420	7,490	8,910	3,576	1996	1998	40
Overlook I (d)	Glen Allen	VA	-	748	3,976	600	791	4,533	5,324	916	1998	2011	40
Overlook II (d)	Glen Allen	VA	-	748	4,492	504	791	4,953	5,744	923	2000	2011	40
2812 Emerywood Parkway (d)	Henrico	VA	-	1,069	4,281	670	1,069	4,951	6,020	2,290	1980	1998	40
300 Arboretum Place (d), (e)	Richmond	VA	-	5,450	21,892	3,831	4,674	26,499	31,173	12,104	1988	1998	40
7501 Boulders View Drive (d), (e)	Richmond	VA	-	4,669	19,699	(2,770)	3,920	17,678	21,598	4,891	1989	2007	40
7300 Beaufont Springs Drive (d), (e)	Richmond	VA	-	4,672	19,689	(1,080)	3,980	19,301	23,281	4,999	2000	2007	40
6800 Paragon Place (d), (e)	Richmond	VA	-	4,552	18,414	(681)	3,821	18,464	22,285	5,456	1987	2006	40
6802 Paragon Place (d)	Richmond	VA	-	2,917	11,454	3,074	2,917	14,528	17,445	5,706	1989	2002	40
1025 Boulders Parkway (d), (e)	Richmond	VA	-	2,574	11,297	(1,314)	2,040	10,517	12,557	3,009	1994	2007	40
2100-2116 West Laburnam Avenue (d)	Richmond	VA	-	2,482	8,846	2,742	2,482	11,588	14,070	5,331	1984	1998	40
7401 Beaufont Springs Drive (d), (e)	Richmond	VA	-	2,349	10,396	(2,048)	1,788	8,909	10,697	2,649	1998	2007	40
7325 Beaufont Springs Drive (d), (e)	Richmond	VA	-	2,344	10,377	(1,745)	2,002	8,974	10,976	2,349	1999	2007	40
9011 Arboretum Parkway (d), (e)	Richmond	VA	-	1,857	7,702	(430)	1,501	7,628	9,129	4,104	1991	1998	40
6806 Paragon Place (d)	Richmond	VA	-	-	10,288	(117)	403	9,768	10,171	2,885	2007	2005	40
9100 Arboretum Parkway (d), (e)	Richmond	VA	-	1,362	5,489	541	1,274	6,118	7,392	2,974	1987	1998	40
2511 Brittons Hill Road (d)	Richmond	VA	-	1,202	4,820	1,221	1,202	6,041	7,243	3,041	1987	1998	40
9200 Arboretum Parkway (d)	Richmond	VA	-	985	3,973	1,275	985	5,248	6,233	2,562	1987	1998	40
9210 Arboretum Parkway (d), (e)	Richmond	VA	-	1,110	4,474	167	970	4,781	5,751	2,274	1988	1998	40
2201-2245 Tomlynn Street (d)	Richmond	VA	-	1,020	4,067	1,126	1,020	5,193	6,213	2,332	1989	1998	40
9211 Arboretum Parkway (d), (e)	Richmond	VA	-	582	2,433	317	470	2,862	3,332	1,395	1991	1998	40
2221-2245 Dabney Road (d)	Richmond	VA	-	530	2,123	369	530	2,492	3,022	1,091	1994	1998	40
2212-2224 Tomlynn Street (d)	Richmond	VA	-	502	2,014	487	502	2,501	3,003	1,109	1985	1998	40
2244 Dabney Road (d)	Richmond	VA	-	550	2,203	-	550	2,203	2,753	1,016	1993	1998	40
2277 Dabney Road (d)	Richmond	VA	-	507	2,034	294	507	2,328	2,835	1,077	1986	1998	40
2248 Dabney Road (d), (e)	Richmond	VA	-	512	2,049	379	503	2,437	2,940	1,000	1989	1998	40
2161-2179 Tomlynn Street (d)	Richmond	VA	-	423	1,695	306	423	2,001	2,424	867	1985	1998	40
2246 Dabney Road (d)	Richmond	VA	-	455	1,822	-	455	1,822	2,277	841	1987	1998	40
2251 Dabney Road (d)	Richmond	VA	-	387	1,552	59	387	1,611	1,998	740	1983	1998	40
2256 Dabney Road (d)	Richmond	VA	-	356	1,427	225	356	1,652	2,008	777	1982	1998	40
2130-2146 Tomlynn Street (d)	Richmond	VA	-	353	1,416	225	353	1,641	1,994	779	1988	1998	40

2112-2124 Tomlynn Street (d)	Richmond	VA	-	281	1,125	306	281	1,431	1,712	695	1984	1998	40
2240 Dabney Road (d)	Richmond	VA	-	264	1,059	88	264	1,147	1,411	514	1984	1998	40
Boulders Land (d), (e)	Richmond	VA	-	1,256	-	(116)	1,115	25	1,140	3	N/A	2007	N/A
CALIFORNIA													
1200 Concord Avenue	Concord	CA	-	6,395	24,664	833	6,515	25,377	31,892	9,192	1984	2006	34
1220 Concord Avenue	Concord	CA	-	6,476	24,966	298	6,476	25,264	31,740	8,869	1984	2006	34
Oakland Lot B	Oakland	CA	-	4,342	-	17	4,332	27	4,359	-	N/A	2006	N/A
	Total:		$ 562,695	$ 589,391	$ 3,246,749	$ 651,448	$ 619,181	$ 3,868,407	$ 4,487,588	$ 1,080,616			

(a) Excludes the effect of any net interest premium/(discount) and deferred financing costs.

(b) Reconciliation of Real Estate:

The following table reconciles the real estate investments from January 1, 2013 to December 31, 2015 (in thousands):

	2015	2014	2013
Balance at beginning of year	$ 4,631,128	$ 4,669,289	$ 4,726,169
Additions:			
Acquisitions	182,381	-	347,510
Capital expenditures and assets placed into service	165,941	132,149	109,740
Less:			
Dispositions	(442,327)	(126,471)	(474,275)
Retirements	(49,535)	(43,839)	(39,855)
Balance at end of year	$ 4,487,588	$ 4,631,128	$ 4,669,289
Less:			
Assets held for sale	(794,588)	(27,436)	-
Per consolidated balance sheet	$ 3,693,000	$ 4,603,692	$ 4,669,289

The aggregate cost for federal income tax purposes is $3.9 billion as of December 31, 2015.

(c) Reconciliation of Accumulated Depreciation:

The following table reconciles the accumulated depreciation on real estate investments from January 1, 2013 to December 31, 2015 (in thousands):

	2015	2014	2013
Balance at beginning of year	$ 1,078,996	$ 983,808	$ 954,665
Additions:			
Depreciation expense — continuing operations	159,080	160,641	150,236
Depreciation expense — discontinued operations	-	-	9,164
Less:			
Dispositions	(109,243)	(22,459)	(91,890)
Retirements	(48,217)	(42,994)	(38,367)
Balance at end of year	$ 1,080,616	$ 1,078,996	$ 983,808
Less:			
Assets held for sale	(213,581)	(11,167)	-
Per consolidated balance sheet	$ 867,035	$ 1,067,829	$ 983,808

(d) Properties were held for sale at December 31, 2015. For further information see Note 3, "*Real Estate Investments*."

(e) Properties were held for sale at December 31, 2015. In connection with the held for sale determination the Company recorded an impairment charge of $45.4 million as of December 31, 2015, reducing the aggregate carrying value of these properties from $426.2 million to the sales price less estimated closing costs of $380.8 million in connection with the anticipated disposition. The impairment was allocated between land and building. For further information see Note 3, "*Real Estate Investments*."

(f) Mortgage debt on these properties was repaid subsequent to December 31, 2015. For further information see Note 21, "*Subsequent Events*."

(g) At acquisition it was determined that the useful life of the parking structure is five years, which reflects the expected demolition date.

(h) The Company evaluated the recoverability of the carrying value of these properties, and determined that due to the shortening of the expected hold periods of ownership, it was necessary to reduce the carrying value to estimated fair value. Accordingly, the Company recorded an impairment charge of $27.5 million as of December 31, 2015, reducing the aggregate carrying value of these properties from $40.4 million to their estimated fair value of $12.9 million. For further information see Note 3, "*Real Estate Investments*."

(i) This property was contributed to an unconsolidated real estate venture, however, the Company will continue to consolidate this property due to its continuing involvement in this property resulting from its ongoing lease at this property and its 50% ownership interest in the venture. Please see Note 3, "*Real Estate Investments,*" to the consolidated financial statements for additional information.

(j) On October 9, 2015, the Company funded the full repayment of the Tysons Corner mortgage note.

Exhibit 3.2.19

ADMITTED PARTNERS OF

BRANDYWINE OPERATING PARTNERSHIP, L.P.

AS OF DECEMBER 31, 2015

Jack R. Loew
Brandywine Holdings I, Inc.
Brandywine Realty Trust
R. Randle Scarborough
Steven L. Shapiro
Brookstone Investors, LLC
Brookstone Holdings of Delaware 4, LLC
Brookstone Holdings of Delaware 5, LLC
Brookstone Holdings of Delaware 6, LLC
Hirshman Family Trust
Trust UTW of Theodore Geffner
Gloria Kantor
Helen Geffner
Leo Guthart
TRC Associates Limited Partnership
Newport National Corporation
D. Kent Dahlke
Kenneth L. Hatfield
Michael G. Tombari
James J. Gorman
Christopher J. Knauer
The Jon Q. Reynolds and Ann S. Reynolds Family Trust
The Revocable Trust Declaration of Thomas K. Terrill and Susan Jean Terrill
The Redford Family Trust
The Judith B. Brown 1992 Trust
The Peter M. Reynolds and Christina A. Reynolds Family Trust
C. Thomas Martz
Karen Leigh Brown
Tara Lynne Brown
Kristen Ann Stinnett-Brown
The Reynolds Family Partners

<u>GENERAL PARTNER</u>

Brandywine Realty Trust

Execution Copy
Exhibit 10.45

PURCHASE AND SALE AGREEMENT

by and among

KIM TOPCO INC.,

BRANDYWINE OPERATING PARTNERSHIP, L.P.

and

BDN INVESTMENT TRUST

Dated as of December 23, 2015

EXHIBITS

Exhibit A Definitions
Exhibit B List of Target Company Group Members
Exhibit B-1 Pre-Closing Restructuring of Target Company
Exhibit C Legal Description of the Land
Exhibit D List of Licenses
Exhibit E Form of Escrow Agreement
Exhibit F Form of Assignment and Assumption of Beneficial Ownership Interests
Exhibit G Form of FIRPTA Certificate
Exhibit H-1 Form of GSA-IRS SNDA
Exhibit H-2 Form of GSA Statement of Lease
Exhibit I Permitted Encumbrances – Additional Title Matters
Exhibit J Purchaser Closing Certificate
Exhibit K Seller Closing Certificate
Exhibit L Mutual Release
Exhibit M Form of Cira License Agreement
Exhibit N Form of GSA-IRS Parking Area Lease
Exhibit O Form of Amended and Restated GSA-IRS Rent Allocation Agreement
Exhibit P Form of BDN Property Management Agreement
Exhibit Q Monetary Liens to be Satisfied by Seller
Exhibit R Title Affidavits and Undertakings to be Executed by Seller
Exhibit S Approved Press Release
Exhibit T Penn ROFO Waiver and Modification
Exhibit U Form of BDN Garage Owner Estoppel

SCHEDULES

Disclosure Schedule

Schedule 1.2 Excluded Assets
Schedule 3.5 Due Diligence Material Made Available to Purchaser
Schedule 11.19 Notice Addresses

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT, dated as of December 23, 2015 (the " Agreement Date"), is by and among (i) KIM TopCo Inc., a Delaware corporation ("Purchaser"), and (ii) Brandywine Operating Partnership, L.P., a Delaware limited partnership ("Seller"), and BDN Investment Trust, a Maryland real estate investment trust (the "Target Company"). Purchaser, Seller and the Target Company are also sometimes herein referred to individually as a "Party" and collectively as the "Parties." Capitalized terms used in this Agreement are defined in Exhibit A.

Preliminary statements:

A. Seller owns and will own as of Closing all (100%) of the issued and outstanding shares of beneficial ownership interest in the Target Company (the "Purchased Shares"), and the Target Company owns, directly or indirectly through one or more Subsidiaries, all of the ownership interests in each of the Target Company Subsidiaries identified on Exhibit B hereto, including, without limitation, all of the ownership interests in each of (i) Brandywine Cira Post Office, LP, a Delaware limited liability company (the "Property Owner Subsidiary") and (ii) Brandywine Cira PO Master Tenant, LLC, a Delaware limited liability company (the "Master Tenant").

B. The Property Owner Subsidiary owns the Property and has leased the Property to the Master Tenant pursuant to that certain Master Lease Agreement, dated as of November 14, 2008, by and between the Property Owner Subsidiary, as landlord, and Master Tenant, as tenant (the "Master Lease").

C. The Master Tenant has leased the Property to the United States of America, acting by, through and under the Administrator of General Services (the "GSA") pursuant to a Memorandum of Understanding for the Lease of Real Property dated August 27, 2007, U.S. Government Lease for Real Property No. GS-03B-07358 (as amended through the Agreement Date, the "GSA-IRS Lease"), initially between the United States Postal Service ("USPS"), as lessor, and the GSA, as tenant, as the same has been assigned by the USPS to the Master Tenant.

D. Seller desires to sell and Purchaser desires to purchase all of the Purchased Shares, all upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
PROPERTY; EXCLUDED ASSETS

Section 1.1 Property.

The term "Property" shall mean, collectively, the following (but expressly excluding the Excluded Assets):

(a) Land. Property Owner Subsidiary's fee simple interest in and to all of that certain tract of land located in the City of Philadelphia, Commonwealth of Pennsylvania described more particularly in Exhibit C attached hereto and incorporated herein by reference, being known and referred to as "2970 Market Street", together with all rights and appurtenances pertaining to such land, including, without limitation, all of Property Owner Subsidiary's right, title and interest in and to: (i) all adjacent strips, streets, roads, alleys and rights-of-way, public or private, open or proposed; (ii) all development rights, covenants, easements, privileges, and hereditaments, whether or not of record which are appurtenant thereto; (iii) all access, air, water, riparian, development, utility, and solar rights which are appurtenant thereto; and (iv) any unpaid award for any taking by condemnation or similar proceeding or any damage to the Land or any of the Improvements by reason of change of grade or closing of any street, road or avenue (collectively, the "Land").

(b) Improvements. The building situated on the Land consisting of approximately 870,262 rentable square feet of office space and commonly known as the "Main Post Office", and all other improvements and structures constructed on the Land (collectively, the "Improvements").

(c) Cira Garage Subleasehold. All of Master Tenant's right, title and interest in and to the subleasehold interest in the Cira Garage Property under and pursuant to the GSA-IRS Parking Area Lease.

(d) Personal Property. All of Property Owner Subsidiary's right, title and interest in and to (specifically excluding any property owned by tenants under leases) the following (collectively, the "Personal Property"):

(i) mechanical systems, fixtures, machinery and equipment comprising a part of or attached to or located upon the Land or Improvements;

(ii) maintenance equipment and tools, if any, owned by Property Owner Subsidiary and used exclusively in connection with, and located in or on, the Land or Improvements;

(iii) site plans, surveys, plans and specifications, manuals and instruction materials, and floor plans in Property Owner Subsidiary's possession or control which relate to the Land or Improvements;

(iv) pylons and other signs situated on or at the Land or Improvements; and

(v) other tangible personal property owned by Property Owner Subsidiary and used exclusively in connection with, and located in or on, the Land or Improvements as of the Agreement Date and as of the Closing.

(e) Licenses. Property Owner Subsidiary's right, title and interest in all licenses, license agreements and other similar agreements with licensees or other persons or entities using any portion of the Improvements (collectively, the "Licenses"), a current list of which is attached hereto as Exhibit D.

(f) Leases. All right, title and interest of the Target Company Group in (i) the Master Lease, (ii) the GSA-IRS Lease and (iii) the GSA-IRS Parking Area Lease (collectively, the "MPO Leases").

(g) Contracts. Property Owner Subsidiary's right, title and interest in all contract rights related to the Land, Improvements, Personal Property, Licenses or MPO Leases, including, without limitation, Property Owner Subsidiary's interest in the following: parking, maintenance, construction, leasing, brokerage commission, architectural, supply or service contracts, plans and specifications, surveys, warranties, guarantees and bonds and other agreements related to the Land, Improvements, Personal Property, Licenses or MPO Leases (collectively, the "Contracts").

(h) Permits. Property Owner Subsidiary's right, title and interest in all permits, licenses, certificates of occupancy, entitlements and governmental approvals which relate to the Land, Improvements, Personal Property, MPO Leases, Licenses or Contracts (collectively, the "Permits").

(i) Intangibles. Property Owner Subsidiary's right, title and interest, if any, in all names, trade names, street numbers, telephone numbers, e-mail addresses, marks, other symbols and general intangibles, which relate to the Land or the Improvements (collectively, the "Intangibles").

For the avoidance of doubt, by virtue of Purchaser's indirect acquisition of the Master Tenant, Purchaser shall also indirectly acquire Master Tenant's leasehold interest in and to the Land and Improvements and Master Tenant's right, title and interest in and to the following (except for any of the following that constitutes Excluded Assets): (i) all personal property owned by Master Tenant; (ii) the Licenses; (iii) the MPO Lease; (iv) the Contracts; (v) the Permits; and (vi) the Intangibles.

Section 1.2 Excluded Assets.

The term "Excluded Assets" shall mean (i) any interests, rights or other property which, pursuant to the transactions described on Exhibit B-1 attached hereto, are to be transferred or assigned by the Target Company to Seller or its affiliates prior to Closing, (ii) any interest in or right to use the name "Cira" or any related names or marks, other than pursuant to the Cira License Agreement, (iii) the personal property described on Schedule 1.2 attached hereto and made a part hereof, and all cash, cash equivalents, deposits with third parties (but not security

deposits), bank accounts, accounts, certificates of deposit, investments, notes, accounts receivable or other financial instruments and any right to a refund or other payment relating to a period prior to Closing (subject to the prorations set forth in this Agreement), claims or other rights against any present or prior beneficiary, stockholder, member or partner of any Target Company Group Member, and any proprietary or privileged materials, and any right to any reserves and/or escrow accounts held by the Existing CTL Financing Lender pursuant to the Existing CTL Financing Documents.

ARTICLE II
PURCHASE PRICE AND PAYMENT; RELEASE OF EXISTING CTL FINANCING

Section 2.1 Purchase Price.

Purchaser agrees to pay the total sum of THREE HUNDRED FIFTY-FOUR MILLION DOLLARS ($354,000,000.00) ("Purchase Price") for the Purchased Shares, subject to adjustment as provided in this Agreement. The Purchase Price shall be paid in the following manner:

(a) Purchaser shall deliver the Deposit to the Escrow Agent in accordance with Section 2.2.

(b) Purchaser shall, by no later than the Closing Date, deliver to the Escrow Agent the balance of the Purchase Price (net of the Deposit and any prorations and adjustments as set forth herein) by bank cashier's, certified check, or wire transfer, subject to adjustment as herein provided.

(c) At Closing, the Purchase Price (net of any prorations and adjustments as set forth herein) shall be paid in cash to Seller in accordance with this Agreement by wire transfer of immediately available funds.

Purchaser's obligations under this Agreement are not and shall not be subject to or conditioned upon the availability of any financing of the Purchase Price or any portion thereof or upon Purchaser's ability to obtain any such financing.

Section 2.2 Deposit.

(a) Not later than 5:00 p.m. Eastern Standard Time ("EST") on the Agreement Date, the Purchaser, for the benefit of Seller, shall deposit with the Escrow Agent by bank wire transfer the sum of Thirty Million Dollars ($30,000,000.00), as an earnest money deposit to assure Purchaser's performance hereunder (together with all interest thereon, if any, the "Initial Deposit"). If the Purchaser fails to timely deliver the Initial Deposit within the time period specified in this Section 2.2, then this Agreement shall automatically terminate (except for those matters which are indicated herein as surviving termination), whereupon neither party shall have any further rights, duties or obligations hereunder other than the obligations and rights set forth herein that expressly survive the termination of this Agreement. Notwithstanding the foregoing, if there is any delay in the delivery of the Initial Deposit within the time period specified in this Section 2.2 for reasons beyond Purchaser's reasonable control, so long as the Initial Deposit is

actually received by Escrow Agent on or before 12 noon EST on December 24, 2015 (it being understood and agreed that Escrow Agent shall, pursuant to Section 1 of the Escrow Agreement, notify Purchaser and Seller by e-mail upon receipt of the Initial Deposit), Purchaser shall be deemed to have satisfied its obligation to deliver the Initial Deposit within the time period specified in this Section 2.2 by providing Seller with the wire confirmation and ABA routing number or SWIFT Code evidencing the wire transfer of the Initial Deposit to the Escrow Agent on or before 5:00 pm EST on December 23, 2015. Simultaneously with the execution and delivery of this Agreement and prior to the delivery of the Initial Deposit, Seller, the Purchaser and Fidelity National Title Insurance Company ("Escrow Agent") shall enter into an escrow agreement substantially in the form of Exhibit E attached hereto (the "Escrow Agreement"). The Initial Deposit and the Extension Deposit (if applicable pursuant to Section 3.1) are collectively referred to herein as the "Deposit." The Deposit shall be non-refundable except as otherwise provided herein.

(b) Escrow Agent shall place the Deposit in an interest-bearing escrow account at a federally insured commercial bank or other financial institution reasonably acceptable to both Seller and Purchaser. Escrow Agent shall hold the Deposit in accordance with the terms of this Agreement and the Escrow Agreement. At Closing, Escrow Agent shall deliver the Deposit to Seller and credit the Deposit against the Purchase Price.

Section 2.3 **Existing CTL Financing; Rent Allocation Agreement**.

(a) Seller shall be obligated at its own cost and expense, on or before Closing, to defease or prepay the Existing CTL Financing and obtain a full release of all Encumbrances on the Property securing the Existing CTL Financing.

(b) At or before Closing, the GSA-IRS Rent Allocation Agreement, which presently secures and affects both the Existing CTL Financing and the CTL Garage Loan, will be amended and restated or replaced with an agreement (the "Amended and Restated GSA-IRS Rent Allocation Agreement") which will provide for (i) the collection of rental payments made by the tenant under the GSA-IRS Lease (including Operating Rent, as defined therein), (ii) the allocation of such rental payments between (A) an amount equal to the rent and other payments due and payable by the lessee under the GSA-IRS Parking Area Lease, and (B) all other amounts paid by the tenant under the GSA-IRS Lease, (iii) the payment of all amounts under clause (ii)(A) directly to or as directed by the BDN Garage Owner (or its successor), subject to the rights, liens and approval of the lender under any loan that is secured in whole or in part by the Cira Garage, (iv) the payment of all amounts under clause (ii)(B) directly to or as directed by the Master Tenant (or its successor), subject to the rights, liens and approval of the lender under any loan that is secured in whole or in part by the Property. The Amended and Restated GSA-IRS Rent Allocation Agreement shall be substantially in the form of Exhibit O attached hereto or as otherwise agreed by Seller and Purchaser, provided that neither Party nor any of its Affiliates will unreasonably withhold, delay or condition its consent or approval of any modifications to Exhibit O attached hereto which is reasonably requested by the other Party. The Seller Parties shall consider in good faith and reasonably cooperate with Purchaser in obtaining, during the Contract Period or after Closing, such modifications to the Amended and Restated GSA-IRS Rent Allocation Agreement that Purchaser's lender may reasonably request (including, without

limitation, the designation of a replacement depository bank after the Closing) so long as such modifications do not have a material adverse effect on BDN Garage Owner or the lender under any loan that is secured by the Cira Garage; and Purchaser shall consider in good faith and reasonably cooperate with Seller and the BDN Garage Owner in obtaining, during the Contract Period or after Closing, such modifications to the Amended and Restated GSA-IRS Rent Allocation Agreement that BDN Garage Owner's lender may reasonably request (including, without limitation, the designation of a replacement depository bank after the Closing) so long as such modifications do not have a material adverse effect on any Target Company Group Member or the lender under any loan that is secured by the Property. The covenants set forth in the immediately preceding sentence shall survive the Closing.

Section 2.4 **Prorations**.

(a) *Prorations*. The following shall be prorated as of 11:59 p.m. Eastern time on the day immediately preceding the Closing Date and be adjusted against the Purchase Price due at Closing: (i) rents and any other amounts accrued under the GSA-IRS Lease and allocable to the Property under the GSA-IRS Rent Allocation Agreement; (ii) personal property Taxes, installment payments of special assessment liens, sewer charges, water and other utility charges (utility charges shall be prorated based on the last reading of meters prior to Closing, which reading shall be requested by Seller no more than thirty (30) days prior to the Closing Date, if possible) and Property Expenses accrued as of the Closing Date, subject to Section 4.2(b) hereof; and (iii) amounts owed by the Property Owner Subsidiary under any Contracts as of the Closing Date (other than management fees under the existing property management agreement). All other items ordinarily and customarily prorated between buyers and seller in transactions similar to the Transactions shall be prorated in accordance with the manner in which such items are customarily apportioned in the City of Philadelphia in such transactions. Notwithstanding anything to the contrary contained herein, all apportionments and prorations made hereunder shall be based on the number of days of ownership of the Property in the period applicable to the apportionment, with Purchaser entitled to rents and other income (and responsible for expenses accruing) from and after the Closing Date. Prorations of annual payments will be made based on the number of days of ownership in the applicable annual period. If any of the foregoing items to be adjusted and/or distributed are not available at Closing, then the adjustment shall be made subsequent to Closing when the charge is determined. Any monies collected by Purchaser or Seller after Closing which are the property of the other party pursuant to this Section (but taking account of any credits given to either Party at Closing) shall be held in trust by the Party receiving same and be paid over to the other Party within two (2) Business Days. Such monies shall be paid over and applied in the following priority: (A) first, on account of rents due to Seller and Purchaser (and pro-rated between them as of the date of Closing Date) for the month in which Closing occurs; (B) then, on account of rents due to Seller for any month prior to the month of Closing less the reasonable costs of collection; *provided*, *however*, that Purchaser shall not be obligated to take any steps to recover any rent arrearages (other than billing tenants in the ordinary course); and (C) then, on account of rents due to Purchaser for periods on and after Closing. The provisions of this Section shall survive Closing.

(b) *Tenant Reconciliations*.

(i) Five (5) Business Days prior to the scheduled Closing Date, Seller shall be responsible for computing and delivering to Purchaser a written statement (together with reasonable supporting documentation) setting forth (A) the amount of operating expenses and reimbursable expenses ("Property Expenses") incurred and actually paid by the Target Company Group with respect to the current annual reimbursement period provided for in the GSA-IRS Lease (the "Reconciliation Period"); and (B) the amount of any such expenses actually paid or reimbursed by the GSA-IRS with respect to such period ("Pre-Closing Property Expense Reconciliation"). Within sixty (60) calendar days after the Closing Date, Seller shall compute the actual Property Expenses incurred and paid by the Target Company Group and the actual Property Expenses reimbursed (or not reimbursed) by the GSA-IRS with respect to the Reconciliation Period ("Property Expense Reconciliation"), and shall deliver to Purchaser a written statement (together with reasonable supporting documentation) setting forth Seller's computation.

(ii) Following the completion of the Property Expense Reconciliation, if the Property Expenses incurred and paid by the Target Company Group for that portion of the Reconciliation Period preceding the Closing exceed the reimbursed Property Expenses actually received by the Target Company Group under the GSA-IRS Lease with respect to the same portion of the Reconciliation Period ("Property Expense Reimbursement Shortfall"), Purchaser shall pay to Seller, within ten (10) Business Days after Purchaser's receipt and approval of the Property Expense Reconciliation, an amount equal to such Property Expense Reimbursement Shortfall to the extent that Purchaser shall have collected and received such identifiable amounts. If the reimbursed Property Expenses received by Target Company Group under the GSA-IRS Lease with respect to the portion of the Reconciliation Period preceding the Closing exceed the Property Expenses incurred and paid by Target Company Group with respect to the same portion of the Reconciliation Period ("Property Expense Reimbursement Surplus"), then Seller shall pay an amount equal to such Property Expense Reimbursement Surplus to Purchaser within ten (10) Business Days after Purchaser's receipt and approval of the Property Expense Reconciliation.

(iii) Seller and Purchaser hereby agree to reasonably cooperate with each other in connection with any pending or required annual statements or other requests for payment under the GSA-IRS Lease and any disputes or claims by or against the GSA-IRS under the GSA-IRS Lease concerning the calculation of Property Expenses during the Reconciliation Period.

(iv) Any and all unapplied security deposits and advance rentals in the nature of security deposits made by the GSA-IRS under the GSA-IRS Lease which are in the possession or control of Seller on the Closing Date shall be turned over to Purchaser at the Closing.

(c) *Real Estate Taxes*. The Parties acknowledge that the Property is currently exempt from real estate Taxes. Accordingly, there shall be no proration of real estate Taxes.

Section 2.5 **Closing Costs**.

(a) Purchaser's Costs. Purchaser shall pay (i) 50% of all escrow or closing fees charged by Escrow Agent; (ii) 50% of all Transfer Taxes (including transfer, revenue and recording Taxes, stamps, clerks and indexing fees); (iii) all costs incurred by Purchaser in preparing and performing its due diligence investigations; (iv) the fees and expenses of Purchaser's attorneys; (v) the cost of any survey ordered by Purchaser, title examination fees and title insurance premium and endorsements; (vi) all costs and expenses incurred by Purchaser or Purchaser's lender in connection with any financing obtained by Purchaser, and (vii) recording charges due in connection with any mortgages or other financing documents.

(b) Seller's Costs. Seller shall pay (i) 50% of all escrow or closing fees charged by Escrow Agent; (ii) 50% of all Transfer Taxes (including transfer, revenue and recording Taxes, stamps, clerks and indexing fees); (iii) the fees and expenses of Seller's attorneys; (iv) the satisfaction of any mortgages and other Encumbrances created by or on behalf of Seller affecting the Property which are not assumed by Purchaser; (v) all costs and expenses of the Seller Group and the BDN Garage Owner (including, without limitation, the fees and other charges of the lender under the CTL Garage Loan; provided, however, that if Purchaser elects to obtain financing from CTL Capital, LLC or an Affiliate thereof (the lender under the CTL Garage Loan and CTL Capital, LLC or such Affiliate, collectively, the " CTL Parties") in connection with the transaction contemplated by this Agreement, then Seller and Purchaser shall each be responsible for the payment of fifty percent (50%) of such fees and charges of the CTL Parties) relating to the preparation and execution of the Amended and Restated GSA-IRS Rent Allocation Agreement; (vi) all costs and expenses to defease or prepay the Existing CTL Financing; and (vii) the brokers' fees and commissions payable to Eastdil Secured.

(c) Other Costs. Any other costs not specifically provided for herein shall be paid by the party who incurred those costs, or if neither party is charged with incurring any such costs, then by the party customarily assessed for such costs in the City of Philadelphia in transactions similar to the Transactions contemplated by this Agreement.

(d) Specific Credits. At Closing, Purchaser shall be entitled to the following additional credits and adjustments: (i) a credit in the amount of Three Hundred Fifty Thousand Dollars ($350,000.00) in respect of certain property conditions identified by Purchaser prior to the execution of this Agreement, and (ii) a credit in the amount of the unpaid "5th Year Contribution" as defined in and arising under Section 5.1(b) of the Sodexo Management Agreement.

(e) Withholding. If Seller fails to provide the certificate described in Section 3.2(h), then Purchaser shall be entitled to deduct and withhold from the consideration otherwise payable to Seller pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign law.

(f) Survival. The provisions of this Section shall survive Closing.

ARTICLE III
THE CLOSING; CLOSING DELIVERIES; TITLE AND SURVEY MATTERS

Section 3.1 Closing; Closing Date.

Subject to the satisfaction or waiver of the Closing Conditions, the closing of the Transactions (the "Closing") shall take place remotely through the Escrow Agent via the exchange of documents and signatures on January 29, 2016 (with time being of the essence with respect thereto), or such earlier date as Seller and Purchaser may mutually agree upon in writing (subject to extension as provided below, the "Closing Date"). Purchaser and Seller agree to finalize and execute all documents necessary for the consummation of the Transactions, including but not limited to the Settlement Statement, and to deliver all such documents to the Escrow Agent in escrow not later than the end of the Business Day immediately preceding the Closing Date in order to ensure the orderly and timely transfer of all funds necessary for Closing on the Closing Date.

Purchaser shall the one-time right to extend the Closing Date, to not later than February 19, 2016 (with time being of the essence with respect thereto), provided that Purchaser satisfies the following conditions: (i) Purchaser shall notify Seller of such extension on or before January 26, 2016, (ii) at the time of such notice, Purchaser shall not be in default of its obligations hereunder in any material respect, beyond applicable notice and cure periods, and (iii) Purchaser shall deposit with the Escrow Agent by bank wire transfer the sum of Twenty Million Dollars ($20,000,000.00), as additional earnest money to assure Purchaser's performance hereunder (together with all interest thereon, if any, the "Extension Deposit") not later than January 29, 2016. Purchaser's failure to satisfy any one or more of the foregoing conditions (with time being of the essence with respect thereto) shall be deemed a waiver of Purchaser's right to extend the Closing Date.

Section 3.2 Deliveries by Seller.

At the Closing, in addition to the delivery of items required by Section 7, Seller shall deliver, or cause to be delivered, to Purchaser the following items:

(a) An Assignment and Assumption of Beneficial Ownership Interests assigning the Purchased Shares to Purchaser, in the form attached hereto as Exhibit F (the "Assignment and Assumption"), together with original certificates evidencing the Purchased Shares and any Equity Interests in any Target Company Group Member, including (if applicable) the Property Owner Subsidiary or the Master Tenant, and written confirmation that the transfer conditions set forth in such certificates have been satisfied or waived;

(b) Resignations of each individual then serving as a trustee, director or officer of any Target Company Group Member (and any such individual who has previously served in such capacity but is now employed by Seller or its Affiliate), together with a waiver by such Persons of any rights to indemnification or other recourse in favor of each such Target Company Group Member, in each case in reasonable and customary form and substance;

(c) the following documents, in each case, executed by each Seller Group Member that is a signatory thereto: (i) the Seller Closing Certificate, (ii) the Mutual Release, (iii) the BDN Property Management Agreement, (iv) the Cira License Agreement, and (v) if not executed prior to Closing, the Amended and Restated GSA-IRS Rent Allocation Agreement;

(d) any document required to be executed by Seller for Purchaser to make the Name Change Filings in accordance with Section 6.9(b), provided that Purchaser provides a draft of each such document to Seller for (and subject to) Seller's review and approval (which shall not be unreasonably withheld, delayed or conditioned) at least five (5) Business Days prior to Closing;

(e) for each Target Company Group Member, a reasonably current good standing certificate (or equivalent document) issued by the secretary of state of (i) its jurisdiction of formation, and (ii) each state where such Person is qualified to do business as a foreign entity.

(f) for each Target Company Group Member, copies of its Organizational Documents as in effect on the Closing Date certified as being true, correct and complete by an officer of Seller;

(g) copies of the Target Company Consents, in reasonable and customary form(s);

(h) a certification from each Seller Party as to its non-foreign status in the form attached hereto as Exhibit G (a "FIRPTA Certificate");

(i) the GSA Statement of Lease (as defined in Section 6.5), and, if obtained pursuant to Section 6.3(e), the GSA-IRS SNDA (as defined in Section 6.3(e)), each executed by an authorized representative of the GSA;

(j) all transfer tax forms as may be required in connection with the consummation of the Transactions;

(k) the affidavits, certificates or other documents required by the Title Company to issue a new owner's and leasehold policy of title insurance on the 2006 ALTA Form covering the Property, the form(s) of which are attached hereto as Exhibit R;

(l) a notice to the GSA-IRS informing the GSA-IRS of the change in ownership (the "Tenant Notice") in the form prepared by Purchaser and provided to Seller for (and subject to) Seller's review and approval (which shall not be unreasonably withheld, delayed or conditioned) at least five (5) Business Days prior to Closing;

(m) a notice to the counterparties to all Contracts (other than the existing property management agreement which shall be terminated by Seller at Closing pursuant to Section 6.2(d) hereof), reciprocal easement agreements and other applicable documents related to the Property, informing such counterparties of the change in ownership, in the form prepared by Purchaser and provided to Seller for (and subject to) Seller's review and approval (which

shall not be unreasonably withheld, delayed or conditioned) at least five (5) Business Days prior to Closing (the "Counterparty Notice");

(n) if not recorded prior to the Closing Date, a memorandum of the GSA-IRS Parking Area Lease, in the form required thereunder, duly executed and acknowledged by the BDN Garage Owner and the Master Tenant and in recordable form;

(o) an estoppel certificate duly executed by the BDN Garage Owner in the form attached hereto as Exhibit U, which shall be dated no more than thirty (30) days prior to the Closing Date and confirm in all material respects the matters set forth therein;

(p) reasonable and customary evidence that the CTL Garage Loan has been (or is being) repaid or defeased at or prior to Closing;

(q) all keys and access codes to any portion of the Property, to the extent in Seller's possession or control;

(r) all leasing and other files relating to the Property and all Permits, books, records and reports and other intangibles relating to the Property, to the extent such items are in Seller's possession or control;

(s) if and to the extent obtained pursuant to Section 6.3(f), such acknowledgments and consents as Purchaser's lender may reasonably require from the BDN Garage Owner in connection with the assignment of the GSA-IRS Parking Area Lease and any similar documents provided as security for the loan made by such lender;

(t) documentation, in reasonable and customary form, setting forth any updates to the amount of the unpaid "5th Year Contribution" as defined in and arising under Section 5.1(b) of the Sodexo Management Agreement which occur during the Contract Period (Purchaser acknowledges that Seller has previously Made Available to Purchaser satisfactory documentation regarding the amount of the unpaid "5th Year Contribution" as of the Effective Date);

(u) a settlement statement, in reasonable and customary form, setting forth the Purchase Price and the prorations and adjustments contemplated hereunder (the "Settlement Statement");

(v) the Penn ROFO Waiver and Modification, duly executed and acknowledged by Property Owner Subsidiary and UPenn and in recordable form (it being understood and agreed that the Penn ROFO Waiver and Modification has been executed and acknowledged prior to the Agreement Date and will be submitted for recording by the Title Company upon the Closing); and

(w) possession of the Property subject to all of the MPO Leases in full force and effect (subject to Section 6.2(b) hereof).

Section 3.3 **Deliveries by Purchaser**.

At the Closing, in addition to the delivery of items required by Section 8, Purchaser shall deliver, or cause to be delivered, to Seller or the Target Company, as applicable, the following items:

(a) the balance of the Purchase Price;

(b) the following documents, duly executed by Purchaser: (i) the Assignment and Assumption; (ii) the Tenant Notice; (iii) the Counterparty Notice; (iv) the Purchaser Closing Certificate, (v) the Mutual Release, (vi) the BDN Property Management Agreement, (vii) the Cira License Agreement and (vii) the Amended and Restated GSA-IRS Rent Allocation Agreement;

(c) all transfer tax forms required as may be required in connection with the consummation of the Transactions;

(d) the Settlement Statement; and

(e) if and to the extent required under applicable Law to acquire and hold the Purchased Shares and other Equity Interests to be transferred (directly or indirectly) to Purchaser, reasonable documentary evidence confirming that Purchaser has qualified to transact business in the Commonwealth of Pennsylvania.

Section 3.4 **Title and Survey Matters**.

(a) Purchaser acknowledges that, prior to the Agreement Date, Seller has Made Available to Purchaser: (i) the Existing Owner's Title Insurance Policy, (ii) copies of all recorded documents referred to on Schedule B-II of the Existing Owner's Title Insurance Policy and (iii) the Existing Survey. Purchaser shall obtain a current commitment to insure title ("Commitment") for the Land. Purchaser (at Purchaser sole cost and expense) may obtain an update of the Existing Survey from Seller's surveyor or Purchaser's own current ALTA survey of the Property (" Updated Survey"; the Updated Survey or, if Purchaser does not elect to update the Existing Survey, the Existing Survey is referred to as the "Survey"). Seller shall deliver, or cause to be delivered, to the Title Company at or prior to Closing all documents and instruments (together with all related recording and/or filing fees) reasonably required by the Title Company to remove and discharge all Monetary Liens. For the avoidance of doubt, the Encumbrances securing the Existing CTL Financing shall not constitute Permitted Encumbrances.

(b) With respect to any title or survey matters (other than Permitted Encumbrances) first arising after the Agreement Date and prior to Closing ("New Title Objection"), Purchaser shall have until the earlier of: (i) five (5) Business Days after Purchaser's receipt of the document with the New Title Objection; or (ii) the Closing Date to notify Seller in writing of Purchaser's objection thereto. In the event Purchaser shall timely notify Seller of the New Title Objection, Seller shall have the right, but not the obligation, to cure such objection(s) (other than Monetary Liens, which shall be paid by Seller at Closing). Within three (3) Business Days after receipt of Purchaser's notice of objection(s), with the Closing Date automatically

extended, if necessary, to allow for such response period, Seller shall notify Purchaser in writing whether Seller elects to attempt to cure such objection(s). Failure of Seller to give such notice within such three (3)-Business Day period shall be deemed an election by Seller not to cure such objection(s). If Seller elects or is deemed to have elected not to cure any objection(s) specified in Purchaser's notice, Purchaser shall have the following options, to be given by written notice to Seller within three (3) Business Days after Purchaser's receipt of Seller's notice electing not to cure such objection(s) (or, if Seller fails to deliver such notice, within three (3) Business Days after the day on which Seller was required to deliver such notice): (A) to accept a conveyance of the Property subject to the Permitted Encumbrances, specifically including any New Title Objections objected to by Purchaser which Seller has elected, or is deemed to have elected, not to cure (which matter(s) shall thereafter be deemed to be a Permitted Encumbrances) and any Monetary Liens shall be paid by Seller at Closing from the Purchase Price; or (B) to terminate this Agreement by sending written notice thereof to Seller and Escrow Agent, and upon delivery of such notice of termination, this Agreement shall terminate and the Deposit shall be returned to Purchaser. Nothing contained herein shall be construed as releasing Seller from liability or waiving any of Purchaser's remedies with respect to any default of its obligations hereunder or breach of its representations, warranties or covenants under this Agreement in connection with any New Title Objection.

(c) State of Title. On the Closing Date, title to the Real Property shall be subject only to the Permitted Encumbrances and be insurable as such at regular rates by Escrow Agent (for such purposes "Title Company") under a standard ALTA title insurance policy ("Title Policy"). Seller and Purchaser consent to the use of Fidelity National Title Insurance Company as Title Company.

(d) Permitted Encumbrances. For purposes hereof, "Permitted Encumbrances" shall mean: (i) any easement, right of way, encroachment, conflict, discrepancy, overlapping of improvements, defect, protrusion, lien, encumbrance, restriction, condition, covenant, exception, or other matter with respect to the Real Property that is disclosed by or shown on the Commitment or Survey, and is not identified as a Title Objection in Purchaser's Title Objection Notice; (ii) any Title Objection or New Title Objection that Buyer waives or is deemed a Permitted Encumbrance pursuant to Section 3.4(a) or Section 3.4(b); (iii) real estate Taxes, sewer rents and Taxes, water rates and charges, business improvement district Taxes and assessments, and any other governmental Taxes, charges, or assessments levied or assessed against the Property, including any so-called payments in lieu of Taxes, in each case which are a lien but not yet due and payable (subject to the prorations provided herein); (iv) applicable Laws, including zoning and land use statutes, ordinances and regulations; (v) the MPO Leases and the rights and interests of tenants as parties in possession under the MPO Leases, as tenants only without option to purchase or rights of first offer or refusal, (vi) matters set forth on Schedule 4.14(g) of the Disclosure Schedule, and (vii) matters arising by, through, under or with the consent or approval of Purchaser. Purchaser has been advised of the Penn ROFO, which Penn ROFO shall not be applicable to the Transactions contemplated hereby but shall remain a Permitted Encumbrance to the Property for future transactions pertaining to the direct or indirect Sale (as such term is defined in the Penn ROFO) of the Property.

Section 3.5 Due Diligence Materials; Physical Inspections; Access.

(a) Seller has provided or otherwise caused to be Made Available to Purchaser all material information in the possession or control of the Seller Group concerning the Property and the Target Company Group including, but not limited to, copies of all permits, environmental reports, engineering and architectural reports, current surveys, real estate Tax information, leases and tenant information, site plans and building plans, title insurance and all underlying documents noted thereon, operating statements for the Property for the prior 60 months, certificates of occupancy for the Property and all other related materials in the possession or control of the Seller Group (collectively, "Due Diligence Materials"). Schedule 3.5 attached hereto identifies the Due Diligence Materials that have been Made Available to Purchaser on or before December 15, 2015. If this Agreement is terminated for any reason, Purchaser shall either return to Seller or destroy all of the Due Diligence Materials and any updates thereto and, upon receipt of Seller's request (but subject to Seller's written acknowledgement that Seller shall have no right to rely thereon), deliver to Seller copies of all title, survey, environmental, and other third party reports and materials that Purchaser has received prior to Closing in connection with the Property. Purchaser further acknowledges that, except as otherwise provided in this Agreement, the Due Diligence Materials and any other information of whatever type or kind provided by Seller to Purchaser were and are furnished without warranty of any kind and on the express condition that Purchaser has made its own independent verification of the accuracy, reliability and completeness of such information and that Purchaser will not rely thereon.

(b) On at least three (3) Business Days' prior notice to Seller, Purchaser and Purchaser Representatives shall be provided with physical access to the Property during business hours to conduct, at Purchaser's sole cost and expense, physical inspections of the Property, provided (i) Purchaser's right of access hereunder shall in all events be subject to then-current security and access protocols of the GSA-IRS applicable to the Property and (ii) Purchaser shall in no event make any intrusive testing (environmental, structural or otherwise) of the Property, without Seller's prior consent, which consent may be withheld in Seller's sole but reasonable discretion. In exercising its rights to enter the Property hereunder, Purchaser shall permit a representative of Seller, at Seller's sole cost and expense, to accompany Purchaser's entrants to the Property (but in no event shall Seller's representative cause a rescheduling or delay of any tests, studies or inspections). Purchaser shall conduct any entries and inspections of the Property so as to minimize, to the greatest extent possible, interference with Seller's business and the business of the GSA-IRS (as tenant), and otherwise in a manner reasonably acceptable to Seller and in compliance with all applicable Laws. Without limiting the foregoing, prior to any entry to perform any on-site inspections, Purchaser shall provide to Seller the identity of the company or persons who will perform any inspections and the proposed scope of the inspections. Purchaser shall restore the Property to its condition existing immediately prior to Purchaser's inspection, and Purchaser shall be liable for all damage or injury to any person or property resulting from, relating to or arising out of any such inspection, whether occasioned by the acts of Purchaser or any of its employees, agents, representatives, consultants and contractors (each a "Purchaser Representative"). Purchaser agrees to indemnify, defend and hold Seller harmless from and against any liabilities, actual losses, claims, demands, costs, expenses (including reasonable attorneys' fees and costs) and judgments of any nature arising or alleged to arise from or in connection with any injury to, or death of, any person or loss or damage to property in connection with entry onto the Property or any activities conducted by Purchaser or its

representatives on the Property, including without limitation damage to the Property or release of hazardous substances or materials onto the Property; *provided*, *however*, that notwithstanding any contrary provision hereof, Purchaser shall have no liability for, nor be obligated to indemnify, defend of hold Seller harmless from or with respect to, (1) any matters that arise from the sole discovery by Purchaser of a condition or matter affecting the Property or (2) any matters that arise from the gross negligence or willful misconduct of Seller or any of its agents or representatives. Prior to any entry by Purchaser or any Purchaser Representative, Purchaser or the Purchaser Representative shall maintain, at Purchaser's expense or such Purchaser Representative's expense, a policy of commercial general liability insurance, with a broad form contractual liability endorsement and with a combined single limit of $1,000,000 per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of $1,000,000 per occurrence for bodily injury and property damage, and an excess umbrella liability policy for bodily injury and property damage in the amount of $2,000,000, insuring Purchaser or the applicable Purchaser Representative and naming Seller as an additional insured. All insurance required herein shall be on an "occurrence form" from an insurance company licensed to do business in the Commonwealth of Pennsylvania. Seller shall be provided a copy of the insurance certificate(s) required by Purchaser prior to any entry of the Property by Purchaser or any Purchaser Representative.

(c) Prior to Closing, Purchaser shall not contact the GSA-IRS (including the GSA Contracting Officer responsible for the GSA-IRS Lease) with respect to any matters relating to the Property or the GSA-IRS Lease without providing Seller with at least one (1) Business Day prior written notice. Seller shall be afforded the opportunity to participate in any meetings (in person or telephonically) between Seller and the GSA-IRS (including the GSA Contracting Officer responsible for the GSA-IRS Lease). Purchaser shall use commercially reasonable efforts to provide to the GSA-IRS any documents or information which is reasonably requested by the GSA-IRS as a condition to providing the GSA Statement of Lease and/or the GSA-IRS SNDA. Without in any way limiting the foregoing, Seller and Purchaser shall reasonably cooperate with each other to provide the GSA-IRS with such documents and information as the GSA-IRS may reasonably require in connection with the transactions contemplated hereby.

(d) The provisions of this Section shall survive the termination of this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE SELLER PARTIES

In order to induce Purchaser to enter into this Agreement, except as disclosed in the disclosure schedule attached to this Agreement (the "Disclosure Schedule"), Seller hereby represents and warrants to Purchaser as follows:

Section 4.1 Organization and Good Standing.

Each Seller Group Member is a statutory trust, limited liability company, limited partnership or corporation, in each case duly formed or organized (as applicable), validly

existing and in good standing under the laws of the jurisdiction of its organization, and each Seller Group Member has all necessary power and authority to conduct its business as presently conducted and to own and operate the properties and assets used in connection therewith and to perform all of its obligations under each agreement and instrument by which it is bound. Each Seller Group Member is (x) qualified to do business and is in good standing in each jurisdiction where the nature or character of the property owned or operated by it or the nature of the business transacted by it makes such qualification necessary except, in each case, where the failure to be so qualified or in good standing would not reasonably be expected have a material adverse effect, and (y) in compliance with its Organizational Documents.

Section 4.2 **Power and Authorization**.

Each Seller Group Member has all requisite organizational power and authority to enter into and perform its obligations under each Transaction Document to which it is (and at the Closing will be) a party. The execution, delivery and performance by each Seller Group Member of each Transaction Document to which it is (and at the Closing will be) a party have been duly authorized by all necessary organizational or other action. This Agreement has been duly and validly executed and delivered by each Seller Group Member party hereto and constitutes the legal, valid and binding obligation of it, enforceable against it in accordance with its terms and, when executed and delivered at the Closing, each Transaction Document to which each Seller Group Member is a party will constitute the legal, valid and binding obligation of it, enforceable against it in accordance with its terms, in each case subject to the General Enforceability Exceptions.

Section 4.3 **Capitalization**.

(a) Section 4.3(a) of the Disclosure Schedule sets forth as to the Target Company: (i) a complete and accurate list of each of its Organizational Documents and (ii) the jurisdiction of its formation. The Purchased Shares represent all of the issued and outstanding Equity Interests of the Target Company. There are: (1) no outstanding agreements or commitments of any kind (contingent or otherwise), relating to the registration, voting, sale, repurchase or transfer of any Purchased Shares or other Equity Interests in the Target Company or obligating the Target Company or any other Person to purchase or redeem any Purchased Shares, and (2) no outstanding contractual obligations of the Target Company to repurchase, redeem or otherwise acquire any Purchased Shares or other Equity Interests or of Seller to make any investment (in the form of a loan, capital contribution or otherwise) in the Target Company. All of the Purchased Shares are validly issued and outstanding, are fully paid, and have been issued and are held in compliance with all applicable securities and other Laws. No Equity Interests (including the Purchased Shares) issued by the Target Company since the date of its formation were issued in violation of any statutory or common law preemptive rights. The Seller Parties have Made Available to Purchaser complete and correct copies of all Organizational Documents of the Target Company.

(b) No Person, other than the Target Company and/or a Target Company Subsidiary owns any Equity Interests in the Target Company Subsidiaries. Section 4.3(b) of the Disclosure Schedule sets forth a complete and accurate list as to each Target Company

Subsidiary of the following: (i) a list of each of its Organizational Documents; (ii) the jurisdiction of its formation; (iii) the name, designation and, if applicable, amount of each class or series of its authorized Equity Interests; (iv) the amount or percentage of the issued and outstanding Equity Interests of it owned by each of the Target Company and/or a Target Company Subsidiary and (v) all changes that will be made to any of the foregoing between the Agreement Date and the Closing Date. In addition, Section 4.3(b) of the Disclosure Schedule includes accurate organizational charts that depict the ownership structure of the Target Company Group existing as of the Agreement Date and as will be in place on the Closing Date. There are (A) no outstanding agreements or commitments of any kind (contingent or otherwise) relating to registration, voting, sale, repurchase or transfer of any Equity Interests of any Target Company Subsidiary or obligating any Target Company Subsidiary or any other Person to purchase or redeem any such Equity Interests and (B) no outstanding contractual obligations of any Target Company Subsidiary or any of its Equityholders to repurchase, redeem or otherwise acquire any Equity Interest of such Target Company Subsidiary, or make any investment (in the form of a loan, capital contribution or otherwise) in any Target Company Subsidiary. All of the issued and outstanding Equity Interests of each Target Company Subsidiary (1) have been validly issued and are held by the Target Company and/or a Target Company Subsidiary in compliance with all applicable securities and other Laws and (2) are free and clear of all Encumbrances. No Equity Interests issued by any Target Company Subsidiary since the date of its formation or organization were issued in violation of any statutory or common law preemptive rights. The Seller Parties have Made Available to Purchaser complete and correct copies of all of the Organizational Documents of each of the Target Company Subsidiaries.

Section 4.4 Title to Purchased Shares.

Upon the consummation of the Transactions, Purchaser will acquire good and valid title to the Purchased Shares, free and clear of all Encumbrances.

Section 4.5 No Conflicts and Consents.

If the Consents listed on Section 4.5 of the Disclosure Schedule, including without limitation a waiver of the Penn ROFO (collectively, the "Target Company Consents"), are obtained and/or filed on or before Closing (but without in any way affecting or extending the applicable time periods set forth herein), then the execution, delivery and performance by each Seller Group Member of the Transaction Documents to which it is a party do not and will not (with or without the passage of time or the giving of notice): (i) violate or conflict with the Organizational Documents of any Seller Group Member; (ii) violate or conflict with any Law or Order binding upon any Seller Group Member; (iii) violate or conflict with, result in a breach of, constitute a default or otherwise cause any loss of benefit under any Contract to which any Seller Group Member is a party, or by which any of them or any of their assets is otherwise bound; (iv) result in the creation of any Encumbrance, other than a Permitted Encumbrance, give rise to any penalty, acceleration of remedies, right of termination or otherwise cause any alteration of any rights or obligations of any party under any Contract to which any Seller Group Member is a party or by which any of them or any of their assets are otherwise bound; or (v) require any Consent of or with any Governmental Entity or other Person. Other than the Target Company Consents, no Consent of or with any Governmental Entity or other Person is required in

connection with the execution, delivery and performance by any Seller Group Member of any Transaction Document to which such Seller Group Member is (or at Closing will be) a party or otherwise bound or the consummation by any Seller Group Member of the Transactions.

Section 4.6 **Limited Operations, No Undisclosed Liabilities; Financial Statements**.

(a) Except as set forth on Section 4.6(a) of the Disclosure Schedule, each Target Company Group Member (i) was formed or organized exclusively for the purpose of engaging in, and (ii) has since its formation or organization engaged exclusively in, the business of investing in, owning, developing and leasing the Property, and has never owned any other interest in real property. Each of Master Tenant and Property Owner Subsidiary has complied in all material respects with the "single purpose entity" requirements and related covenants that are applicable to it under its Organizational Documents and the Existing CTL Financing Documents.

(b) The unaudited balance sheets and unaudited income and operating statements of the Property Owner Subsidiary as of December 31, 2014 and for the twelve months ending December 31, 2014 and as of September 30, 2015 and for the nine months ending September 30, 2015 (the "Balance Sheets and Operating Statements") present fairly in all material respects the financial position of the Property Owner Subsidiary as at such dates and the financial results of the operation of the Property for the period(s) ending on such dates (as the case may be), and have been prepared in accordance with GAAP, but excluding any notes. The Seller Parties have Made Available to Purchaser a complete and correct copy of each of the Balance Sheets and Operating Statements.

(c) No Target Company Group Member shall have, as of the Closing Date, any Indebtedness or any other liabilities of a type required to be reflected on a balance sheet prepared in accordance with GAAP, other than in the case of the Property Owner Subsidiary (i) Indebtedness reflected in the Balance Sheets and Operating Statements, and (ii) liabilities incurred in the ordinary course of business of the Property Owner Subsidiary consistent with past practice since September 30, 2015.

(d) No Target Company Group Member has or has ever had (i) any employees or (ii) any employee benefits plans of any kind or nature.

(e) No Target Company Group Member is the subject of a Bankruptcy Event.

Section 4.7 **Assets of Target Company Group**.

(a) The Target Company directly owns no asset or property of any kind or nature other than (x) Equity Interests in other Target Company Group Members, which, in each case, the Target Company owns free and clear of all Encumbrances, and (y) the Excluded Assets.

(b) Each Target Company Subsidiary, other than the Property Owner Subsidiary and Master Tenant, owns no asset or property of any kind or nature other than (x) Equity Interests in other Target Company Subsidiaries, which each Target Company Subsidiary owns free and clear of all Encumbrances, and (y) the Excluded Assets.

(c) The Property Owner Subsidiary owns no material property or asset of any kind or nature other than the Property and the Excluded Assets. The Property Owner Subsidiary owns fee simple title to the Property. To the Knowledge of Seller, the Property is free and clear of all Encumbrances, other than (x) Permitted Encumbrances, and (y) Monetary Liens to be satisfied or released at or before Closing.

(d) The Master Tenant owns no material property or asset of any kind or nature other than its leasehold interest in the Property and Equity Interests in the Property Owner Subsidiary and Excluded Assets. To the Knowledge of Seller, the leasehold interest of the Master Tenant in the Property is free and clear of all Encumbrances, other than (x) Permitted Encumbrances, and (y) Monetary Liens to be satisfied or released at or before Closing.

(e) Neither Seller nor any Affiliate of Seller, other than the Property Owner Subsidiary and the Master Tenant, owns any right, title or interest in any property or other assets (including any Contract right), except for the Excluded Assets, which are used or held for use primarily in connection with the Property.

Section 4.8 **Taxes**.

(a) Each Target Company Group Member is and has been since the date of its formation or organization classified as a corporation, partnership or disregarded as an entity separate from its owner, in each case within the meaning of Treasury Regulation section 301.7701-3(b)(1), as reflected on Exhibit B. No Target Company Group Member which is or has been classified as a partnership is or has been a publicly traded partnership within the meaning of Section 7704(b) of the Code that is treated as a corporation for federal income tax purposes under Section 7704(a) of the Code.

(b) Each Target Company Group Member has timely filed (after giving effect to any filing extensions) all material Tax Returns required to be filed by it for any period ending on or prior to the Closing Date and all such Tax Returns are true, correct, and complete in all material respects, and each Target Company Group Member has paid all Taxes required to be paid by it (whether or not shown as due on such Tax Returns). True, correct and complete copies of the following have been Made Available to Purchaser by the Seller Parties: (i) all state, local and federal Tax Returns that have been filed by Target Company Group Members and (ii) all material written communications from any Tax authority relative to the Target Company Group.

(c) Each Target Company Group Member has withheld and paid all material withholding Taxes required to be withheld or paid by it and timely made all required Tax reporting of payments made.

(d) All deficiencies asserted or assessments made with respect to any Target Company Group Member as a result of any examinations by the IRS or any other Tax authority of the Tax Returns of the Target Company Group Member have been fully paid. There is no Proceeding, investigation, audit or claim by any Tax authority now pending against or to the Knowledge of Seller threatened with respect to any Target Company Group Member in respect of any Tax or assessment, nor has any claim for additional Tax or assessment been asserted or to

the Knowledge of Seller threatened in writing against or with respect to any Target Company Group Member by any Tax authority.

(e) No claim has been made in writing by any Tax authority in a jurisdiction where any Target Company Group Member has not filed a Tax Return that it is or may be subject to Tax by such jurisdiction, nor, to the Knowledge of Seller, is any such assertion threatened.

(f) Except as set forth on Section 4.8(f) of the Disclosure Schedule, with respect to each Target Company Group Member, (i) there is no outstanding request for any extension of time within which to pay any Taxes or file any Tax Returns, (ii) there has been no waiver or extension of any applicable statute of limitations for the assessment or collection of any Taxes, (iii) no ruling with respect to Taxes has been requested by or on behalf of any Target Company Group Member, and (iv) no power of attorney with respect to any material Tax matter is currently in force.

(g) No Target Company Group Member is a party to or bound by any Tax allocation, indemnity or sharing or similar agreement covering any potential assumption of Tax Liability of any other Person.

(h) No Target Company Group Member (i) is or has been at any time a member of an affiliated group filing a consolidated federal income Tax Return and (ii) has any liability for the Taxes of another person other than the Target Company Group Members under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise.

(i) No Target Company Group Member has entered into any “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign law).

(j) No Target Company Group Member (i) has agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code, other than Brandywine Cira PO Master Tenants LLC’s Form 3115 filing for the year ended December 31, 2012, or any similar provision of Law, (ii) has had any Governmental Authority propose any such adjustment, (iii) has any application pending with any Governmental Authority requesting permission for any changes in accounting methods, (iv) has participated in an installment sale or open transaction disposition for which any amount has not been included in income on a federal or state income Tax Return, (v) has received any prepayment, other than in the ordinary course of business, the full amount of which has not been included in income on one or more applicable income Tax Returns, or (vi) has entered into any intercompany transaction or created any excess loss account described in the Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of state, local or foreign Law).

(k) No Target Company Group Member is a party to any understanding or arrangement described in Section 6662(d)(2)(C)(ii) or Treasury Regulations Section 1.6011-4(b) or is a material advisor as defined in Section 6111(b) of the Code.

(l) The Target Company Group Members have adequately disclosed to the IRS all positions taken on their federal income Tax Returns which could give rise to a substantial understatement under Section 6662 of the Code.

(m) No Seller Group Member is (or will be on or before the Closing) a foreign person (as defined in Section 1445 of Code and Treasury Regulations).

(n) Except as set forth on Section 4.8(n) of the Disclosure Schedule, no Target Company Group Member has distributed stock of another Person or had their stock distributed by another Person in a transaction that was purported or intended to be governed in whole or in part by Section 354, 355, or 361 of the Code.

(o) Immediately prior to Closing, there will be no limitation on the utilization of the net operating losses of any Target Company Group Member (including any such losses that were carried over to the Company under Section 381 of the Code) under Sections 382 or 1502 of the Code or the Treasury Regulations thereunder or otherwise (including any comparable provisions of state, local or foreign law).

(p) No Target Company Group Member has ever had a permanent establishment in a jurisdiction other than the State of its formation and the Commonwealth of Pennsylvania.

(q) Target Company and Brandywine Cira PO, LLC shall each have, as of the Closing Date, no accumulated earnings and profits.

(r) As of the Closing Date, no Target Company Group Member directly or indirectly holds any asset the disposition of which would constitute a "prohibited transaction" within the meaning of Section 857(b)(6) of the Code.

(s) No Target Company Group Member has filed any election to be treated as a REIT or revoked or had any REIT election revoked within the past five years.

(t) The Target Company and each Target Company Group Member has (i) satisfied its respective obligations to tax credit investors arising from the syndication of federal historic tax credits under Section 47 of the Code attributable to the redevelopment and historic rehabilitation of the Improvements (i.e., the Main Post Office) and (ii) no outstanding obligation to any Person with respect to any issue or claim arising out of or related to (A) any federal historic tax credit structure or (B) any federal historic tax credit investor, other than obligations to federal historic tax credit investor for contingencies which, to the Knowledge of Seller, are unlikely to occur. No state historic tax credits have been or are expected to be taken with respect to the redevelopment and historic rehabilitation of the Improvements.

(u) No Target Company Group Member, nor any Property, is currently the beneficiary or subject of any Tax holiday, abatement or similar arrangement with any Tax or other authority, except with respect to the Keystone Opportunity Improvement Zone Act (commonly referred to as the "KOIZ"), which currently applies to the Property. To the Knowledge of Seller each Target Company Group Member has complied in all material respects

with the terms of the KOIZ, and the consummation of the transactions contemplated hereby will not have an adverse effect on the validity, effectiveness and/or continuing viability and application of such arrangement. To the Knowledge of Seller, the KOIZ designation for the Property expires in 2018.

(v) Neither Seller nor any Target Company Group Member has filed any Tax Return or taken any other action which would preclude Target Company from satisfying the requirements for qualification and taxation as a REIT under the Code for the period commencing January 1, 2016 or any subsequent period, and no Target Company Group Member has taken or omitted to take any action which could reasonably be expected to result in a challenge by the IRS to the Target Company's status as a REIT for any such period and no such challenge is pending or, to the Knowledge or Seller, has been threatened.

(w) Except as set forth on Section 4.8(w) of the Disclosure Schedule, there is no built-in gain with respect to any property held directly or indirectly by the Target Company that is subject to the tax on built-in gain as of the Closing Date pursuant to IRS Notice 88-19, Section 1.337(d)-7 of the Treasury Regulations, or any other temporary or final regulations issued under Section 337(d) of the Code or any elections made thereunder, including the tax basis and fair market value of such property at the time the property became subject to the tax on built-in gain.

(x) No Target Company Group Member is (i) responsible for the payment of any "roll-back" or similar taxes or (ii) a party to any payment in lieu of taxes (PILOT) program.

Section 4.9 Litigation.

Except as set forth on Section 4.9 of the Disclosure Schedule, there are no Proceedings instituted by or against or served upon any Target Company Group Member or any of its managers (or persons in similar positions), officers, or Equityholders, in their capacities as such, pending or, to the Knowledge of Seller, threatened against any such Persons.

Section 4.10 Contracts and Licenses.

(a) Property Owner Subsidiary's interest in the Property is not subject to any outstanding agreement of sale, purchase option, right of first refusal (except for the Penn ROFO) or any other right or use, and there are no Persons in possession of the Property other than the GSA-IRS under the GSA-IRS Lease and Persons claiming through or under the GSA-IRS. Section 4.10(a) of the Disclosure Schedule sets forth a true and complete list of each Contract (other than any Organizational Document, Transaction Document, Existing CTL Financing Document, the MPO Leases or other agreement contemplated to be delivered in connection with the Closing) to which any Target Company Group Member is a party, or by which it or any of its assets is otherwise bound (collectively, "Relevant Target Company Group Contracts"). The Seller Parties have Made Available to Purchaser true, complete and accurate copies of each Relevant Target Company Group Contract. No Target Company Group Member is in breach or default of any Relevant Target Company Group Contract and, to the Knowledge of Seller, no other party thereto is in breach or default of any Relevant Target Company Group Contract, and, provided

the Target Company Consents are obtained and/or filed on or before the Closing Date, no event has occurred which, with due notice or lapse of time or both, would constitute such a default. No Seller Group Member has received any written notice of any breach or default (which is outstanding) of, or termination of, any Relevant Target Company Group Contract. Each Relevant Target Company Group Contract is in full force and effect. Except for the existing property management agreement for the Property, there are no Relevant Target Company Group Contracts between a Target Company Group Member and Brandywine Realty Trust or any of its Affiliates. Except as set forth in Section 4.10(a)(1) of the Disclosure Schedule, no Target Company Group Member will have any liability to Seller or any Affiliate of Seller after Closing under any Relevant Target Company Group Contract.

(b) Section 4.10(b) of the Disclosure Schedule sets forth a true and complete list of each License to which any Target Company Group Member is a party, or by which it or any of its assets is otherwise bound (collectively, "Relevant Target Company Group Licenses"). The Seller Parties have Made Available to Purchaser true, complete and accurate copies of each Relevant Target Company Group License. No Target Company Group Member is in breach or default of any Relevant Target Company Group License and, to the Knowledge of Seller, no other party thereto is in breach or default of any Relevant Target Company Group License, and, provided the Target Company Consents are obtained and/or filed on or before the Closing Date, no event has occurred which, with due notice or lapse of time or both, would constitute such a default. No Seller Group Member has received any written notice of any breach or default (which is outstanding) of, or termination of, any Relevant Target Company Group License. Each Relevant Target Company Group License is in full force and effect.

(c) The Target Company Group Members have, in accordance with the applicable Relevant Target Company Group Contracts completed and paid for (or will, as of the Closing Date, have completed and paid for) the work relating to the esplanade area adjacent to the Property (as described in Section 4.10(c) of the Disclosure Schedule) which is required to be performed by any Target Company Group Member. No Seller Group Member has received written notice that any such work does not comply with applicable Law.

Section 4.11 Compliance with Laws.

To the Knowledge of Seller, each Target Company Group Member is in compliance in all material respects with applicable Laws, except Environmental Laws (which is covered in Section 4.12). No Seller Group Member has received any written notice of a violation of any applicable Laws which has not been previously cured (i) by a Target Company Group Member or (ii) relative to the Property. To the Knowledge of Seller, no Target Company Group Member (x) has been a defendant in any unsealed qui tam/False Claims Act litigation within the past three years or (y) has been served with or received, within the past three (3) years, any search warrant, subpoena, civil investigative demand or contact letter from any Governmental Entity alleging fraud or malfeasance by Seller Group in connection with the GSA-IRS Lease. To the Knowledge of Seller, each Target Group Member has received all Permits required to own, operate, use and/or maintain (as applicable) the assets of such Target Group Member and each of the Permits is in full force and effect. No Seller Group Member has received any notice of any violation of any applicable Permits which has not been previously cured (I) by a Target

Company Group Member or (II) relative to the Property. No Seller Group Member has received any notice of any pending or threatened revocation, suspension, non-renewal, termination, modification or impairment of any applicable Permits. The Seller Parties have Made Available to Purchaser true and accurate copies of each Permit, a true and complete list of which is set forth on Section 4.10(b) of the Disclosure Schedule.

Section 4.12 Environmental Matters.

Except as set forth in Section 4.12 of the Disclosure Schedule or in any Environmental Report:

(i) To the Knowledge of Seller, (A) since the acquisition of the Property by the Target Company Group, the Target Company Group is and has been and the Property is and has been in material compliance with all applicable Environmental Laws, (B) since the acquisition of the Cira Garage by the BDN Garage Owner, the BDN Garage Owner is and has been and the Cira Garage is and has been in material compliance with all applicable Environmental Laws and (C) no Target Company Group Member nor BDN Garage Owner is the subject of any unresolved Proceedings initiated by any Governmental Entity or any other Person for past violations of applicable Environmental Laws.

(ii) Neither BDN Garage Owner nor any Target Company Group Member has received any written notice, claim, complaint, request for information, demand letter or other written communication from any Governmental Entity or other Person relating to the Property, the Cira Garage or any real property adjoining the Property or the Cira Garage, alleging that the Property or the Cira Garage has suffered, or that BDN Garage Owner or a Target Company Group Member is liable for, any investigation, clean-up cost, remedial work, damage to natural resources, property damage, Release, personal injury, or other liability arising under any applicable Environmental Law. Neither BDN Garage Owner nor any Target Company Group Member is a named party to any Order or settlement agreement with any Governmental Entity pursuant to which BDN Garage Owner or any Target Company Group Member is liable under any Environmental Law for any investigation, clean up, remedial work, damage to natural resources, property damage, Release, personal injury or other liability arising under any applicable Environmental Law. There are no Proceedings pending, or to the Knowledge of Seller, threatened against BDN Garage Owner, any Target Company Group Member, the Cira Garage or the Property under any Environmental Law.

(iii) To the Knowledge of Seller, none of the following exists at the Property or the Cira Garage: (A) underground storage tanks; (B) landfills, surface impoundments, or disposal areas; or (C) groundwater monitoring wells, potable drinking water wells, petroleum wells or production water wells.

(iv) To the Knowledge of Seller, (A) since the acquisition of the Property by the Target Company Group, there has been no Release of any Hazardous Material on, upon, into, to or from the Property in violation of any Environmental Laws or which has

given rise to any liabilities or investigatory, reporting, corrective or remedial obligations pursuant to Environmental Laws, (B) since the acquisition of the Cira Garage by the BDN Garage Owner, there has been no Release of any Hazardous Material on, upon, into, to or from the Cira Garage in violation of any Environmental Laws or which has given rise to any liabilities or investigatory, reporting, corrective or remedial obligations pursuant to Environmental Laws and (C) neither BDN Garage Owner nor any member of the Seller Group has received written notice of any exposure of any Person or property to any Hazardous Materials in connection with the Property or the Cira Garage that could reasonably be expected to form the basis of a material claim for damages or compensation.

(v) The Seller Parties have Made Available to Purchaser copies, which copies are true and complete in all material respects, of all written information in their possession or under their control pertaining to compliance with, violations of, or liabilities pursuant to, Environmental Laws by one or more Target Company Group Members relative to the Property or the Cira Garage (the "Environmental Assessments"). A true and complete list of the Environmental Assessments is set forth on Section 4.12 of the Disclosure Schedule.

(vi) Neither BDN Garage Owner nor any Seller Group Member has received notice of any violation of any Environmental Law or Release of any Hazardous Substance that would interfere with the ability of the BDN Garage Owner to provide to Master Tenant the parking spaces required under the GSA-IRS Lease.

Section 4.13 Insurance.

Section 4.13 of the Disclosure Schedule sets forth a true and complete list of each property, casualty, liability or other insurance policy, other than the Existing Owner's Title Insurance Policy and the Existing Leasehold Title Insurance Policy, maintained by any Target Company Group Member (each, an "Insurance Policy"), including the type and amount of coverage, whether such coverage is "claims made" or "claims incurred" and the expiration dates of the Insurance Policies. Each Target Company Group Member has complied in all material respects with all terms and conditions of such policies, including premium payments, and such policies are in full force and effect. No Seller Group Member has received: (a) any written notice of cancellation of any policy or binder of insurance required to be identified in Section 4.13 of the Disclosure Schedule or refusal of coverage thereunder; (b) any written notice that any issuer of such policy or binder is subject to any Bankruptcy Event or is otherwise in the process of liquidating or has been liquidated; or (c) any written notice that any such policy or binder may no longer be in full force or effect or that the issuer of any such policy or binder may be unwilling or unable to perform its obligations thereunder. There is no claim pending by or on behalf of any Target Company Group Member against any of the insurance carriers under any of such policies for denial of coverage by any such insurance carriers. Except as set forth on Section 4.13 of the Disclosure Schedule, no Target Company Group Member has made any claims under any Insurance Policy which is currently pending, and Seller has not received written notice under any Insurance Policy that the applicable insurance company has denied

coverage or is unwilling to defend such claim. To the Knowledge of Seller, the Insurance Policies comply with the respective terms of the MPO Leases, if and to the extent applicable.

Section 4.14 **Property Matters**.

(a) Section 4.14(a) of the Disclosure Schedule sets forth a true and complete list of the policy of title insurance for insuring the Property Owner Subsidiary's fee simple title in and to the Property (the "Existing Owner's Title Insurance Policy"), the Master Tenant's leasehold interest in and to the Property (the "Existing Leasehold Title Insurance Policy") and the most recent survey for the Property, in each instance that is in the possession or control of the Seller Group (the "Existing Survey"). A true, complete and correct copy of each of the Existing Owner's Title Insurance Policy, the Existing Leasehold Title Insurance Policy and the Existing Survey has been Made Available to Purchaser by Seller. Each of the Existing Owner's Title Insurance Policy and the Existing Leasehold Title Insurance Policy is in full force and effect and there is no claim pending by or on behalf of the Property Owner Subsidiary against the title insurer under the Existing Owner's Title Insurance Company or by or on behalf of the Master Tenant against the title insurer under the Existing Leasehold Title Insurance Policy.

(b) No Seller Group Member or Affiliate thereof (including, without limitation, the BDN Garage Owner) has received any written notice that any condemnation or rezoning Proceedings are pending with respect to the Property or the property on which the Cira Garage is located (the "Cira Garage Property") or any portion thereof nor, to the Knowledge of Seller, have any condemnation or rezoning (or any other land use) Proceedings been threatened with respect to the Property, the Cira Garage Property or any portion thereof. Except as set forth on Section 4.14(b) of the Disclosure Schedule, none of the Seller Group Members or their Affiliates (including, without limitation, the BDN Garage Owner) has received any written notice of a violation (which remains outstanding) of the Americans with Disabilities Act (or any similar state or local Law) or any zoning, building or similar legal requirement, with respect to the Property, the Cira Garage Property or any portion thereof.

(c) No Seller Group Member or Affiliate thereof (including, without limitation, the BDN Garage Owner) has entered into any written Contract (including a binding letter of intent but expressly excluding the Penn ROFO) which has not expired for the (i) sale of the Property or any portion thereof to a third Person, (ii) the sale of the BDN Garage Owner's leasehold interest in the Cira Garage Property or any portion thereof, or (iii) granting an option to purchase or ground lease the Property or any portion thereof to a third Person, (iv) granting an option to purchase the Master Tenant's subleasehold interest in the Cira Garage Property or any portion thereof to a third Person, (v) granting a right of first offer, right of first refusal, or right of first negotiation to a third Person with respect to the sale of the Property or any portion thereof, or (vi) granting a right of first offer, right of first refusal, or right of first negotiation to a third Person with respect to the sale of the Master Tenant's leasehold interest in the Cira Garage Property or any portion thereof.

(d) No Seller Group Member has entered into any written Contract with any third Person that (i) provides for a right of such Person to participate in the profits, sale proceeds or revenues of the Property or (ii) constitutes a ground lease, lease, license or other occupancy

arrangement for any portion of the Property or any improvement contemplated to be constructed thereon.

(e) There are no property management contracts, leasing agreements, brokerage commission agreements or asset management contracts to which any Seller Group Member is a party or that affect the Property and that will be binding on any Target Company Group Member or the Property after Closing.

(f) No Seller Group Member has received notice of, nor has Knowledge of, (i) any real estate Tax assessment increase for the Property, (ii) any municipal assessments against the Property, or (ii) any planned municipal improvements which could reasonably be expected to result in any municipal assessment against the Property. No Target Company Group Member has retained anyone to file notices of protest against, or to commence actions to review, real property tax assessments against the Property which are currently pending.

(g) Except as set forth in Section 4.14(g) of the Disclosure Schedule, with respect to any declarations or similar instruments affecting the Property: (i) they have not been amended except as evidenced by written amendments, true, complete and accurate copies of which have been Made Available to Purchaser as required hereunder; (ii) there are no monetary obligations of any Target Company Group Member thereunder except as set forth therein; (iii) no Target Company Group Member has received written notice of any breach or default (which is outstanding) of any obligation thereunder, nor, to the Knowledge of Seller, is there any fact or circumstance which, with due notice or lapse of time or both, would constitute a material default by any Target Company Group Member of any such obligation thereunder; and (iv) there are no pending claims, defenses or offsets which have been asserted in writing against any Target Company Group Member by any party to any declaration or similar instrument.

(h) The Seller Parties have Made Available to Purchaser a true, complete and accurate copy of that certain Indemnification dated December 17, 2009 between the Property Owner Subsidiary and the Department of Transportation, Commonwealth of Pennsylvania (the "PennDOT Indemnification"). The PennDOT Indemnification is in full force and effect. No Seller Group Member has received any written notice that the Property Owner Subsidiary is in breach or default under the PennDOT Indemnification Agreement and, to the Knowledge of Seller, no event had occurred which, with due notice or lapse of time or both, would constitute a material default by the Property Owner Subsidiary under the PennDOT Indemnification. No Seller Group Member has received written notice of any outstanding claim by PennDOT for indemnification under the PennDOT Indemnification.

(i) To the Knowledge of Seller, the Property is not, nor at Closing will be, subject to any understanding or unfulfilled written commitment with, or to any unsatisfied conditions imposed by, the Pennsylvania Department of Transportation, the Pennsylvania Department of Environmental Protection, the City of Philadelphia and/or any local governmental agency or authority.

(j) No Seller Group Member has received written notice of any outstanding violations of Law with respect to the life safety systems and related equipment in and to the

Property, including, without limitation, fire alarms and other fire suppression systems. To the Knowledge of Seller, any and all notices of violation received by any Seller Group Member from any and all Governmental Entities with respect such life safety systems and equipment have been remedied to the satisfaction of such Governmental Entities. Section 4.14(j) of the Disclosure Schedule contains a current status report regarding such life safety systems and equipment, and no Seller Group Member has received written notice of any other outstanding issues with respect to such life safety systems and equipment. Without limitation, no Seller Group Member has received any written notice of violation issued by the City of Philadelphia, Department of Licenses and Inspections with respect to life safety systems and equipment, which remains uncured.

Section 4.15 **MPO Leases**.

(a) The Seller Parties have Made Available to Purchaser true, complete and accurate copies of each of the MPO Leases. Each MPO Lease is valid and in full force and effect. Except as set forth in the Due Diligence Materials, no Seller Group Member has received or given written notice of any alleged breach or default by either party under the MPO Lease and to the Knowledge of the Seller no Target Company Group Member is in material default or material violation of any applicable MPO Lease. No MPO Lease has been revoked, suspended, terminated or impaired in any material respect. No Target Company Group Member is subject to any pending or, to the Knowledge of Seller, threatened Proceeding seeking the revocation, suspension, non-renewal, termination, modification or impairment of any MPO Lease. No Seller Group Member has received or given any written notice of any actual or threatened revocation, limitation, modification, termination, suspension, non-renewal or impairment of any MPO Lease. There are no agreements to pay any broker or other Person any leasing commissions or similar payments or obligations with respect to the MPO Leases, and any broker or any other leasing commissions or similar payments or obligations due under such agreements have been paid as of the Agreement Date. Except for the MPO Leases, the Licenses and Permitted Encumbrances, no Target Company Group Member is a party to any lease, license or other occupancy agreement.

(b) Except as set forth in Section 4.15(b) of the Disclosure Schedule, with respect to the GSA-IRA Lease: (i) the rentals and other sums due or to become due under the GSA-IRS Lease have not been and will not be assigned, encumbered, or subject to any liens as of the Closing, other than pursuant to the Amended and Restated GSA-IRS Rent Allocation Agreement; (ii) there are no pending negotiations to surrender or modify the GSA-IRS Lease or, to the Knowledge of Seller, to assign the GSA-IRS' interest under the GSA-IRS Lease or to sublet (or permit any third Person to occupy) all or any portion of the Property; (iii) except as expressly set forth in the GSA-IRS Lease, there are no outstanding rental or other concessions of any nature granted under the GSA-IRS Lease, or any outstanding obligation to pay any tenant improvement allowances or perform any tenant improvement work under the GSA-IRS Lease; (iv) there are no pending disputes (written or, to the Knowledge of Seller, oral) between the GSA-IRS and any Target Company Group Member regarding access to, or the availability of, the parking spaces at the Cira Parking Garage required to be furnished pursuant to the GSA-IRS Lease; (v) no Seller Group Member has received written notice of any outstanding disputes between the GSA-IRS and any Target Company Group Member regarding operating services (including, without limitation, heating, ventilation and air conditioning, extermination and

elevators), maintenance or repairs at the Property, Operating Rent or Property Expenses; and (vi) the GSA-IRS has not made any rent payments under the GSA-IRS Lease in advance for more than one (1) month. The respective amount of Operating Rent and Property Expenses (as defined in the GSA-IRS Lease) most recently billed by Master Tenant to GSA-IRS are as set forth on Section 4.15(b) of the Disclosure Schedule, and to the Knowledge of Seller, there is no dispute between the parties to the GSA-IRS Lease concerning the Operating Rent or Property Expenses.

(c) Section 4.15(c) of the Disclosure Schedule sets forth a true and complete list of all Existing Cira Garage Financing Documents. The Existing Cira Garage Financing Documents are in full force and effect as of the Agreement Date. The CTL Garage Loan shall be repaid or defeased at or prior to Closing. The Seller Parties have Made Available to Purchaser true, complete and accurate copies of all Existing Cira Garage Financing Documents listed in Section 4.15(c) of the Disclosure Schedule. Except for the CTL Garage Loan, neither BDN Garage Owner nor any member of BDN Garage Owner has incurred any Indebtedness which is outstanding.

(d) The Amended and Restated Ground Lease Agreement effective as of November 12, 2012 between UPenn, as landlord, and the BDN Garage Owner, as tenant, for the Cira Garage Property (as amended from time to time, the "Cira Garage Ground Lease") is in full force and effect. The BDN Garage Owner has not received or given any written notice that the BDN Garage Owner or UPenn (as applicable) is in breach or default under the Cira Garage Ground Lease and, to the Knowledge of Seller, no event has occurred which, with due notice or lapse of time or both, would constitute a material default under the Cira Garage Ground Lease.

(e) The Master Tenant and BDN Garage Owner have obtained (or will obtain, prior to Closing) all Consents required for the execution and delivery of the GSA-IRS Parking Area Lease.

Section 4.16 CTL Financing.

Section 4.16 of the Disclosure Schedule sets forth a true and complete list of all Existing CTL Financing Documents. Except for the Existing CTL Financing Documents (which will be released or defeased at or prior to Closing in accordance with Section 2.3(a)), the Existing Cira Garage Financing Documents to which Master Tenant is party (which will be released or defeased at or prior to Closing in accordance with Section 2.3(a)) and the Amended and Restated GSA-IRS Rent Allocation Agreement (which will be entered into at or before Closing and will continue to apply from and after Closing), neither the Property Owner Subsidiary or any of its partners nor the Master Tenant or any of its members is a party to any other financing documents.

Section 4.17 Brokers.

No Person acting on behalf of any Seller Group Member or any Affiliate thereof or under the authority of any of the foregoing is or will be entitled to any brokers' or finders' fee or any other commission or similar fee with respect to which Purchaser or any Target Company Group

Member will be liable in connection with any of the Transactions except that Seller shall be solely responsible for the brokers' fees or commission to Eastdil Secured pursuant to a separate agreement with Seller.

Section 4.18 **ERISA**.

No Seller Group Member is: (i) a plan which is subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, nor a plan as defined in and subject to Section 4975 of the Code (each of the foregoing hereinafter referred to collectively as a "Plan"); or (ii) a "governmental plan" as defined in Section 3(32) of ERISA. The assets of the Seller Group Members do not constitute "plan assets" within the meaning of Department of Labor Regulations located as 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA. Each Seller Group Member is acting on its own behalf and not on account of or for the benefit of any Plan.

Section 4.19 **OFAC; No Embargoed Person**.

(a) None of any Seller Group Member, to the Knowledge of Seller any Affiliate of any Seller Group Member or to the Knowledge of Seller any Equityholder of such Persons owning a 10% or greater interest in it, and to the Knowledge of Seller none of their respective employees, officers, directors, representatives or agents is, nor will they become, a Person with whom U.S. Persons are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and has not and shall not assign or otherwise transfer this Agreement, or any interest herein to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities, (b) neither any Seller Group Member nor to the Knowledge of Seller any Affiliate thereof is knowingly engaged in, and shall not knowingly engage in, any dealings or transactions or knowingly be otherwise associated with such persons or entities described in (a) above, (c) neither any Seller Group Member nor to the Knowledge of Seller any Affiliate thereof is a Person whose activities violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder, (d) none of the funds or other assets of any Seller Group Member constitute property of, or to the Knowledge of Seller are beneficially owned, directly or indirectly, by any "Embargoed Person" (as defined below), (e) to the Knowledge of Seller no Embargoed Person has any interest of any nature whatsoever in any Seller Group Member (whether directly or indirectly), and (f) none of the funds of any Seller Group Member have been derived from any unlawful activity with the result that this Agreement is in violation of Law.

Section 4.20 **Penn ROFO**. The Seller Parties have Made Available to Purchaser a true, complete and accurate copy of the Penn ROFO. To the Knowledge of Seller, the Penn ROFO is valid and in full force and effect. No Seller Group Member has received or given written notice of any alleged breach or default by either party under the Penn ROFO and, to the Knowledge of the Seller, Property Owner Subsidiary is not in default or violation of the Penn ROFO. Pursuant

to the Penn ROFO Waiver and Modification, UPenn has waived in writing its right to first offer to purchase the Property in respect of the Transactions contemplated hereby.

Section 4.21 **Due Diligence Materials**. To the Knowledge of Seller, all of the Due Diligence Material Made Available to Purchaser in connection with the Property and the Target Group Members are true, complete and accurate copies of such items in Seller's possession or control. Seller has not deliberately and intentionally withheld from Purchaser any information with respect to the Property or the Target Company Group Members which would be materially relevant to any reasonable purchaser's decision to consummate the Transactions. To Seller's Knowledge, no officer of Seller has materially greater familiarity with the matters addressed in this Section 4, in the aggregate, than Thomas Wirth, Regina Sitler, Ron Pluto and Brad Molotsky.

Section 4.22 **Mechanic's/Materialmen Liens**. Except as disclosed in the Title Evidence (and except for liens, if any, which have been released or bonded over without further liability of any Target Company Group Member), Seller has not permitted any mechanic's or materialmen liens in excess of $50,000 to attach to any portion of the Property. Section 4.22 of the Disclosure Schedule discloses all ongoing capital improvements and capital repairs to the Property which have been undertaken by or on behalf of any Seller Group Member for an amount in excess of $50,000.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

In order to induce each Seller Party to enter into this Agreement, Purchaser hereby represents and warrants to each Seller Party as follows:

Section 5.1 **Existence and Good Standing**.

Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser has all necessary power and authority to conduct its business as presently conducted and to own and operate the properties and assets used in connection therewith and to perform all of its obligations under this Agreement. Purchaser is (a) qualified to do business and is in good standing in each jurisdiction where the nature or character of the property owned or operated by it or the nature of the business transacted by it makes such qualification necessary except, in each case, where the failure to be so qualified or in good standing would not reasonably be expected have a material adverse effect, and (b) in compliance with the Organizational Documents. KIM Private Placement Philadelphia Real Estate Investment Trust 1 (the "Fund") is a collective investment vehicle duly established and validly existing under the laws of the Republic of Korea ('Korea") and is the sole shareholder of Purchaser.

Section 5.2 **Power and Authorization**.

Purchaser has the company power and authority to execute, deliver and perform fully its obligations under each Transaction Document to which it is (and at the Closing will be) a party,

and the execution, delivery and performance by Purchaser of each Transaction Document to which it is (and at the Closing will be) a party have been (and will be) duly instructed by Korea Investment Management Co. Ltd., acting in its capacity as the collective investment company of the Fund (together with its successors and assigns in such capacity, "Fund Manager"), pursuant to the applicable laws of Korea.

Section 5.3 Validity and Enforceability.

Each Transaction Document to which Purchaser is a party has been (or as to documents not yet executed, will be) duly executed and delivered by Purchaser and constitutes (or will constitute) the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to the General Enforceability Exceptions.

Section 5.4 No Conflict.

Neither the execution of any Transaction Document, nor the performance by Purchaser of its obligations hereunder or thereunder, will violate or conflict with its Organizational Documents or any Law or Order applicable to Purchaser.

Section 5.5 Consents; Capitalization.

Except for the Consents that Purchaser will obtain on or before Closing (including the acceptance by the applicable Governmental Entity in Korea of a foreign direct investment report), no Consent of any Person is required in connection with the execution and delivery by Purchaser of any Transaction Document to which it is a party or Purchaser's consummation of the Transactions (it being understood that Purchaser makes no representation or warranty with respect to any Consent required on the part of any Seller Group Member). Without limiting the foregoing, the performance by Purchaser of its obligations under this Agreement, including payment of the Deposit in accordance with Section 2.2 and consummation by Purchaser of the Closing hereunder, will not require the Consent of any Person (including, without limitation, any Korean governmental authority or agency, or any investor in the Fund) that has not been obtained prior to the date hereof.

Section 5.6 Litigation.

There are no Proceedings instituted against or served upon Purchaser or any of its managers (or persons in similar positions), officers, or Equityholders, in their capacities as such, pending or, to the Knowledge of Purchaser, threatened against any such Persons in connection with the Fund that would be reasonably likely to prevent or delay the consummation by Purchaser of the Transactions.

Section 5.7 Investment Intent; Brokers.

Purchaser is acquiring the Purchased Shares for the account of the Fund and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act of 1933. No Person acting on behalf of Purchaser or any Affiliate thereof or under the authority of any of the foregoing is or will be entitled to any brokers' or finders' fee or any other commission or similar fee with respect to which Seller or any Target Company Group Member will be liable in connection with any of the Transactions.

Section 5.8 ERISA.

(i) Purchaser is not, and is not acting on behalf of, a Plan or a "governmental plan" as defined in Section 3(32) of ERISA; and (ii) the assets of Purchaser do not constitute "plan assets" of one or more of such Plans within the meaning of Department of Labor Regulations located at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

Section 5.9 OFAC; No Embargoed Person.

(a) Neither Purchaser nor any Affiliate thereof or, to the Knowledge of Purchaser, any Equityholder of such Persons owning a 10% or greater interest in it, and to the Knowledge of Purchaser, none of its employees, officers, directors, representatives or agents is, nor will they become, a Person with whom U.S. Persons are restricted from doing business under regulations of OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and has not and shall not assign or otherwise transfer this Agreement, or any interest herein to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities, (b) neither Purchaser nor, to the Knowledge of Purchaser, any Affiliate thereof is knowingly engaged in, and shall not knowingly engage in, any dealings or transactions or knowingly be otherwise associated with such persons or entities described in (a) above, (c) neither Purchaser nor, to the Knowledge of Purchaser, any Affiliate thereof is a Person whose activities violate the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder, (d) none of the funds or other assets of Purchaser constitute property of, or to the Knowledge of Purchaser, are beneficially owned, directly or indirectly, by any Embargoed Person, (e) to the Knowledge of Purchaser, no Embargoed Person has any interest of any nature whatsoever in Purchaser (whether directly or indirectly), and (f) none of the funds of Purchaser have been derived from any unlawful activity with the result that this Agreement is in violation of Law.

ARTICLE VI
COVENANTS AND AGREEMENTS

Section 6.1 <u>**Access to Information**</u>.

During the Contract Period, the Seller Parties shall and shall cause the other Seller Group Members and their other Associated Persons to (i) afford Purchaser and its counsel and other Associated Persons reasonable access to (and, as applicable, the right to make copies of) the Property and the Contracts, books and records of the Target Company Group or relating to the Property (provided that, for the avoidance of doubt, the foregoing shall not extend to books and records of Seller or Seller's internal analyses with respect to the Property), and (ii) afford Purchaser and such Associated Persons access to the appropriate personnel of the Seller Group, as may be reasonably requested, for the purposes of facilitating the consummation of the Transactions.

Section 6.2 <u>**Conduct of Business Pending Closing**</u>.

(a) Except (x) as required by applicable Law, (y) as expressly permitted in the Transaction Documents or as required to comply with the MPO Leases or (z) with the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned by Purchaser (except that, in the case of any proposed amendment, modification, termination, release or waiver of any terms or provisions of the MPO Leases or any other matter which reasonably would be expected to have a material adverse effect on any of the Target Company Group Members, the Property or the transaction contemplated hereby or which reasonably would be expected to result in environmental liabilities in excess of the Environmental Cap (as such term is defined in <u>Section 7.8</u> hereof), Purchaser may grant or withhold its consent in its sole and absolute discretion), during the Contract Period, the Target Company shall, and shall cause each Target Company Subsidiary to:

(i) maintain its respective existence, and subject to the right to contest the same in good faith: (A) discharge debts, liabilities and obligations as they become due, and (B) operate in the ordinary course in a manner consistent with past practice and in compliance in all material respects with all applicable Laws;

(ii) maintain the Property substantially in its present condition, casualty and condemnation excepted;

(iii) maintain in full force and effect, and, subject to the right to contest the same in good faith, perform in all material respects all obligations under all Contracts to which any Target Company Group Member is a party;

(iv) file, when due or required (after giving effect to any applicable and valid extension), federal, state, foreign and other Tax Returns and other reports required to be filed prior to the Closing Date, pay when due all Taxes that are due with respect to the periods covered by such Tax Returns or otherwise lawfully levied or assessed against them and withhold or collect and pay to the proper Tax authorities all Taxes that such

entity is required to so withhold or collect and pay, unless the validity thereof is contested in good faith and by appropriate proceedings diligently conducted and, if appropriate, reasonable reserves therefore have been established;

(v) in all material respects, (A) maintain its respective financial books and records in accordance with GAAP and the respective terms of the GSA-IRS Lease and the Existing CLT Financing Documents, as applicable, and on a basis consistent with past practices, and (B) maintain in full force and effect the Insurance Policies currently in effect (or replacements continuing similar coverage);

(vi) (A) comply in all material respects with (i) all Laws and Recorded Documents affecting the Property, (ii) the MPO Leases and (iii) the Existing CTL Financing Documents; (B) cause the BDN Garage Owner to comply in all material respects with (i) all Laws and Recorded Documents affecting the Cira Garage Property (ii) the GSA-IRS Parking Area Lease, (iii) the ground lease for the Cira Garage Property (as amended or otherwise modified from time to time, the "Cira Garage Property Ground Lease") and (iv) the loan documents that evidence, secure or otherwise memorialize the CTL Garage Loan (the "Existing Cira Garage Financing Documents"); (C) deliver to Purchaser a copy of (i) any notice that any Seller Group Member receives from any Governmental Entity concerning a material violation of Law or Order by any Target Company Group Member promptly after the receipt of the same, (ii) any notice and other documentation relating to any Proceeding instituted after the Agreement Date that affects Seller or any Target Group Member or the Transactions contemplated hereby and (iii) any notice of default given or received under any of the MPO Leases, the Cira Garage Property Ground Lease, the Existing CTL Financing Documents or the Existing Cira Garage Financing Documents, promptly after receipt or delivery of the same; and (D) use commercially reasonable efforts to cure such violations;

(vii) notify Purchaser promptly of (A) any event or occurrence within the Knowledge of Seller which reasonably would be expected to have a material effect on the operation, leasing or condition of the Property, including but not limited to fire or other casualty loss or a Release affecting the Property, or (B) any document which, to the Knowledge of Seller, is recorded against the Property and is not disclosed in the Title Evidence;

(viii) notify Purchaser promptly after any Seller Group Member becomes aware of any circumstance or event that would permit Purchaser to terminate this Agreement pursuant to Section 10;

(ix) collect invoices and otherwise support any annual statements or payment requests under the GSA-IRS Lease that are pending or will be become due in the year in which the Closing occurs; and

(x) address in the ordinary course of business any issues or complaints (if any) which have been or are raised in writing by the GSA-IRS with respect to that certain

2015 GSA Tenant Satisfaction Survey dated October 1, 2015 (a copy of which has been Made Available by Seller to Purchaser).

(b) During the Contract Period, the Target Company shall not, and shall cause each Target Company Subsidiary not to, except (x) as required by applicable Law, (y) with the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned by Purchaser (except that, in the case of any proposed amendment, modification, termination, release or waiver of any terms or provisions of the MPO Leases or any other matter which reasonably would be expected to have a material adverse effect on any of the Target Company Group Members, the Property or the transaction contemplated hereby or which reasonably would be expected to result in environmental liabilities in excess of the Environmental Cap, Purchaser may grant or withhold its consent in its sole and absolute discretion), or (z) as expressly permitted in the Transaction Documents or as required to comply with Laws and the MPO Leases:

(i) make any change in, or purchase, redeem or retire, or otherwise grant any option, warrant or other right to purchase or acquire, any authorized, issued or outstanding equity interests or other securities of any Target Company Group Member, make any other changes in the capital structure of any Target Company Group Member, or declare or pay any dividend or other distribution (other than cash dividends, distributions or interest payments) upon any Equity Interest of any Target Company Group Member, other than (x) transfers of equity interests in any Target Company Group Member to be accomplished after the Agreement Date as described in Exhibit B-1 attached hereto or Schedule 4.3(b) of the Disclosure Schedule and (y) with the prior written approval of Purchaser, as may be required for the Target Company to comply with the requirements to qualify as a REIT;

(ii) amend the Organizational Documents of any Target Company Group Member, other than amendments to be accomplished after the Agreement Date as described in Exhibit B-1 attached hereto or Schedule 4.3(b) of the Disclosure Schedule;

(iii) amend, rescind, revoke, or terminate any MPO Lease or take any action that will or might reasonably be expected to result in the amendment, rescission, revocation or termination of any MPO Lease (except for the amendment and restatement of the GSA-IRS Parking Area Lease in accordance with Section 6.4(c)), or consent to an assignment of the GSA-IRS Lease or a subletting by the GSA-IRS of any portion of the Property;

(iv) fail to pay or discharge when due any material liability or obligation of the Target Company Group, except any such liability or obligation that shall be contested in good faith;

(v) enter into, amend or terminate any Insurance Policy (other than renewals and replacements thereof in the ordinary course of business and providing substantially the same coverage), any Lease or License, (other than the Key Closing Deliverables and other documents and agreements expressly contemplated under this Agreement) that

constitutes a Contract or any other Contract (including the Penn ROFO), other than any non-material Contract to which the Property Owner Subsidiary is a party and where (I) payments to or by the Property Owner Subsidiary are less than $5,000.00 in the aggregate under such Contract, (II) such Contract is terminable by the Property Owner Subsidiary without liability upon no more than 30 days' notice, (III) such Contract is not a Lease, License or other occupancy agreement relative to the Property or any portion thereof, and (IV) each other party to such Contract is not an Affiliate of any Seller Group Member;

(vi) make any sale, assignment, transfer, disposition, abandonment or other conveyance of the Property or any portion thereof, or permit the BDN Garage Owner to effect any sale, assignment, transfer, disposition, abandonment or other conveyance of its leasehold interest in the Cira Garage Property or any portion thereof (or otherwise surrender or terminate its leasehold interest in the Cira Garage Property);

(vii) acquire or dispose of any property or asset other than any immaterial property or asset in the normal course of the ownership, leasing and operation of the Property;

(viii) (A) voluntarily subject the Property to any new Encumbrance, other than a Permitted Encumbrance or (B) fail to take commercially reasonable efforts to prevent the Property from becoming on an involuntary basis subject to any new Encumbrance other than a Permitted Encumbrance;

(ix) (A) make, change, rescind or revoke, or permit to be made, changed or revoked, any election or method of accounting with respect to Taxes, or (B) settle or compromise any federal, state, local or foreign income Tax liability, audit, claim or assessment, (C) enter into any closing agreement related to Taxes or (D) surrender any right to claim any Tax refund, unless, in each case described in this clause (ix), the Target Company determines in good faith that (I) such action is necessary to preserve the qualification as a REIT of Brandywine Realty Trust or (II) the failure to take such action will or would reasonably be likely to result in Seller or one of its Affiliates incurring or suffering material Damages;

(x) settle any condemnation claim or insurance casualty claim;

(xi) undertake any remediation at the Property, other than any remediation pursuant to a remediation plan existing on the Agreement Date and that has been Made Available to Purchaser by the Seller Parties;

(xii) incur or otherwise become liable for any Indebtedness (whether as primary obligor, guarantor or otherwise);

(xiii) hire any employees or enter into or initiate any benefit plan;

(xiv) file or settle any Tax appeal relative to the Property;

(xv) take (or permit to be taken) any voluntary action that will or might reasonably be expected to result in a failure of the condition set forth in Section 7.2;

(xvi) implement or approve any merger, reorganization, recapitalization or similar transaction involving any Target Company Group Member;

(xvii) form or acquire any Subsidiary;

(xviii) voluntarily agree to any downward adjustment in rent under the GSA-IRS Lease;

(xix) voluntary permit any Target Company Group Member to become the subject of or suffer a Bankruptcy Event; or

(xx) agree or commit to do any of the foregoing.

(c) Except (x) as otherwise expressly permitted in the Transaction Documents, (y) as required by applicable Law or (z) with the prior written consent of Seller, which consent shall not be unreasonably withheld, delayed or conditioned by Seller (except that, in the case of any matter which reasonably would be expected to have a material adverse effect on any of the Seller Parties or the transaction contemplated hereby or which reasonably would be expected to result in environmental liabilities in excess of the Environmental Cap, Seller may grant or withhold its consent in its sole and absolute discretion), during the Contract Period, Purchaser shall not:

(i) take (or permit to be taken) any voluntary action that will or might reasonably be expected to result in a failure of the condition set forth in Section 8.2; or

(ii) agree or commit to do any of the foregoing.

(d) On or prior to the Closing Date, Seller shall, at its sole cost and expense, terminate, or cause the Property Owner Subsidiary to terminate, the existing property management agreement for the Property. At Closing, Seller shall provide Purchaser with reasonable documentary evidence memorializing the satisfaction by Seller of the matters described in this Section 6.2(d).

(e) Notwithstanding anything herein to the contrary, prior to Closing Seller shall be permitted to, and shall, cause the Target Company to complete the transactions described on Exhibit B-1 attached hereto, including the disposition (by transfer to Seller or otherwise) of the Excluded Assets described on Exhibit B-1.

Section 6.3 Consents and Cooperation.

(a) Purchaser acknowledges that the Property Owner Subsidiary has granted to UPenn a right of first offer to purchase the Property pursuant to the Penn ROFO. The Parties acknowledge and agree that, prior to the Agreement Date and as a material inducement for Purchaser to enter into the Transactions contemplated by this Agreement, UPenn has, pursuant to

the Penn ROFO Waiver and Modification, waived such right of first offer in respect of such Transactions.

(b) During the Contract Period, each of the Parties shall use its reasonable commercial efforts to satisfy each of the Closing Conditions and effect the Closing as soon as practicable (subject to the terms of Section 3.1 hereof). Without limiting the generality of the foregoing, the Parties shall assist and cooperate with each other in negotiating, preparing or filing all documents required to be prepared, negotiated or filed in connection each Key Closing Deliverable. Each of the Parties shall use its reasonable commercial efforts to resolve objections, if any, as may be asserted by any Person in relation to any Key Closing Deliverable. In no event shall non-delivery by a counterparty (other than any Party or its Affiliate at the time of Closing) to any of the agreements in Sections 7 and 8 be a breach by any Party if such Party complied with the other provisions of this Section 6.3 and Section 6.9.

(c) Without limiting or expanding the rights or obligations of the Parties under Sections 6.2, Seller shall keep Purchaser reasonably well informed of matters which arise outside the ordinary course of business with respect to the Property during the Contract Period (provided that such matter is within the Knowledge of Seller), and will confer in good faith with Purchaser with respect to any material action to be taken by any Target Group Company Member with respect to any such matters.

(d) The Seller Parties shall, and shall cause other Seller Group Member to, reasonably cooperate with Purchaser in connection with Purchaser obtaining (whether on behalf of itself or the Target Company with respect to the post-Closing period) title policies (and customary endorsements thereto), surveys, zoning reports or certificates and any other property-level inquiries or undertakings sought by Purchaser with respect to the Property.

(e) The Seller Parties shall use commercially reasonable efforts to assist Purchaser in: (i) obtaining a Subordination, Non-Disturbance and Attornment Agreement (in the form attached hereto as Exhibit H-1 or in such other form and substance reasonably required by, or otherwise acceptable to, Purchaser's lender) from the GSA-IRS with regard to the GSA-IRS Lease (the "GSA-IRS SNDA"), provided that Purchaser notifies Seller of the identity of Purchaser's lender and the proposed form of the GSA-IRS SNDA, and (ii) obtaining such modifications to the proposed form of GSA-IRS SNDA that Purchaser's lender may reasonably request prior to or after the date on which such form is sent to the GSA-IRS. For the avoidance of doubt, the GSA-IRS SNDA shall not be a condition to Closing.

(f) The Seller Parties shall use commercially reasonable efforts to assist Purchaser in: (i) obtaining such acknowledgments and consents as Purchaser's lender may reasonably require from the BDN Garage Owner in connection with the assignment of the GSA-IRS Parking Area Lease and any similar documents provided as security for the loan made by such lender, and (ii) obtaining such modifications to the proposed forms that Purchaser's lender may reasonably request prior to or after the date on which such forms are sent to the BDN Garage Owner, provided that (i) Purchaser notifies Seller of the identity of Purchaser's lender and the proposed forms of such acknowledgments and consents at least ten (10) Business Days in advance of the Closing Date, and (ii) no such acknowledgment or consent shall impose any

material liability, obligation, cost or expense on BDN Garage Owner or any Seller Parties beyond their express obligations set forth in the GSA-IRS Parking Area Lease. For the avoidance of doubt, the acknowledgments, consents and other documents contemplated under this Section 6.3(f) shall not be conditions to Closing.

Section 6.4 **Other Transaction Documents**.

The following agreements shall be finalized and entered into in accordance with this Agreement:

(a) The BDN Property Management Agreement in the form of Exhibit P attached hereto (or as otherwise mutually approved by Seller and Purchaser), pursuant to which Purchaser will cause the Property Owner Subsidiary to engage an Affiliate of the Seller as a Property Manager for an initial period of ten (10) years, for fees equal to 1.5% of gross revenue at the Property. The BDN Property Management Agreement may be terminated: (i) in the event the property manager fails in any material respect to fulfill its obligations under the BDN Property Management Agreement and such failure is not cured in a timely manner; (ii) upon a sale of the Property at any time, either by deed or a transfer of direct or indirect controlling ownership interests in the Property Owner Subsidiary and the Master Tenant (but if the BDN Property Management Agreement is so terminated prior to the seventh (7th) anniversary of the Closing Date, then the property manager shall be entitled to a termination fee equal to the management fees that would be payable between the date of termination and the seventh (7th) anniversary of the Closing Date); (iii) upon a transfer of the Property or the direct or indirect ownership interests in the Property Owner Subsidiary following a foreclosure, deed-in-lieu-of foreclosure or other exercise of remedies by a lender providing financing to the Property Owner Subsidiary or its Affiliates; (iv) following a condemnation of, or casualty at, the Property with respect to which the Property Owner Subsidiary elects not to rebuild or restore the Property (if applicable); (iv) upon a material default by the BDN Garage Owner under the GSA-IRS Parking Area Lease which is not timely cured by the BDN Garage Owner (but only if and so long as the BDN Garage Owner and the manager under the BDN Property Management Agreement are both Affiliates of Seller); (v) upon the occurrence of such other events that will be set forth in the BDN Property Management Agreement.

(b) The Amended and Restated GSA-IRS Rent Allocation Agreement, as contemplated under Section 2.3(b).

(c) The GSA-IRS Parking Area Lease, which will be entered into at or before Closing.

Section 6.5 **GSA Statement of Lease**.

Subject to Purchaser's obligations under Section 3.5(c), not less than five (5) Business Days prior to the Closing Date, Seller shall (or shall cause the Target Company Group to) obtain and deliver to Purchaser a fully completed and executed "GSA Lease Status Statement" from the GSA-IRS relating to the GSA-IRS Lease (the "GSA Statement of Lease"), which shall be dated effective no earlier than December 31, 2015. The proposed form of the GSA Statement of Lease

is attached hereto and made a part hereof as Exhibit H-2, which form has been delivered by Seller to the GSA-IRS for its review and approval prior to the Effective Date.

Section 6.6 Notification of Certain Matters.

Each Party agrees to give prompt notice to the other Parties of (a) any event that causes any of its representations or warranties contained in this Agreement to be materially untrue or materially inaccurate at any time during the Contract Period, (b) any material breach by it of any covenant or agreement, and (c) the occurrence of any event that is reasonably likely to make the satisfaction of any of the Closing Conditions impossible or unlikely.

Section 6.7 Exclusivity.

No Seller Party shall, or cause any Target Company Group Member to, (a) solicit, initiate or encourage the submission of any proposal or offer (an "Acquisition Proposal" from any Person (including from any Person's officers, directors, employees, agents and other representatives) relating to a (i) liquidation, dissolution, sale of the Property or other assets or stock, or recapitalization of any Target Company Group Member, (ii) merger or consolidation of any Target Company Group Member, (iii) acquisition or purchase of assets or any Equity Interest of any Target Company Group Member, or (iv) similar transaction or business combination involving any Target Company Group Member, or (b) institute, pursue, or engage in any discussions, negotiations, or agreements with any Person concerning an Acquisition Proposal, or furnish to any Person any information with respect to or that is intended to lead to an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, or facilitate or encourage any effort or attempt by any other Person to make an Acquisition Proposal. Each Seller Party agrees to immediately notify Purchaser of their receipt of any transaction inquiry, proposal or offer concerning the Target Company.

Section 6.8 Confidentiality.

Except as permitted under Section 11.3, the Parties shall not, and shall use commercially reasonable efforts to cause their Affiliates not to, disclose (except (a) to their representatives, agents, attorneys and other professional advisors, consultants, title insurance companies or prospective lenders and/or investors (including investors of the Fund) on a need-to-know basis or (b) pursuant to a subpoena, court order or as otherwise required by applicable Law) the existence of the Transaction Documents or any of the terms and conditions contained herein or therein without the prior written consent of the other Party (it being understood and agreed that the Parties shall inform the persons and entities listed in clause (a) of the foregoing confidentiality obligation, and shall be responsible for a breach by an unrelated third party of such confidentiality obligation). The Parties hereby agree that the provisions under the heading "Confidentiality" in that certain letter of intent agreed to and accepted by Brandywine Realty Trust, on behalf of Seller, and Purchaser Parent, on behalf of Purchaser, dated November 2, 2015, are incorporated herein by reference; provided that nothing in that letter of intent or this Agreement shall restrict any Party or its Affiliates from including such information as may be required or appropriate in any reports or financial statements filed with the Securities Exchange Commission, New York Stock Exchange, Korean Financial Supervisory Service, Korean

Financial Services Commission, Korean Financial Investment Association or other regulatory body, provided that such information does not identify Seller, Purchaser or any of their respective Affiliates or the Purchase Price.

Section 6.9 Filings by Purchaser.

(a) Purchaser shall be solely responsible to prepare and make at its sole cost and expense any filings with any Governmental Entity that may arise in connection with the Transactions out of the ownership of the Fund by foreign persons.

(b) Within five (5) Business Days after the Closing, Purchaser shall cause the applicable Target Company Group Members to file with appropriate Governmental Entities such certificates and documents as are necessary to cause the words "Brandywine" and "Cira" to be removed from the legal names of all Target Company Group Members (the "Name Change Filings"). Seller shall cooperate with Purchaser to complete the Name Change Filings.

(c) After Closing, Seller shall cooperate (at no material cost to Seller) reasonably with Purchaser in communications and activities required of the landlord under each lease (including, without limitation, providing any instruments or documentation required by GSA-IRS in connection with execution and delivery of any Change-of-Name Agreement required under 48 C.F.R. 42.1205). "Change-of-Name Agreement" shall mean, with respect to the GSA-IRS Lease, an agreement by and among the Purchaser and GSA-IRS on substantially in compliance with 48 C.F.R. 42.1205.

Section 6.10 Tax Matters.

(a) Seller and the Target Company Group shall prepare all Tax Returns (which, for purposes of this Section 6.10, shall be deemed to include any amendments made after the Closing Date to Tax Returns that were filed prior to the Closing Date insofar as they relate to any period ending before the Closing Date) required to be filed by any Target Company Group Member after the Closing Date with respect to Tax periods ending on or before the Closing Date consistent with past practices, unless otherwise required by Law. Seller shall provide drafts of all such Tax Returns to Purchaser not less than twenty (20) days prior to the required filing date, and the Parties shall confer and cooperate in good faith to address any reasonable comments and changes which are suggested by Purchaser and delivered to Seller not less than five (5) Business Days prior to the required filing date. Upon completion of such Tax Returns in accordance with this Section 6.10, Purchaser will cause the same to be timely filed.

(b) Purchaser will, as to any Taxes in respect of which Seller may be obligated to indemnify Purchaser pursuant to this Agreement, promptly inform Seller of, and permit the participation of Seller in, any investigation, audit or other proceeding by or with the IRS or any other Tax authority empowered to administer or enforce such a Tax and will not consent to the settlement or final determination in such proceeding without the prior written consent of Seller (which consent will not be unreasonably withheld, conditioned or delayed).

(c) Seller and Purchaser shall (i) reasonably assist one another in providing information necessary for preparing and filing any Tax Returns that Purchaser or Seller is responsible for preparing and filing with respect to the Target Company Group and relating to any taxable period beginning before the Closing Date, (ii) reasonably cooperate in providing information for any audits by, or disputes or other proceedings with, any Tax authority or with respect to any matters relating to Taxes for any taxable period beginning before the Closing Date and (iii) make available to one another and to any Tax authority as reasonably requested by any such party all information, records and documents relating to Tax matters (including Tax Returns) of or relating to the Target Company Group relating to any taxable period beginning before the Closing Date.

(d) Purchaser covenants and agrees that it shall not file any Tax Return or take any other action to cause any Target Company Group Member to elect to be treated as a REIT for any period ending prior to January 1, 2016.

(e) The provisions of Sections 6.3, 6.8, 6.9 and 6.10 shall survive Closing.

Section 6.11 Further Assurances.

Each Party agrees to (a) furnish to any other Party upon request such further information, (b) execute and deliver or cause to be executed and delivered such other agreements or instruments, and (c) use its reasonable efforts to do such other acts and things, in each case as necessary or as the requesting Party may reasonably request for the purpose of carrying out the intent of the Transaction Documents (including, without limitation, Sections 2.3(b), 3.5(c), 6.3(e) and 6.3(f) of this Agreement).

ARTICLE VII
CONDITIONS TO PURCHASER'S OBLIGATION TO CLOSE

The obligation of Purchaser to consummate the Transactions is subject to the satisfaction of each of the following conditions as of the Closing. The benefits of these conditions are for the sole benefit of Purchaser and may be waived by Purchaser in writing at any time in its sole discretion.

Section 7.1 Documents to be Delivered at Closing.

Each of the documents set forth in Section 3.2 shall have been delivered to Purchaser (or to the Escrow Agent, for delivery to Purchaser upon consummation of the Closing).

Section 7.2 Representations and Warranties.

Each representation and warranty of Seller contained in this Agreement (a) shall have been true and correct in all material respects as of Agreement Date and (b) shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date, except (in each case under Section 7.2(a) or (b)): (x) for such matters which, individually or in the aggregate, would not constitute or result in a Purchaser MAE, and (y) where any representation or warranties is qualified by a Materiality Qualification

such Materiality Qualification shall be disregarded for this purpose (i.e., such Materiality Qualification shall continue to apply for all purposes other than this Section 7.2); and (z) for those representations and warranties that address matters only as of a particular date, such representations and warranties shall have been true and correct (subject to clause (x) and (y)) as of such particular date. "Materiality Qualification" means any qualification by reference to the terms "in any material respect", "material", "materially", "material adverse effect" or any similar term or any term having a similar meaning. For the avoidance of doubt, Purchaser may not terminate this Agreement due to a breach of Seller's representations or warranties hereunder (and the condition set forth in this Section 7.2 shall be deemed satisfied notwithstanding such breach), unless such breach would constitute or result in a Purchaser MAE.

Section 7.3 Performance of Obligations by the Seller Parties.

Each Seller Party shall have performed or complied in all material respects with all material agreements and covenants required by each Transaction Document to be performed or complied with by each of them at or prior to the Closing Date.

Section 7.4 No Material Property Event.

There shall not have occurred a Material Property Event during the Contract Period.

Section 7.5 GSA Statement of Lease.

Seller shall have obtained and delivered to Purchaser the GSA Statement of Lease, in accordance with Section 6.5, which shall be in substantially the same form as Exhibit H-2 attached hereto and shall not contain any adverse statement or adverse qualification as to any matter set forth therein (other than of a *de minimis* nature).

Section 7.6 Other Transaction Documents.

Seller shall not be in default in any material respect under the Transaction Documents.

Section 7.7 Title Matters.

At the Closing, the Property shall be free and clear of all Encumbrances, other than the Permitted Encumbrances, and title to the Property shall be in the condition required under Section 3.4(c).

Section 7.8 Environmental Matters.

During the Contract Period, (i) no notice of violation of any Environmental Laws with respect to the Property shall have been received by Seller or any Target Company Group Member, which violation reasonably could be expected to result in uninsured costs or liabilities to Purchaser or any Target Company Group Member in excess of $200,000 (the "Environmental Cap"), and (ii) no notice of violation of any Environmental Laws with respect to the Cira Garage shall have been received by Seller, BDN Garage Owner or any Target Company Group Member,

which violation reasonably could be expected to result in the termination of, or the offset of rent payable under, the GSA-IRS Lease.

Section 7.9 **Legal Matters**.

(a) No Order shall exist that prohibits or restrains the consummation of the Transactions and no Proceeding shall have been commenced by any Governmental Entity (and be pending) seeking to prohibit or restrain the consummation of the Transactions; and (b) there shall not be pending or, to the Knowledge of Seller, threatened any Proceeding by any Governmental Entity (i) seeking to restrain or prohibit the consummation of any of the Transactions or seeking to obtain from any of the Target Company Group Members or Purchaser any material damages, or (ii) seeking to prohibit or limit the ownership or operation by the Target Company Group Members or Purchaser of the Property.

Section 7.10 **Proceedings**.

All proceedings taken or required to be taken by each Seller Group Member in connection with the Transactions at or prior to the Closing shall have been taken in accordance with this Agreement.

* * * * * * * * * * * * * * *

If any of the Closing Conditions set forth in this Section 7 have not been satisfied as of the scheduled Closing Date, then Purchaser may in its sole discretion (i) subject to the provisions of Section 10.1(d), terminate this Agreement (in which event the Deposit shall be returned to Purchaser) or (ii) waive the unsatisfied Closing Conditions and proceed with the Closing; *provided, however*, that Purchaser shall not have the right to terminate this Agreement under this Section 7 unless the applicable Closing Condition (other than the Closing Condition set forth in Section 7.1, as to which Seller shall not be entitled to a cure period) is not satisfied within five (5) Business Days after notice thereof from Purchaser to Seller. Purchaser's waiver of any unsatisfied Closing Condition shall not constitute a waiver of any kind or nature by Purchaser of (i) any other Closing Condition or (ii) any right or remedy available to Purchaser hereunder.

ARTICLE VIII
CONDITIONS TO SELLER GROUP OBLIGATIONS TO CLOSE

The obligation of the Seller Parties to consummate the Transactions is subject to the satisfaction of each of the following conditions as of the Closing. The benefits of these conditions are for the sole benefit of the Seller Parties and may be waived by Seller, on behalf of itself or any other Seller Party, in writing at any time in its sole discretion.

Section 8.1 **Documents to be Delivered at Closing**.

The Purchase Price (as adjusted pursuant to the terms hereof) and each of the documents set forth in Section 3.3 shall have been delivered to Seller (or to the Escrow Agent, for delivery to Seller upon consummation of the Closing).

Section 8.2 Representations and Warranties.

Each representation and warranty of Purchaser contained in this Agreement (a) shall have been true and correct in all material respects as of Agreement Date and (b) shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if made on and as of the Closing Date, except (in each case under Section 8.2(a) or (b)): (x) for such matters which, individually or in the aggregate, would not constitute or result in a Seller MAE, and (y) where any representation or warranties is qualified by a Materiality Qualification such Materiality Qualification shall be disregarded for this purpose (i.e., such Materiality Qualification shall continue to apply for all purposes other than this Section 8.2); and (z) for those representations and warranties that address matters only as of a particular date, such representations and warranties shall have been true and correct (subject to clause (x) and (y)) as of such particular date. For the avoidance of doubt, Seller may not terminate this Agreement due to a breach of Purchaser's representations or warranties hereunder (and the condition set forth in this Section 8.2 shall be deemed satisfied notwithstanding such breach), unless such breach would constitute or result in a Seller MAE.

Section 8.3 Performance of Obligations by Purchaser.

Purchaser shall have performed or complied in all material respects with all material agreements and covenants required by each Transaction Document to be performed or complied with by it on the Closing Date.

Section 8.4 Legal Matters.

(a) No Order shall exist that prohibits or restrains the consummation of the Transactions and no Proceeding shall have been commenced by any Governmental Entity (and be pending) seeking to prohibit or restrain the consummation of the Transactions; and (b) there shall not be pending or, to the Knowledge of Purchaser, threatened any Proceeding by any Governmental Entity seeking to restrain or prohibit the consummation of any of the Transactions or seeking to obtain from Seller any material damages.

Section 8.5 Proceedings.

All proceedings taken or required to be taken by Purchaser in connection with the Transactions at or prior to the Closing shall have been taken in accordance with this Agreement.

* * * * * * * * * * * * * * * *

If any of the Closing Conditions set forth in this Section 8 have not been satisfied as of the scheduled Closing Date, then, Seller may in its sole discretion (i) subject to the provisions of Section 10.1(d) and Section 10.4, terminate this Agreement; or (ii) waive the unsatisfied Closing Conditions and proceed with the Closing; *provided, however*, that Seller shall not have the right to terminate this Agreement under this Section 8 unless the applicable Closing Condition (other than the Closing Condition set forth in Section 8.1, as to which Purchaser shall not be entitled to a cure period) is not satisfied on or before the first to occur of (A) the Outside Time, or (B) five (5) Business Days after notice thereof from Seller to Purchaser. Seller's waiver of any

unsatisfied Closing Condition shall not constitute a waiver of any kind or nature by Seller of (i) any other Closing Condition or (ii) any right or remedy available to Seller hereunder.

ARTICLE IX
INDEMNIFICATION; REMEDIES

Section 9.1 **Survival**.

All representations, warranties and certifications contained in this Agreement and each certificate or other instrument delivered by any Party at the Closing, including the Seller Closing Certificate and the Purchaser Closing Certificate, shall be made as of the date or dates thereof as indicated herein and not, for certainty, any date after Closing, but shall survive the Closing until the twelve (12) month anniversary of the Closing Date, except that (a) the representations, warranties and certifications contained in Sections 4.1, 4.2, 4.6(a), 4.17, 4.19, 5.1, 5.2, 5.7 and 5.9 (and the certifications contained in the Seller Closing Certificate and the Purchaser Closing Certificate to the extent applicable to such Sections of this Agreement) shall survive the Closing until the twenty-four (24) month anniversary of the Closing Date and (b) the representations and warranties contained in Sections 4.3, 4.4 and 4.8 (and to the extent applicable to such Sections, the certifications contained in the Seller Closing Certificate) shall survive until the expiration of the applicable statute of limitations (including extensions thereof) plus 90 days.

Section 9.2 **Indemnification**.

(a) *Indemnification for Benefit of Purchaser*. Subject to the provisions of this Section 9 (including, without limitation Section 9.1 and Section 9.2(c)) from and after the Closing, Seller shall indemnify and hold Purchaser and its directors (or Persons in similar positions), officers, employees, Affiliates, successors and permitted assigns (collectively, the "Purchaser Indemnified Parties") harmless from and against any Damages suffered or incurred by or made against any one or more of them and that arise or result from

(i) any breach of any representation or warranty in Section 4 of this Agreement and any inaccuracy in any written certification or affidavit made by any Seller Group Member under this Agreement or required to be delivered by any Seller Group Member pursuant to this Agreement at the Closing, including the Seller Closing Certificate (including, for this purpose, the inaccuracy therein that would result from a non-disclosure of Interim Changes or a failure of a Closing Condition set forth in Section 7.3),

(ii) the breach by any Seller Party of an agreement, covenant or obligation under this Agreement to be performed or observed by it pursuant to this Agreement,

(iii) all Pre-Closing Taxes,

(iv) Pre-Closing Indebtedness,

(v) any disallowance or claim of any disallowance by any applicable Governmental Entity of the tax treatment described in Section 4.8(a), or

(vi) any Proceeding, if any, disclosed or required to be disclosed in the Disclosure Schedule,

(vii) any claim, demand or other Proceeding based on any actual or alleged (A) failure of any Target Company Group Member to comply with Law, (B) breach or violation of any Contract to which any Target Company Group Member is a party, or by which any of them or any of their asset is otherwise bound, (C) loss of life or (D) injury to body or property to the extent, in the case of this clause (vii), the underlying act or omission by one or more Target Company Group Members occurred prior to the Agreement Date, or

(viii) any known or unknown obligations of any Target Company Group Member described in clause (ii)(B) of Section 4.8(t).

For purposes of the definition of "Purchaser Indemnified Parties" under this Section 9.2(a), each Target Company Group Member shall be (and shall be deemed to be) an Affiliate of Purchaser. At all times during the survival periods set forth in Section 9.1 and thereafter during the pendency of any claim by Purchaser against Seller under this Agreement and/or the other Transaction Documents, Seller shall maintain liquid assets (including availability under any lines of credit of Seller) in the amount of (at least) the Indemnification Cap.

(b) *Indemnification for Benefit of Seller.* Subject to the provisions of this Section 9, from and after the Closing, Purchaser shall indemnify and hold Seller and its directors (or Persons in similar positions), officers, employees, Affiliates, successors and assigns (collectively, the "Seller Indemnified Parties" and, together with Purchaser Indemnified Parties, the "Indemnified Parties") harmless from and against any Damages suffered or incurred by or made against any one or more of them and that arise or result from

(i) any breach of any representation or warranty in Section 5 of this Agreement and any inaccuracy in any written certification or affidavit made by Purchaser under this Agreement or required to be delivered by Purchaser pursuant to this Agreement at the Closing, including the Purchaser Closing Certificate (including, for this purpose, the inaccuracy therein that would result from a non-disclosure of Interim Changes or a failure of a Closing Condition set forth in Section 8.3) and

(ii) the breach by Purchaser of an agreement, covenant or obligation under this Agreement to be performed or observed by it pursuant to this Agreement.

For the purposes of this Section 9.2(b), each Target Company Group Member shall be (and shall be deemed to be) an Affiliate of Seller.

(c) *Indemnification Basket; Indemnification Cap.* Anything herein to the contrary notwithstanding, but subject to Section 9.2(d): (i) Seller shall not have any obligation to any Purchaser Indemnified Party under Section 9.2(a)(i) unless and until the aggregate amount of all Damages for which all Purchaser Indemnified Parties are entitled to indemnification exceeds the Indemnification Basket Amount, in which case the Purchaser Indemnified Parties entitled to

such indemnification shall be entitled to recover all such Damages, including the Indemnification Basket Amount (subject, however, to the other limitations set forth in this Section 9.2(c) and elsewhere in this Agreement); (ii) Purchaser shall have no indemnification obligation to any Seller Indemnified Party under Section 9.2(b)(i) unless and until the aggregate amount of the Damages for which the Seller Indemnified Parties are entitled to indemnification exceeds the Indemnification Basket Amount, in which case the relevant Seller Indemnified Parties entitled to such indemnification shall be entitled to recover all such Damages, including the Indemnification Basket Amount (subject, however, to the other limitations set forth in this Section 9.2(c) and elsewhere in this Agreement); (iii) the obligations of Seller pursuant to Section 9.2(a)(i) and recourse against Seller pursuant to Section 9.2(a)(i) shall be limited such that the aggregate obligations of Seller under Section 9.2(a)(i) shall not exceed in the aggregate an amount equal to the Indemnification Cap; (iv) the obligations of Purchaser pursuant to Section 9.2(b)(i) and recourse against Purchaser pursuant to Section 9.2(b)(i) shall be limited such that the aggregate obligations of Purchaser under Section 9.2(b)(i) shall not exceed in the aggregate an amount equal to the Indemnification Cap.

(d) *Carve-Outs to Application of Indemnification Basket and Indemnification Cap.* Anything in this Section 9 to the contrary notwithstanding, the Indemnification Basket Amount and the Indemnification Cap shall not apply to, and shall not restrict the obligation of Seller or Purchaser, as the case may be and as applicable, to indemnify against Damages attributable to, (i) breaches of the representations and warranties set forth in Sections 4.1, 4.2, 4.3, 4.4, 4.8, 4.14, 4.16, 4.17, 4.19, 5.1, 5.2, 5.7 and 5.9 and (ii) the Seller Closing Certificate or the Purchaser Closing Certificate to the extent applicable to the representations and warranties referenced in the immediately preceding clause (i) (collectively, the "Exempted Representations") or (iii) fraud or any intentional breach of any representation, warranty or certification.

(e) *Indemnification Limitations Based on Recorded Documents, Etc*. Notwithstanding any provision to the contrary contained in this Section 9 or elsewhere in any Transaction Document, in no event shall Seller be obligated to indemnify any Purchaser Indemnified Party from and against, and Seller shall have no liability or obligation to any Purchaser Indemnified Party for, any Damages pursuant to Section 9.2(a)(i) for any matters that are disclosed in any Recorded Document, Environmental Report, Title Evidence or Survey Evidence that was Made Available to Purchaser by the Seller Parties prior to the Closing Date or for any other matter which, to the Knowledge of Purchaser at or prior to Closing, pursuant to documents or other information Made Available to Purchaser, would constitute a breach of Seller's representations and warranties in Section 4 of this Agreement; provided that the provisions of this Section 9.2(e) shall not apply with respect to any breach of any of the Exempted Representations or any breach that constitutes or results in a Purchaser MAE.

(f) *Limitation on Timing to Make Certain Indemnification Claims*. Anything in this Agreement to the contrary notwithstanding, no Indemnifying Party shall have any obligation to any Indemnified Party pursuant to Section 9.2(a)(i), Section 9.2(a)(ii), Section 9.2(b)(i) or Section 9.2(b)(ii) with respect to any representation, warranty or certification unless the Indemnified Party notifies the Indemnifying Party of its claim for indemnification under Section 9.2(a)(i) or Section 9.2(b)(i), as the case may be, prior to the expiration of the

applicable survival period corresponding to such representation, warranty or certification and such notice contains a reasonably detailed description of the nature of the breach of such representation or warranty or certification (it being understood and agreed that the Parties' respective indemnification obligations under Section 9.2(a)(i) and Section 9.2(b)(i) shall survive the Closing, subject to the limitation set forth in Section 9.1).

(g) *Net of Insurance Recoveries.* Any calculation of Damages for purposes of this Section 9 shall be net of any insurance recovery actually received on account of such issue by any relevant Indemnified Party (whether paid directly to such Indemnified Party or assigned by the relevant Indemnifying Party to such Indemnified Party) from any source other than any title insurance or similar type product (collectively "Title Insurance"); and the Parties each agree to use commercially reasonable efforts to maximize any available insurance recovery. Anything in this Agreement to the contrary notwithstanding, it is the intention of the Parties that no insurer or any other third party shall be (y) entitled to a benefit it would not be entitled to receive in the absence of the foregoing indemnification provisions, or (z) relieved of the responsibility to pay any claims for which it is obligated.

(h) *Procedures Relative to Third-Party Indemnification Claims*. Upon receipt by any Indemnified Party of written notice from any third party of any Proceeding initiated by such third party against such Indemnified Party that will or may give rise to a claim for Damages for which such Indemnified Party has a right to be indemnified or held harmless under this Section 9 (each a "Third Party Indemnifiable Claim"), such Indemnified Party shall as promptly as practicable give written notice thereof to Purchaser or Seller (as applicable, the "Indemnifying Party"), if indemnification shall be sought therefrom, indicating the nature of such Third Party Indemnifiable Claim and the basis therefor; provided, that failure to give such notice shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. The Indemnifying Party shall have the right, at its option and expense (and by its own counsel), to assume the defense of any Third Party Indemnifiable Claim as to which the Indemnifying Party shall have acknowledged its obligation to indemnify the Indemnified Party. If any Indemnifying Party shall undertake to compromise or defend any Third Party Indemnifiable Claim, it shall promptly notify the Indemnified Party in writing of its intention to do so, and the Indemnified Party agrees to cooperate fully with the Indemnifying Party and its counsel in the compromise of, or defense against, any such Third Party Indemnifiable Claim; provided that the Indemnifying Party shall not settle any such asserted Third Party Indemnifiable Claim without the written consent of the Indemnified Party (which consent will not be unreasonably withheld, delayed or conditioned). Notwithstanding any such election to assume the defense of any Third Party Indemnifiable Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in the defense of Third Party Indemnifiable Claim, and such Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel (and shall pay such fees, costs and expenses at least quarterly), if (i) the Indemnifying Party shall not have employed counsel reasonably satisfactory to such Indemnified Party to represent such Indemnified Party within a reasonable time after notice of the institution of such action or proceeding, (ii) the Indemnifying Party shall authorize such Indemnified Party to employ separate counsel at the Indemnifying Party's expense, or (iii) the Indemnified Party reasonably determines that there is a conflict necessitating separate counsel for the Indemnified Party. In any event, the Indemnified Party and

its counsel shall cooperate with the Indemnifying Party and its counsel and shall not assert any position in any proceeding inconsistent with that asserted by the Indemnifying Party.

Section 9.3 **Sole and Exclusive Remedy Post Closing**.

The Parties hereby acknowledge and agree that after the Closing this Section 9 constitutes each Indemnified Party's sole and exclusive remedy for any and all Damages or other claims relating to or arising from the Transaction Documents, and the transactions contemplated thereby; provided that nothing set forth herein shall be deemed to limit any Person's rights or remedies in the event that a Party has committed fraud in connection herewith. No Indemnified Party may avoid such limitation by seeking Damages for breach of contract, tort or pursuant to any other theory other than fraud.

Section 9.4 **No Other Representations or Warranties**.

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, THE PARTIES DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE PARTIES, AND THE RELEVANT ASSETS, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY, AND MAKE NO WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, EXPRESS OR IMPLIED. Other than the representations and warranties set forth in this Agreement or any other Transaction Document, the purchase and sale of the Purchased Shares, and indirectly thereby, of the Target Company Group, shall occur and the implicit, beneficial interest in the Property shall be transferred in an "AS IS, WHERE IS AND WITH ALL FAULTS" (subject, however, to Section 7.4 hereof). To the extent required to be operative, the disclaimers of warranties contained herein are "conspicuous" disclaimers for purposes of any applicable Law or Order.

Section 9.5 **Specific Performance and Injunctive Relief**.

The Seller Parties' obligations under this Agreement are unique. If a Seller Party should breach its covenants, agreements or obligations under this Agreement, it may be extremely impracticable to measure the resulting damages. Accordingly, Purchaser, in addition to any other available rights or remedies, may sue in equity for specific performance and/or injunctive relief, and each Seller Party expressly waives the defense that a remedy in damages will be adequate and each other similar defense.

ARTICLE X
TERMINATION

Section 10.1 **Right to Terminate**.

Notwithstanding anything to the contrary set forth in this Agreement, this Agreement may be terminated and the Transactions contemplated herein abandoned at any time prior to the Closing:

(a) by mutual written consent of Purchaser and Seller;

(b) by Purchaser, if any of the Closing Conditions set forth in Section 7 shall have become incapable of fulfillment (including by reason of any Interim Change whether or not disclosed in the Seller Closing Certificate) and shall not have been waived by Purchaser, provided that the right of Purchaser to terminate this Agreement under this Section 10.1(b) shall not be available to Purchaser if its breach of its obligations under this Agreement has been the primary cause of the impossibility of fulfillment of such condition;

(c) by Seller, if any of the Closing Conditions set forth in Section 8 shall have become incapable of fulfillment (including by reason of any Interim Change whether or not disclosed in the Purchaser Closing Certificate) and shall not have been waived by the Seller Parties provided that the right of Seller to terminate this Agreement under this Section 10.1(c) shall not be available to Seller if: a breach by any of the Seller Group Member of its (or their) obligations under this Agreement has been the cause of the impossibility of fulfillment of such condition; or

(d) by Seller, if the Transactions have not been consummated by 11:59 p.m. on January 29, 2016 (subject to extension as provided below, the "Outside Time") (with time being of the essence with respect thereto); provided that (i) if the Closing Date is extended by Purchaser in accordance with Section 3.1, then the Outside Time shall be likewise extended to 11:59 p.m. on February 19, 2016 (with time being of the essence with respect thereto), and (ii) the right of Seller to terminate this Agreement under this Section 10.1(d) shall not be available to Seller if a breach by any of the Seller Group Member of its (or their) obligations under this Agreement has been the cause of the failure of the satisfaction of the Closing Conditions by the Outside Time;

(e) by Purchaser or Seller, if a Governmental Entity issues an Order permanently restraining, enjoining or otherwise prohibiting any of the Transactions; or

(f) by Purchaser, if a Material Property Event occurs during the Closing Period.

Section 10.2 Regarding Interim Changes.

For the avoidance of doubt, (i) (A) a Seller Group Closing Certificate that discloses any Interim Change that indicates or constitutes a failure of a Closing Condition set forth in any of Section 7 shall not constitute a waiver of any such failure of any such Closing Condition, and (B) Purchaser shall have no obligation to consummate any of the Transactions because of such failure of such Closing Condition and may terminate this Agreement as provided in this Section 10 unless Purchaser shall have expressly waived any such failure of such Closing Condition, and (ii) (A) a Purchaser Closing Certificate that discloses any Interim Change that indicates or constitutes a failure of a Closing Condition set forth in any of Section 8 shall not constitute a waiver of any such failure of any such Closing Condition, and (B) the Seller Parties shall have no obligation to consummate any of the Transactions because of such failure of

condition and may terminate this Agreement as provided in Section 8 (subject to Section 10.4) unless Seller shall have expressly waived any such failure of such Closing Condition.

Section 10.3 **Effect of Termination**.

(a) Each Party's right of termination under Section 10.1 is in addition to any other rights it may have (i) under this Agreement, including pursuant to Section 9.5 and Section 10.3(c) or (ii) otherwise at Law or in equity in respect of a breach described in clause (y) or clause (z) of Section 10.3(b) and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 10.1, written notice thereof must be given by the terminating Party to the other Parties specifying the provision of Section 10.1 pursuant to which such termination is made, and this Agreement will terminate provided that the provisions of Section 9, this Section 10 and Section 11 shall survive any termination of this Agreement.

(b) If this Agreement is terminated for any reason other than (y) on account of a breach by a Party of any representation or warranty of such Party in any material respect under this Agreement or (z) on account of the failure by a Party to perform and comply in all material respects with the material obligations of such Party under this Agreement, then: (i) neither Party shall have any obligation to make a payment or reimbursement to the other Party or its Affiliates based on this Agreement; and (ii) the rights of Purchaser and its Affiliates in and to the Property and the Target Company shall terminate fully. The foregoing exclusion in each of clauses (y) and (z) of this Section 10.3(b) is solely for the reimbursement payment and liquidated damage provided for in Section 10.3(c) and Section 10.3(d) and, apart from such reimbursement payment and liquidated damage, such exclusion has no other purpose.

(c) If this Agreement is terminated as described in clause (y) and (z) of Section 10.3(b) due to a breach or default by Seller, then as the sole and exclusive damage remedy of Purchaser Group for such breach or default and the termination of this Agreement Seller shall reimburse Purchaser an amount (not to exceed $500,000 unless Seller willfully defaults hereunder by selling (directly or indirectly) the Property or the Purchased Shares, in which case no cap shall apply) on account of, and equal to, the aggregate reasonable out-of-pocket costs and expenses incurred by Purchaser in connection with the pursuit of acquiring the Target Company. Any such reimbursement, if payable, shall be paid by Seller to Purchaser by wire transfer of immediately available funds to an account designated by Purchaser within 10 calendar days after Seller's receipt of documentation from Purchaser supporting the same. For the avoidance of doubt and notwithstanding anything to the contrary contained herein, if Purchaser does not have the right, pursuant to the terms hereof, to terminate this Agreement by reason of a breach or default by Seller, Seller shall nevertheless be responsible for the payment to Purchaser of any and all Damages incurred by Purchaser by reason of such breach or default, subject to the applicable limitation in Article 9 hereof.

(d) If this Agreement is terminated as described in clause (y) and (z) of Section 10.3(b) due to a breach or default by Purchaser, then the entire Deposit shall be immediately paid by Escrow Agent (if previously deposited with Escrow Agent) or by Purchaser (if and to the extent not previously deposited with Escrow Agent) to Seller, as liquidated

damages and as Seller's sole and exclusive damage remedy for such breach or default and the termination of this Agreement. The Parties acknowledge and agree that the amount of Seller's actual damages arising from such a default by Purchaser and the termination of this Agreement are presently, and at the time of such a default would be, impossible or extremely difficult to ascertain with certainty, and that the amount of the Deposit is a fair and reasonable estimate of the amount of such damages. For the avoidance of doubt, this Section 10.3(d) shall be subject to Purchaser's rights described in Section 10.4 below.

____________________ ____________________
Agreed By Seller Agreed by Purchaser

Section 10.4 **Purchaser's Special Cure Rights**.

Notwithstanding anything herein to the contrary contained in this Agreement (including, without limitation, Article VIII and Section 10.3(d)), Seller shall not have the right to receive the Deposit as liquidated damages pursuant to Section 10.3 upon termination of this Agreement by Seller on account of any breach by Purchaser of any material representation or warranty of Purchaser under this Agreement (a "Purchaser Breach") unless (i) such Purchaser Breach results in the failure to satisfy the condition in Section 8.1 or the condition in Section 8.2, and (ii) Purchaser fails to cure such Purchaser Breach in accordance with this Section 10.4. In order to cure a Purchaser Breach pursuant to this Section 10.4, not later than the Outside Time Purchaser must (a) satisfy all of its Closing Conditions, other than the Closing Condition to which such Purchaser Breach relates, set forth in Article VIII above and (b) tender full performance under Section 3.3, including payment of the Purchase Price to Seller. If Seller does not accept Purchaser's tender of performance under Section 3.3 then Seller shall not be entitled to the Deposit as liquidated damages under Section 10.3, but in such case Seller shall have all other rights and remedies available at law or in equity on account of the Purchaser Breach. If the Purchaser Breach constitutes or results in a Seller MAE, then Seller's acceptance of Purchaser's cure under this Section 10.4 shall not constitute a waiver of any rights or remedies available to Seller at law or in equity as a consequence of the Purchaser Breach (but not any damages other than Seller's actual damages), other than the right to receive the Deposit as liquidated damages.

ARTICLE XI
OTHER PROVISIONS

Section 11.1 **Entire Agreement**.

This Agreement, together with the exhibits, schedules and certificates or other instruments executed and delivered pursuant to this Agreement, constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement and supersedes all prior understandings of the Parties.

Section 11.2 **Governing Law**.

(a) This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to principles of conflicts of law.

(b) Each Party hereby irrevocably submits to the exclusive jurisdiction of the state courts of the Commonwealth of Pennsylvania and any United States District Court located in the Commonwealth of Pennsylvania and in the City of Philadelphia ("Agreed to Court") for the sole purpose of any Proceeding between any two or more Parties relating to in whole or in part this Agreement. Each Party hereby agrees not to commence any Proceeding relating to this Agreement other than before an Agreed to Court except to the extent otherwise set forth in this Section 11.2.

(c) Each Party hereby waives to the extent not prohibited by applicable Law, and agrees not to assert by way of defense or otherwise in any Proceeding relating to this Agreement, any Procedural Claim. "Procedural Claim" means a claim that (i) such Party is not subject personally to the jurisdiction of the Agreed to Courts, (ii) such Party's property is exempt or immune from attachment or execution, (iii) any such Proceeding brought in an Agreed to Court should be dismissed on grounds of forum non conveniens, should be transferred or removed to any court other than an Agreed to Court, or should be stayed by reason of the pendency of some other Proceeding in any court other than an Agreed to Court, or (iv) this Agreement or the subject matter hereof may not be enforced in or by an Agreed to Court.

(d) EACH PARTY HEREBY WAIVES TRIAL BY JURY WITH RESPECT TO ANY MATTER RELATING TO THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS. This Section 11.2(d) shall survive the Closing or earlier termination of this Agreement.

Section 11.3 Press Release and Announcements.

No Party, nor their representatives, will make any public media disclosure or press release regarding the Transactions contemplated by this Agreement without the consent of the other Party, except as required by Law or as otherwise expressly as provided herein. Without limiting the generality of the foregoing, any press release or other public media disclosure regarding this Agreement or the Transactions contemplated herein, and the wording of same, must be approved in advance by both Parties; *provided*, *however*, each Party shall have the right without any other Party's consent, to include general information related to the Transactions in: (a) (i) press releases issued between the Agreement Date and the Closing Date in the form attached hereto as Exhibit S; and (ii) other disclosures required to be made by the disclosing Party between the Agreement Date and the Closing Date by applicable laws, regulations or any requirements of (x) the Securities and Exchange Commission or other applicable regulatory body or (y) courts of competent jurisdiction; and (b) (ii) press releases issued from and after the Closing in form and substance mutually acceptable to the Parties, which form of press release shall be prepared by the Parties during the Contract Period. The provisions of this Section will survive Closing or, if the Transactions are not consummated, shall survive any termination of this Agreement. whether before, on and after Closing,

Section 11.4 **Expenses**.

Except as otherwise provided in this Agreement, each Party shall bear its own expenses incurred or to be incurred in connection with the execution and delivery of the Transaction Documents and the consummation of the Transactions.

Section 11.5 **Disclosure Schedule**.

Any matter required to be disclosed in the Disclosure Schedule shall be disclosed in a section of Disclosure Schedule corresponding to the representation or warranty corresponding to such matter; it being acknowledged and agreed any disclosure made in any section of Disclosure Schedule shall be deemed to have been disclosed in any other section of the Disclosure Schedule.

Section 11.6 **Amendments; Waivers**.

No supplement, modification or amendment of this Agreement will be binding unless executed in writing by each Party. No waiver of any provision of this Agreement will be deemed to be or will constitute a continuing waiver. No waiver will be binding unless executed in writing by the Party making the waiver.

Section 11.7 **Assignment**.

Prior to consummation of the Closing, the rights and obligations of the Seller Parties under this Agreement may not be assigned without the prior written consent of Purchaser, and any purported assignment shall be void. Purchaser may, without the consent of the Seller Parties, from time to time assign its rights and/or obligations under this Agreement so long as Fund Manager is, or is any Affiliate controlled by, Purchaser Parent. For the purpose of this Section 11.7, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

Section 11.8 **Severability**.

If any provision of this Agreement or the application of any provision of this Agreement to any Party or circumstance is, to any extent, invalid or unenforceable, the application of the remainder of such provision to such Party or circumstance, the application of such provision to other Persons or circumstances, and the application of the remainder of this Agreement will not be affected thereby. To the extent any provision of this Agreement is enforceable in part but not in whole, such provision shall be enforced to the maximum extent permitted by applicable Law.

Section 11.9 **Notices**.

All notices and other communications required or permitted under this Agreement ("Notices") must be in writing. A Notice will be deemed to have been duly given (a) when delivered in person, (b) one (1) Business Day after being sent by a reliable overnight courier service, such as Federal Express with next Business Day delivery specified and signed for, or (c) upon electronically confirmed receipt of e-mail Notices (provided that e-mail Notices that are

not received before 5:00 p.m. Eastern time on a Business Day shall be deemed effective on the next following Business Day). Notwithstanding the foregoing or Schedule 11.9, any Notice received by Seller prior to the Closing shall be deemed to have been received by the Target Company prior to the Closing. Any Party may change their address for the purposes of this Section 11.9 by giving notice as provided in this Agreement. If any notice is properly addressed but returned or refused for any reason, then such notice shall be deemed to be effective notice and to be given on the date of attempted delivery. Notices may be given by counsel for each party and each such notice so given by counsel shall have the same force and effect as if sent by such party.

Section 11.10 Third Party Beneficiaries.

Except as set forth in Section 9 and Section 11.14, the provisions of this Agreement are for the sole benefit of the Parties, and do not create any third party beneficiary rights in any other Person. In its sole discretion from time to time (i) Purchaser may elect to enforce the rights under Section 9 of any one or more Purchaser Indemnified Parties and (ii) Seller may elect to enforce the rights under Section 9 of any one or more Seller Indemnified Parties. Such sole discretion includes the right to (a) discontinue any enforcement regardless of the status of any Proceeding and/or (b) waive or release any rights hereunder. Except to the extent expressly provided in such release or waiver, a waiving or releasing Party cannot thereafter exercise any corresponding rights on behalf of any other Purchaser Indemnified Party or Seller Indemnified Party, as applicable, with respect to the matters it waived or released.

Section 11.11 Successors and Assigns.

This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective Successors. "Successors" means their representatives, estates, heirs, devisees, legatees, distributees, successors and, with respect to Purchaser, permitted assigns.

Section 11.12 Rights and Remedies; No Special Damages.

Except to the extent provided in this Agreement, all rights and remedies of any Party shall be independent and cumulative and may be exercised concurrently or separately. The exercise of any one right or remedy shall not constitute an election of such right or remedy or preclude or waive the exercise of any other right or remedy. Anything in this Agreement to the contrary notwithstanding, no Party shall be liable to any other Party in connection with this Agreement or the Transactions for any indirect, consequential, special, incidental or punitive damages; provided, that the foregoing exclusion shall not include direct damages of any.

Section 11.13 Counterparts.

This Agreement may be executed in two or more counterparts. Counterpart signature pages may be delivered by fax and/or .pdf format. Each counterpart will be deemed an original. All counterparts will constitute one and the same instrument.

Section 11.14 Exculpation For Liability.

(a) Except as expressly set forth in any Transaction Document, no Associated Person shall have any personal liability or other liability to any Party relative to or in connection with any Transaction Document or the Transactions.

(b) Notwithstanding any provisions of this Agreement to the contrary, from and after the payment of the Deposit to Escrow Agent in accordance with Section 2.2, the total liabilities and obligations of Purchaser arising in connection with or out of this Agreement shall be limited to the collective investment assets of the Fund pursuant to the Financial Investment Services and Capital Markets Act of Korea (which, for the avoidance of doubt, will be deemed from and after Closing to include the direct and indirect interests of Purchaser and the Fund in the Property and their direct and indirect Equity Interests in the Target Company Group Members).

Section 11.15 **Attorney's Fees – Contract Period**.

In the event that during the Contract Period or any time after this Agreement is terminated litigation is commenced by either Party concerning the performance, meaning or interpretation of any provision of this Agreement, the prevailing Party in such litigation shall be awarded any and all reasonable costs and expenses incurred by the prevailing Party in enforcing, defending or establishing its rights hereunder, including, court costs and expert witnesses' and attorneys' fees. In addition to the foregoing award of costs and fees, the prevailing Party shall also be entitled to recover its court costs and expert witnesses' and attorneys' fees incurred in any post judgment proceedings to collect or enforce any judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement. For the avoidance of doubt, the Parties acknowledge that the provisions of Section 9 cover disputes and associated costs, expenses and fees during any period after the Closing.

Section 11.16 **Construction**.

(a) Unless the context of this Agreement otherwise clearly requires, (i) references to the plural include the singular, and references to the singular include the plural, (ii) references to any gender include the other genders, (iii) the words "include", "includes" and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation", (iv) the term "or" has the inclusive meaning represented by the phrase "and/or", (v) the terms "hereof", "herein", "hereunder", "hereto" and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, (vi) the terms "day" and "days" mean and refer to calendar day(s), and (vii) if the required date of any action to be taken by a Party pursuant to this Agreement falls on a day, other than a Business Day, such action shall be required to be taken on the first Business Day following such date.

(b) Unless otherwise set forth herein, references in this Agreement to (i) any document, instrument or agreement (including this Agreement) (A) includes and incorporates all exhibits, schedules and other attachments thereto, (B) includes all documents, instruments or agreements issued or executed in replacement thereof and (C) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified or supplemented from time to time in accordance with its terms and in effect at any given time, (ii) a particular

Law means such Law as amended, modified, supplemented or succeeded, from time to time and in effect at any given time, and (iii) a specific section of a Law shall be deemed to refer also to the corresponding provision(s) of succeeding Law. All section and exhibit references herein are to sections and exhibits of this Agreement, unless otherwise specified. The headings contained in this Agreement are included for purposes of convenience only, and do not affect the meaning or interpretation of this Agreement.

Section 11.17 Jointly Prepared.

The Parties agree that for all purposes of this Agreement they shall be deemed to have participated jointly in the negotiation and drafting of this Agreement. If any ambiguity or question of intent or interpretation arises, then (a) this Agreement shall be construed as if drafted jointly by the Parties and (b) no provision shall be construed more severely against any Party. Without limiting the generality of the preceding sentence, no presumption or burden of proof shall arise or apply favoring or disfavoring any Party by virtue of the authorship of any one or more provisions of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Parties have executed this Purchase and Sale Agreement as of the Agreement Date written above.

SELLER:

BRANDYWINE OPERATING PARTNERSHIP, L.P., a Delaware limited partnership

By Brandywine Realty Trust,
a Maryland real estate investment trust,
its general partner

By:
Name:
Title:

BDN INVESTMENT TRUST,
a Maryland real estate investment trust

By:
Name:
Title:

KIM TOPCO INC., a Delaware corporation

By:
Name:
Title:

EXHIBIT A

DEFINITIONS

"Affiliate" means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls such Person, and (b) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" means this Purchase and Sale Agreement.

"Associated Person" means (i) any current or future direct or indirect Equityholder of Seller or Purchaser, (ii) any current or future Affiliate of Purchaser or Seller, other than any Target Company Group Member, and (iii) any current or future advisor, trustee, director, officer, employee, beneficiary, participant, representative or agent of any of the Persons referenced in the immediately preceding clauses (i) and (ii); provided that, for purposes of Section 6.1 and Section 10.3(b), no Person shall constitute an Associated Person of Purchaser or Seller, as the case may be, unless Purchaser or Seller, as applicable, controls such Person or such Person is subject to the direction or authority of Purchaser or Seller or one of its Affiliates by virtue of an employment or consultancy relationship.

"Bankruptcy Event" means, with respect to any Person, the occurrence of any of the following events: (i) the making by it of an assignment for the benefit of its creditors, (ii) the filing by it of a voluntary petition in bankruptcy, (iii) an adjudication that it is bankrupt or insolvent unless such adjudication is stayed or dismissed within sixty (60) days, or the entry against it of an order for relief in any bankruptcy or insolvency proceeding unless such order is stayed or dismissed within ninety (90) days, (iv) the filing by it of a petition or an answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (v) the filing by it of an answer or other pleading admitting or failing to contest the material allegations of the petition filed against it in any proceeding of the nature described in the preceding clause (iv), (vi) its seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator of it or of all or any substantial part of its properties, or (vii) ninety (90) days after the commencement of any proceeding against it seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, if the proceeding has not been stayed or dismissed, or if within ninety (90) days after the appointment without its consent or acquiescence of a trustee, receiver or liquidator of it or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within ninety (90) days after the expiration of any such stay, the appointment is not vacated.

"BDN Garage Owner" means Brandywine Cira Garage I LP, a Delaware limited partnership and the owner of the Cira Garage.

"BDN Property Management Agreement" means a Property Management Agreement for the Property to be entered into at Closing in accordance with Section 6.4.

"Business Day" means any day other than a Saturday, Sunday or any day on which banks are not open for business in the Commonwealth of Pennsylvania or the City of New York.

"Cira Garage" means the multi-level parking structure located at 2930 Chestnut Street, Philadelphia, Pennsylvania known as the "Garage at Cira Centre South".

"Cira License Agreement" means the License Agreement attached hereto as Exhibit M, to be executed and delivered by Seller and the Purchaser at Closing, pursuant to which Seller grants to Purchaser the limited right and license to use the name "Cira" and related names and marks solely in connection with the use and operation of the Property from the Closing until the expiration or earlier termination of the BDN Property Management Agreement.

"Closing Conditions" means the provisions of this Agreement set forth in Section 7 and Section 8.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consent" means any consent, approval, authorization, qualification, waiver, registration or notification which is required to be obtained from, filed with or delivered to any Person in connection with the consummation of the Transactions.

"Contracts" means all contracts, agreements and other binding arrangements of any kind or nature.

"Contract Period" or "Closing Period" means the period commencing on the Agreement Date and ending at the Closing or the earlier termination of this Agreement.

"CTL Garage Loan" means the first mortgage financing incurred by the BDN Garage Owner in the original principal amount of $46,800,000 to fund the construction, leasing and ownership of the Cira Garage pursuant to that certain Loan Agreement by and between the BDN Garage Owner, as borrower, and GSA-IRS Lease Trust (as successor to GSA-IRS Funding Group, LLC), as lender, dated as of June 29, 2009.

"Damages" means any and all actual losses, damages, costs, expenses, liabilities, obligations and claims of any kind (including any Proceeding brought by any Governmental Entity or other Person), including Taxes, reasonable attorneys', experts' and consultants' fees and costs of investigation or defense, but excluding in each case any indirect, consequential, special, incidental and punitive damages; provided, that the foregoing exclusion shall not include direct damages of any kind.

"Embargoed Person" means any Person or government subject to trade restrictions under U.S. Law, including, without limitation, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., the Trading with the Enemy Act, 50 U.S.C. §1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that any investment in any Seller Group Member or Purchaser, as the case may be, is prohibited by Law or any Seller Group Member or Purchaser, as the case may be, is in violation of Law.

"Encumbrance" means any mortgage, pledge, security interest, lien, limitation, restriction, assessment, encroachment, right of way, easement, defect in title or charge or other encumbrance of any kind, including, any conditional sale or other title retention agreement, any lease in the nature thereof and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction, and including any lien or charge arising by statute or other Laws that secures the payment of a debt (including any Tax or Indebtedness) or the performance of an obligation.

"Environmental Laws" means all Laws (a) related to Releases or threatened Releases of any Hazardous Materials in the indoor or outdoor environment, (b) governing the use, generation, treatment, storage, disposal, transport, or handling of Hazardous Materials or (c) related to pollution, the protection of the environment, human health or natural resources. Such Environmental Laws shall include, but are not limited to, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Clean Water Act, the Clean Air Act, the Safe Drinking Water Act, and the Emergency Planning and Community Right-to-Know Act, and their respective state, local or foreign analogs.

"Environmental Reports" means, collectively, the Environmental Assessments and any updates to the Environmental Assessments or additional environmental assessments obtained by Purchaser in the course of performing due diligence on the Property.

"Equityholder" means, with respect to any Person (other than an individual), another Person that holds an Equity Interest in such Person.

"Equity Interest" means with respect to any Person (other than an individual), any and all partnership interests, membership interests, shares, stock equity interest and other equity securities (as such term is most broadly defined) authorized, granted, issued or issuable by or in such Person, including, (a) any option, warrants, rights, debt security or agreement exercisable for or convertible into or otherwise transferrable for any of the foregoing and (b) any profits interests in such Person.

"E-Room" means the shared access electronic data sites maintained by Eastdil Secured for this transaction, which can be accessed at the following Uniform Resource Locator (URL): [removed].

"Existing CTL Financing" means the first mortgage financing secured by the Property and incurred by the Property Owner Subsidiary in the original principal amount of $209,700,000 to fund the ownership, redevelopment and construction and leasing of the Property pursuant to the Existing CTL Financing Loan Agreement.

"Existing CTL Financing Documents" means collectively the Existing CTL Loan Agreement and other Contracts and documents that evidence, secure or otherwise memorialize the Existing CTL Financing, including all instruments, security documents and other ancillary documents related thereto.

"Existing CTL Financing Lender" means the lender party to the Existing CTL Financing Documents.

"Existing CTL Loan Agreement" means that certain Loan Agreement by and between the Property Owner Subsidiary, as borrower, and GSA-IRS Lease Trust (as successor to GSA IRS Funding Group, LLC), as lender, dated as of June 29, 2009, as the same may have been modified through the Agreement Date.

"GAAP" means generally accepted United States accounting principles and practices recognized as such by the American Institute of Certified Public Accountants acting through its Accounting Principles Board or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof and which are consistently applied for all periods so as to properly reflect the financial position, the result of operations and operating cash flow on a consolidated basis of the party, except that any accounting principle or practice required to be changed by the Accounting Principles Board or Financial Accounting Standards Board (or other board or committee) in order to continue as generally accepted accounting principles or practice may be so changed.

"General Enforceability Exceptions" means applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar Laws affecting creditors' right and general principals of equity.

"Governmental Entity" means the United States of America, the state, the county, and city where the Property is located, anybody entitled to exercise any administrative, executive or regulatory power in relation thereto, any federal, state, county, local or municipal government or administrative agency or political subdivision thereof, any governmental agency, authority, board, bureau, commission, department or instrumentality, any court or administrative tribunal, any non-governmental agency, tribunal or entity that is vested by a governmental agency with applicable jurisdiction, any arbitration tribunal or other non-governmental authority with applicable jurisdiction, and any other domestic, international, foreign, national, multinational, territorial, regional, state or local governmental authority, quasi-governmental authority, instrumentality, court, commission, arbitrator or tribunal or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"GSA-IRS Parking Area Lease" means that certain Amended and Restated IRS Parking Area Master Lease to be entered into by and between the BDN Garage Owner, as Landlord, and Master Tenant, as Tenant,, pursuant to which the BDN Garage Owner has leased to Master Tenant, for a lease term that is co-terminous with the GSA-IRS Lease, a designated area of the Garage at Cira Centre South to accommodate 1,200 parking spaces available exclusively for possession, use and occupancy by the tenant under the GSA-IRS Lease. The GSA-IRS Parking Area Lease shall be substantially in the form of Exhibit N attached hereto or as otherwise agreed by Seller and Purchaser, provided that neither Party will unreasonably withhold, delay or condition its consent or approval of any modifications to Exhibit N attached hereto which is reasonably requested by the other Party.

"GSA-IRS Rent Allocation Agreement" means the GSA Rent Allocation, Payment and Collateral Agency Agreement, dated as of August 26, 2010, among the Property Owner Subsidiary, BDN Garage Owner, the Master Tenant, GSA-IRS Lease Trust and The Bank of New York Mellon.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing or otherwise supporting in whole or in part the payment of any Indebtedness or other obligation of any other Person. Without limiting the generality of the foregoing, a Guarantee includes any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (including any arising by agreement to keep-well, to purchase assets, goods, securities or services or to take-or-pay) or (b) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligations of the payment of such Indebtedness or other obligation or to protect such obligee against loss in respect thereof (in whole or in part). The term "Guarantee" and similar terms used as verb has a correlative meaning.

"Hazardous Materials" means: (a) any liquid, gaseous or solid material, substance or waste that (i) requires removal, remediation or reporting under any Environmental Law, or is listed, classified or regulated as a "hazardous waste" or "hazardous substance" (or any other similar term) pursuant to any Environmental Law or (ii) is regulated under Environmental Laws as being toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous; and (b) any petroleum product or by-product, petroleum-derived substances, asbestos, polychlorinated biphenyls, mold, fungi, bacteria, toxic growth or urea formaldehyde.

"Indemnification Basket Amount" means $100,000.

"Indemnification Cap" means $12,500,000.00.

"Indebtedness" of any Person means: (a) any liability of such Person (i) for borrowed money (including the current portion thereof), (ii) under any reimbursement obligation relating to a letter of credit, bankers' acceptance or similar facility, (iii) evidenced by a bond, note, debenture or similar instrument (including a purchase money obligation), (iv) for the payment of money under any lease that is required to be classified as capitalized lease obligations in accordance with GAAP, (v) for all or any part of the deferred purchase price for assets, or services or the undertaking of contractual prohibitions, (vi) for any bank overdraft, negative cash bank balance or similar liability or (vii) under interest rate swap, hedging or similar agreements; (b) any liability of others described in the preceding clause (a) that such Person has Guaranteed, that is recourse to such Person or any of its assets or that is otherwise its legal liability or that is secured in whole or in part by the assets of such Person and (c) any amount owed by the Target Company to any of its direct or indirect Equityholder. Indebtedness includes accrued interest and prepayment premiums or penalties.

"Interim Changes" means changes that have occurred between the Agreement Date and the Closing the existence of which result in a failure of the satisfaction of one or more of the Closing Conditions other than the Closing Conditions set forth in Section 7.1 and Section 8.1.

"IRS" means the Internal Revenue Service.

"Key Closing Deliverable" means the following: (i) the BDN Property Management Agreement, (ii) the GSA-IRS Parking Area Lease, and (iii) the Amended and Restated GSA-IRS Rent Allocation Agreement.

"Knowledge of Seller" (or words of similar import) means the current actual knowledge of Thomas Wirth, Jean Sitler, Ron Pluto or Brad Molotsky.

"Knowledge of Purchaser" (or words of similar import) means the current actual knowledge of Chris Lee or John Lee.

"Law" means any law, common law, statute (including those relating to zoning, land use, handicap accessibility and similar laws and regulations), ordinance, regulation, rule, directive, permit, license, certificate, judgment, order, award, decree or other decision or requirement of any Governmental Entity.

"Made Available" means, with respect to any document, that a hard copy, digital or electronic copy was delivered to Purchaser or any one or more of its Associated Persons with material involvement in the Transactions. Documents and other information posted by Seller in the E-room (provided such documents and other information remain in the E-room as of the Agreement Date) shall be deemed to have been Made Available to Purchaser in accordance with this Agreement.

"MAE Threshold" means Five Million Dollars ($5,000,000.00).

"Material Property Event" means that: (a) a casualty shall have damaged or destroyed the Property or portions thereof, or a condemnation or similar proceeding shall have been instituted against the Property or portions thereof (or a deed in lieu thereof shall have been delivered), for which the aggregate estimated cost to repair or restore the Property or applicable portions thereof (in the case of a casualty) or the aggregate estimated diminution in value of the Property (in the case of a condemnation or similar proceeding), as reasonably determined by the Parties, shall (i) equal or exceed $7,000,000 (whether or not insured) or $1,700,000 of uninsured costs, (ii) result in a material impairment of the use and occupancy of the Property that: (x) continues (or would reasonably be expected to continue) for a period of more than 90 days and (y) permits (or would permit, as the case may be) the GSA-IRS to terminate the GSA-IRS Lease pursuant to the terms thereof; or (iii) otherwise permit the GSA-IRS to terminate the GSA-IRS Lease pursuant to the terms thereof; *provided, that* if the Parties are unable to agree on the estimated cost to repair or restore the Property or the diminution in value of the Property within three (3) Business Days after the Parties are all notified of the applicable occurrence, then, (1) the Seller Parties shall promptly select an independent, third-party engineer (in the case of a casualty) or M.A.I. appraiser (in the case of a condemnation or similar proceeding), which shall be reasonably acceptable to Purchaser, (2) Seller and Purchaser shall instruct such engineer or appraiser to use commercially reasonable efforts to deliver to the Parties an estimate of the cost to repair or restore the Property or the diminution of value of the Property, as applicable, as soon as practicable but not later than ten (10) Business Days after the commencement of such engineer's or appraiser's engagement, (3) the Parties shall rely upon such estimate for purposes of this Agreement, and (4) Seller and Purchaser shall share equally in the cost and expense of such engineer or appraiser; or (b) a casualty, condemnation or similar proceeding or other event shall

have occurred at the Cira Garage Property that will or is likely to result in a breach by Master Tenant of its obligations to provide the number of parking spaces required under the GSA-IRS Parking Area Lease for a period of ninety (90) days or more.

"Monetary Liens" means (i) the liens and other Encumbrances set forth in Exhibit Q attached hereto, and (ii) any and all Encumbrances created by Seller during the Contract Period which evidence or secure payment of a definite and ascertainable amount, including, without limitation, any and all other mortgages, UCC-1 Financing Statements, liens and judgments filed in the public records affecting the Land after the date hereof.

"Mutual Release" means the mutual release in the form attached hereto as Exhibit L.

"Organizational Documents" means, with respect to any Person (other than an individual), its articles of incorporation, declaration of trust, bylaws, partnership agreement, statement of partnership, certificate of limited partnership, limited liability company agreement, limited liability company operating agreement, articles of organization, limited liability certificate, or other charter or governing or organizational documents, or any other instrument setting forth the relative rights and obligations of the Equityholders of such Person (including stockholders' agreement, shareholder agreements and similar agreements among Equityholders).

"Order" means any order, judgment, injunction, assessment, award, decree, ruling, charge or writ of any Governmental Entity.

"Penn ROFO" means that certain Right of First Offer Agreement made as of July 19, 2007 by and between the Property Owner Subsidiary and UPenn, as amended by the Penn ROFO Waiver and Modification.

"Penn ROFO Waiver and Modification" means that certain letter agreement dated November 13, 2015 between the Property Owner Subsidiary and UPenn, a true, correct and complete copy of which is attached hereto as Exhibit T, by which (i) UPenn waived its right of first offer pursuant to the Penn ROFO and (ii) the Property Owner Subsidiary and UPenn agreed to certain modifications to that certain Right of First Offer Agreement made as of July 19, 2007 by and between the Property Owner Subsidiary and UPenn.

"Person" means an individual, a partnership (general or limited), a corporation, a limited liability company, an association, a joint stock company, Governmental Entity, a business or other trust, a joint venture, any other business entity or an unincorporated organization.

"Pre-Closing Indebtedness" means all any Indebtedness of any Target Company Group Member incurred or otherwise existing during the Pre-Closing Period.

"Pre-Closing Period" means any period (or portion thereof) ending as of the close of business on or prior to the Closing Date.

"Pre-Closing Taxes" means (i) any Taxes of any Target Company Group Member for any Pre-Closing Period, (ii) any Taxes of Seller or any of their Affiliates (other than the Target Company Group Members) for any period (whether before or after the Closing Date), including any Taxes for which the Target Company may be liable under Section 1.1502-6 of the Treasury

Regulations (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise, and (iii) Transfer Taxes for which Seller is responsible pursuant to Section 2.5(b). For purposes of this Agreement, in the case of any Straddle Period, (i) property Taxes of any Target Company Group Member allocable to the Pre-Closing Period shall be equal to the amount of such property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that are in the Pre-Closing Period and the denominator of which is the number of days in the entire Straddle Period, and (ii) Taxes (other than property Taxes) of any Target Company Group Member for the Pre-Closing Period shall be computed as if such taxable period ended as of the close of business on the Closing Date.

"Proceeding" means any action, suit, proceeding, arbitration, written claim, complaint, decree, lawsuit or any written notice of violation or investigation.

"Purchaser Closing Certificate" a certificate in the form attached hereto as Exhibit J.

"Purchaser MAE" means any event, circumstance, fact, change, development, condition, or effect that, either individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Property, the Purchaser, the Target Company Group, taken as a whole. For purposes of this definition, a "material adverse effect" means any loss, damage or liability equal to or in excess of the MAE Threshold.

"Purchaser Parent" means Korea Investment Management Co., Ltd.

"Recorded Document" means any document that was identified in any Title Evidence or was recorded against the Property at least thirty (30) days prior to the Agreement Date.

"REIT" means a real estate investment trust under the Code.

"Release" means the intentional or unintentional spilling, emitting, leaking, pumping, pouring, emptying, discharging, injecting, escaping, leaching, dumping or disposing of any Hazardous Material into the indoor or outdoor environment.

"Seller Closing Certificate" a certificate in the form attached hereto as Exhibit K.

"Seller Group" means, collectively, Seller, the Target Company and each Target Company Subsidiary.

"Seller Group Member" means Seller and any Target Company Group Member.

"Seller MAE" means any event, circumstance, fact, change, development, condition, or effect that, either individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of the Property or Seller. For purposes of this definition, a "material adverse effect" means any loss, damage or liability equal to or in excess of the MAE Threshold.

"Seller Parties" means Seller and the Target Company.

"Sodexo Management Agreement" means Management Agreement dated as of ____ 2008 between Property Owner Subsidiary and Sodexo Management, Inc., as heretofore amended and/or restated, concerning the management and operation of the cafeteria at the Property.

"Straddle Period" means any taxable period beginning on or prior to and ending after the Closing Date.

"Subsidiary" means any Person (other than an individual) with respect to which the Target Company (or any subsidiary thereof) has the power to vote or direct the voting of sufficient securities or other interests to elect a majority of the directors (or persons in similar positions, including trustees) thereof.

"Survey Evidence" means, with respect to the Property, any survey issued to the Property Owner Subsidiary or the Master Tenant that was Made Available to Purchaser.

"Target Company Group" means the Target Company and each of the Target Company Subsidiaries.

"Target Company Group Member" means the Target Company and any Target Company Subsidiary.

"Target Company Subsidiary" means each of the seven (7) Subsidiaries of the Target Company identified on Exhibit B hereto.

"Tax" or Taxes" means all federal, state local or foreign taxes, charges, fees, duties or other assessments of any kind, including, without limitation, all income, gross receipts, net proceeds, ad valorem, value added, transfer, gains, franchise, profits, inventory, net worth, capital stock, assets, sales, use, license, estimated, withholding, payroll, premium, capital employment, social security, workers compensation, unemployment, excise, severance, stamp, occupation and real and personal property (tangible and intangible) taxes, together with any interest and penalties, fines, additions to tax or additional amounts, (including with respect to information Tax Returns) imposed by any Tax authority.

"Tax Return" means any return (including information returns), report, declaration, statement, extension, form or other documents or information filed with or submitted to, or required to be filed with or submitted to, any Tax authority or any Person in connection with the determination, assessment, collection or payment of any Tax.

"Title Company" means Fidelity National Title Insurance Company.

"Title Evidence" means, with respect to the Property, any title policy issued to the Property Owner Subsidiary or the Master Tenant that was Made Available to Purchaser.

"Transactions" means, collectively, closing on the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement and the execution and delivery of the Transaction Documents.

"Transaction Documents" means (i) this Agreement, (ii) the Seller Closing Certificate, (iii) the Mutual Release, (iv) the Purchaser Closing Certificate, (v) each FIRPTA Certificate, (vi) the BDN Property Management Agreement, (vii) the Amended and Restated GSA-IRS Rent Allocation Agreement, and (viii) each other agreement, instrument, certificate or other document required by this Agreement to be executed and delivered by any Party, any Affiliate of any Party, or the Target Company.

"Transfer Taxes" means all transfer, documentary, sales, use, stamp, registration, value added and other similar Taxes and fees (including any penalties and interest) imposed in connection with this Agreement and the Transactions.

"Treasury Regulations" means the Income Tax Regulations, including any temporary or proposed regulations, promulgated under the Code, as such Treasury Regulations may be amended from time to time (it being understood that all references herein to specific sections of the Treasury Regulations shall be deemed also to refer to any corresponding provisions of succeeding Treasury Regulations).

"UPenn" means the Trustees of the University of Pennsylvania, a Pennsylvania non-profit corporation.

DEFINITION CROSS-REFERENCE TABLE

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PURCHASE AND SALE AGREEMENT

Schedule 11.19
Notice Addresses:

If to Seller or Target Company:

[Brandywine Operating Partnership, L.P. /
BDN Investment Trust]
c/o Brandywine Realty Trust
555 E. Lancaster Avenue, Suite 100
Radnor, PA 19087
Attn: Gerard H. Sweeney, President and CEO
Email: [removed]

With copy to: [removed]

And a copy to:

DLA Piper LLP (US)
203 North LaSalle Street, Suite 1900
Chicago, Illinois 60601-1293
Attn: David Sickle
Email: [removed]

If to Purchaser:

KIM TopCo, Inc.
c/o Korea Investment Management Co., Ltd.
88, Uisadang daero
Yeongdeungpo gu
Seoul, 150 745
Republic of Korea
Attn: Suk Woo (Chris) Lee
Email: [removed]

With copy to:

Mayer Brown LLLP
1221 Avenue of the Americas
New York, New York 10020-1001
Attn: Kwon Lee
Email: [removed]

Exhibit 10.46

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

THIS FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT (this "Amendment") is made and entered into as of January 26, 2016 (the "Amendment Date") by and among **KIM TOPCO INC.**, a Delaware corporation ("Purchaser"), **BRANDYWINE OPERATING PARTNERSHIP, L.P.**, a Delaware limited partnership ("Seller"), and **BDN INVESTMENT TRUST**, a Maryland real estate investment trust (the "Target Company").

RECITALS:

A. Purchaser, Seller and the Target Company entered into that certain Purchase and Sale Agreement dated as of December 23, 2015 ("PSA"), pursuant to which Seller agreed to sell to Purchaser, and Purchaser agreed to purchase from Seller, the Purchased Shares (as defined in the PSA) comprising 100% of all issued and outstanding shares of beneficial ownership in the Target Company.

B. Purchaser, Seller and the Target Company desire to amend the PSA upon the terms and conditions set forth herein.

AGREEMENT:

NOW THEREFORE, for and in consideration of the above premises, the mutual obligations of the parties set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1) **Incorporation of Recitals; Certain Defined Terms**. The recitals set forth above are incorporated herein by this reference and shall be deemed terms and provisions hereof, the same as if set forth at length in this Paragraph. Capitalized terms that are used but not otherwise defined in this Amendment shall have the respective meanings that such terms have in the PSA.

2) **Specific Amendment Terms**. The PSA is hereby amended as follows:

a) Closing Date. The Closing Date is hereby extended (from January 29, 2016) to February 5, 2016, subject to further extension as provided below.

b) Purchaser's Right to Further Extend Closing Date. Purchaser retains the one-time right to extend the Closing Date to not later than February 19, 2016, pursuant to the second grammatical paragraph of Section 3.1 of the PSA, provided that (i) Purchaser must notify Seller thereof on or before February 2, 2016 (rather than January 26, 2016), and (ii) the $20,000,000 Extension Deposit must be deposited by Purchaser with the Escrow Agent not later than February 5, 2016 (rather than January 29, 2016).

c) Outside Time. The Outside Time is hereby extended (from 11:59 p.m. on January 29, 2016) to 11:59 p.m. on February 5, 2016, subject to further extension to 11:59 p.m. on February 19, 2016 if the Closing Date is likewise extended to February 19, 2016

in accordance with Section 3.1 of the PSA (including, without limitation, timely payment of the Extension Deposit by Purchaser as required by subparagraph 2(b) of this Amendment).

d) Release of Initial Deposit to Seller. Concurrently with the execution and delivery of this Amendment, Purchaser and Seller shall jointly instruct the Escrow Agent to disburse the Initial Deposit to Seller (or as Seller may direct). For the avoidance of doubt: (i) Seller shall be obligated to promptly refund the Initial Deposit to Purchaser if (and only if) Purchaser is expressly entitled to a refund of the Initial Deposit under the PSA, including, without limitation, any circumstance under which Purchaser is entitled to a refund of the Deposit pursuant to Section 3.4, Article VII or Article X of the PSA; and (ii) notwithstanding the release from escrow of the Initial Deposit pursuant to this subparagraph 2(d), (A) the Extension Deposit, if applicable, shall be held in escrow by the Escrow Agent pursuant to (1) the second grammatical paragraph of Section 3.1 of the PSA and (2) the Escrow Agreement, and (B) at the Closing, the Initial Deposit and, if applicable, the Extension Deposit shall be credited against the Purchase Price.

e) GSA Statement of Lease. Purchaser hereby approves the GSA Statement of Lease in the form and substance of Exhibit A attached hereto, as if the same was attached to the PSA as Exhibit H-2 thereto.

3) **Effect of Amendment; Ratification of PSA**. This Amendment amends and supplements the PSA, and the terms and provisions hereof shall govern and supersede over any contrary terms and provisions set forth in the PSA. The PSA, as amended by this Amendment, is hereby ratified and confirmed and remains in full force and effect. All references in the PSA to the "Agreement" shall mean and refer to the PSA as amended by this Amendment.

4) **Miscellaneous Provisions**. The terms and provisions of Article 11 of the PSA are incorporated herein and shall apply to this Amendment, mutatis mutandis, as if the references therein to the Agreement referred instead to this Amendment.

5) **Counterparts**. This Amendment may be executed in two or more counterparts. Counterpart signature pages may be delivered by fax and/or .pdf format. Each counterpart will be deemed an original. All counterparts will constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned Parties have executed this Amendment as of the Amendment Date written above.

BRANDYWINE OPERATING PARTNERSHIP, L.P ., a Delaware limited partnership

By Brandywine Realty Trust,
a Maryland real estate investment trust,
its general partner

By:
Name:
Title:

BDN INVESTMENT TRUST,
a Maryland real estate investment trust

By:
Name:
Title:

KIM TOPCO INC., a Delaware corporation

By:
Name:
Title:

EXHIBIT A

GSA STATEMENT OF LEASE

STATEMENT OF LEASE

Re: Lease No: GS-03B-07358
Lease Dated: August 27, 2007
Lessor: Brandywine Cira PO Master Tenant LLC
Lessee: United States of America
Premises: 2970 Market Street, Philadelphia, PA 19104

Date: January 7, 2016

Dear Sir or Madam:

The undersigned, a Contracting Officer of the United States of America, hereby confirms and represents, to the best of (his/her) knowledge and belief, the following as of January 7, 2016:

1. The above referenced lease, between the United States of America, acting by and through the Administrator of General Services (the "Lessee") and Brandywine Cira PO Master Tenant LLC (the "Lessor"), as modified by the following Supplemental Lease Agreements ("SLA") and/or Lease Amendments ("LA")

SLA #1, dated April 30, 2008
SLA #2, dated July 10, 2008
SLA #3, dated November 4, 2008
SLA #4, dated January 13, 2009
SLA #5, dated September 1, 2009
SLA #6, dated September 1, 2009
SLA #7, dated October 26, 2009
SLA #8, dated October 26, 2009
SLA #9, dated February 26, 2010
SLA #10, dated September 4, 2009
SLA #11, dated October 26, 2009
SLA #12, dated October 26, 2009
SLA #13, dated February 26, 2010
SLA #14, dated February 26, 2010
SLA #15, dated February 26, 2010
SLA #16, dated February 26, 2010
SLA #17, dated May 14, 2010
SLA #18, dated May 14, 2010
SLA #19, dated July 12, 2010
SLA #20, dated August 4, 2010
SLA #21, dated July 12, 2010
SLA #22, dated August 24, 2010
SLA #23, dated July 12, 2010

SLA #24, dated September 2, 2010
SLA #25, dated September 27, 2010
SLA #26, dated September 27, 2010
SLA #27, dated September 27, 2010
SLA #28, dated December 3, 2010
SLA #29, dated February 15, 2011
SLA #30, dated February 7, 2011
SLA #31, dated May 20, 2011
SLA #32, dated February 16, 2012
SLA #33, dated February 16, 2012
SLA #34, dated February 16, 2012
SLA #35, dated February 16, 2012
SLA #36, dated November __, 2012
SLA #37, dated November __, 2012
SLA #38, dated July 22, 2013
SLA #39, dated November 27, 2013
SLA #40, dated December 24, 2013
LA #41, dated December 30, 2014
LA #42, dated October 28, 2015

(collectively, the "Lease") constitutes the entire agreement between the Lessor and the Lessee with respect to the leased Premises (hereafter defined), is in full force and effect, and has not been modified, supplemented, canceled, or amended, except as otherwise stated above.

2. The Lessee occupies 690,153 ANSI/BOMA Office Area square feet (nusf) of space and 1,200 parking spaces (the "Leased Premises").

3. The term of the Lease commenced on August 27, 2010 and will expire on August 25, 2030, subject to termination and renewal rights as may be set forth in the lease.

4. Neither the Lessee nor the Lessor is in default in the performance of any of the terms, covenants, or conditions of the lease.

5. The current monthly rent paid in arrears by Lessee under the Lease is $2,671,400.07.

6. No payments under the Lease have been paid in advance or will be paid in advance. Except as may be set forth in the lease, Lessee has no right to any free rent, rent abatement, rent credit, or other rent concession.

7. The undersigned is authorized to execute this letter on behalf of the Lessee.

The statements in this letter are based solely upon a reasonably diligent review of the Contracting Officer's lease file as of the date of issuance. An inspection of the Premises has not been conducted for the purpose of this letter, nor has the tenant agency been contacted concerning the Lessor's performance under the Lease. The Lessor and each prospective lender and purchaser are deemed to have constructive notice of such facts as would be ascertainable by reasonable prepurchase and precommitment inspection of the Premises and Building, and by inquiry to appropriate Federal, State, and local Government officials. This document shall not be construed as a waiver of any rights, benefits, or interests the Government has under the above-referenced Lease.

Sincerely,

UNITED STATES OF AMERICA,
ACTING BY AND THROUGH THE
ADMINISTRATOR OF GENERAL SERVICES

By:
Contracting Officer
General Services Administration
Mid-Atlantic Region

EAST\121003780.3

Exhibit 12.1

Brandywine Realty Trust
Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Share Distributions
(in thousands)

	For the years ended December 31,				
	2015	2014	2013	2012	2011
Earnings before fixed charges:					
Add:					
Income (loss) from continuing operations before non-controlling interest and equity in income (loss) from unconsolidated real estate ventures	$ (29,929)	$ 6,814	$ 35,318	$ (40,050)	$ (28,331)
Distributed income of equity investees	1,223	1,164	1,650	1,224	2,600
Amortization of capitalized interest	4,277	3,840	3,557	3,538	3,564
Fixed charges - per below	129,307	138,007	132,146	147,077	140,356
Less:					
Capitalized interest	(12,150)	(6,803)	(3,137)	(2,560)	(1,997)
Earnings before fixed charges	$ 92,728	$ 143,022	$ 169,534	$ 109,229	$ 116,192
Fixed charges and Preferred Distributions:					
Interest expense from continuing operations (including amortization)	$ 116,511	$ 130,621	$ 127,585	$ 142,982	$ 136,396
Capitalized interest	12,150	6,803	3,137	2,560	1,997
Ground leases and other	646	583	1,424	1,535	1,963
Total Fixed Charges	129,307	138,007	132,146	147,077	140,356
Income allocated to preferred shareholders	6,900	6,900	6,900	10,405	7,992
Total Preferred Distributions	6,900	6,900	6,900	10,405	7,992
Total combined fixed charges and preferred distributions	$ 136,207	$ 144,907	$ 139,046	$ 157,482	$ 148,348
Ratio of earnings to combined fixed charges and preferred distributions	(a)	(a)	1.22	(a)	(a)

(a) Due to the registrant's loss in the period, the coverage ratio was less than 1:1. The registrant must generate additional earnings of $43,479 for the year ended December 31, 2015, $1,885 for the year ended December 31, 2014, $48,253 for the year ended December 31, 2012 and $32,156 for the year ended December 31, 2011 to achieve a coverage ratio of 1:1.

Exhibit 12.2

Brandywine Operating Partnership, L.P.
Computation of Ratio of Earnings to Combined Fixed Charges
(in thousands)

	For the years ended December 31,				
	2015	2014	2013	2012	2011
Earnings before fixed charges:					
Add:					
Income (loss) from continuing operations before non-controlling interest and equity in income (loss) from unconsolidated real estate ventures	$ (29,929)	$ 6,814	$ 35,318	$ (40,050)	$ (28,331)
Distributed income of equity investees	1,223	1,164	1,650	1,224	2,600
Amortization of capitalized interest	4,277	3,840	3,557	3,538	3,564
Fixed charges - per below	129,307	138,007	132,146	147,077	140,356
Less:					
Capitalized interest	(12,150)	(6,803)	(3,137)	(2,560)	(1,997)
Earnings before fixed charges	$ 92,728	$ 143,022	$ 169,534	$ 109,229	$ 116,192
Fixed charges:					
Interest expense from continuing operations (including amortization)	$ 116,511	$ 130,621	$ 127,585	$ 142,982	$ 136,396
Capitalized interest	12,150	6,803	3,137	2,560	1,997
Ground leases and other	646	583	1,424	1,535	1,963
Total Fixed Charges	$ 129,307	$ 138,007	$ 132,146	$ 147,077	$ 140,356
Ratio of earnings to combined fixed charges	(a)	1.04	1.28	(a)	(a)

(a) Due to the registrant's loss in the period, the coverage ratio was less than 1:1. The registrant must generate additional earnings of $36,579 for the year ended December 31, 2015, $37,848 for the year ended December 31, 2012 and $24,164 for the year ended December 31, 2011 to achieve a coverage ratio of 1:1.

Exhibit 21

List of Subsidiaries

AAPOP 2, LP, a Delaware limited partnership

B Chestnut LP, a Delaware limited partnership

BDN 1919 Sub LP, a Delaware limited partnership

BDN Four Points LP, a Delaware limited partnership

BDN Four Points Land LP, a Delaware limited partnership

BDN Four Points Preserve LP, a Delaware limited partnership

BDN Millennium LP, a Delaware limited partnership

BDN Real Estate Fund I LP, a Delaware limited partnership

Brandywine Ambassador, LP, a Pennsylvania limited partnership

Brandywine Acquisition Partners LP, a Delaware limited partnership

Brandywine Austin Properties I LP, a Texas limited partnership

Brandywine Byberry LP, a Delaware limited partnership

Brandywine Central, LP, a Pennsylvania limited partnership

Brandywine Cira Chestnut I LP a Delaware limited partnership

Brandywine Cira Garage I LP, a Delaware limited partnership

Brandywine Cira, LP, a Pennsylvania limited partnership

Brandywine Cira PO LP, a Delaware limited partnership

Brandywine Cira Post Office LP, a Delaware limited partnership

Brandywine Cira South LP, a Delaware limited partnership

Brandywine Cira Walnut I LP, a Delaware limited partnership

Brandywine Commerce I LP, a Delaware limited partnership

Brandywine Commerce II LP, a Delaware limited partnership

Brandywine Croton, LP, a Pennsylvania limited partnership

Brandywine Dominion, LP, a Pennsylvania limited partnership

Brandywine F.C., LP, a Pennsylvania limited partnership

Brandywine Grande B, LP, a Delaware limited partnership

Brandywine Grande C, LP, a Delaware limited partnership

Brandywine Greensboro Drive LP, a Delaware limited partnership

Brandywine International Drive LP, a Delaware limited partnership

Brandywine Industrial Partnership, LP, a Delaware limited partnership

Brandywine Metroplex, LP, a Pennsylvania limited partnership

Brandywine Midatlantic, LP, a Delaware limited partnership

Brandywine Office Investors LP, a Delaware limited partnership

Brandywine Operating Partnership LP, a Delaware limited partnership

Brandywine P.M., LP, a Pennsylvania limited partnership

Brandywine Properties Management LP, a Texas limited partnership

Brandywine TB Florig, LP, a Pennsylvania limited partnership

Brandywine TB Inn, LP, a Pennsylvania limited partnership

Brandywine TB I, LP, a Pennsylvania limited partnership

Brandywine TB II, LP, a Pennsylvania limited partnership

Brandywine TB V, LP, a Pennsylvania limited partnership

Brandywine TB VI, LP, a Pennsylvania limited partnership

Brandywine TB VII, LP, a Pennsylvania limited partnership

Brandywine TB VIII, LP, a Pennsylvania limited partnership

Brandywine Wood Oak LP, a Delaware limited partnership

Brandywine 1177 Beltline Associates, LP, a Texas limited partnership

BT Plymouth LP, a Delaware limited partnership

C/N Iron Run Limited Partnership III, a Pennsylvania limited partnership

C/N Leedom Limited Partnership II, a Pennsylvania limited partnership

C/N Oaklands Limited Partnership I, a Pennsylvania limited partnership

C/N Oaklands Limited Partnership III, a Pennsylvania limited partnership

Commerce Square Partners Philadelphia Plaza, LP, a Delaware limited partnership

Concord Airport Plaza Associates, LP, a California limited partnership

Eight/Oliver Brandywine Partner, LP, a Pennsylvania limited partnership

e-Tenants.com Holding, LP, a Pennsylvania limited partnership

Fifteen Horsham, LP, a Pennsylvania limited partnership

Five/Oliver Brandywine Partner, LP, a Pennsylvania limited partnership

Four Tower Bridge Associates, a Pennsylvania limited partnership

G&I VII Barton Creek LP, a Delaware limited partnership

G&I VII Barton Skyway LP, a Delaware limited partnership

G&I VII Cielo, LP a Delaware limited partnership

G&I VII Encino Trace I LP, a Delaware limited partnership

G&I VII Encino Trace II LP, a Delaware limited partnership

G&I VII Four Points LP, a Delaware limited partnership

G&I VII Lantana, LP a Delaware limited partnership

G&I VII River Place LP, a Delaware limited partnership

Iron Run Limited Partnership V, a Pennsylvania Limited Partnership

LC/N Horsham Limited Partnership, a Pennsylvania limited partnership

LC/N Keith Valley Limited Partnership I, a Pennsylvania limited partnership

Newtech IV Limited Partnership, a Pennsylvania limited partnership

New Two Logan, LP, a Pennsylvania limited partnership

Nichols Lansdale Limited Partnership III, a Pennsylvania limited partnership

OLS Office Partners, LP, a Delaware limited partnership

One Rockledge Associates Limited Partnership, a Massachusetts limited partnership

Philadelphia Plaza – Phase II LP, a Pennsylvania limited partnership

Radnor Center Associates, a Pennsylvania limited partnership

Radnor Properties Associates-II, LP, a Pennsylvania limited partnership

Radnor Properties-SDC, LP, a Delaware limited partnership

Radnor Properties-200 RC Holdings, LP, a Delaware limited partnership
Radnor Properties-200 RC, LP, a Delaware limited partnership
Radnor Properties-201 KOP, LP, a Delaware limited partnership
Radnor Properties-555 LA, LP, a Delaware limited partnership
Two Logan Holdings LP, a Pennsylvania limited partnership
Two Logan Square Associates, a Pennsylvania limited partnership
Tower Bridge Inn Associates, a Pennsylvania limited partnership
Witmer Operating Partnership I LP, a Delaware limited partnership
100 Arrandale Associates, LP, a Pennsylvania limited partnership
111 Arrandale Associates, LP, a Pennsylvania limited partnership
405 Colorado Holdings LP, a Delaware limited partnership
440 Creamery Way Associates, LP, a Pennsylvania limited partnership
442 Creamery Way Associates, LP, a Pennsylvania limited partnership
481 John Young Way Associates, LP, a Pennsylvania limited partnership
618 Market Street LP, a Delaware limited partnership
1919 Market Street LP, a Delaware limited partnership
2100 Market Street LP, a Delaware limited partnership
2928 Walton Road LP, a Pennsylvania limited partnership
3000 Market LP, a Delaware limited partnership
3020 Market Holding LP, a Delaware limited partnership
3020 Market Operating LP, a Delaware limited partnership
Interstate Center Associates, a Virginia general partnership
Plymouth TFC, General Partnership, a Pennsylvania general partnership
Brandywine 1919 Ventures, a Delaware general partnership
BDN Management Inc., a Delaware corporation
Brandywine Holdings, I, Inc., a Pennsylvania corporation
Brandywine Properties I Limited Inc., a Delaware corporation
Brandywine Realty Services Corporation, a Pennsylvania corporation
Brandywine Resources I Inc., a Delaware corporation
Southpoint Land Holdings, Inc., a Pennsylvania corporation
Valleybrooke Land Holdings, Inc., a Pennsylvania corporation
AAPOP 1 LLC, a Delaware limited liability company
Atlantic American Land Development LLC, a Delaware limited liability company
BDN 1919 Sub GP LLC, a Delaware limited liability company
BDN Four Points GP LLC, a Delaware limited liability company
BDN Four Points Land GP LLC, a Delaware limited liability company
BDN Four Points Preserve GP LLC, a Delaware limited liability company
B Chestnut GP LLC, a Delaware limited liability company
BDN Austin Properties LLC, a Delaware limited liability company
BDN Brokerage LLC, a Pennsylvania limited liability company

BDN GC Services LLC, a Delaware limited liability company

BDN GP Real Estate Fund I LLC, a Delaware limited liability company

BDN Millennium GP, LLC, a Delaware limited liability company

BDN Millennium Holding Company, LLC, a Delaware limited liability company

BDN NoMA LLC, a Delaware limited liability company

BDN Properties I LLC, a Delaware limited liability company

BDN Venture LLC, a Delaware limited liability company

BOI Carlsbad LLC, a Delaware limited liability company

BOI Pacific Ridge LLC, a Delaware limited liability company

BRE/Logan I, LLC, a Delaware limited liability company

BRE/Logan II, LLC, a Delaware limited liability company

Brandywine Ambassador, LLC, a Pennsylvania limited liability company

Brandywine Austin I LLC, a Delaware limited liability company

Brandywine Austin LLC, a Delaware limited liability company

Brandywine Austin Properties LLC, a Delaware limited liability company

Brandywine Boulders, LLC, a Delaware limited liability company

Brandywine Brokerage Services, LLC, a New Jersey limited liability company

Brandywine Byberry LLC, a Delaware limited liability company

Brandywine Calverton LLC, a Delaware limited liability company

Brandywine Charlottesville LLC, a Virginia limited liability company

Brandywine Christina LLC, a Delaware limited liability company

Brandywine Cira Brokerage LLC, a Delaware limited liability company

Brandywine Cira Chestnut LLC, a Delaware limited liability company

Brandywine Cira Garage LLC, a Delaware limited liability company

Brandywine Cira Garage Holding LLC, a Delaware limited liability company

Brandywine Cira Garage Holding MM LLC, a Delaware limited liability company

Brandywine Cira, LLC, a Pennsylvania limited liability company

Brandywine Cira PO LLC, a Delaware limited liability company

Brandywine Cira PO Developer LLC, a Delaware limited liability company

Brandywine Cira PO Master Tenant LLC, a Delaware limited liability company

Brandywine Cira Post Office LLC, a Delaware limited liability company

Brandywine Cira South GP LLC, a Delaware limited liability company

Brandywine Cira Walnut LLC, a Delaware limited liability company

Brandywine Commerce I GP LLC, a Delaware limited liability company

Brandywine Commerce II GP LLC, a Delaware limited liability company

Brandywine Commerce Sub I LLC, a Delaware limited liability company

Brandywine Commerce Sub II LLC, a Delaware limited liability company

Brandywine Continental LLC, a Delaware limited liability company

Brandywine Croton, LLC, a Pennsylvania limited liability company

Brandywine Dabney, LLC, a Delaware limited liability company

Brandywine Dominion, LLC, a Pennsylvania limited liability company
Brandywine F.C., LLC, a Pennsylvania limited liability company
Brandywine Grande B, LLC, a Delaware limited liability company
Brandywine Grande C LLC, a Delaware limited liability company
Brandywine Greentree V, LLC, a Delaware limited liability company
Brandywine Interstate 50, LLC, a Delaware limited liability company
Brandywine Lake Merritt LLC, a Delaware limited liability company
Brandywine Main Street LLC, a Delaware limited liability company
Brandywine Metroplex LLC, a Pennsylvania limited liability company
Brandywine Midatlantic, LLC, a Delaware limited liability company
Wood Oak LLC, a Delaware limited liability company
Brandywine One Logan LLC, a Pennsylvania limited liability company
Brandywine One Rodney Square, LLC, a Delaware limited liability company
Brandywine P.M., LLC, a Pennsylvania limited liability company
Brandywine Piazza, LLC, a New Jersey limited liability company
Brandywine Plaza Ridge I, LLC, a Delaware limited liability company
Brandywine Plaza 1000, LLC, a New Jersey limited liability company
Brandywine Promenade, LLC, a New Jersey limited liability company
Brandywine Radnor 200 Holdings LLC, a Delaware limited liability company
Brandywine Radnor Center LLC, a Pennsylvania limited liability company
Brandywine Research LLC, a Delaware limited liability company
Brandywine TB Florig, LLC, a Pennsylvania limited liability company
Brandywine TB Inn, LLC, a Pennsylvania limited liability company
Brandywine TB I, LLC, a Pennsylvania limited liability company
Brandywine TB I, GP LLC, a Pennsylvania limited liability company
Brandywine TB II, LLC, a Pennsylvania limited liability company
Brandywine TB V, LLC, a Pennsylvania limited liability company
Brandywine TB VI, LLC, a Pennsylvania limited liability company
Brandywine TB VII, LLC, a Pennsylvania limited liability company
Brandywine TB VIII, LLC, a Pennsylvania limited liability company
Brandywine Tysons LLC, a Delaware limited liability company
Brandywine Wisconsin Avenue Financing LLC, a Delaware limited liability company
Brandywine Witmer, LLC, a Pennsylvania limited liability company
Brandywine Wood Oak GP LLC, a Delaware limited liability company
Brandywine 55 US Avenue LLC, a New Jersey limited liability company
Brandywine 300 Delaware, LLC, a Delaware limited liability company
Brandywine 1177 Beltline Associates GP LLC, a Delaware limited liability company
Brandywine 2201 Co-Way LLC, a Delaware limited liability company
Brandywine 2201 Co-Way II LLC, a Delaware limited liability company
BT Plymouth GP, LLC, a Delaware limited liability company

BTRS LLC, a Delaware limited liability company

BTRS Sub One LLC, a Delaware limited liability company

e-Tenants LLC, a Delaware limited liability company

G&I VI 7150 Windsor MZ LLC, a Delaware limited liability company

G&I VI 7310 Tilghman MZ LLC, a Delaware limited liability company

G&I VI 7310 Tilghman FE LLC, a Delaware limited liability company

G&I VI 7248 Tilghman GP LLC, a Delaware limited liability company

G&I VI 7248 Tilghman LP LLC, a Delaware limited liability company

G&I VI 6575 Snowdrift GP LLC, a Delaware limited liability company

G&I VI 6575 Snowdrift LP LLC, a Delaware limited liability company

G&I VI 7350 Tilghman MZ LLC, a Delaware limited liability company

G&I VI 655/755 Business Center MZ LLC, a Delaware limited liability company

G&I VI 655/755 Business Center FE LLC, a Delaware limited liability company

G&I VI 1155 Business Center MZ LLC, a Delaware limited liability company

G&I VI 1155 Business Center FE LLC, a Delaware limited liability company

G&I VI 700/800 Business Center MZ LLC, a Delaware limited liability company

G&I VI 700/800 Business Center FE LLC, a Delaware limited liability company

G&I VI 630 Dresher MZ LLC, a Delaware limited liability company

G&I VI 630 Dresher FE LLC, a Delaware limited liability company

G&I VI 650 Dresher MZ LLC, a Delaware limited liability company

G&I VI 650 Dresher FE LLC, a Delaware limited liability company

G&I VI 300 Welsh 1/2 MZ LLC, a Delaware limited liability company

G&I VI 300 Welsh 1/2 FE LLC, a Delaware limited liability company

G&I VI One Greenwood MZ LLC, a Delaware limited liability company

G&I VI One Greenwood FE LLC, a Delaware limited liability company

G&I VI Two Greenwood MZ LLC, a Delaware limited liability company

G&I VI Two Greenwood FE LLC, a Delaware limited liability company

G&I VI Three Greenwood MZ LLC, a Delaware limited liability company

G&I VI Three Greenwood FE LLC, a Delaware limited liability company

G&I VI 500 Office Center MZ LLC, a Delaware limited liability company

G&I VI 500 Office Center FE LLC, a Delaware limited liability company

G&I VI 501 Office Center MZ LLC, a Delaware limited liability company

G&I VI 501 Office Center FE LLC, a Delaware limited liability company

G&I VI 321/323 Norristown MZ LLC, a Delaware limited liability company

G&I VI 321/323 Norristown FE LLC, a Delaware limited liability company

G&I VI 220 Commerce MZ LLC, a Delaware limited liability company

G&I VI 220 Commerce FE LLC, a Delaware limited liability company

G&I VI 520 Virginia MZ LLC, a Delaware limited liability company

G&I VI 520 Virginia FE LLC, a Delaware limited liability company

G&I VI Interchange Office LLC, a Delaware limited liability company

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G&I VII Austin Office LLC, a Delaware limited liability company

G&I VII Barton Creek GP LLC, a Delaware limited liability company

G&I VII Barton Skyway GP LLC, a Delaware limited liability company

G&I VII Cielo GP LLC, a Delaware limited liability company

G&I VII Encino Trace I GP LLC, a Delaware limited liability company

G&I VII Encino Trace II GP LLC, a Delaware limited liability company

G&I VII Four Points GP LLC, a Delaware limited liability company

G&I VII Lantana GP LLC, a Delaware limited liability company

G&I VII River Place GP LLC, a Delaware limited liability company

Gateway EH, LLC, a New Jersey limited liability company

Gateway EH 4/5, LLC, a New Jersey limited liability company

HSRE-Campus Crest IX, LLC, a Delaware limited liability company

MAP Ground Lease Venture LLC, a Delaware limited liability company

MAP Mezzanine Borrower LLC, a Delaware limited liability company

MAP Ground Lease Owner LLC, a Delaware limited liability company

Mid-Atlantic Property Holdings LLC, a Delaware limited liability company

New Two Logan GP, LLC, a Pennsylvania limited liability company

PP Lake Merritt, LLC, a Delaware limited liability company

Radnor GP, LLC, a Delaware limited liability company

Radnor GP-SDC, LLC, a Delaware limited liability company

Radnor GP-200 RC, LLC, a Delaware limited liability company

Radnor GP-201 KOP, LLC, a Delaware limited liability company

Radnor GP-555 LA, LLC, a Delaware limited liability company

PJP Building Two, LLC, a Virginia limited liability company

PJP Building Three, LLC, a Virginia limited liability company

PJP Building Five, LLC, a Virginia limited liability company

PJP Building Six, LLC, a Virginia limited liability company

PJP Building Seven, LLC, a Virginia limited liability company

TB-BDN Plymouth Apartments Holdings GP, LLC, a Delaware limited liability company

3 Logan LLC, a Delaware limited liability company

25 M Street Holdings LLC, a Delaware limited liability company

405 Colorado Holdings GP LLC a Delaware limited liability company

618 Market Holdco General Partner LLC, a Delaware limited liability company

618 Market Mezz Holdco LLC, a Delaware limited liability company

720 Blair Mill Road LLC, a Delaware limited liability company

1919 Market Holdco General LLC, a Delaware limited liability company

2100 Market Holdco General Partner LLC, a Delaware limited liability company

2100 Market Mezz Holdco LLC, a Delaware limited liability company

2928 Walton LLC, a Delaware limited liability company

3000 Market Mezz LLC, a Delaware limited liability company

3000 Market Mezz Holdco LLC, a Delaware limited liability company

3000 Market Holdco General Partner, LLC, a Delaware limited liability company

3020 Market Holding GP LLC, a Delaware limited liability company

4040 LLC, a Virginia limited liability company

1000 Chesterbrook Boulevard Partnership, a Pennsylvania general partnership

Atlantic American Properties Trust, a Maryland real estate investment trust

BDN Investment Trust, a Maryland real estate investment trust

BOI Herndon Trust, a Maryland real estate investment trust

BOI President's Plaza Trust, a Maryland real estate investment trust

BOI Rancho Bernardo Bluffs Trust, a Maryland real estate investment trust

Brandywine Capital Trust I, a Delaware statutory trust

Brandywine Capital Trust II, a Delaware statutory trust

Broadmoor Austin Associates, a Texas joint venture

Coppel Associates, a Texas joint venture

Seven Tower Bridge Associates, a Pennsylvania limited partnership

Seven Tower Bridge Real Estate Investment Trust, a Maryland real estate investment trust

Brandywine AI Venture LLC, a Delaware limited liability company

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-20999, 333-46647, 333-53359, 333-69653, 333-52952, 333-109010, 333-123444, 333-158590, 333-174700, 333-174701, and 333-195740) and on Form S-8 (Nos. 333-14243, 333-28427, 333-52957, 333-123446, 333-125311, 333-131171, 333-141906, 333-142752, 333-142754 and 333-167266) of Brandywine Realty Trust of our report dated February 26, 2016 relating to the financial statements, financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 26, 2016

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-195740-01) of Brandywine Operating Partnership, L.P. of our report dated February 26, 2016 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 26, 2016

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 annual report on Form 10-K 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: February 26, 2016

/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 annual report on Form 10-K 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: February 26, 2016

/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 annual report on Form 10-K 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: February 26, 2016

/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 annual report on Form 10-K 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: February 26, 2016

/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 Annual Report of Brandywine Realty Trust (the "Company") on Form 10-K for the fiscal year ended December 31, 2015 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: February 26, 2016

* 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 Annual Report of Brandywine Realty Trust (the "Company") on Form 10-K for the fiscal year ended December 31, 2015 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: February 26, 2016

* 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 Annual Report of Brandywine Operating Partnership, L.P. (the "Partnership") on Form 10-K for the fiscal year ended December 31, 2015 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: February 26, 2016

* 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 Annual Report of Brandywine Operating Partnership, L.P. (the "Partnership") on Form 10-K for the fiscal year ended December 31, 2015 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: February 26, 2016

* 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 99.1

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of Brandywine's common shares, preferred shares and debt securities and debt securities of Brandywine Operating Partnership, and the qualification and taxation of Brandywine Realty Trust as a REIT.

Because this is a summary that is intended to address only material U.S. federal income tax considerations relating to the ownership and disposition of Brandywine's common shares, preferred shares or debt securities that will apply to all holders, this summary may not contain all the information that may be important to you. As you review this discussion, you should keep in mind that:

- the tax consequences to you may vary depending on your particular tax situation;
- special rules that are not discussed below may apply to you if, for example, you are a tax-exempt organization, a broker-dealer, a non-U.S. person, a trust, an estate, a regulated investment company, a REIT, a financial institution, an insurance company, a holder of debt securities or shares through a partnership or other pass-through entity, an entity treated as a U.S. corporation by virtue of the inversion rules, or otherwise subject to special tax treatment under the Code;
- this summary does not address state, local or non-U.S. tax considerations;
- this summary deals only with our shareholders and debt holders that hold common shares, preferred shares or debt securities as "capital assets" within the meaning of Section 1221 of the Code; and
- this discussion is not intended to be, and should not be construed as, tax advice.

You are urged both to review the following discussion and to consult with your own tax advisor to determine the effect of ownership and disposition of our common shares, preferred shares or debt securities on your individual tax situation, including any state, local or non-U.S. tax consequences.

The information in this summary is based on the Code, current, temporary and proposed Treasury regulations, the legislative history of the Code, current administrative interpretations and practices of the Internal Revenue Service (the "IRS"), including its practices and policies as endorsed in private letter rulings, which are not binding on the IRS, and existing court decisions. Future legislation, regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. We have not obtained any rulings from the IRS concerning the status of Brandywine as a REIT or of the Operating Partnership as a partnership. Therefore, it is possible that the IRS could challenge the statements in this summary, which do not bind the IRS or the courts, and that a court could agree with the IRS.

Taxation of the Company

Qualification of Brandywine as a REIT

Brandywine first elected to be taxed as a REIT for the taxable year ended December 31, 1986. A REIT generally is not subject to federal income tax on the income that it distributes to its shareholders if it meets the applicable REIT distribution requirements and other requirements for qualification.

We believe that we are organized and have operated in such a manner so as to qualify as a REIT, but there can be no assurance that we have qualified or will remain qualified as a REIT.

Qualification and taxation as a REIT depends on our ability to meet, on a continuing basis, through actual operating results, distribution levels, and diversity of stock ownership, various qualification requirements imposed upon REITs by the Code. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. While we intend to continue to operate in a manner that will allow us to qualify as a REIT, no assurance can be given that the actual results of our operations for any taxable year will satisfy such requirements for qualification and taxation as a REIT.

Taxation of Brandywine as a REIT

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on that portion of our ordinary income or capital gain that we distribute currently to our shareholders, because the REIT provisions of the Code generally allow a REIT a deduction for distributions paid to its shareholders. This deduction substantially eliminates the "double taxation" on earnings (taxation at both the corporate level and shareholder level) that generally results from investment in a corporation. However, even if we qualify for taxation as a REIT, we will be subject to federal income tax as follows:

- We will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains;
- Under certain circumstances, we may be subject to the "alternative minimum tax" on our items of tax preference, if any;
- If we have net income from prohibited transactions (which are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business) such income will be subject to a 100% tax. See "-Sale of Partnership Property;"
- If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or leasehold as "foreclosure property," we may thereby avoid the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction), but the income from the sale or operation of the property (and any other non-qualifying income from foreclosure property) may be subject to corporate income tax at the highest applicable rate (currently 35%);
- If we should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), and nonetheless have maintained our qualification as a REIT because certain other requirements have been met, we will be subject to a 100% tax on the net income attributable to the greater of the amount by which we fail the 75% or 95% test, multiplied by a fraction intended to reflect our profitability;
- If we fail to satisfy any of the REIT asset tests, as described below, by larger than a de minimis amount, but our failure is due to reasonable cause and not due to willful negligence and we nonetheless maintain our REIT qualification because of specified cure provisions, we will be required to pay a tax equal to the greater of $50,000 or 35% of the net income generated by the non-qualifying assets during the period in which we failed to satisfy the asset tests;
- If we fail to satisfy any provision of the Code that would result in our failure to qualify as a REIT (other than a gross income or asset test requirement) and that violation is due to reasonable cause and not due to willful negligence, we may retain our REIT qualification, but we will be required to pay a penalty of $50,000 for each such failure;
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of our shareholders, as described below in "Requirements for Qualification as a REIT;"
- If we should fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year, and (c) any undistributed taxable income from prior years, we would be subject to a 4% excise tax on the excess of such required distribution over the sum of (i) the amounts actually distributed plus (ii) retained amounts on which corporate level tax is paid by us;
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a shareholder would include its proportionate share of our undistributed long-term capital gain in its income and would be allowed a credit for its proportionate share of the tax we paid;
- A 100% excise tax may be imposed on some items of income and expense that are directly or constructively paid between us, our tenants and/or our taxable REIT subsidiaries if and to the extent that the Internal Revenue Service successfully adjusts the reported amounts of these items;
- If we acquire appreciated assets from a C corporation (a corporation generally subject to corporate level tax) in a transaction in which the adjusted tax basis of the assets in our hands is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation, we may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if we subsequently recognize gain on a disposition of such assets during the ten-year period following their acquisition from the C corporation, unless the C corporation elects to treat the assets as if they were sold for their fair market value at the time of our acquisition; and
- Income earned by any of our taxable REIT subsidiaries will be subject to tax at regular corporate rates.

Requirements for Qualification as a REIT

We elected to be taxable as a REIT for U.S. federal income tax purposes for our taxable year ended December 31, 1986. In order to have so qualified, we must have met and continue to meet the requirements discussed below, relating to our organization, sources of income, nature of assets and distributions of income to shareholders.

The Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;
2. the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
3. that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs;
4. that is neither a financial institution nor an insurance company subject to certain provisions of the Code;
5. the beneficial ownership of which is held by 100 or more persons;
6. in which, during the last half of each taxable year, not more than 50% in value of the outstanding shares is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include specified entities), after applying certain attribution rules;
7. that makes an election to be taxable as a REIT, or has made this election for a previous taxable year which has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status;
8. that uses a calendar year for federal income tax purposes and complies with the record keeping requirements of the Code and the Treasury Regulations; and
9. that meets other applicable tests, described below, regarding the nature of its income and assets and the amount of its distributions.

Conditions (1) through (4) must be satisfied during the entire taxable year, and condition (5) must be satisfied during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

We have previously issued common shares in sufficient proportions to allow us to satisfy requirements (5) and (6) (the “100 Shareholder” and “five-or-fewer” requirements). In addition, our Declaration of Trust provides restrictions regarding the transfer of our shares that are intended to assist us in continuing to satisfy the requirements described in conditions (5) and (6) above. However, these restrictions may not ensure that we will, in all cases, be able to satisfy the requirements described in conditions (5) and (6) above. In addition, we have not obtained a ruling from the Internal Revenue Service as to whether the provisions of our Declaration of Trust concerning restrictions on transfer and conversion of common shares to “Excess Shares” will allow us to satisfy conditions (5) and (6). If we fail to satisfy such share ownership requirements, our status as a REIT will terminate. However, for taxable years beginning on or after January 1, 2005, if the failure to meet the share ownership requirements is due to reasonable cause and not due to willful neglect, we may avoid termination of our REIT status by paying a penalty of $50,000.

To monitor compliance with the share ownership requirements, we are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of certain percentages of our shares in which the record holders are to disclose the actual owners of the shares (the persons required to include in gross income the dividends paid by us). A list of those persons failing or refusing to comply with this demand must be maintained as part of our records. Failure by us to comply with these record-keeping requirements could subject us to monetary penalties. If we satisfy these requirements and have no reason to know that condition (6) is not satisfied, we will be deemed to have satisfied such condition. A shareholder that fails or refuses to comply with the demand is required by Treasury Regulations to submit a statement with its tax return disclosing the actual ownership of the shares and other information.

Qualified REIT Subsidiaries

The Code provides that a corporation that is a “qualified REIT subsidiary” shall not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a “qualified REIT subsidiary” shall be treated as assets, liabilities and items of income, deduction and credit of the REIT. A “qualified REIT subsidiary” is a corporation, all of the capital stock of which is owned by the REIT, that has not elected to be a “taxable REIT subsidiary” (discussed below). In applying the requirements described herein, all of our “qualified REIT subsidiaries” will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiaries will be treated as our assets, liabilities and items of income, deduction and credit. These subsidiaries, therefore, will not be subject to federal corporate income taxation, although they may be subject to state and local taxation.

Taxable REIT Subsidiaries

A REIT may generally jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary as a “taxable REIT subsidiary.” In addition, if a taxable REIT subsidiary owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a taxable REIT subsidiary. A taxable REIT subsidiary is a corporation subject to U.S. federal income tax, and state and local income tax where applicable, as a regular “C” corporation.

Generally, a taxable REIT subsidiary of ours can perform some impermissible tenant services without causing us to receive impermissible tenant services income under the REIT income tests. However, several provisions regarding the arrangements between a REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of United States federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments in excess of a certain amount made to us. In addition, we will be obligated to pay a 100% penalty tax on some payments that we receive and, effective for taxable years beginning after December 2015, on income imputed for a taxable REIT subsidiary, for services rendered to or on behalf of Brandywine, the Operating Partnership, any qualified REIT subsidiary, or a Subsidiary Partnership (as defined below), or on certain expenses deducted by the taxable REIT subsidiary if the economic arrangements among us, our tenants, and/or the taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties. A taxable REIT subsidiary may also engage in other activities that, if conducted by us other than through a taxable REIT subsidiary, could result in the receipt of non-qualified income or the ownership of non-qualified assets.

Ownership of Partnership Interests by a REIT

A REIT that is a partner in a partnership is deemed to own its proportionate share of the assets of the partnership and is deemed to receive the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership retains the same character in the hands of the REIT. Accordingly, our proportionate share of the assets, liabilities and items of income of the Operating Partnership are treated as assets, liabilities and items of income of ours for purposes of applying the requirements described herein. Brandywine has control over the Operating Partnership and most of the partnership and limited liability company subsidiaries of the Operating Partnership and intends to operate them in a manner that is consistent with the requirements for qualification of Brandywine as a REIT.

Income Tests

In order to qualify as a REIT, Brandywine must generally satisfy two gross income requirements on an annual basis. First, at least 75% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from the following: investments relating to real property or mortgages on real property, including "rents from real property;" dividends received from other REITs; interest income derived from mortgage loans secured by real property (including certain types of mortgage-backed securities); for taxable years beginning after December 31, 2015, interest on mortgage loans secured by both real and personal property if the fair market value of such personal property does not exceed 15% of the total fair market value of all property securing the loans; gains from the sale of real estate assets (except, effective for taxable years beginning after December 31, 2015, for gain from a nonqualified publicly offered REIT debt instrument (as defined below)); and income from certain kinds of temporary investments. Second, at least 95% of our gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from the same items which qualify under the 75% gross income test, and from dividends, interest and gain from the sale or disposition of securities, which need not have any relation to real property.

Rents received by a REIT will qualify as "rents from real property" in satisfying the gross income requirements described above only if several conditions are met.

- The amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term "rents from real property" solely by reason of being based on a fixed percentage or percentages of gross receipts or sales.
- Rents received from a tenant will not qualify as "rents from real property" in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant (a "Related Party Tenant"). However, rental payments from a taxable REIT subsidiary will qualify as rents from real property even if we own more than 10% of the total value or combined voting power of the taxable REIT subsidiary if at least 90% of the property is leased to unrelated tenants and the rent paid by the taxable REIT subsidiary is substantially comparable to the rent paid by the unrelated tenants for comparable space.
- Rent attributable to personal property leased in connection with a lease of real property will not qualify as "rents from real property" if such rent exceeds 15% of the total rent received under the lease.
- the REIT generally must not operate or manage the property or furnish or render services to tenants, except through an "independent contractor" who is adequately compensated and from whom the REIT derives no income, or through a taxable REIT subsidiary. The "independent contractor" requirement, however, does not apply to the extent the services provided by the REIT are "usually or customarily rendered" in connection with the rental of space for occupancy only, and are not otherwise considered "rendered to the occupant." In addition, a de minimis rule applies with respect to non-customary services. Specifically, if the value of the non-customary service income with respect to a property (valued at no less than 150% of the direct costs of performing such services) is 1% or less of the total income derived from the property, then all rental income except the non-customary service income will qualify as "rents from real property." A taxable REIT subsidiary may provide services (including non-customary services) to a

REIT's tenants without "tainting" any of the rental income received by the REIT, and will be able to manage or operate properties for third parties and generally engage in other activities unrelated to real estate.

We do not anticipate receiving rent that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage or percentages of gross receipts or sales consistent with the rules described above). We also do not anticipate receiving more than a de minimis amount of rents from any Related Party Tenant or rents attributable to personal property leased in connection with real property that will exceed 15% of the total rents received with respect to such real property.

We provide services to our properties that we own through the Operating Partnership, and we believe that all of such services will be considered "usually or customarily rendered" in connection with the rental of space for occupancy only so that the provision of such services will not jeopardize the qualification of rent from the properties as "rents from real property." In the case of any services that are not "usual and customary" under the foregoing rules, we intend to employ an "independent contractor" or a taxable REIT subsidiary to provide such services.

The Operating Partnership may receive certain types of income that will not qualify under the 75% or 95% gross income tests. In particular, dividends received from a taxable REIT subsidiary will not qualify under the 75% test. We believe, however, that the aggregate amount of such items and other non-qualifying income in any taxable year will not cause Brandywine to exceed the limits on non-qualifying income under either the 75% or 95% gross income tests.

If Brandywine fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, Brandywine may nevertheless qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions will be generally available if (1) the failure to meet such tests was due to reasonable cause and not due to willful neglect, (2) we have attached a schedule of the sources of our income to our return, and (3) any incorrect information on the schedule was not due to fraud with intent to evade tax. In addition, for taxable years beginning on or after January 1, 2005, we must also file a disclosure schedule with the IRS after we determine that we have not satisfied one of the gross income tests. It is not possible, however, to state whether in all circumstances Brandywine would be entitled to the benefit of these relief provisions. As discussed above in "Taxation of Brandywine as a REIT," even if these relief provisions apply, a tax would be imposed based on the non-qualifying income.

Asset Tests

At the close of each quarter of each taxable year, Brandywine must satisfy the following five tests relating to the nature of our assets:

First, at least 75% of the value of our total assets must be represented by some combination of "real estate assets," cash or cash items, U.S. government securities, and, under some circumstances, stock or debt instruments purchased with new capital. For this purpose, "real estate assets" include interests in real property, such as land, buildings, leasehold interests in real property, stock of other REITs, certain kinds of mortgage-backed securities and mortgage loans, and, effective for taxable years beginning after December 31, 2015: (i) personal property leased in connection with real property to the extent that the rents from personal property are treated as "rent from real property" for purposes of the 75% income test, and (ii) debt instruments issued by publicly offered REITs. Assets that do not qualify for purposes of the 75% test are subject to the additional asset tests described below, while securities that do qualify for purposes of the 75% test are generally not subject to the additional asset tests.

Second, the value of any one issuer's securities we own may not exceed 5% of the value of our total assets.

Third, we may not own more than 10% of the vote or value of any one issuer's outstanding securities. The 5% and 10% tests do not apply to our interests in the Operating Partnership, non-corporate subsidiaries, taxable REIT subsidiaries and any qualified REIT subsidiaries, and the 10% value test does not apply with respect to certain "straight debt" securities.

Effective for taxable years beginning after December 31, 2000, the safe harbor under which certain types of securities are disregarded for purposes of the 10% value limitation includes (1) straight debt securities (including straight debt securities that provides for certain contingent payments); (2) any loan to an individual or an estate; (3) any rental agreement described in Section 467 of the Code, other than with a "related person"; (4) any obligation to pay rents from real property; (5) certain securities issued by a State or any political subdivision thereof, or the Commonwealth of Puerto Rico; (6) any security issued by a REIT; and (7) any other arrangement that, as determined by the Secretary of the Treasury, is excepted from the definition of a security. In addition, for purposes of applying the 10% value limitation, (a) a REIT's interest as a partner in a partnership is not considered a security; (b) any debt instrument issued by a partnership is not treated as a security if at least 75% of the partnership's gross income is from sources that would qualify for the 75% REIT gross income test, and (c) any debt instrument issued by a partnership is not treated as a security to the extent of the REIT's interest as a partner in the partnership.

Fourth, not more than 25% (20% for taxable years ending on or before December 31, 2008and for the taxable years beginning after December 31, 2017) of the value of our assets may be represented by securities of one or more taxable REIT subsidiaries.

Fifth, effective for taxable years beginning after December 31, 2015, not more than 25% of the value of our total assets may be represented by "nonqualified publicly offered REIT debt instruments." "Nonqualified publicly offered REIT debt instruments" are debt instruments issued by publicly offered REITs that are not secured by a mortgage on real property.

We may own, directly or indirectly, common shares of certain entities that have elected or will elect to be treated as a real estate investment trusts ("Captive REITs"). Provided that each of the Captive REITs continues to qualify as a REIT (including satisfaction of the ownership, income, asset and distribution tests discussed herein) the common shares of the Captive REITs will qualify as real estate assets under the 75% test. However, if any Captive REIT fails to qualify as a REIT in any year, then the common shares of such Captive REIT will not qualify as real estate assets under the 75% test. In addition, if we own, directly or indirectly, more than 10% of the common shares of each Captive REIT, Brandywine would not satisfy the 10% test if any Captive REIT were to fail to qualify as a REIT. Accordingly, Brandywine's qualification as a REIT depends upon the ability of any more than 10% owned Captive REIT to continue to qualify as a REIT.

After initially meeting the asset tests at the close of any quarter, Brandywine will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient non-qualifying assets within 30 days after the close of that quarter. We intend to maintain adequate records of the value of our assets to ensure compliance with the asset tests, and to take such other action within 30 days after the close of any quarter as may be required to cure any noncompliance. However, there can be no assurance that such other action will always be successful. If we fail to cure any noncompliance with the asset tests within such time period, our status as a REIT would be lost.

For taxable years beginning on or after January 1, 2005, the Code provides relief from certain failures to satisfy the REIT asset tests. If the failure relates to the 5% test or 10% test, and if the failure is de minimis (does not exceed the lesser of $10 million or 1% of our assets as of the end of the quarter), we may avoid the loss of our REIT status by disposing of sufficient assets to cure the failure within 6 months after the end of the quarter in which the failure was identified. For failures to meet the asset tests that are more than a de minimis amount, we may avoid the loss of our REIT status if: the failure was due to reasonable cause, we file a disclosure schedule at the end of the quarter in which the failure was identified, we dispose of sufficient assets to cure the failure within 6 months after the end of the quarter, and we pay a tax equal to the greater of $50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying assets.

Annual Distribution Requirements

In order to qualify as a REIT, Brandywine is required to distribute dividends (other than capital gain dividends) to our shareholders in an amount at least equal to (1) the sum of (a) 90% of its "REIT taxable income" (computed without regard to the dividends paid deduction and the REIT's net capital gain or loss) and (b) 90% of the net income (after tax), if any, from foreclosure property, minus (2) certain "excess" non-cash income as defined in the Code. These distributions must be paid in the taxable year to which they relate, or in the following taxable year if such distributions are declared in October, November or December of the taxable year, are payable to shareholders of record on a specified date in any such month, and are actually paid before the end of January of the following year. Such distributions are treated as both paid by us and received by our shareholders on December 31 of the year in which they are declared.

In addition, at our election, a distribution for a taxable year may be declared before we timely file our tax return for the year provided we pay such distribution with or before our first regular dividend payment after such declaration, and such payment is made during the 12-month period following the close of such taxable year. Such distributions are taxable to our shareholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to be counted towards our distribution requirement, and to provide a tax deduction to us, for taxable years ending on or before December 31, 2014, they must not be "preferential dividends." A dividend is not a preferential dividend if it is *pro rata* among all outstanding shares within a particular class and is in accordance with the preferences among our different classes of shares as set forth in our organizational documents. For all subsequent taxable years, so long as Brandywine continues to be a "publicly offered REIT", the preferential dividend rule will not apply.

To the extent that we distribute at least 90%, but less than 100%, of our net taxable income, we will be subject to tax at ordinary corporate tax rates on the retained portion. In addition, we may elect to retain, rather than distribute our net long-term capital gains and pay tax on such gains. In this case, we would elect to have our shareholders include their proportionate share of such undistributed long-term capital gains in their income and receive a corresponding credit for their proportionate share of the tax paid by us. Our

shareholders would then increase their adjusted basis in our shares by the difference between the amount included in their long-term capital gains and the tax deemed paid with respect to their shares.

If we should fail to distribute during each calendar year (or, in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January following such calendar year) at least the sum of (1) 85% of our REIT ordinary income for such year, (2) 95% of our REIT net capital gain income for such year and (3) any undistributed taxable income from prior periods, we would be subject to a 4% excise tax on the excess of such required distribution over the sum of (a) the amounts actually distributed plus (b) retained amounts on which corporate level tax is paid by us.

Brandywine intends to make timely distributions sufficient to satisfy the annual distribution requirements. In this regard, the limited partnership agreement of the Operating Partnership authorizes Brandywine, as general partner, to operate the partnership in a manner that will enable it to satisfy the REIT requirements and avoid the imposition of any federal income or excise tax liability. It is possible that we, from time to time, may not have sufficient cash or other liquid assets to meet the 90% distribution requirement. This could arise, for example, when there is an expenditure of cash for nondeductible items such as principal amortization or capital expenditures. In addition, because we may deduct capital losses only to the extent of our capital gains, our REIT taxable income may exceed our economic income. In order to meet the 90% distribution requirement, we may borrow or may cause the Operating Partnership to arrange for short-term or possibly long-term borrowing to permit the payment of required distributions, or we may pay dividends in the form of taxable in-kind distributions of property, including potentially, our shares.

Under certain circumstances, Brandywine may be able to rectify a failure to meet the distribution requirement for a given year by paying “deficiency dividends” to shareholders in a later year that may be included in Brandywine’s deduction for distributions paid for the earlier year. Thus, Brandywine may be able to avoid losing its REIT qualification or being taxed on amounts distributed as deficiency dividends. However, Brandywine will be required to pay to the IRS interest and a penalty based upon the amount of any deduction taken for deficiency dividends.

Failure to Qualify

For taxable years beginning on or after January 1, 2005, the Code provides relief for many failures to satisfy the REIT requirements. In addition to the relief provisions for failures to satisfy the income and asset tests (discussed above), the Code provides additional relief for other failures to satisfy REIT requirements. If the failure is due to reasonable cause and not due to willful neglect, and we elect to pay a penalty of $50,000 for each failure, we can avoid the loss of our REIT status.

If Brandywine fails to qualify for taxation as a REIT in any taxable year and the relief provisions do not apply, it will be subject to tax (including any applicable corporate alternative minimum tax) on its taxable income at regular corporate rates. Distributions to shareholders in any year in which Brandywine fails to qualify will not be deductible to us. In such event, to the extent of Brandywine’s current and accumulated earnings and profits, all distributions to shareholders will be taxable to them as dividends, and, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Under current law, such dividends will generally be taxable to individual shareholders at the 20% rate for qualified dividends provided that applicable holding period requirements are met. Unless entitled to relief under specific statutory provisions, Brandywine also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances Brandywine would be entitled to such statutory relief.

Prohibited Transactions

Net income derived from a prohibited transaction is subject to a 100% tax. The term “prohibited transaction” generally includes a sale or other disposition of property (other than foreclosure property) that is held primarily for sale to customers in the ordinary course of a trade or business. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances of a particular transaction. We intend to hold properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating properties, and to make occasional sales of properties as are consistent with our investment objectives. No assurance can be given that any property that we sell will not be treated as property held for sale to customers, or that we can comply with certain safe-harbor provisions of the Code that would prevent the imposition of the 100% tax. The 100% tax does not apply to gains from the sale of property that is held through a taxable REIT subsidiary or other taxable corporation, although such income will be subject to tax in the hands of that corporation at regular corporate tax rates.

Foreclosure Property

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid on the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes an election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property is held primarily for sale to customers in the ordinary course of a trade or business.

Hedging

We may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury Regulations, any income from a hedging transaction (i) made in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred by us to acquire or own real estate assets or (ii) entered into after July 30, 2008 primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests (or any property which generates such income or gain), which is clearly identified as such before the close of the day on which it was acquired, originated or entered into, including gain from the disposition of such a transaction, will not constitute gross income for purposes of the 95% gross income test and, in respect of hedges entered into after July 30, 2008, the 75% gross income test. To the extent we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both the 75% and 95% gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our ability to qualify as a REIT.

Effective for taxable years beginning after December 31, 2015, if Brandywine has entered into a hedging transaction described in (i) or (ii), and a portion of the hedged indebtedness or property is extinguished or disposed of and, in connection with such extinguishment or disposition, Brandywine enters into a new clearly identified hedging transaction (a “New Hedge”), income from the applicable hedge and income from the New Hedge (including gain from the disposition of such New Hedge) will not be treated as gross income for purposes of the 95% and 75% gross income tests.

Tax Aspect of Investments in the Operating Partnership and Subsidiary Partnerships

The following discussion summarizes certain Federal income tax considerations applicable to Brandywine’s investment in the Operating Partnership and the Operating Partnership’s investments in subsidiary partnerships, limited liability companies, and joint ventures (referred to collectively as the “Subsidiary Partnerships”).

General

We may hold investments through entities that are classified as partnerships for U.S. federal income tax purposes, including our interest in the Operating Partnership and the equity interests in Subsidiary Partnerships. In general, partnerships are “pass-through” entities that are not subject to U.S. federal income tax. Rather, partners are allocated their proportionate shares of the items of income, gain, loss, deduction and credit of a partnership, and are subject to tax on these items without regard to whether the partners receive a distribution from the partnership. We will include in our income our proportionate share of these partnership items for purposes of the various REIT income tests and in the computation of our REIT taxable income. Moreover, for purposes of the REIT asset tests, we will include our proportionate share of assets held by subsidiary partnerships. Consequently, to the extent that we hold an equity interest in a partnership, the partnership’s assets and operations may affect our ability to qualify as a REIT.

Classification of the Operating Partnership and Subsidiary Partnerships as Partnerships

The investment by us in partnerships involves special tax considerations, including the possibility of a challenge by the IRS to the status of the Operating Partnership or any of our Subsidiary Partnerships as a partnership, as opposed to an association taxable as a corporation, for U.S. federal income tax purposes. If any of these entities were treated as an association for U.S. federal income tax purposes, it would be taxable as a corporation and, therefore, could be subject to an entity-level tax on its income. In such a situation, the character of our assets and items of our gross income would change and could preclude us from satisfying the REIT asset tests or

the REIT income tests as discussed in "-- Taxation of the Company -- Asset Tests" and "-- Income Tests" above, and in turn could prevent us from qualifying as a REIT. See "-- Taxation of the Company -- Failure to Qualify," above, for a discussion of the effect of our failure to meet these tests for a taxable year. In addition, any change in the status of any of our subsidiary partnerships for tax purposes might be treated as a taxable event, in which case we could have taxable income that is subject to the REIT distribution requirements without receiving any cash.

Treasury Regulations that apply for tax periods beginning on or after January 1, 1997 provide that a domestic business entity not otherwise organized as a corporation (an "Eligible Entity") may elect to be treated as a partnership or disregarded entity for federal income tax purposes. Unless it elects otherwise, an Eligible Entity in existence prior to January 1, 1997**,** will have the same classification for federal income tax purposes that it claimed under the entity classification Treasury Regulations in effect prior to this date. In addition, an Eligible Entity that did not exist or did not claim a classification prior to January 1, 1997 will be classified as a partnership or disregarded entity for federal income tax purposes unless it elects otherwise. The Operating Partnership and the Subsidiary Partnerships (other than those Subsidiary Partnerships that have elected to be treated as taxable REIT subsidiaries) intend to claim classification as partnerships or disregarded entities under these Treasury Regulations. As a result, we believe that the Operating Partnership and such Subsidiary Partnerships (other than those Subsidiary Partnerships that have elected to be treated as taxable REIT subsidiaries) will be classified as partnerships or disregarded entities for federal income tax purposes. We have not requested and do not intend to request a ruling from the IRS that the Operating Partnership or Subsidiary Partnerships will be classified as partnerships for federal income tax purposes.

Partnership Allocations

Although a partnership agreement will generally determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder, which require that partnership allocations respect the economic arrangement of the partners. If an allocation is not recognized for Federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

Tax Allocations With Respect to Contributed Properties

Pursuant to Section 704(c) of the Code, items of income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for federal income tax purposes in a manner such that the contributor is charged with or benefits from the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution. Such allocations are solely for federal income tax purposes and do not affect other economic or legal arrangements among the partners.

Our Operating Partnership has entered into transactions involving the contribution to the Operating Partnership of appreciated property, and the Operating Partnership may enter into such transactions in the future. The partnership agreement of the Operating Partnership requires allocations of income, gain, loss and deduction attributable to contributed property to be made in a manner that is consistent with Section 704(c) of the Code. Treasury Regulations issued under Section 704(c) give partnerships a choice of several methods of allocating taxable income with respect to contributed properties. Depending upon the method chosen, (1) our tax depreciation deductions attributable to those properties may be lower than they would have been if our Operating Partnership had acquired those properties for cash and (2) in the event of a sale of such properties, we could be allocated gain in excess of our corresponding economic or book gain. These allocations may cause us to recognize taxable income in excess of cash proceeds received by us, which might adversely affect our ability to comply with the REIT distribution requirements or result in our shareholders recognizing additional dividend income without an increase in distributions.

Depreciation

The Operating Partnership's assets include a substantial amount of appreciated property contributed by its partners. Assets contributed to a partnership in a tax-free transaction generally retain the same depreciation method and recovery period as they had in the hands of the partner who contributed them to the partnership. Accordingly, a substantial amount of the Operating Partnership's depreciation deductions for its real property are based on the historic tax depreciation schedules for the properties prior to their contribution to the Operating Partnership. The properties are being depreciated over a range of 15 to 40 years using various methods of depreciation which were determined at the time that each item of depreciable property was placed in service. Any depreciable real

property purchased by the Partnership is currently depreciated over 40 years. In certain instances where a partnership interest rather than real property is contributed to the Partnership, the real property may not carry over its recovery period but rather may, similarly, be subject to the lengthier recovery period.

Basis in Operating Partnership Interest

Our adjusted tax basis in each of the partnerships in which we have an interest generally (1) will be equal to the amount of cash and the basis of any other property contributed to such partnership by us, (2) will be increased by (a) our allocable share of such partnership's income and (b) our allocable share of any indebtedness of such partnership, and (3) will be reduced, but not below zero, by our allocable share of (a) such partnership's loss and (b) the amount of cash and the tax basis of any property distributed to us and by constructive distributions resulting from a reduction in our share of indebtedness of such partnership.

If our allocable share of the loss (or portion thereof) of any partnership in which we have an interest would reduce the adjusted tax basis of our partnership interest in such partnership below zero, the recognition of such loss will be deferred until such time as the recognition of such loss (or portion thereof) would not reduce our adjusted tax basis below zero. To the extent that distributions to us from a partnership, or any decrease in our share of the nonrecourse indebtedness of a partnership (each such decrease being considered a constructive cash distribution to the partners), would reduce our adjusted tax basis below zero, such distributions (including such constructive distributions) would constitute taxable income to us. Such distributions and constructive distributions normally would be characterized as long-term capital gain if our interest in such partnership has been held for longer than the long-term capital gain holding period (currently 12 months).

Sale of Partnership Property

Generally, any gain realized by a partnership on the sale of property held by the partnership for more than 12 months will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. However, under requirements applicable to REITs under the Code, our share as a partner of any gain realized by the Operating Partnership on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of a trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. See "-Taxation of the Company - Prohibited Transactions."

Taxation of Shareholders

As used herein, a "U.S. Shareholder" means a beneficial owner of our common shares or preferred shares, who is, for U.S. federal income tax purposes:

- a citizen or resident of the U.S. as defined in section 7701(b) of the Code,
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any state thereof or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source or
- a trust if it (a) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

As used herein, a "non-U.S. Shareholder" means a beneficial owner of our common shares or preferred shares that is not a "U.S. Shareholder" and that is not a partnership (or other entity treated as a partnership for U.S. federal income tax purposes).

If a partnership holds common shares or preferred shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding common shares or preferred shares, you should consult your tax advisors.

Taxation of Taxable U.S. Shareholders

Taxation of Ordinary Dividends on Shares

As long as Brandywine qualifies as a REIT, distributions made to Brandywine's taxable U.S. Shareholders out of current or accumulated earnings and profits (and not designated as capital gain dividends) ("Ordinary Dividends") will be dividends taxable to such U.S. Shareholders as ordinary income and will not be eligible for the dividends received deduction for corporations. Dividends received from REITs are generally not eligible for taxation at the preferential rates for qualified dividends received by individual shareholders. We may designate a distribution as qualified dividend income to the extent of (1) qualified dividend income we receive

during the current year (for example, dividends received from our taxable REIT subsidiaries), plus (2) income on which we have been subject to corporate level tax during the prior year (for example, undistributed REIT taxable income), plus (3) any income attributable to the sale of a built in gain asset that was acquired from a C corporation in a carry-over basis transaction less the tax paid on that income. To the extent that we designate a dividend as qualified dividend income, an individual will be taxable at preferential rates (20% maximum federal rate) on such qualified dividend income provided certain holding period requirements are met. However, we expect that ordinary dividends paid by Brandywine generally will not be eligible for treatment as qualified dividend income to any significant extent.

Capital Gain Distributions

Distributions that are designated as long-term capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed our actual net capital gain for the taxable year) without regard to the period for which the U.S. Shareholder has held its shares of beneficial interest. In general, U.S. Shareholders will be taxable on long term capital gains at a maximum rate of 20%, except that the portion of such gain that is attributable to depreciation recapture will be taxable at the maximum rate of 25%. However, corporate shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income.

We may elect under the applicable provisions of the Code to retain and pay tax on our net capital gains. In such event U.S. Shareholders will be taxable on the U.S. Shareholders' proportionate share of such undistributed capital gains. Each U.S. Shareholder would then receive a credit, for use on their return, in the amount of the U.S. Shareholders' proportionate share of the capital gains tax paid by us. If the credit results in an amount owed to a U.S. Shareholder, such U.S. Shareholder would receive a refund. A U.S. Shareholder’s basis in our shares will be increased by the amount of the shareholder’s allocable share of any retained capital gains less the shareholder’s allocable share of the tax paid by us on such capital gains.

Dividends Generally

Effective for distributions paid and treated as being paid in taxable years beginning after December 31, 2015, the aggregate amount of dividends that Brandywine may designate as “capital gain dividends” or “qualified dividend income” with respect to any taxable year may not exceed the dividends paid by Brandywine with respect to such taxable year, including dividends that are paid in the following taxable year and treated as having been paid with respect to such taxable year by being (1) declared before Brandywine timely files its tax return for such taxable year and 2) paid with or before the first regular dividend payment after such declaration.

Non-Dividend Distributions

Distributions in excess of current and accumulated earnings and profits (“Non-Dividend Distributions”) will not be taxable to a U.S. Shareholder to the extent that they do not exceed the adjusted basis of the shareholder’s shares, but rather will reduce the adjusted basis of such shares. To the extent that Non-Dividend Distributions exceed the adjusted basis of a U.S. Shareholder’s shares, such distributions will be included in income as long-term capital gain (or short-term capital gain if the shares have been held for 12 months or less) assuming the shares are a capital asset in the hands of the shareholder. In determining the extent to which a distribution on our shares constitutes a dividend for tax purposes, the earnings and profits of Brandywine will be allocated first to distributions with respect to the preferred shares and second to distributions with respect to common shares. Therefore, depending on our earnings and profits, distributions with respect to the preferred shares (as compared to distributions with respect to our common shares) are more likely to be treated as dividends than as a return of capital or a distribution in excess of basis.

Dividends Paid in Common Shares

We are allowed to satisfy the REIT distribution requirements with respect to certain taxable years by distributing up to 90% of our dividends in the form of common shares rather than cash. In the event that we pay a portion of a dividend in common shares, taxable U.S. Shareholders would be required to pay tax on the full amount of the dividend (including the fair market value of any common shares received) and the amount of the tax may exceed the amount of cash received.

Timing of Distributions

Any distribution declared by us in October, November or December of any year payable to a shareholder of record on a specified date in any such month shall be treated as both paid by Brandywine and received by the shareholder on December 31 of such year, provided that the distribution is actually paid by Brandywine not later than the end of January of the following calendar year. Shareholders may not include in their individual income tax returns any of Brandywine’s losses.

Sale or Exchange of Common and Preferred Shares

In general, a U.S. Shareholder will recognize capital gain or loss on the disposition of common or preferred shares equal to the difference between the sales price for such shares and the adjusted tax basis for such shares. In general, a U.S. Shareholder's adjusted tax basis will equal the U.S. Shareholder's acquisition cost, increased by the U.S. Shareholder's allocable share of any retained capital gains, less the U.S. Shareholder's allocable share of the tax paid by us on such retained capital gains, and reduced by Non-Dividend Distributions.

In general, capital gains recognized by individuals and other non-corporate U.S. Shareholders upon the sale or disposition of shares of our shares will be subject to a maximum U.S. federal income tax rate of 20%, if our shares are held for more than 12 months, and will be taxed at ordinary income rates (of up to 39.6%) if our shares are held for 12 months or less. Gains recognized by U.S. Shareholders that are corporations are subject to U.S. federal income tax at a maximum rate of 35%, whether or not classified as long-term capital gains.

Capital losses recognized by a U.S. Shareholder upon the disposition of our shares held for more than one year at the time of disposition will be considered long-term capital losses, and are generally available only to offset capital gain income of the U.S. Shareholder but not ordinary income (except in the case of individuals, who may offset up to $3,000 of ordinary income each year). However, any loss upon a sale or exchange of shares by a U.S. Shareholder who has held such shares for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent such shareholder has received distributions from us required to be treated as long-term capital gain.

If a U.S. Shareholder recognizes a loss upon a subsequent disposition of our shares in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury Regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. While these regulations are directed towards "tax shelters," they are written broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of our shares, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Medicare Tax on Investment Income

Certain U.S. Shareholders who are individuals, estates or trusts and whose income exceeds certain thresholds must pay a 3.8% Medicare tax on "net investment income" which includes, among other things, dividends on shares, interest on debt securities and capital gains from the sale or other disposition of shares or debt securities, subject to certain exceptions. Prospective investor should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common shares, preferred shares or debt securities.

Passive Activity Losses and Investment Interest Limitations

Distributions from us and gain from the disposition of shares will not be treated as passive activity income and, therefore, U.S. Shareholders will not be able to apply any "passive losses" against such income. Distributions from us (to the extent they do not constitute a return of capital or capital gain dividends) will generally be treated as investment income for purposes of the investment interest limitation. A shareholder may elect to treat capital gain dividends and capital gains from the disposition of shares as investment income for purposes of the investment interest limitation, but in such event a shareholder will be taxed at ordinary income rates on such amounts.

Redemption of Preferred Shares

Our preferred shares are redeemable by us under certain circumstances. A redemption of preferred shares will be treated under Section 302 of the Code as a distribution taxable as a dividend (to the extent of our current and accumulated earnings and profits) at ordinary income rates, unless the redemption satisfies one of the tests set forth in Section 302(b) of the Code and is therefore treated as a sale or exchange of the redeemed shares. The redemption will be treated as a sale or exchange if it (i) is "substantially disproportionate" with respect to the holder, (ii) results in a "complete termination" of the holder's share interest in our company, or (iii) is "not essentially equivalent to a dividend with respect to the holder, all within the meaning of Section 302(b) of the Code.

In determining whether any of these tests has been met, there must be taken into account not only any preferred shares owned by the holder, but also such holder's ownership of our common shares, other series of preferred shares and any options to acquire any of

the foregoing. The holder also must take into account any such securities (including options) which are considered to be owned by such holder by reason of the constructive ownership rules set forth in Sections 318 and 302(c) of the Code. If a particular holder owns (actually or constructively) no common shares or an insubstantial percentage of common shares or preferred shares, based upon current law, it is probable that the redemption of the preferred shares from such holder would be considered "not essentially equivalent to a dividend." However, because the determination as to whether any of the alternative tests of Section 302(b) of the Code will be satisfied with respect to any particular holder of preferred shares depends upon the facts and circumstances at the time the determination must be made, prospective holders of preferred shares are advised to consult their own tax advisors to determine such tax treatment.

If a redemption of preferred shares is not treated as a distribution taxable as a dividend to a particular holder, it will be treated as a taxable sale or exchange by that holder. As a result, the holder will recognize gain or loss for federal income tax purposes in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received (less any portion thereof attributable to accumulated and declared but unpaid dividends, which will be taxable as a dividend to the extent of our current and accumulated earnings and profits) and (ii) the holder's adjusted tax basis in the shares. Such gain or loss will be capital gain or loss if the shares were held as a capital asset, and will be long-term gain or loss if such shares were held for more than one year.

If the redemption is treated as a distribution taxable as a dividend, the amount of the distribution will be measured by the amount of cash and the fair market value of any property received by the holder. The holder's adjusted tax basis in the preferred shares redeemed will be transferred to any other shareholdings of the holder in Brandywine. If the holder of the preferred shares owns no other shares, under certain circumstances, such basis may be transferred to a related person, or it may be lost entirely.

Information Reporting and Backup Withholding Applicable to U.S. Shareholders

In general, Brandywine will report to its U.S. Shareholders and the IRS the amount of distributions paid (unless the U.S. Shareholder is an exempt recipient) during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a shareholder may be subject to backup withholding at the rate of 28% with respect to distributions paid unless such shareholder (a) comes within certain exempt categories and, when required, demonstrates this fact, or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A shareholder that does not provide us with the shareholder's correct taxpayer identification number may also be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to Brandywine. See "-Taxation of non-U.S. Shareholders." Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the shareholder's income tax liability, provided the required information is furnished to the IRS.

Taxation of Tax-Exempt Shareholders

U.S. tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from U.S. federal income taxation. However, they are subject to taxation on their unrelated business taxable income or UBTI. Distributions by us to a shareholder that is a tax-exempt entity should generally not constitute UBTI, as defined in Section 512(a) of the Code provided that the tax-exempt entity has not financed the acquisition of its shares with "acquisition indebtedness" within the meaning of the Code and the shares are not otherwise used in an unrelated trade or business of the tax-exempt entity. Tax-exempt U.S. Shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, are subject to different UBTI rules, which generally will require them to characterize distributions from us as UBTI.

In certain circumstances, a pension trust (1) that is described in Section 401(a) of the Code, (2) is tax exempt under section 501(a) of the Code, and (3) that owns more than 10% of our shares could be required to treat a percentage of the dividends from us as UBTI if we are a "pension-held REIT." We will not be a pension-held REIT unless (1) either (A) one pension trust owns more than 25% of the value of our shares, or (B) a group of pension trusts, each individually holding more than 10% of the value of our shares, collectively owns more than 50% of such shares and (2) we would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that shares owned by such trusts shall be treated, for purposes of the requirement that not more than 50% of the value of the outstanding shares of a REIT is owned, directly or indirectly, by five or fewer "individuals" (as defined in the Code to include certain entities). Certain restrictions on ownership and transfer of our shares should generally prevent a tax-exempt entity from owning more than 10% of the value of our shares, or us from becoming a pension-held REIT.

Tax-exempt U.S. Shareholders are urged to consult their tax advisor regarding the U.S. federal, state, local and foreign tax consequences of the acquisition, ownership and disposition of our shares.

Taxation of Non-U.S. Shareholders

The rules governing United States federal income taxation of non-U.S. Shareholders are complex and no attempt is made herein to provide more than a summary of such rules. Prospective non-U.S. Shareholders should consult with their own tax advisors to determine the impact of federal, state and local income and estate tax laws with regard to an investment in our shares, including any reporting requirements.

Ordinary Dividends

The portion of Ordinary Dividends received by non-U.S. Shareholders that are not attributable to gain from sales or exchanges by us of United States real property interests and which are not effectively connected with a U.S. trade or business of the non-U.S. Shareholder will generally be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates that tax. Under some treaties, however, the lower rates generally applicable to dividends do not apply to dividends from REITs. We intend to withhold United States income tax at the rate of 30% on the gross amount of any such Ordinary Dividends paid to a non-U.S. Shareholder unless (1) a lower treaty rate applies and the non-U.S. Shareholder files with a U.S. properly completed IRS form W-8 BEN or W-8 BEN-E (or other applicable form) claiming the benefits of the lower treaty rate or (2) the non-U.S. Shareholder files with us an IRS Form W-8 claiming that the distribution is effectively connected with a U.S. trade or business.

In general, non-U.S. Shareholders will not be considered to be engaged in a U.S. trade or business solely as a result of their ownership of our shares. If income from the investment in our shares is treated as effectively connected with the non-U.S. Shareholder's conduct of a United States trade or business, the non-U.S. Shareholder generally will be subject to a tax at graduated rates, in the same manner as U.S. Shareholders are taxed with respect to such distributions (and may also be subject to the 30% branch profits tax in the case of a shareholder that is a foreign corporation).

Non-Dividend Distributions

Unless our shares constitute a U.S. real property interest ("USRPI"), any Non-Dividend Distributions will not be taxable to a non-U.S. Shareholder to the extent that such distributions do not exceed the adjusted basis of the shareholder's shares, but rather will reduce the adjusted basis of the shareholder in such shares. To the extent that Non-Dividend Distributions exceed the adjusted basis of a non-U.S. Shareholder's shares, such distributions will give rise to tax liability if the non-U.S. Shareholder would otherwise be subject to tax on any gain from the sale or disposition of its shares, as described below (See -- Taxation of Non-U.S. Shareholders -- Dispositions of our Shares). If it cannot be determined at the time a distribution is made whether or not such distribution will be in excess of current and accumulated earnings and profits, the distributions will be subject to withholding at the same rate as Ordinary Dividends. Because we generally cannot determine at the time we make a distribution whether or not the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on Ordinary Dividends. However, amounts thus withheld are refundable to the non-U.S. Shareholder if it is subsequently determined that such distribution was, in fact, in excess of our current and accumulated earnings and profits.

If our shares constitute a USRPI, as described below (See -- Taxation of Non-U.S. Shareholders -- Dispositions of our Shares), Non-Dividend Distributions by us in excess of the non-U.S. Shareholder's adjusted tax basis in our shares will be taxed under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") at the rate of tax, including any applicable capital gains rates, that would apply to a U.S. Shareholder of the same type (*e.g.*, an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a refundable withholding at a rate of 15% (increased from 10% effective February 17, 2016) of the Non-Dividend Distribution.

Effective December 18, 2015, our shares will not be treated as a USRPI when held, directly or indirectly, by a qualified shareholder and, therefore, FIRPTA will not apply to such shares. However, certain investors in a qualified shareholder that owns more than 10% of our shares (directly or indirectly) that are not themselves qualified shareholders may be subject to FIRPTA withholding. A "qualified shareholder" is a foreign entity that (A)(i) is eligible for the benefits of a comprehensive income tax treaty with the United States that includes an exchange of information program and the principal class of interest of which is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or (ii) is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units which is regularly traded on the New York Stock Exchange or Nasdaq Stock Market and the value of such class of limited partnership units is greater than 50% of the value of all of the partnership units of the foreign partnership, (B) is a qualified collective investment vehicle, and (C) maintains records on the identity of each person who, at any time during the foreign person's taxable year, holds directly 5% or more of the class of interest described in (A)(i) or (ii). A "qualified collective investment vehicle" is a foreign person that (x) under the comprehensive income tax treaty described in (A)(i) or (ii) would be eligible for a reduced rate of withholding with respect to

dividends paid by a REIT even if such person owned more than 10% of the REIT, (y) is a publicly traded partnership that is a withholding foreign partnership, and would treated as a United States real property holding corporation if it were a United States corporation, or (iii) which is designated as a qualified collective investment vehicle by the Secretary of the Treasury and is either (A) fiscally transparent or (B) required to include dividends in its gross income, but is entitled to a deduction for distributions to its equity investors. Additionally, effective December 18, 2015, qualified foreign pension funds will not be subject to FIRPTA withholding. The rules concerning qualified shareholders and qualified foreign pension funds are complex and investors who believe they may be qualified shareholders or qualified foreign pension funds should consult with their own tax advisors to find out if these rules are applicable to them.

Capital Gain Distributions

Except as discussed below with respect to 10% (increased from 5% effective December 18, 2015) or less holders of regularly traded classes of shares, distributions that are attributable to gain from sales or exchanges by us of United States real property interests will be taxed to a non-U.S. Shareholder under the provisions of FIRPTA Under FIRPTA, distributions attributable to gain from sales of United States real property interests are taxed to a non-U.S. Shareholder as if such gain were effectively connected with a United States business. Individuals who are non-U.S. Shareholders will be required to report such gain on a U.S. federal income tax return and such gain will be taxed at the normal capital gain rates applicable to U.S. individual shareholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a foreign corporate shareholder not entitled to treaty relief. Brandywine is required by applicable Treasury Regulations to withhold 35% of any distribution that could be designated by us as a capital gains dividend. The amount is creditable against the non-U.S. Shareholder's U.S. tax liability.

However, distributions attributable to gain from sales or exchanges by us of United States real property interests are treated as ordinary dividends (not subject to the 35% withholding tax under FIRPTA) if the distribution is made to a non-U.S. Shareholder with respect to any class of shares which is "regularly traded" on an established securities market located in the United States and if the non-U.S. Shareholder did not own more than 10% of such class of shares at any time during the taxable year. Such distributions will generally be subject to a 30% U.S. withholding tax (subject to reduction under applicable treaty) and a non-U.S. Shareholder will not be required to report the distribution on a U.S. tax return. In addition, the branch profits tax will not apply to such distributions. See "Taxation of Non-U.S. Shareholders - Ordinary Dividends."

Dividends Paid in Common Shares

We are allowed to satisfy the REIT distribution requirements with respect to certain taxable years by distributing up to 90% of our dividends in the form of common shares rather than cash. In the event that we pay a portion of a dividend in common shares, we may be required to withhold U.S. tax with respect to such dividend, including in respect of all or a portion of such dividend that is payable in common shares.

Dispositions of our Shares

Unless our shares constitutes a USRPI, gain recognized by a non-U.S. Shareholder upon a sale of shares generally will not be taxed under FIRPTA. Our shares will not be treated as a USRPI if Brandywine is a "domestically controlled REIT," defined generally as a REIT in which at all times during a specified testing period less than 50% in value of the shares of beneficial interest was held directly or indirectly by foreign persons. It is currently anticipated that we will be a "domestically controlled REIT," and therefore the sale of shares by a non-U.S. Shareholder will not be subject to taxation under FIRPTA. However, because the shares may be traded, we cannot be sure that we will continue to be a "domestically controlled REIT." Further, even if we are a domestically controlled REIT, pursuant to "wash sale" rules under FIRPTA, a non-U.S. Shareholder may incur tax under FIRPTA to the extent such non-U.S. Shareholder disposes of our shares within a certain period prior to a capital gain distribution and directly or indirectly (including through certain affiliates) reacquires our shares within certain prescribed periods.

However, a non-U.S. shareholder will not incur tax under FIRPTA on a sale of common or preferred shares if (1) our preferred shares or common shares are "regularly traded" on an established securities market within the meaning of applicable Treasury regulations and (2) the non-U.S. Shareholder did not actually, or constructively under specified attribution rules under the Code, own more than 10% (increased from 5% effective December 18, 2015) of our preferred shares or common shares at any time during the shorter of the five-year period preceding the disposition or the holder's holding period.

If gain on the sale of our shares is subject to taxation under FIRPTA, the non-U.S. Shareholder will be subject to the same treatment as a U.S. Shareholder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of non-resident alien individuals, and the purchaser of the shares could be required to withhold 15% (increased from 10% effective February 17, 2016) of the purchase price and remit such amount to the IRS. Gain not subject to

FIRPTA will nonetheless be taxable in the United States to a non-U.S. Shareholder if (1) investment in the shares is effectively connected with the non-U.S. Shareholder's United States trade or business, in which case the non-U.S. Shareholder will be subject to the same treatment as U.S. Shareholders with respect to such gain or (2) the non-U.S. Shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains.

Information Reporting and Backup Withholding Applicable to non-U.S. Shareholders

We must report annually to the IRS and to each non-U.S. Shareholder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. Shareholder resides under the provisions of an applicable income tax treaty.

Payments of dividends or of proceeds from the disposition of stock made to a non-U.S. Shareholder may be subject to information reporting and backup withholding unless such holder establishes an exemption, for example, by properly certifying its non-United States status on an IRS Form W-8 BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that a non-U.S. Shareholder is a United States person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the shareholder's income tax liability, provided the required information is furnished to the IRS.

State, Local and Foreign Tax Consequences

Brandywine, the Operating Partnership, the Subsidiary Partnerships and Brandywine's shareholders may be subject to state, local and foreign taxation in various jurisdictions, including those in which it or they transact business or reside. The state, local and foreign tax treatment of Brandywine, the Operating Partnership, the Subsidiary Partnerships and Brandywine's shareholders may not conform to the federal income tax consequences discussed above. Any foreign taxes incurred by us would not pass through to shareholders as a credit against their U.S. federal income tax liability. Prospective shareholders should consult their own tax advisors regarding the effect of state, local and foreign tax laws on an investment in our shares.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to us and our shareholders may be enacted. Changes to the U.S. federal tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in our shares.

Taxation of Holders of Debt Securities

This section describes the material United States federal income tax consequences of owning the debt securities that Brandywine Realty Trust or Brandywine Operating Partnership may offer. This summary is for general information only and is not tax advice. The tax consequences of owning any particular issue of debt securities will be discussed in the applicable prospectus.

As used herein, a "U.S. Holder" means a beneficial owner of our debt securities, who is, for U.S. federal income tax purposes:

- a citizen or resident of the U.S. as defined in section 7701(b) of the Code,
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S. or any state thereof or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source or
- a trust if it (a) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

As used herein, a "non-U.S. Holder" means a beneficial owner of our debt securities that is not a "U.S. Holder," and that is not a partnership (or other entity treated as a partnership for U.S. federal income tax purposes).

If a partnership holds debt securities, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding debt securities, you should consult your tax advisors.

Taxation of U.S. Holders

Interest

The stated interest on debt securities generally will be taxable to a U.S. Holder as ordinary income at the time that it is paid or accrued, in accordance with the U.S. Holder's method of accounting for United States federal income tax purposes.

Original Issue Discount

If you own debt securities issued with original issue discount ("OID"), you will be subject to special tax accounting rules, as described in greater detail below. In that case, you should be aware that you generally must include OID in gross income in advance of the receipt of cash attributable to that income. However, you generally will not be required to include separately in income cash payments received on the debt securities, even if denominated as interest, to the extent those payments do not constitute "qualified stated interest," as defined below. If we determine that a particular debt security will be an OID debt security, we will disclose that determination in the prospectus relating to those debt securities.

A debt security with an "issue price" that is less than the "stated redemption price at maturity" (the sum of all payments to be made on the debt security other than "qualified stated interest") generally will be issued with OID if that difference is at least 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity. The "issue price" of each debt security in a particular offering will be the first price at which a substantial amount of that particular offering is sold to the public. The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property, other than debt instruments of the issuer, and the interest to be paid meets all of the following conditions:

- it is payable at least once per year;
- it is payable over the entire term of the debt security; and
- it is payable at a single fixed rate or, subject to certain conditions, based on one or more interest indices.

If we determine that particular debt securities of a series will bear interest that is not qualified stated interest, we will disclose that determination in the prospectus relating to those debt securities.

If you own a debt security issued with "*de minimis*" OID, which is discount that is not OID because it is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years to maturity, you generally must include the *de minimis* OID in income at the time principal payments on the debt securities are made in proportion to the amount paid. Any amount of *de minimis* OID that you have included in income will be treated as capital gain.

Certain of the debt securities may contain provisions permitting them to be redeemed prior to their stated maturity at our option and/or at your option. OID debt securities containing those features may be subject to rules that differ from the general rules discussed herein. If you are considering the purchase of OID debt securities with those features, you should carefully examine the applicable prospectus and should consult your own tax advisors with respect to those features since the tax consequences to you with respect to OID will depend, in part, on the particular terms and features of the debt securities.

If you own OID debt securities with a maturity upon issuance of more than one year you generally must include OID in income in advance of the receipt of some or all of the related cash payments using the "constant yield method" described in the following paragraphs. This method takes into account the compounding of interest.

The amount of OID that you must include in income if you are the initial United States holder of an OID debt security is the sum of the "daily portions" of OID with respect to the debt security for each day during the taxable year or portion of the taxable year in which you held that debt security ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for an OID debt security may be of any length and may vary in length over the term of the debt security, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of:

- the debt security's "adjusted issue price" at the beginning of the accrual period multiplied by its yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period, over
- the aggregate of all qualified stated interest allocable to the accrual period.

OID allocable to a final accrual period is the difference between the amount payable at maturity, other than a payment of qualified stated interest, and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of a debt security at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period, determined without regard to the amortization of any acquisition or bond premium, as described below, and reduced by any payments made on the debt security (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, you will generally have to include in income increasingly greater amounts of OID in successive accrual periods. We are required to provide information returns stating the amount of OID accrued on debt securities held of record by persons other than corporations and other exempt holders.

Floating rate debt securities are subject to special OID rules. In the case of an OID debt security that is a floating rate debt security, both the "yield to maturity" and "qualified stated interest" will be determined solely for purposes of calculating the accrual of OID as though the debt security will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to interest payments on the debt security on its date of issue or, in the case of certain floating rate debt securities, the rate that reflects the yield to maturity that is reasonably expected for the debt security. Additional rules may apply if either:

- the interest on a floating rate debt security is based on more than one interest index; or
- the principal amount of the debt security is indexed in any manner.

This discussion does not address the tax rules applicable to debt securities with an indexed principal amount. If you are considering the purchase of floating rate OID debt securities or securities with indexed principal amounts, you should carefully examine the prospectus relating to those debt securities, and should consult your own tax advisors regarding the United States federal income tax consequences to you of holding and disposing of those debt securities.

You may elect to treat all interest on any debt securities as OID and calculate the amount includible in gross income under the constant yield method described above. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. You must make this election for the taxable year in which you acquired the debt security, and you may not revoke the election without the consent of the IRS. You should consult with your own tax advisors about this election.

Market Discount

If you purchase debt securities, other than OID debt securities, for an amount that is less than their stated redemption price at maturity, or, in the case of OID debt securities, their adjusted issue price, the amount of the difference will be treated as "market discount" for United States federal income tax purposes, unless that difference is less than a specified de minimis amount. Under the market discount rules, you will be required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, the debt securities as ordinary income to the extent of the market discount that you have not previously included in income and are treated as having accrued on the debt securities at the time of their payment or disposition. In addition, you may be required to defer, until the maturity of the debt securities or their earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness attributable to the debt securities. You may elect, on a debt security-by-debt security basis, to deduct the deferred interest expense in a tax year prior to the year of disposition. You should consult your own tax advisors before making this election.

Any market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the debt securities, unless you elect to accrue on a constant interest method. You may elect to include market discount in income currently as it accrues, on either a ratable or constant interest method, in which case the rule described above regarding deferral of interest deductions will not apply. Your election to include market discount in income currently, once made, applies to all market discount obligations acquired by you on or after the first taxable year to which your election applies and may not be revoked without the consent of the IRS. You should consult your own tax advisor before making this election.

Acquisition Premium and Amortizable Bond Premium

If you purchase OID debt securities for an amount that is greater than their adjusted issue price but equal to or less than the sum of all amounts payable on the debt securities after the purchase date other than payments of qualified stated interest, you will be considered to have purchased those debt securities at an "acquisition premium." Under the acquisition premium rules, the amount of OID that you must include in gross income with respect to those debt securities for any taxable year will be reduced by the portion of the acquisition premium properly allocable to that year.

If you purchase debt securities (including OID debt securities) for an amount in excess of the sum of all amounts payable on those debt securities after the purchase date other than qualified stated interest, you will be considered to have purchased those debt

securities at a “premium” and, if they are OID debt securities, you will not be required to include any OID in income. You generally may elect to amortize the premium over the remaining term of those debt securities on a constant yield method as an offset to interest when includible in income under your regular accounting method. In the case of debt securities that provide for alternative payment schedules, bond premium is calculated by assuming that (a) you will exercise or not exercise options in a manner that maximizes your yield, and (b) we will exercise or not exercise options in a manner that minimizes your yield (except that we will be assumed to exercise call options in a manner that maximizes your yield). If you do not elect to amortize bond premium, that premium will decrease the gain or increase the loss you would otherwise recognize on disposition of the debt security. Your election to amortize premium on a constant yield method will also apply to all debt obligations held or subsequently acquired by you on or after the first day of the first taxable year to which the election applies. You may not revoke the election without the consent of the IRS. You should consult your own tax advisor before making this election.

Sale, Exchange and Retirement of Debt Securities

A U.S. Holder of debt securities will recognize gain or loss upon the sale, exchange, retirement, redemption or other taxable disposition of such debt securities in an amount equal to the difference between:

- the amount of cash and the fair market value of other property received in exchange for such debt securities, other than amounts attributable to accrued but unpaid stated interest, which will be subject to tax as ordinary income to the extent not previously included in income; and
- the U.S. Holder’s adjusted tax basis in such debt securities.

A U.S. Holder’s adjusted tax basis in a debt security generally will equal the cost of the debt security to such holder (A) increased by the amount of OID or accrued market discount (if any) previously included in income by such holder and (B) decreased by the amount of any payments other than qualified stated interest payments and any amortizable bond premium taken by the holder.

Any gain or loss recognized will generally be capital gain or loss, and such capital gain or loss will generally be long-term capital gain or loss if the debt security has been held by the U.S. Holder for more than one year. Long-term capital gain for non-corporate taxpayers is subject to reduced rates of United States federal income taxation (20% maximum federal rate). The deductibility of capital losses is subject to certain limitations.

If a U.S. Holder recognizes a loss upon a subsequent disposition of our debt securities in an amount that exceeds a prescribed threshold, it is possible that the provisions of Treasury Regulations involving “reportable transactions” could apply, with a resulting requirement to separately disclose the loss generating transactions to the IRS. While these regulations are directed towards “tax shelters,” they are written broadly, and apply to transactions that would not typically be considered tax shelters. Significant penalties apply for failure to comply with these requirements. You should consult your tax advisors concerning any possible disclosure obligation with respect to the receipt or disposition of our debt securities, or transactions that might be undertaken directly or indirectly by us. Moreover, you should be aware that we and other participants in transactions involving us (including our advisors) might be subject to disclosure or other requirements pursuant to these regulations.

Medicare Tax on Investment Income

Certain U.S. Shareholders and U.S. Holders who are individuals, estates or trusts and whose income exceeds certain thresholds must pay a 3.8% Medicare tax on "net investment income" which includes, among other things, dividends on shares, interest on debentures and capital gains from the sale or other disposition of shares or debentures, subject to certain exceptions. Prospective investors should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of our common shares, preferred shares or debentures.

Taxation of Tax-Exempt Holders of Debt Securities

Assuming the debt security is debt for tax purposes, interest income accrued on the debt security should not constitute unrelated business taxable income to a tax-exempt holder. As a result, a tax-exempt holder generally should not be subject to U.S. federal income tax on the interest income accruing on our debt securities. Similarly, any gain recognized by the tax-exempt holder in connection with a sale of the debt security generally should not be unrelated business taxable income. However, if a tax-exempt holder were to finance its acquisition of the debt security with debt, a portion of the interest income and gain attributable to the debt security would constitute unrelated business taxable income pursuant to the “debt-financed property” rules. Tax-exempt holders should consult their own counsel to determine the potential tax consequences of an investment in our debt securities.

Taxation of Non-U.S. Holders of Debt Securities

The rules governing the U.S. federal income taxation of a Non-U.S. Holder are complex and no attempt will be made herein to provide more than a summary of such rules. Non-U.S. Holders should consult their tax advisors to determine the effect of U.S. federal, state, local and foreign tax laws, as well as tax treaties, with regard to an investment in the debt securities.

Interest

Interest (including OID) paid to a non-U.S. Holder of debt securities will not be subject to United States federal withholding tax under the "portfolio interest exception," provided that:

- interest paid on debt securities is not effectively connected with a non-U.S. Holder's conduct of a trade or business in the United States;
- the non-U.S. Holder does not actually or constructively own 10% or more of the capital or profits interest in the Operating Partnership (in the case of debt issued by the Operating Partnership), or 10% or more of the shares of Brandywine (in the case of debt issued by Brandywine);
- the non-U.S. Holder is not
  - a controlled foreign corporation that is related to the Operating Partnership or Brandywine, as applicable, or
  - a bank that receives such interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner of debt securities provides a certification, which is generally made on an IRS Form W-8BEN or a suitable substitute form and signed under penalties of perjury, that it is not a United States person.

A payment of interest (including OID) to a non-U.S. Holder that does not qualify for the portfolio interest exception and that is not effectively connected to a United States trade or business will be subject to United States federal withholding tax at a rate of 30%, unless a United States income tax treaty applies to reduce or eliminate withholding.

A non-U.S. Holder will generally be subject to tax in the same manner as a U.S. Holder with respect to payments of interest (including OID) if such payments are effectively connected with the conduct of a trade or business by the non-U.S. Holder in the United States and, if an applicable tax treaty provides, such gain is attributable to a United States permanent establishment maintained by the non-U.S. Holder. In some circumstances, such effectively connected income received by a non-U.S. Holder which is a corporation may be subject to an additional "branch profits tax" at a 30% base rate or, if applicable, a lower treaty rate.

To claim the benefit of a lower treaty rate or to claim exemption from withholding because the income is effectively connected with a United States trade or business, the non-U.S. Holder must provide a properly executed IRS Form W-8BEN or IRS Form W-8ECI, or a suitable substitute form, as applicable, prior to the payment of interest. Such certificate must contain, among other information, the name and address of the non-U.S. Holder.

Non-U.S. Holders are urged to consult their own tax advisors regarding applicable income tax treaties, which may provide different rules.

Sale or Retirement of Debt Securities

A non-U.S. Holder generally will not be subject to United States federal income tax or withholding tax on gain realized on the sale, exchange or redemption of debt securities unless:

- the non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or redemption, and certain other conditions are met; or
- the gain is effectively connected with the conduct of a trade or business of the non-U.S. Holder in the United States and, if an applicable tax treaty so provides, such gain is attributable to a United States permanent establishment maintained by such holder.

Except to the extent that an applicable tax treaty provides otherwise, a non-U.S. Holder will generally be subject to tax in the same manner as a U.S. Holder with respect to gain realized on the sale, exchange or redemption of debt securities if such gain is effectively connected with the conduct of a trade or business by the non-U.S. Holder in the United States and, if an applicable tax treaty provides, such gain is attributable to a United States permanent establishment maintained by the non-U.S. Holder. In certain circumstances, a non-U.S. Holder that is a corporation will be subject to an additional "branch profits tax" at a 30% rate or, if applicable, a lower treaty rate on such income.

U.S. Federal Estate Tax

Your estate will not be subject to U.S. federal estate tax on the debt securities beneficially owned by you at the time of your death, provided that any payment to you on the debt securities, including OID, would be eligible for exemption from the 30% U.S. federal withholding tax under the "portfolio interest" rule described above, without regard to the certification requirement.

Information Reporting and Backup Withholding Applicable to Holders of Debt Securities

U.S. Holders

Certain U.S. Holders may be subject to information reporting requirements on payments of principal and interest (including OID) on debt securities and payments of the proceeds of the sale, exchange, or redemption of debt securities, and backup withholding, currently imposed at a rate of 28%, may apply to such payment if the U.S. Holder:

- fails to furnish an accurate taxpayer identification number, or TIN, to the payor in the manner required;
- is notified by the IRS that it has failed to properly report payments of interest or dividends; or
- under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and that it has not been notified by the IRS that it is subject to backup withholding.

Non-U.S. Holders

A non-U.S. Holder is generally not subject to backup withholding with respect to payments of interest (including OID) on debt securities if it certifies as to its status as a non-U.S. Holder under penalties of perjury or if it otherwise establishes an exemption, provided that neither we nor our paying agent has actual knowledge or reason to know that the non-U.S. Holder is a United States person or that the conditions of any other exemptions are not, in fact, satisfied. Information reporting requirements, however, will apply to payments of interest (including OID) to non-U.S. Holders where such interest is subject to withholding or exempt from United States withholding tax pursuant to a tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. Holder resides.

The payment of the proceeds from the disposition of debt securities to or through the United States office of any broker, United States or foreign, will be subject to information reporting and possible backup withholding unless the owner certifies as to its non-United States status under penalties of perjury or otherwise establishes an exemption, provided that the broker does not have actual knowledge or reason to know that the non-U.S. Holder is a United States person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of debt securities to or through a non-United States office of a non-United States broker that is not a "United States related person" generally will not be subject to information reporting or backup withholding. For this purpose, a "United States related person" is:

a controlled foreign corporation for United States federal income tax purposes;

a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment, or for such part of the period that the broker has been in existence, is derived from activities that are effectively connected with the conduct of a United States trade or business; or

a foreign partnership that at any time during the partnership's taxable year is either engaged in the conduct of a trade or business in the United States or of which 50% or more of its income or capital interests are held by United States persons.

In the case of the payment of proceeds from the disposition of debt securities to or through a non-United States office of a broker that is either a United States person or a United States related person, the payment may be subject to information reporting unless the broker has documentary evidence in its files that the owner is a non-U.S. Holder and the broker has no knowledge or reason to know to the contrary. Backup withholding will not apply to payments made through foreign offices of a broker that is a United States person or a United States related person, absent actual knowledge that the payee is a United States person.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a Holder will be allowed as a refund or a credit against such Holder's United States federal income tax liability, provided that the requisite procedures are followed.

Holders of debt securities are urged to consult their tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such an exemption, if applicable.

Additional Withholding Requirements under FATCA

Payments of interest to a non-U.S. holder will be subject to 30% withholding tax if the non-U.S. holder fails to provide the withholding agent with documentation sufficient to show that it is compliant with the FATCA. Generally, such documentation is provided on an executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. If interest is subject to 30% tax under FATCA, it will not be subject to the 30% tax described above under "Taxation of Non-U.S. Shareholder" and "Taxation of Non-U.S. Holders of Debt Securities." Starting in 2019, payments of the gross proceeds may also be subject to FATCA withholding absent proof of FATCA compliance prior to January 1, 2019.