BioMed Realty Trust Inc
Form 10-Q
November 05, 2015

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

Form 10-Q

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

For the quarterly period ended September 30, 2015

Commission File Number: 1-32261 (BioMed Realty Trust, Inc.)
000-54089 (BioMed Realty, L.P.)
BIOMED REALTY TRUST, INC.
BIOMED REALTY, L.P.
(Exact name of registrant as specified in its charter)

Maryland	20-1142292 (BioMed Realty Trust, Inc.)
(State or other jurisdiction of	20-1320636 (BioMed Realty, L.P.)
incorporation or organization)	(I.R.S. Employer Identification No.)

17190 Bernardo Center Drive	
San Diego, California	92128
(Address of Principal Executive Offices)	(Zip Code)

(858) 485-9840
(Registrant's telephone number, including area code)
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months(or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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

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

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

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

BioMed Realty Trust, Inc.:			
Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o
BioMed Realty, L.P.:			
Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ (Do not check if a smaller reporting company)	Smaller reporting company o

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

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

The number of outstanding shares of BioMed Realty Trust, Inc.'s common stock, par value $0.01 per share, as of November 5, 2015 was 203,527,787.

Table of Contents

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended September 30, 2015 of BioMed Realty Trust, Inc., a Maryland corporation, and BioMed Realty, L.P., a Maryland limited partnership of which BioMed Realty Trust, Inc. is the parent company and general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “we,” “us,” “our” or “our company” refer to BioMed Realty Trust, Inc. together with its consolidated subsidiaries, including BioMed Realty, L.P. Unless otherwise indicated or unless the context requires otherwise, all references in this report to “our operating partnership” or “the operating partnership” refer to BioMed Realty, L.P. together with its consolidated subsidiaries.

BioMed Realty Trust, Inc. operates as a real estate investment trust, or REIT, and is the general partner of BioMed Realty, L.P. As of September 30, 2015, BioMed Realty Trust, Inc. owned an approximate 97.5% partnership interest and other limited partners, including some of our directors, executive officers and their affiliates, owned the remaining 2.5% partnership interest (including long term incentive plan units) in BioMed Realty, L.P. As the sole general partner of BioMed Realty, L.P., BioMed Realty Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership’s day-to-day management and control.

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

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

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

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

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

- consolidated financial statements,
- the following notes to the consolidated financial statements:

- Equity / Partners’ Capital,
- Debt, and

2

Table of Contents

- Earnings Per Share / Unit,
- Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations, and
- Unregistered Sales of Equity Securities and Use of Proceeds.

This report also includes separate Item 4. Controls and Procedures sections and separate Exhibit 31 and 32 certifications for each of BioMed Realty Trust, Inc. and BioMed Realty, L.P. in order to establish that the Chief Executive Officer and the Chief Financial Officer of BioMed Realty Trust, Inc. have made the requisite certifications and BioMed Realty Trust, Inc. and BioMed Realty, L.P. are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

BIOMED REALTY TRUST, INC. AND BIOMED REALTY, L.P.

FORM 10-Q - QUARTERLY REPORT
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015
TABLE OF CONTENTS

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

BIOMED REALTY TRUST, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Land	$667,391	$704,958
Building and improvements	5,252,993	4,877,135
Land under development	243,623	151,242
Construction in progress	638,078	629,679
Investments in real estate	6,802,085	6,363,014
Accumulated depreciation	(1,080,838)	(946,439)
Investments in real estate, net	5,721,247	5,416,575
Investments in unconsolidated partnerships	29,367	35,291
Cash and cash equivalents	48,675	46,659
Accounts receivable, net	19,139	14,631
Accrued straight-line rents, net	177,423	163,716
Deferred leasing costs, net	226,956	219,713
Other assets	237,889	274,301
Total assets	$6,460,696	$6,170,886
LIABILITIES AND EQUITY		
Mortgage notes payable, net	$492,065	$496,757
Exchangeable senior notes	—	95,678
Unsecured senior notes, net	1,294,978	1,293,903
Unsecured senior term loans	745,126	749,326
Unsecured line of credit	463,000	84,000
Accounts payable, accrued expenses and other liabilities	419,418	381,280
Total liabilities	3,414,587	3,100,944
Equity:		
Stockholders’ equity:		
Common stock, $.01 par value, 300,000,000 shares and 250,000,000 shares authorized, and 203,527,787 shares and 197,442,432 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	2,036	1,975
Additional paid-in capital	3,754,137	3,649,235
Accumulated other comprehensive loss, net	(39,725)	(2,214)
Dividends in excess of earnings	(735,627)	(645,983)
Total stockholders’ equity	2,980,821	3,003,013
Noncontrolling interests	65,288	66,929
Total equity	3,046,109	3,069,942
Total liabilities and equity	$6,460,696	$6,170,886

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Rental	$123,332	$122,838	$357,112	$363,788
Tenant recoveries	47,539	42,626	133,068	121,641
Other revenue	3,477	3,452	20,152	23,524
Total revenues	174,348	168,916	510,332	508,953
Expenses:				
Rental operations	62,069	54,899	175,986	161,058
Depreciation and amortization	64,953	64,452	193,305	189,597
General and administrative	13,166	12,768	38,486	37,153
Executive severance	—	—	9,891	—
Acquisition-related expenses	720	487	2,284	2,871
Total expenses	140,908	132,606	419,952	390,679
Income from operations	33,440	36,310	90,380	118,274
Equity in net income of unconsolidated partnerships	242	733	534	585
Interest expense, net	(21,228)	(22,215)	(61,938)	(73,356)
Gain on sale of real estate	1,869	—	1,869	—
Impairment of real estate	—	—	(35,071)	—
Other income, net	18,770	2,148	95,675	11,338
Net income	33,093	16,976	91,449	56,841
Net income attributable to noncontrolling interests	(4,890)	(1,016)	(22,323)	(3,412)
Net income attributable to the Company	28,203	15,960	69,126	53,429
Net income per share attributable to common stockholders:				
Basic and diluted earnings per share	$0.14	$0.08	$0.34	$0.27
Weighted-average common shares outstanding:				
Basic	202,210,976	194,022,619	201,746,167	191,988,661
Diluted	207,801,584	199,574,893	207,325,554	197,651,357

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$33,093	$16,976	$91,449	$56,841
Other comprehensive income:				
Foreign currency translation adjustments	(1,737)	(1,472)	(1,473)	(484)
Unrealized (loss) / gain on derivative instruments, net	(1,026)	169	(1,984)	(749)
Amortization of deferred interest costs	1,647	1,677	4,965	5,052
Reclassification on sale of equity securities	(17,944)	—	(85,767)	(9,322)
Unrealized gain on equity securities	541	3,550	37,879	20,300
Total other comprehensive (loss) / income	(18,519)	3,924	(46,380)	14,797
Comprehensive income	14,574	20,900	45,069	71,638
Comprehensive income attributable to noncontrolling interests	(1,552)	(1,767)	(13,454)	(6,201)
Comprehensive income attributable to the Company	$13,022	$19,133	$31,615	$65,437

See accompanying notes to consolidated financial statements.

BIOMED REALTY TRUST, INC.

CONSOLIDATED STATEMENT OF EQUITY
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss, net	Dividends in Excess of Earnings	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
Balance at December 31, 2014	197,442,432	$1,975	$3,649,235	$(2,214)	$(645,983)	$3,003,013	$66,929	$3,069,942
Net issuances of unvested restricted common stock	314,079	4	(5,770)	—	—	(5,766)	—	(5,766)
Exchange of Exchangeable Senior Notes	5,764,026	57	95,699	—	—	95,756	—	95,756
Conversion of OP units to common stock	7,250	—	(40)	—	—	(40)	40	—
Vesting of share-based awards	—	—	14,805	—	—	14,805	—	14,805
Reallocation of noncontrolling interests to equity	—	—	1,567	—	—	1,567	(1,567)	—
Common stock dividends	—	—	—	—	(158,770)	(158,770)	—	(158,770)
OP unit distributions	—	—	—	—	—	—	(4,213)	(4,213)
Purchases of noncontrolling interests	—	—	(1,359)	—	—	(1,359)	859	(500)
Contributions from noncontrolling interests	—	—	—	—	—	—	4,450	4,450
Distributions to noncontrolling interests	—	—	—	—	—	—	(14,664)	(14,664)
Net income	—	—	—	—	69,126	69,126	22,323	91,449
Foreign currency translation adjustments	—	—	—	(1,436)	—	(1,436)	(37)	(1,473)
Reclassification on sale of equity securities	—	—	—	(68,642)	—	(68,642)	(17,125)	(85,767)
Unrealized gain on equity securities	—	—	—	29,662	—	29,662	8,217	37,879

Amortization of deferred interest costs	—	—	—	4,838	—	4,838	127	4,965
Unrealized loss on derivative instruments, net	—	—	—	(1,933)	—	(1,933)	(51)	(1,984)
Balance at September 30, 2015	203,527,787	$2,036	$3,754,137	$ (39,725)	$(735,627)	$2,980,821	$ 65,288	$3,046,109

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net income	$91,449	$56,841
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	193,305	189,597
Allowance for doubtful accounts	1,870	526
Impairment of real estate	35,071	—
Gain on sale of debt and equity securities	(85,767)	—
Gain on repayment of notes receivable	(8,557)	—
Gain on sale of real estate	(1,869)	—
Non-cash revenue adjustments	1,270	942
Other non-cash adjustments	10,000	5,146
Compensation expense related to share based payments	14,805	11,137
Distributions representing a return on capital from unconsolidated partnerships	1,893	399
Changes in operating assets and liabilities:		
Accounts receivable	(4,718)	(10,607)
Accrued straight-line rents	(15,384)	(10,466)
Deferred leasing costs	(30,613)	(10,526)
Other assets	(9,137)	(24,478)
Accounts payable, accrued expenses and other liabilities	12,925	15,355
Net cash provided by operating activities	206,543	223,866
Investing activities:		
Purchases of investments in real estate and related intangible assets	(210,509)	(130,458)
Capital expenditures	(307,161)	(300,716)
Contributions from tax credit transactions, net	11,938	22,557
Proceeds from sale of property, net of selling costs	41,398	—
Draws on notes and construction loan receivable	(10,817)	(39,769)
Repayment of notes receivable	11,418	184,239
Distributions from / (contributions to) unconsolidated partnerships, net	3,571	(4,760)
Purchases of debt and equity securities	(33,776)	(15,725)
Proceeds from the sale of debt and equity securities	90,378	13,952
Net cash used in investing activities	(403,560)	(270,680)
Financing activities:		
Payment of deferred loan costs	(78)	(3,101)
Unsecured line of credit proceeds	407,000	732,000
Unsecured line of credit payments	(28,000)	(631,000)
Mortgage notes proceeds	25,559	39,237
Principal payments on mortgage notes payable	(28,564)	(340,124)
Proceeds from unsecured senior notes	—	397,632
Distributions to noncontrolling interests	(14,664)	—
Purchases of noncontrolling interests	(500)	—

Distributions to operating partnership unit and LTIP unit holders	(4,214)	(4,175)

11

Table of Contents

	Nine Months Ended September 30,	
	2015	2014
Dividends paid to common stockholders	(157,189)	(144,289)
Net cash provided by financing activities	199,350	46,180
Effect of exchange rate changes on cash and cash equivalents	(317)	(208)
Net increase / (decrease) in cash and cash equivalents	2,016	(842)
Cash and cash equivalents at beginning of period	46,659	34,706
Cash and cash equivalents at end of period	$48,675	$33,864
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest (net of amounts capitalized of $21,657 and $15,734, for the nine months ended September 30, 2015 and 2014, respectively)	$45,555	$59,233
Supplemental disclosure of non-cash investing and financing activities:		
Accrual for common stock dividends declared	$52,916	$49,363
Accrual for distributions declared for operating partnership unit and LTIP unit holders	1,404	1,351
Accrued additions to real estate and related intangible assets	117,032	113,704
Mortgage notes assumed (includes premium of $3,966 during the nine months ended September 30, 2014)	—	71,937
Exchange of Exchangeable Senior Notes for common stock	95,678	84,322
Noncontrolling interests in connection with South Street Landing, 100 College Street and 300 George Street acquisitions	3,000	21,740
Notes receivable applied for investments in real estate	7,505	—
Deposits applied for investments in real estate	17,882	—

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY, L.P.

CONSOLIDATED BALANCE SHEETS
(In thousands, except unit data)

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Land	$667,391	$704,958
Building and improvements	5,252,993	4,877,135
Land under development	243,623	151,242
Construction in progress	638,078	629,679
Investments in real estate	6,802,085	6,363,014
Accumulated depreciation	(1,080,838)	(946,439)
Investments in real estate, net	5,721,247	5,416,575
Investments in unconsolidated partnerships	29,367	35,291
Cash and cash equivalents	48,675	46,659
Accounts receivable, net	19,139	14,631
Accrued straight-line rents, net	177,423	163,716
Deferred leasing costs, net	226,956	219,713
Other assets	237,889	274,301
Total assets	$6,460,696	$6,170,886
LIABILITIES AND CAPITAL		
Mortgage notes payable, net	$492,065	$496,757
Exchangeable senior notes	—	95,678
Unsecured senior notes, net	1,294,978	1,293,903
Unsecured senior term loans	745,126	749,326
Unsecured line of credit	463,000	84,000
Accounts payable, accrued expenses and other liabilities	419,418	381,280
Total liabilities	3,414,587	3,100,944
Capital:		
Partners’ capital:		
Limited partners' capital, 5,398,224 and 5,405,474 units issued and outstanding at September 30, 2015 and December 31, 2014, respectively	42,484	45,600
General partner's capital, 203,527,787 and 197,442,432 units issued and outstanding at September 30, 2015 and December 31, 2014, respectively	3,016,634	3,002,135
Accumulated other comprehensive (loss) / income	(35,813)	878
Total partners’ capital	3,023,305	3,048,613
Noncontrolling interests	22,804	21,329
Total capital	3,046,109	3,069,942
Total liabilities and capital	$6,460,696	$6,170,886

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY, L.P.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except unit data)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Rental	$123,332	$122,838	$357,112	$363,788
Tenant recoveries	47,539	42,626	133,068	121,641
Other revenue	3,477	3,452	20,152	23,524
Total revenues	174,348	168,916	510,332	508,953
Expenses:				
Rental operations	62,069	54,899	175,986	161,058
Depreciation and amortization	64,953	64,452	193,305	189,597
General and administrative	13,166	12,768	38,486	37,153
Executive severance	—	—	9,891	—
Acquisition-related expenses	720	487	2,284	2,871
Total expenses	140,908	132,606	419,952	390,679
Income from operations	33,440	36,310	90,380	118,274
Equity in net income of unconsolidated partnerships	242	733	534	585
Interest expense, net	(21,228)	(22,215)	(61,938)	(73,356)
Gain on sale of real estate	1,869	—	1,869	—
Impairment of real estate	—	—	(35,071)	—
Other income, net	18,770	2,148	95,675	11,338
Net income	33,093	16,976	91,449	56,841
Net income attributable to noncontrolling interests	(4,156)	(587)	(20,519)	(1,948)
Net income attributable to the Operating Partnership	28,937	16,389	70,930	54,893
Net income per unit attributable to unit holders:				
Basic and diluted earnings per unit	$0.14	$0.08	$0.34	$0.27
Weighted-average units outstanding:				
Basic	207,609,199	199,428,093	207,147,153	197,395,750
Diluted	207,801,583	199,574,893	207,325,554	197,651,357

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY, L.P.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$33,093	$16,976	$91,449	$56,841
Other comprehensive income:				
Foreign currency translation adjustments	(1,737)	(1,472)	(1,473)	(484)
Unrealized (loss) / gain on derivative instruments, net	(1,026)	169	(1,984)	(749)
Amortization of deferred interest costs	1,647	1,677	4,965	5,052
Reclassification on sale of equity securities	(17,944)	—	(85,767)	(9,322)
Unrealized gain on equity securities	541	3,550	37,879	20,300
Total other comprehensive (loss) / income	(18,519)	3,924	(46,380)	14,797
Comprehensive income	14,574	20,900	45,069	71,638
Comprehensive income attributable to noncontrolling interests	(839)	(1,253)	(10,830)	(4,409)
Comprehensive income attributable to the Operating Partnership	$13,735	$19,647	$34,239	$67,229

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY, L.P.

CONSOLIDATED STATEMENT OF CAPITAL
(In thousands, except unit data)
(Unaudited)

	Limited Partners' Capital		General Partner's Capital		Accumulated Other Comprehensive Income / (Loss)	Total Partners' Capital	Noncontrolling Interests	Total Capital
	Units	Amount	Units	Amount				
Balance at December 31, 2014	5,405,474	$45,600	197,442,432	$3,002,135	$878	$3,048,613	$21,329	$3,069,942
Net issuances of unvested restricted OP units	—	—	314,079	(5,766)	—	(5,766)	—	(5,766)
Conversion of OP units	(7,250)	40	7,250	(40)	—	—	—	—
Exchange of Exchangeable Senior Notes	—	—	5,764,026	95,756	—	95,756	—	95,756
Vesting of share-based awards	—	—	—	14,805	—	14,805	—	14,805
Reallocation of capital	—	(747)	—	747	—	—	—	—
Distributions	—	(4,213)	—	(158,770)	—	(162,983)	—	(162,983)
Purchases of noncontrolling interests	—	—	—	(1,359)	—	(1,359)	859	(500)
Contributions from noncontrolling interests	—	—	—	—	—	—	4,450	4,450
Distributions to noncontrolling interests	—	—	—	—	—	—	(14,664)	(14,664)
Net income	—	1,804	—	69,126	—	70,930	20,519	91,449
Foreign currency translation adjustments	—	—	—	—	(1,473)	(1,473)	—	(1,473)
Reclassification on sale of equity securities	—	—	—	—	(68,642)	(68,642)	(17,125)	(85,767)
Unrealized gain on equity securities	—	—	—	—	30,443	30,443	7,436	37,879

Amortization of deferred interest costs	—	—	—	—	4,965	4,965	—	4,965
Unrealized loss on derivative instruments, net	—	—	—	—	(1,984)	(1,984)	—	(1,984)
Balance at September 30, 2015	5,398,224	$42,484	203,527,787	$3,016,634	$ (35,813)	$3,023,305	$ 22,804	$3,046,109

See accompanying notes to consolidated financial statements.

16

Table of Contents

BIOMED REALTY, L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2015	2014
Operating activities:		
Net income	$91,449	$56,841
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	193,305	189,597
Allowance for doubtful accounts	1,870	526
Impairment of real estate	35,071	—
Gain on sale of debt and equity securities	(85,767)	—
Gain on repayment of notes receivable	(8,557)	—
Gain on sale of real estate	(1,869)	—
Non-cash revenue adjustments	1,270	942
Other non-cash adjustments	10,000	5,146
Compensation expense related to share-based payments	14,805	11,137
Distributions representing a return on capital from unconsolidated partnerships	1,893	399
Changes in operating assets and liabilities:		
Accounts receivable	(4,718)	(10,607)
Accrued straight-line rents	(15,384)	(10,466)
Deferred leasing costs	(30,613)	(10,526)
Other assets	(9,137)	(24,478)
Accounts payable, accrued expenses and other liabilities	12,925	15,355
Net cash provided by operating activities	206,543	223,866
Investing activities:		
Purchases of investments in real estate and related intangible assets	(210,509)	(130,458)
Capital expenditures	(307,161)	(300,716)
Contributions from tax credit transactions, net	11,938	22,557
Proceeds from sale of properties, net of selling costs	41,398	—
Draws on notes and construction loan receivable	(10,817)	(39,769)
Repayment of notes receivable	11,418	184,239
Distributions from / (contributions to) unconsolidated partnerships, net	3,571	(4,760)
Purchases of debt and equity securities	(33,776)	(15,725)
Proceeds from the sale of debt and equity securities	90,378	13,952
Net cash used in investing activities	(403,560)	(270,680)
Financing activities:		
Payment of deferred loan costs	(78)	(3,101)
Unsecured line of credit proceeds	407,000	732,000
Unsecured line of credit payments	(28,000)	(631,000)
Mortgage notes proceeds	25,559	39,237
Principal payments on mortgage notes payable	(28,564)	(340,124)
Proceeds from unsecured senior notes	—	397,632

17

Table of Contents

	Nine Months Ended September 30,	
	2015	2014
Purchases of interests in noncontrolling interest	(500)	—
Distributions to noncontrolling interests	(14,664)	—
Distributions paid to unit holders	(161,403)	(148,464)
Net cash provided by financing activities	199,350	46,180
Effect of exchange rate changes on cash and cash equivalents	(317)	(208)
Net increase / (decrease) in cash and cash equivalents	2,016	(842)
Cash and cash equivalents at beginning of period	46,659	34,706
Cash and cash equivalents at end of period	$48,675	$33,864
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest (net of amounts capitalized of $21,657 and $15,734, for the nine months ended September 30, 2015 and 2014, respectively)	$45,555	$59,233
Supplemental disclosure of non-cash investing and financing activities:		
Accrual for unit distributions declared	$54,320	$50,714
Accrued additions to real estate and related intangible assets	117,032	113,704
Mortgage notes assumed (includes premiums of $3,966 during the nine months ended September 30, 2014)	—	71,937
Noncontrolling interests in connection with South Street Landing, 100 College Street and 300 George Street acquisitions	3,000	21,740
Exchange of Exchangeable Senior Notes for common units	95,678	84,322
Notes receivable applied for investments in real estate	7,505	—
Deposits applied for investments in real estate	17,882	—

See accompanying notes to consolidated financial statements.

Table of Contents

BIOMED REALTY TRUST, INC.
BIOMED REALTY, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization of the Parent Company and Description of Business

BioMed Realty Trust, Inc., a Maryland corporation (the “Parent Company”), operates as a fully integrated, self-administered and self-managed real estate investment trust (“REIT”) focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry principally through its subsidiary, BioMed Realty, L.P., a Maryland limited partnership (the “Operating Partnership” and together with the Parent Company referred to as the “Company”). The Company’s tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. The Company’s properties are generally located in markets with well-established reputations as centers for scientific research, including Boston, San Francisco, San Diego, Maryland, New York / New Jersey, Pennsylvania, North Carolina, Seattle, Cambridge (United Kingdom) and research parks located near or adjacent to universities and their related medical systems.

The Parent Company is the sole general partner of the Operating Partnership and, as of September 30, 2015, owned a 97.5% interest in the Operating Partnership. The remaining 2.5% interest in the Operating Partnership is held by limited partners. Each partner’s percentage interest in the Operating Partnership is determined based on the number of operating partnership units and long-term incentive plan units (“LTIP units” and together with the operating partnership units, the “OP units”) owned as compared to total OP units (and potentially issuable OP units, as applicable) outstanding as of each period end and is used as the basis for the allocation of net income or loss to each partner.

2. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying interim financial statements are unaudited, but have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and in conjunction with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, they do not include all the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments and eliminations, consisting of normal recurring adjustments necessary for a fair presentation of the financial statements for these interim periods have been recorded. These financial statements should be read in conjunction with the audited consolidated financial statements and notes therein included in the Company's annual report on Form 10-K for the year ended December 31, 2014.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to current period presentation. Such reclassifications have no effect on net income as previously reported.

Principles of Consolidation

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

Assets and liabilities of subsidiaries outside the United States with non-U.S. dollar functional currencies are translated into U.S. dollars using exchange rates as of the balance sheet dates. Income and expenses are translated using the average exchange rates for the reporting period. Foreign currency translation adjustments are recorded as a component of other comprehensive income. For the three months ended September 30, 2015 and 2014, total revenues from properties outside the United States were $4.5 million and $6.5 million, respectively, which represented 2.6% and 3.8% of the Company's total revenues during the respective periods. For the nine months ended September 30, 2015 and 2014, total revenues from properties outside the United States were $13.1 million and $16.1 million, respectively, which represented 2.6% and 3.2% of the Company's total revenues during the

Table of Contents

respective periods. The Company’s net investments in properties outside the United States were $211.3 million and $200.2 million at September 30, 2015 and December 31, 2014, respectively.

Investments in Partnerships and Limited Liability Companies

The Company has determined that it is the primary beneficiary in six VIEs (excluding certain VIEs associated with tax credits discussed below), consisting of single-tenant properties in which the tenant has a purchase option, which are consolidated and reflected in the accompanying consolidated financial statements. Selected financial data of the VIEs at September 30, 2015 and December 31, 2014 consist of the following (in thousands):

	September 30, 2015	December 31, 2014
Investment in real estate, net	$435,945	$433,842
Total assets	504,025	493,066
Total debt	186,694	189,848
Total liabilities	200,211	203,529

Historic Tax Credits and New Market Tax Credits

The Company is a party to certain contractual arrangements with tax credit investors ("TCIs") that were established to enable the TCIs to receive benefits of historic tax credits ("HTCs") and/or new market tax credits ("NMTCs") for certain properties owned by the Company. At September 30, 2015 and December 31, 2014, the Company owned eleven and ten properties, respectively, that had syndicated HTCs or NMTCs, or both, to TCIs.

Capital contributions are made by TCIs into special purpose entities that ultimately invest these funds in the entity that owns the subject property that generates the tax credits. The TCIs are allocated substantially all of the tax credits and hold only a noncontrolling interest in the economic risk and rewards of the special purpose entities. HTCs are delivered to the TCI upon substantial completion of the project. NMTCs are allowed for up to 39% of a qualified investment and are delivered to the TCI after the investment has been funded and spent on a qualified business. HTCs are subject to 20% recapture per year beginning one year after the completion of the historic rehabilitation of the subject property. NMTCs are subject to 100% recapture until the end of the seventh year following the qualifying investment. The Company has provided the TCIs with certain guarantees which protect the TCIs from loss should a tax credit recapture event occur. The contractual arrangements with the TCIs include a put/call provision whereby the Company may be obligated or entitled to repurchase the ownership interest of the TCIs in the special purpose entities at the end of the tax credit recapture period. The Company anticipates that either the TCIs will exercise their put rights or the Company will exercise its call rights; however, the Company believes that the put rights are more likely to be exercised.

The portion of the TCI’s capital contribution that is attributed to the put is recorded at fair-value at inception and is accreted to the expected put price as interest expense in the consolidated statements of income. At September 30, 2015 and December 31, 2014, approximately $5.6 million and $5.2 million of put liabilities, respectively, were included in other liabilities in the consolidated balance sheets. The remaining balance of the TCI’s capital contribution is initially recorded in other liabilities in the consolidated balance sheets and is reclassified, upon delivery of the tax credit to the TCI, as a reduction in the carrying value of the subject property, net of allocated expenses. During the nine months ended September 30, 2015 and 2014, $11.9 million and $22.6 million of tax credits, net of costs and estimated put payments, respectively, were contributed by TCIs and were recorded as other liabilities in the consolidated balance sheets. During the nine months ended September 30, 2015 and 2014, $6.3 million and $29.2 million of tax credits had been delivered to the TCIs and were reclassified as a reduction of the carrying value of the subject property. Direct and incremental costs incurred in structuring the transaction, consisting of third-party legal, accounting and other professional fees, are deferred and will be recognized as an increase in the cost basis of the subject property upon the recognition of the related tax credit as discussed above.

At September 30, 2015 and December 31, 2014, the Company determined that the special purpose entities owning two properties and one property under development, respectively, are VIEs, since there is insufficient capital to finance the remaining development activities without further subordinated financial support. The Company has determined it is the primary beneficiary of these VIEs, because it has the authority to direct the activities which most significantly impact their economic performance. Selected financial data of the VIEs at September 30, 2015 and December 31, 2014 consisted of the following (in thousands):

Table of Contents

	September 30, 2015	December 31, 2014
Investment in real estate, net	$81,579	$2,507
Total assets	96,985	24,478
Total liabilities	57,388	7,467

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

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The review of recoverability is based on an estimate of the future undiscounted cash flows (excluding interest charges) expected to result from the long-lived asset's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If impairment exists due to the inability to recover the carrying value of a long-lived asset, an impairment loss is recorded to the extent that the carrying value exceeds the estimated fair-value of the property. The Company is required to make subjective assessments as to whether there are impairments in the values of its investments in long-lived assets. These assessments have a direct impact on the Company's net income because recording an impairment loss results in an immediate negative adjustment to net income. The evaluation of anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capital requirements that could differ materially from actual results in future periods. Although the Company's strategy is to hold its properties over the long-term, if the Company's strategy changes or market conditions otherwise dictate an earlier sale date, an impairment loss may be recognized to reduce the property to the lower of the carrying amount or fair-value, and such loss could be material.

During the nine months ended September 30, 2015, the Company recognized impairment losses of $35.1 million, primarily related to the King of Prussia property, which was sold in May 2015. The property had been placed under active redevelopment to be held for long-term operations. However, in May 2015, the Company's strategy changed from actively redeveloping to selling with respect to this property as a result of market conditions which dictated an earlier sale. In connection with the change in strategy in May 2015, the Company recognized an impairment loss of $32.3 million once the sale of the property became probable and the property was written down to its estimated fair value, less costs to sell. No gain or loss was recognized upon completion of the sale in May 2015.

Deferred Leasing Costs, Net

Leasing commissions and other direct costs associated with obtaining new or renewal leases are recorded at cost and amortized on a straight-line basis over the terms of the respective leases, with remaining terms ranging from less than one year to approximately 20 years as of September 30, 2015. Deferred leasing costs also include the net carrying value of acquired in-place leases and acquired management agreements.

Deferred leasing costs, net at September 30, 2015 consisted of the following (in thousands):

	Balance at September 30, 2015	Accumulated Amortization	Net
Acquired in-place leases	$421,408	$(293,370)	$128,038
Acquired management agreements	25,801	(23,558)	2,243
Deferred leasing and other direct costs	143,935	(47,260)	96,675
	$591,144	$(364,188)	$226,956

Deferred leasing costs, net at December 31, 2014 consisted of the following (in thousands):

	Balance at December 31, 2014	Accumulated Amortization	Net
Acquired in-place leases	$415,389	$(271,782)	$143,607
Acquired management agreements	25,801	(22,328)	3,473
Deferred leasing and other direct costs	111,290	(38,657)	72,633
	$552,480	$(332,767)	$219,713

Investments

21

Table of Contents

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

	September 30, 2015	December 31, 2014
Available-for-sale securities, historical cost	$11,061	$10,280
Unrealized gain, net	454	48,341
Available-for-sale securities, fair-value (1)	11,515	58,621
Privately-held securities, cost basis	69,021	43,428
Total equity securities	$80,536	$102,049

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

The Company holds investments in available-for-sale securities of certain publicly-traded companies. Changes in the fair-value of investments classified as available-for-sale are recorded in comprehensive income. The fair-value of the Company's equity investments in publicly-traded companies are based upon the closing trading price of the equity security as of the balance sheet date. Certain of these investments have fair-values less than the Company’s cost basis, net of previous other-than-temporary impairment in these securities due to decreases in their respective stock prices during the nine months ended September 30, 2015. However, management has the intent and ability to retain the investments for a period of time sufficient to allow for an anticipated recovery in their market value. Management will continue to periodically evaluate whether any investment, the fair-value of which is less than the Company’s cost basis, should be considered other-than-temporarily impaired. If other-than-temporary impairment is considered to exist, the related unrealized loss will be reclassified from accumulated other comprehensive loss and recorded as a reduction of net income.

The Company also holds investments in securities of certain privately-held companies and funds, which are recorded at cost basis due to the Company’s lack of control or significant influence over such companies and funds.

During the three and nine months ended September 30, 2015, the Company realized gains of $19.5 million and $88.4 million, respectively, primarily from the sale of investments in certain publicly-traded companies. Realized gains on investments in available-for-sale securities are included in other income in the consolidated statements of income. The basis for which the cost of an investment sold and the amount reclassified out of accumulated other comprehensive income into earnings is determined by specific identification. In addition, during the nine months ended September 30, 2015, the Company realized a gain of $11.4 million related to the collection of a note receivable that was previously fully reserved, which is also included in other income in the consolidated statements of income.

During the nine months ended September 30, 2015, the Company recorded impairment charges of $2.7 million. Impairment charges are included as reduction to other income, net in the consolidated statements of income and primarily relate to the Company’s investments in a privately-held company. Other than these investments, there were no identified events or changes in circumstances that may have a significant adverse effect on the carrying value of the Company’s cost method investments and therefore, no evaluation of impairment was performed during the nine months ended September 30, 2015 on the Company’s remaining cost method investments.

Construction Loan Receivable

The Company had a $255.0 million interest in a $355.0 million construction loan secured by first priority mortgages on a 1.1 million square foot laboratory, office and retail development project located in Boston, Massachusetts, which is 95% leased to Vertex Pharmaceuticals Incorporated to serve as its new corporate headquarters (the "Construction Loan"). In May 2014, the borrower repaid the then outstanding principal and accrued interest balance prior to maturity, of which the Company's portion was approximately $191.2 million.

Lease Termination

During the nine months ended September 30, 2015 and 2014, the Company recorded lease termination revenue, net of write-offs of lease intangibles, included in other revenue on the consolidated statements of income of approximately $19.3 million and $9.8 million, respectively. Lease termination revenue for the nine months ended September 30, 2015 primarily related to the early termination of Vertex Pharmaceuticals' leases at three of the Company's properties in Cambridge, Massachusetts in February 2015.

Table of Contents

Lease termination revenue for the nine months ended September 30, 2014 primarily related to the early termination of leases at the Company's 4570 Executive Drive property and two other properties.

Management’s Estimates

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

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (“ASU”) 2014-09, Revenue From Contracts With Customers (“ASU 2014-09”), which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 states that “an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” While ASU 2014-09 specifically references contracts with customers, it may apply to certain other transactions such as the sale of real estate or equipment. ASU 2014-09 is effective for the Company beginning January 1, 2017. However in July 2015, the FASB granted a one-year deferral of the effective date. The Company does not expect the adoption of this standard to have a significant impact on the consolidated financial statements as a substantial portion of the Company's revenue consists of rental income from leasing arrangements, which are specifically excluded from ASU 2014-09.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis (“ASU 2015-02”), which makes certain changes to both the variable interest model and the voting model, including changes to (1) the identification of variable interests (fees paid to a decision maker or service provider), (2) the variable interest entity characteristics for a limited partnership or similar entity and (3) the primary beneficiary determination. ASU 2015-02 is effective for the Company beginning January 1, 2016. Early adoption is permitted. The Company does not expect the adoption of this standard to have a significant impact on the consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), which requires 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. ASU 2015-03 is effective for the Company beginning January 1, 2016. Early adoption is permitted. Upon adoption, the Company will apply the new standard on a retrospective basis and adjust the balance sheet of each individual period to reflect the period-specific effects of applying the new standard. The Company does not expect the adoption of this standard to have a significant impact on the consolidated financial statements.

3. Equity of the Parent Company

During the nine months ended September 30, 2015, the Parent Company issued restricted stock awards to the Company’s employees and directors totaling 599,954 and 15,244 shares of common stock, respectively (263,914 shares of common stock were surrendered to the Company and subsequently retired in lieu of cash payments for taxes due on the vesting of restricted stock and 44,916 shares were forfeited during the same period), which are included in the total of common stock outstanding as of the period end.

The Parent Company awarded units to certain of its executive officers (the “Performance Units”), which represent a contingent right to receive one share of the Parent Company’s common stock if vesting conditions are satisfied. Outstanding Performance Units vest ratably over two or three year periods (each, a “Performance Period”) based upon the Parent Company’s total stockholder return relative to its peer group (the "Market Conditions"). The grant date fair-value of the Performance Units was estimated using a Monte Carlo simulation which considered the likelihood of achieving the Market Conditions. The expected value of the Performance Units on the grant date was determined by simulating the total stockholder return for the Parent Company and the peer group, considering the stock price variance for each of the peer group companies compared to each other and the Parent Company. In January 2015, 136,296 Performance Units which were originally granted to certain executive officers in January 2012 and represent the maximum number of Performance Units that could have vested, were forfeited as a result of the Parent Company's total stockholder return relative to its peer group for the three years ending December 31, 2014 being below the threshold for any payout. In addition, of the 203,144 Performance Units which were originally granted to certain executive officers in January

Table of Contents

2013 and represent the maximum number of Performance Units that could have vested, 13,215 Performance Units vested (resulting in the issuance of 13,215 shares of the Parent Company's common stock, of which 5,504 shares were surrendered to the Company and subsequently retired in lieu of cash payments for taxes due on such vesting) and the remaining 189,929 Performance Units were forfeited, based on the Parent Company's total stockholder return relative to its peer group for the two years ending December 31, 2014. During the nine months ended September 30, 2015, the Parent Company awarded 401,480 Performance Units which represent the maximum number of Performance Units that may vest over a three-year Performance Period ending December 31, 2017. The grant date fair-value of these awards of approximately $5.8 million will be recognized as compensation expense on a straight-line basis over the three-year Performance Period. The total unearned compensation remaining on the Performance Units granted during the nine months ended September 30, 2015 to be expensed in future periods over a weighted-average term of 2.3 years was $3.6 million as of September 30, 2015. No dividends will be paid or accrued on the Performance Units, and shares of the Parent Company's common stock will not be issued until vesting of the Performance Units occurs.

Common Stock, Operating Partnership Units and LTIP Units

As of September 30, 2015, the Company had outstanding 203,527,787 shares of the Parent Company's common stock and 5,083,400 and 314,824 operating partnership and LTIP units, respectively (excluding operating partnership units held by the Parent Company). A share of the Parent Company's common stock and the operating partnership and LTIP units have essentially the same economic characteristics as they share equally in the total net income or loss and distributions of the Operating Partnership.

Dividends and Distributions

The following table lists the dividends and distributions declared by the Parent Company and the Operating Partnership during the nine months ended September 30, 2015:

Declaration Date	Securities Class	Amount Per Share/Unit	Period Covered	Dividend and Distribution Payable Date	Dividend and Distribution Amount (In thousands)
March 16, 2015	Common stock and OP units	$0.260	January 1, 2015 to March 31, 2015	April 15, 2015	$54,331
June 15, 2015	Common stock and OP units	$0.260	April 1, 2015 to June 30, 2015	July 15, 2015	$54,331
September 15, 2015	Common stock and OP units	$0.260	July 1, 2015 to September 30, 2015	October 15, 2015	$54,320

Changes in Accumulated Other Comprehensive Income / (Loss) by Component

The following table shows the changes in accumulated other comprehensive income / (loss) for the Parent Company for the nine months ended September 30, 2015, by component (in thousands):

	Foreign currency translation adjustments	Unrealized gains on available-for-sale securities	(Loss) / gain on derivative instruments	Total
Balance at December 31, 2014	$2,309	$ 37,705	$(42,228)	$(2,214)

Other comprehensive (loss) / income before reclassifications	(1,473)	37,879	(4,534)	31,872
Amounts reclassified from accumulated other comprehensive income (1)	—	(85,767)	7,515	(78,252)
Net other comprehensive (loss) / income	(1,473)	(47,888)	2,981	(46,380)
Net other comprehensive loss / (income) allocable to noncontrolling interests	37	8,908	(76)	8,869
Balance as of September 30, 2015	$873	$ (1,275)	$(39,323)	$(39,725)

(1) Amounts reclassified from unrealized gain on available-for-sale securities are included in other income, net in the consolidated statements of income. Amounts reclassified from loss on derivative instruments are included in interest expense, net in the consolidated statements of income. See Note 9 for further information.

24

Table of Contents

Noncontrolling Interests

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

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

The redemption value of the OP units not owned by the Parent Company, had such units been redeemed at September 30, 2015, was approximately $108.8 million based on the average closing price of the Parent Company's common stock of $20.16 per share for the ten consecutive trading days immediately preceding September 30, 2015.

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

	September 30, 2015			December 31, 2014		
	Operating Partnership Units and LTIP Units	Percentage of Total		Operating Partnership Units and LTIP Units	Percentage of Total	
BioMed Realty Trust	202,258,307	97.5	%	196,031,538	97.4	%
Noncontrolling interest consisting of:						
Operating partnership and LTIP units held by employees and related parties	2,638,638	1.3	%	2,645,888	1.3	%
Operating partnership and LTIP units held by third parties	2,627,145	1.2	%	2,627,145	1.3	%
Total	207,524,090	100.0	%	201,304,571	100.0	%

4. Capital of the Operating Partnership

Operating Partnership Units and LTIP Units

As of September 30, 2015, the Operating Partnership had outstanding 208,611,187 operating partnership units and 314,824 LTIP units. The Parent Company owned 97.5% of the partnership interests in the Operating Partnership at September 30, 2015, is the Operating Partnership's general partner and is responsible for the management of the Operating Partnership's business. As the general partner of the Operating Partnership, the Parent Company effectively controls the ability to issue common stock of the Parent Company upon a limited partner's notice of redemption. In addition, the Parent Company has generally acquired OP units upon a limited partner's notice of redemption in exchange for shares of its common stock. The redemption provisions of OP units owned by limited partners that permit the Parent Company to settle in either cash or common stock at the option of the Parent Company are further evaluated in accordance with applicable accounting guidance to determine whether temporary or permanent equity classification on the balance sheet is appropriate. The Operating Partnership evaluated this guidance, including the requirement to settle in unregistered shares, and determined that these OP units meet the requirements to qualify for presentation as permanent equity.

The redemption value of the OP units owned by the limited partners, not including the Parent Company, had such units been redeemed at September 30, 2015, was approximately $108.8 million based on the average closing price of the Parent Company's common stock of $20.16 per share for the ten consecutive trading days immediately preceding September 30, 2015.

Changes in Accumulated Other Comprehensive Income / (Loss) by Component

The following table shows the changes in accumulated other comprehensive income / (loss) for the Operating Partnership for the nine months ended September 30, 2015, by component (in thousands):

Table of Contents

	Foreign currency translation adjustments	Unrealized gains on available-for-sale securities	(Loss) / gain on derivative instruments	Total
Balance at December 31, 2014	$2,367	$38,732	$(40,221)	$878
Other comprehensive (loss) / income before reclassifications	(1,473)	37,879	(4,534)	31,872
Amounts reclassified from accumulated other comprehensive income (1)	—	(85,767)	7,515	(78,252)
Net other comprehensive (loss) / income	(1,473)	(47,888)	2,981	(46,380)
Net other comprehensive income allocable to noncontrolling interest	—	9,689	—	9,689
Balance as of September 30, 2015	$894	$533	$(37,240)	$(35,813)

(1) Amounts reclassified from unrealized gain on available-for-sale securities are included in other income, net in the consolidated statements of income. Amounts reclassified from loss on derivative instruments are included in interest expense, net in the consolidated statements of income. See Note 9 for further information.

5. Debt

Debt of the Parent Company

The Parent Company does not hold any indebtedness. All debt is held directly or indirectly by the Operating Partnership; however, the Parent Company has guaranteed the Operating Partnership's Unsecured Senior Notes due 2016 (the "Notes due 2016"), Unsecured Senior Notes due 2019 (the "Notes due 2019"), Unsecured Senior Notes due 2020 (the "Notes due 2020"), Unsecured Senior Notes due 2022 (the "Notes due 2022"), Unsecured Senior Term Loan due 2017 (the "Term Loan due 2017"), Unsecured Senior Term Loan due 2018 (the "Term Loan due 2018") and unsecured line of credit.

Debt of the Operating Partnership

The following is a summary of the Operating Partnership's outstanding consolidated debt as of September 30, 2015 and December 31, 2014 (dollars in thousands):

Table of Contents

	Stated Interest Rate	Effective Interest Rate	Principal Balance September 30, 2015	December 31, 2014	Maturity Date
Mortgage Notes Payable					
9900 Belward Campus Drive	5.64 %	3.99 %	$10,373	$10,486	July 1, 2017
9901 Belward Campus Drive	5.64 %	3.99 %	12,773	12,913	July 1, 2017
100 College Street	2.40 %	2.40 %	108,224	82,210	August 2, 2016
4320 Forest Park Avenue	4.00 %	2.70 %	—	21,000	June 30, 2015
300 George Street	6.20 %	4.91 %	43,721	45,052	July 1, 2025
Hershey Center for Applied Research	6.15 %	4.71 %	12,516	12,938	May 5, 2027
500 Kendall Street (Kendall D)	6.38 %	5.45 %	52,506	55,545	December 1, 2018
Shady Grove Road	5.97 %	5.97 %	139,606	141,131	September 1, 2016
University of Maryland BioPark I	5.93 %	4.69 %	15,483	16,056	May 15, 2025
University of Maryland BioPark II	5.20 %	4.33 %	61,088	61,905	September 5, 2021
University of Maryland BioPark Garage	5.20 %	4.33 %	4,598	4,660	September 1, 2021
University of Miami Life Science & Technology Park	4.00 %	2.89 %	20,000	20,000	February 1, 2016
			480,888	483,896	
Unamortized premiums			11,177	12,861	
Mortgage notes payable, net			492,065	496,757	
Exchangeable Senior Notes (1)	3.75 %	3.75 %	—	95,678	January 30, 2015
Notes due 2016	3.85 %	3.99 %	400,000	400,000	April 15, 2016
Notes due 2019	2.63 %	2.72 %	400,000	400,000	May 1, 2019
Notes due 2020	6.13 %	6.27 %	250,000	250,000	April 15, 2020
Notes due 2022	4.25 %	4.36 %	250,000	250,000	July 15, 2022
			1,300,000	1,300,000	
Unamortized discounts			(5,022)	(6,097)	
Unsecured senior notes, net			1,294,978	1,293,903	
Term Loan due 2017 - U.S. dollar (2)	1.60 %	2.39 %	243,596	243,596	March 30, 2017
Term Loan due 2017 - GBP (2)	1.91 %	2.14 %	151,530	155,730	March 30, 2017
Term Loan due 2018	1.40 %	1.69 %	350,000	350,000	March 24, 2018
Unsecured senior term loans			745,126	749,326	
Unsecured line of credit (3)	1.31 %	1.31 %	463,000	84,000	March 24, 2018
Total consolidated debt			$2,995,169	$2,719,664	

(1) In January 2015, the entire remaining principal amount of the Operating Partnership's Exchangeable Senior Notes due 2030 (the "Exchangeable Senior Notes") was exchanged for 5,764,026 shares of the Parent Company's common stock, at the request of the holders.

(2) In August 2012, the Operating Partnership converted approximately $156.4 million of outstanding borrowings into British pounds sterling (“GBP”) equal to £100.0 million, which was designated as a net investment hedge to mitigate the risk of fluctuations in foreign currency exchange rates. The principal balance represents the U.S. dollar amount based on the exchange rates of $1.52 to £1.00 and $1.56 to £1.00 at September 30, 2015 and December 31, 2014, respectively. The effective interest rate includes the impact of interest rate swap agreements (see Note 9 for further discussion of interest rate swap agreements).

(3) At September 30, 2015, the Operating Partnership had additional borrowing capacity under the unsecured line of credit of up to approximately $437.0 million.

Exchangeable Senior Notes

During the nine months ended September 30, 2015, at the request of the holders that exercised their exchange right pursuant to the terms of the Exchangeable Senior Notes, the Parent Company issued 5,764,026 shares of its common stock in exchange for the remaining $95.7 million in aggregate principal amount of the Exchangeable Senior Notes.

Table of Contents

Net Investment Hedge

The Operating Partnership designated the GBP denominated debt under the Term Loan due 2017 as a net investment hedge. The Operating Partnership entered into this net investment hedge to protect a designated amount of the Operating Partnership's net investment in a GBP functional currency subsidiary against the risk of adverse changes in the GBP/U.S. dollar exchange rate (foreign exchange risk). Variability in the GBP/U.S. dollar exchange rate impacts the Operating Partnership (a U.S. dollar functional currency entity) as the financial statements of the GBP functional currency subsidiary are translated each period, with the effect of changes in the GBP/U.S. dollar exchange rate being recorded in accumulated other comprehensive income. When the net investment is sold or substantially liquidated, the balance of the translation adjustment accumulated in other comprehensive income will be reclassified into earnings. The Operating Partnership is hedging the risk of changes in the U.S. dollar equivalent value of a portion of its net investment in its GBP subsidiary attributable to changes in the GBP/U.S. dollar exchange rate during the period of investment during which the hedging instrument is outstanding.

Maturities of Long-Term Debt

As of September 30, 2015, principal payments due for the Operating Partnership's consolidated indebtedness (excluding debt premiums and discounts) were as follows (in thousands):

2015	$2,620
2016	676,633
2017	427,432
2018	860,804
2019	405,724
Thereafter	615,801
	$2,989,014

6. Earnings Per Share of the Parent Company

Through September 30, 2015 all of the Company's participating securities (including the OP units) received dividends/distributions at an equal dividend/distribution rate per share/unit. As a result, the portion of net income allocable to the weighted-average unvested restricted stock outstanding for the three and nine months ended September 30, 2015 and 2014 has been deducted from net income attributable to the Company to calculate basic earnings per share attributable to common stockholders. The calculation of diluted earnings per share for the three and nine months ended September 30, 2015 and 2014 includes the outstanding OP units (both vested and unvested) in the weighted-average shares, and net income attributable to noncontrolling interests in the Operating Partnership has been added back to net income attributable to the Company. For the three and nine months ended September 30, 2015 and 2014, the Performance Units were dilutive to the calculation of diluted earnings per share as calculated, assuming that September 30, 2015 and 2014 were the end dates of the respective Performance Units' Performance Periods. For the three and nine months ended September 30, 2015 and 2014, the unvested restricted stock was anti-dilutive to the calculation of diluted earnings per share and was therefore excluded. As a result, diluted earnings per share was calculated based upon net income attributable to the Company less net income allocable to unvested restricted stock and distributions in excess of earnings attributable to unvested restricted stock. In addition, for the nine months ended September 30, 2015, 393,631 shares issuable upon settlement of the exchange feature of the Exchangeable Senior Notes were anti-dilutive and were not included in the calculation of diluted earnings per share based on the "if converted" method. For the three and nine months ended September 30, 2014, 7,589,600 and 9,571,008 shares issuable upon settlement of the exchange feature of the Exchangeable Senior Notes, respectively, were anti-dilutive and were not included in the calculation of diluted earnings per share based on the "if converted" method. No other shares were considered anti-dilutive for the three and nine months ended September 30, 2015 or 2014.

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

Table of Contents

	Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Basic earnings per share:				
Net income attributable to the Company	$28,203	$15,960	$69,126	$53,429
Net income allocable and distributions in excess of earnings to participating securities	(349)	(375)	(1,091)	(1,130)
Net income attributable to common stockholders - basic	$27,854	$15,585	$68,035	$52,299
Diluted earnings per share:				
Net income attributable to common stockholders - basic	27,854	15,585	68,035	52,299
Net income attributable to noncontrolling interests in Operating Partnership	734	429	1,804	1,464
Net income attributable to common stockholders - diluted	$28,588	$16,014	$69,839	$53,763
Weighted-average common shares outstanding:				
Basic	202,210,976	194,022,619	201,746,167	191,988,661
Incremental shares from:				
Performance units	192,384	146,800	178,401	255,607
Operating partnership and LTIP units	5,398,224	5,405,474	5,400,986	5,407,089
Diluted	207,801,584	199,574,893	207,325,554	197,651,357
Basic and diluted earnings per share:				
Net income per share attributable to common stockholders - basic and diluted	$0.14	$0.08	$0.34	$0.27

7. Earnings Per Unit of the Operating Partnership

Through September 30, 2015, all of the Operating Partnership’s participating securities received distributions at an equal distribution rate per unit. As a result, the portion of net income allocable to the weighted-average unvested OP units outstanding for the three and nine months ended September 30, 2015 and 2014 has been deducted from net income attributable to the Operating Partnership to calculate basic earnings per unit attributable to common unit holders. For the three and nine months ended September 30, 2015 and 2014, the unvested OP units were anti-dilutive to the calculation of earnings per unit and were therefore excluded from the calculation of diluted earnings per unit, and diluted earnings per unit was calculated based upon net income attributable to unit holders. For the three and nine months ended September 30, 2015 and 2014, the Performance Units were dilutive to the calculation of diluted earnings per unit as calculated, assuming that September 30, 2015 and 2014 were the end date of the respective Performance Units’ Performance Periods. In addition, for the nine months ended September 30, 2015, 393,631 units issuable upon settlement of the exchange feature of the Exchangeable Senior Notes were anti-dilutive and were not included in the calculation of diluted earnings per unit based on the “if converted” method. For the three and nine months ended September 30, 2014, 7,589,600 and 9,571,008 units issuable upon settlement of the exchange feature of the Exchangeable Senior Notes, respectively, were anti-dilutive and were not included in the calculation of diluted earnings per unit based on the “if converted” method. No other units were considered anti-dilutive for the three and nine months ended September 30, 2015 or 2014.

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

29

Table of Contents

	Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Basic and diluted earnings per unit:				
Net income attributable to the Operating Partnership	$28,937	$16,389	$70,930	$54,893
Net income allocable and distributions in excess of earnings to participating securities	(349)	(375)	(1,091)	(1,130)
Net income attributable to unit holders - basic and diluted	$28,588	$16,014	69,839	53,763
Weighted-average units outstanding:				
Basic	207,609,199	199,428,093	207,147,153	197,395,750
Incremental units from:				
Performance units	192,384	146,800	178,401	255,607
Diluted	207,801,583	199,574,893	207,325,554	197,651,357
Basic and diluted earnings per unit:				
Net income per unit attributable to unit holders - basic and diluted	$0.14	$0.08	$0.34	$0.27

8. Investment in Unconsolidated Partnerships

The accompanying consolidated financial statements include investments in two limited liability companies with Prudential Real Estate Investors (“PREI”), 10165 McKellar Court, L.P. (“McKellar Court”), a limited partnership with Quidel Corporation, the tenant which occupies the McKellar Court property and BioPark Fremont, LLC ("BioPark Fremont"), a limited liability company with RPC Poppleton, LLC. General information on the PREI limited liability companies, the McKellar Court partnership and the BioPark Fremont limited liability company (each referred to in this footnote individually as a “partnership” and collectively as the “partnerships”) as of September 30, 2015 was as follows:

Name	Partner	Company’s Ownership Interest	Company’s Economic Interest	Date Acquired
PREI I LLC (1)	PREI	20%	20%	April 4, 2007
PREI II LLC	PREI	20%	20%	April 4, 2007
McKellar Court (2)	Quidel Corporation	22%	22%	September 30, 2004
BioPark Fremont	RPC Poppleton, LLC	50%	50%	May 31, 2013

(1) PREI I LLC owns two properties in Cambridge, Massachusetts. In July 2015, a wholly-owned subsidiary of PREI I LLC refinanced its secured loan facility with $139.0 million in previously outstanding borrowings into a new secured loan with a principal amount of $160.0 million, an interest rate equal to LIBOR plus 140 basis points, and a maturity date of August 1, 2020 (with two options to extend the maturity date for one year each at its discretion after satisfying certain conditions and paying an extension fee).

(2) The Company’s investment in the McKellar Court partnership (maximum exposure to losses) was approximately $11.7 million at September 30, 2015. The Company’s economic interest in the McKellar Court partnership entitles it to 75% of the extraordinary cash flows after repayment of the partners’ capital contributions and 22% of the operating cash flows.

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

30

Table of Contents

	September 30, 2015	December 31, 2014
Assets:		
Investments in real estate, net	$263,410	$267,007
Cash and cash equivalents (including restricted cash)	9,725	6,057
Other assets	10,909	11,599
Total assets	$284,044	$284,663
Liabilities and members’ equity:		
Mortgage notes payable and secured loan	$173,142	$152,056
Other liabilities	19,226	9,020
Members’ equity	91,676	123,587
Total liabilities and members' equity	$284,044	$284,663
Company’s investments in unconsolidated partnerships	$29,367	$35,291

The selected data and results of operations for the unconsolidated partnerships were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Total revenues	$7,439	$18,173	$25,097	$27,386
Total expenses	(7,546)	(15,693)	(25,600)	(27,681)
Net (loss) / income	$(107)	$2,480	$(503)	$(295)
Company’s equity in net income of unconsolidated partnerships	$242	$733	$534	$585
Fees earned by the Company (1)	$263	$140	$536	$678

(1) The Company acts as the operating member or partner, as applicable, and day-to-day manager for the partnerships. The Company is entitled to receive fees for providing construction and development services (as applicable) and management services to the PREI joint ventures, which are reflected in tenant recoveries and other income in the consolidated statements of income.

9. Derivatives and Other Financial Instruments

The Company is exposed to the effect of changes in interest rates on the Operating Partnership’s U.S. dollar-LIBOR-based and GBP-LIBOR-based debt. The Company limits this risk by following established risk management policies and procedures including the use of derivatives. The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements related to the Operating Partnership’s LIBOR-based debt. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The interest rate swaps hedge the Company’s exposure to the variability on expected cash flows attributable to changes in interest rates. These interest rate swaps are currently intended to hedge interest payments associated with the Operating Partnership’s Term Loan due 2017 and Term Loan due 2018.

As of September 30, 2015, the Company had deferred interest costs of approximately $23.7 million in accumulated other comprehensive loss related to forward starting swaps, which were settled with the corresponding counterparties in 2009. The forward starting swaps were entered into to mitigate the Company’s exposure to the variability in expected future cash flows attributable to changes in future interest rates associated with a forecasted issuance of fixed-rate debt, with interest payments for a minimum of ten years. The deferred interest costs will be amortized as additional interest expense over a remaining period of approximately four years.

The following is a summary of the terms of the interest rate swaps and their respective fair-values (dollars in thousands):

Table of Contents

	Notional Amount	Strike Rate	Effective Date	Expiration Date	Fair-Value(1) September 30, 2015	December 31, 2014
Interest rate swaps	$200,000	1.1630 %	March 30, 2012	March 30, 2017	$(1,942)	$ (1,448)
Interest rate swaps	200,000	0.7010 %	October 1, 2013	October 1, 2016	(620)	(186)
Interest rate swaps(2)	75,765	0.7310 %	August 2, 2012	March 30, 2017	(113)	63
Interest rate swaps(2)	75,765	0.7425 %	August 2, 2012	March 30, 2017	(99)	45
Total interest rate swaps	$551,530				$(2,774)	$ (1,526)

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

(2) Translation to U.S. dollars is based on exchange rates of $1.52 to £1.00 and $1.56 to £1.00 at September 30, 2015 and December 31, 2014, respectively.

For derivatives designated as cash flow hedges, the effective portion of changes in the fair-value of the derivative is initially reported in other comprehensive income (outside of earnings) and subsequently reclassified to earnings in the period in which the hedged forecasted transaction affects earnings. During the nine months ended September 30, 2015 and 2014, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair-value of the derivatives is recognized directly in earnings. No portion of the derivatives designated as cash flow hedges were classified as ineffective during the nine months ended September 30, 2015 or 2014.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Amount of loss recognized in other comprehensive income (effective portion):				
Cash flow hedges				
Interest rate swaps	$(1,854)	$(726)	$(4,534)	$(3,426)
Amount of (loss) / income reclassified from accumulated other comprehensive loss to income (effective portion):				
Cash flow hedges				
Interest rate swaps (1)	$(828)	$895	$(2,550)	$2,677
Forward starting swaps (2)	(1,647)	1,677	(4,965)	5,052
Total interest rate swaps	$(2,475)	$2,572	$(7,515)	$7,729
Amount of gain / (loss) recognized in income (ineffective portion and amount excluded from effectiveness testing):				
Other derivative instruments	11	(190)	29	(298)
Total gain / (loss) on derivative instruments	$11	$(190)	$29	$(298)

(1)

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

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

10. Fair-Value of Financial Instruments

Table of Contents

The Company’s disclosures of estimated fair-value of financial instruments at September 30, 2015 and December 31, 2014 were determined using available market information and appropriate valuation methods. Considerable judgment is necessary to interpret market data and develop estimated fair-value. The use of different market assumptions or estimation methods may have a material effect on the estimated fair-value amounts.

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

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

At September 30, 2015 and December 31, 2014, the aggregate fair-value and the carrying value of the Company’s financial instruments were as follows (in thousands):

	September 30, 2015		December 31, 2014	
	Fair-Value (1)	Carrying Value	Fair-Value (1)	Carrying Value
Mortgage notes payable, net	$496,173	$492,065	$502,115	$496,757
Exchangeable Senior Notes	—	—	134,619	95,678
Notes due 2016, net	403,600	399,704	411,600	399,304
Notes due 2019, net	384,080	398,210	398,280	397,873
Notes due 2020, net	267,500	248,640	283,250	248,450
Notes due 2022, net	244,900	248,423	258,250	248,275
Term Loan due 2017 - U.S. dollar	244,500	243,596	244,945	243,596
Term Loan due 2017 - GBP (2)	152,091	151,530	156,589	155,730
Term Loan due 2018	350,430	350,000	350,557	350,000
Unsecured line of credit	462,431	463,000	83,866	84,000
Derivative instruments (3)	2,351	2,351	1,132	1,132
Available-for-sale securities	11,515	11,515	58,621	58,621

(1) Fair-values of debt and derivative instruments are classified in Level 2 of the fair-value hierarchy. Fair-value of available-for-sale securities are classified in Level 1 of the fair-value hierarchy.

(2) The principal balance represents the U.S. dollar amount based on the exchange rate of $1.52 to £1.00 and $1.56 to £1.00 at September 30, 2015 and December 31, 2014, respectively.

(3) The Company’s derivative instruments are reflected in other assets and in accounts payable, accrued expenses and other liabilities on the accompanying consolidated balance sheets based on their respective balances (see Note 9).

11. Acquisitions

The Company acquired four properties during the nine months ended September 30, 2015. The table below reflects the purchase price allocation for these acquisitions (in thousands).

Property	Acquisition Date	Investments in Real Estate	Below Market Lease	In-Place Lease	Acquisition Date Fair-Value
307 Westlake	February 11, 2015	$85,733	$(1,824)	$5,791	$89,700
Towne Centre Technology Park (1)	May 5, 2015	84,181	—	—	84,181
South Street Landing (1) (2)	July 24, 2015	21,352	—	—	21,352
21 Firstfield (1)	September 3, 2015	10,418	(875)	854	10,397
Total		$201,684	$(2,699)	$6,645	$205,630
Weighted average intangible amortization life (in months)			96	95	

(1) Amounts reflect preliminary purchase price allocations.
(2) Amount represents the initial investment in a development project which is expected to include a 267,941 square foot office and laboratory building, a 750 stall garage and 172 unit graduate student housing complex.

Revenues of approximately $6.4 million and net income of $4.6 million associated with the acquired properties are included in the consolidated statements of income for the three months ended September 30, 2015 for both the Parent Company and the Operating Partnership.

Revenues of approximately $13.7 million and net income of $8.8 million associated with the acquired properties are included in the consolidated statements of income for the nine months ended September 30, 2015 for both the Parent Company and the Operating Partnership.

12. Subsequent Events

Merger Agreement

On October 7, 2015, the Parent Company and the Operating Partnership entered into an Agreement and Plan of Merger (the “Merger Agreement”) with BRE Edison Holdings L.P. (“Parent”), BRE Edison L.P. (“Merger Sub I”) and BRE Edison Acquisition L.P. (“Merger Sub II”). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub II will merge with and into the Operating Partnership (the “Partnership Merger”), and the separate existence of Merger Sub II will cease and the Operating Partnership will be the surviving partnership in the Partnership Merger. Immediately following the effective time of the Partnership Merger (the “Partnership Merger Effective Time”), the Parent Company will merge with and into Merger Sub I (the “Company Merger” and, together with the Partnership Merger, the “Mergers”), and the separate existence of the Parent Company will cease and Merger Sub I will continue as the surviving company in the Company Merger. The Mergers and the other transactions contemplated by the Merger Agreement have been unanimously approved by our board of directors. Parent, Merger Sub I and Merger Sub II are affiliates of Blackstone Real Estate Partners VIII L.P., an affiliate of The Blackstone Group L.P.

Pursuant to the terms and conditions in the Merger Agreement, at the effective time of the Company Merger (the “Company Merger Effective Time”), each share of common stock of the Parent Company, other than shares held by any of the Parent Company’s subsidiaries or Parent, Merger Sub I or any of their respective subsidiaries, if any, that is issued and outstanding immediately prior to the Company Merger Effective Time will automatically be converted into the right to receive an amount in cash equal to $23.75 (plus, if the Mergers are consummated after January 1, 2016, a per diem amount of approximately $0.003 for each day from and after such date until (but not including) the closing date) (the “Per Company Share Merger Consideration”), without interest.

Pursuant to the terms and conditions in the Merger Agreement, at the Partnership Merger Effective Time, each OP unit in the Operating Partnership, other than OP units held by the Parent Company or any of the Parent Company’s subsidiaries or Parent, Merger Sub II or any of their respective subsidiaries, if any, that is issued and outstanding immediately prior to the Partnership Merger Effective Time will automatically be converted into, and will be canceled in exchange for, the right to receive an amount in cash equal to the Per Company Share Merger Consideration, without interest, provided that, in lieu of receiving the Per Company Share Merger Consideration, each qualifying holder of partnership units may elect to receive one newly created 5.5% Series B Cumulative Preferred Unit in the surviving partnership per OP unit for all or a portion of such holder's OP units.

In addition, immediately prior to the Company Merger Effective Time, each outstanding restricted stock award of the Parent Company will automatically become fully vested and non-forfeitable, and all shares of common stock of the Parent Company represented thereby will be considered outstanding and subject to the right to receive the Per Company Share Merger Consideration (less any applicable income and employment taxes). In addition, immediately prior to the Company Merger Effective Time, each outstanding Performance Unit will automatically become earned and vested with respect to the number of shares of common stock subject to such Performance Unit based on the achievement of the applicable performance goals set forth in the award agreement governing such Performance Unit as of such date. Such earned and vested Performance Units will be canceled and, in exchange therefor, Parent will cause the surviving entity in the Company Merger to pay to each former holder an amount in cash, without interest, and less any applicable income and employment withholding taxes, equal to the Per Company Share Merger Consideration for each such Performance Unit. Each Performance Unit that does not become earned and vested based on achievement of the applicable performance goals will terminate without consideration immediately prior to the Company Merger Effective Time.

In connection with the transaction, the parties intend that the Operating Partnership will, at the request of Parent, use its commercially reasonable efforts to commence offers to purchase and related consent solicitations for one or more series of the Notes due 2016, Notes due 2019, Notes due 2020 and/or Notes due 2022 (collectively, the "Senior Notes") and/or reasonably cooperate in effecting the giving of notices of optional redemption and the satisfaction and discharge or covenant defeasance of the Senior Notes on the closing date, in each case conditioned upon, among other things, the consummation of the Mergers. Details with respect to any such offers to purchase and related consent solicitations or redemptions will be set forth in the documents relating to any such transactions. The disclosure in this Quarterly Report on Form 10-Q is not an offer to purchase, a solicitation of consents or a notice of redemption, nor the solicitation of an offer to sell securities or to deliver consents.

The Merger Agreement also contains customary representations, warranties and covenants, including, among others, covenants by the Parent Company to conduct its business in all material respects in the ordinary course of business consistent with past practice, subject to certain exceptions, during the period between the execution of the Merger Agreement and the consummation of the Mergers. The obligations of the parties to consummate the Mergers are not subject to any financing condition or the receipt of any financing by Parent, Merger Sub I or Merger Sub II.

The consummation of the Mergers is subject to certain customary closing conditions, including, among others, approval of the Company Merger and the other transactions contemplated by the Merger Agreement by the affirmative vote of a majority of the outstanding shares of common stock of the Parent Company (the "Company Requisite Vote") as of the record date for the special meeting of stockholders.

The Merger Agreement requires the Parent Company to convene a stockholders' meeting for purposes of obtaining the Company Requisite Vote and to prepare and file a proxy statement with the U.S. Securities and Exchange Commission with respect to such meeting as promptly as practicable after the date of the Merger Agreement, which proxy statement will contain, subject to certain exceptions, our board of directors' recommendation that the Parent Company's stockholders vote in favor of the Company Merger and the other transactions contemplated by the Merger Agreement.

The Parent Company has agreed not to solicit or enter into an agreement regarding a Company Acquisition Proposal (as defined in the Merger Agreement), and, subject to certain exceptions, is not permitted to enter into discussions or negotiations concerning, or provide non-public information to a third party in connection with, any Company Acquisition Proposal. However, the Parent Company may, prior to obtaining the Company Requisite Vote, engage in discussions or negotiations and provide non-public information to a third party which has made an unsolicited written bona fide Company Acquisition Proposal if our board of directors determines in good faith, after consultation with outside legal counsel and financial advisors, that such Company Acquisition Proposal constitutes, or could reasonably be expected to lead to, a Superior Proposal (as defined in the Merger Agreement).

Prior to the approval of the Company Merger and the other transactions contemplated by the Merger Agreement by the Parent Company's stockholders, our board of directors may, in certain circumstances, effect an Adverse Recommendation Change (as defined in the Merger Agreement), subject to complying with specified notice and other conditions set forth in the Merger Agreement.

The Merger Agreement may be terminated under certain circumstances by the Parent Company, including prior to obtaining the Company Requisite Vote, if, after following certain procedures and adhering to certain restrictions, our board of directors has effected an Adverse Recommendation Change in connection with a Superior Proposal and the Parent Company enters into a definitive agreement providing for the implementation of a Superior Proposal. In addition, Parent may terminate the Merger Agreement under certain circumstances and subject to certain restrictions, including if our board of directors effects, or has resolved to effect, an Adverse Recommendation Change. Upon a termination of the Merger Agreement, under certain circumstances, the Parent Company will be required to pay a termination fee to Parent of $160.0 million. In certain other circumstances, Parent will be required to pay the Parent Company a termination fee of $460.0 million upon termination of the Merger Agreement. Blackstone Real Estate Partners VIII L.P. (the “Sponsor”), an affiliate of The Blackstone Group L.P., has guaranteed certain payment obligations of Parent under the Merger Agreement up to $460.0 million.

Following the announcement of the execution of the Merger Agreement, three purported class actions related to the proposed Mergers, Noon v. BioMed Realty Trust, Inc., et al., No. 24-C-15-005174, Lipovich v. Gold, et al., No. 24-C-15-005174 and Schwartz

Table of Contents

v. BioMed Realty Trust, Inc., et al., No. 24-C-15-005477, were filed in the Circuit Court of Maryland for Baltimore City, against the Company, Parent, Merger Sub I, Merger Sub II, the Sponsor, and the members of the Company's board of directors, alleging, among other things, that the directors breached their fiduciary duties in connection with the Merger Agreement. Refer to Part II, Item 1, "Legal Proceedings" for further details. The Company is unable to predict the developments in, outcome of, and/or economic or other consequences of this litigation or predict the developments in, outcome of, and/or other consequences arising out of any potential future litigation or government inquiries related to the Mergers.

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

As used herein, the terms "we," "us," "our" or the "Company" refer to BioMed Realty Trust, Inc., a Maryland corporation, and any of our subsidiaries, including BioMed Realty, L.P., a Maryland limited partnership of which BioMed Realty Trust, Inc. is the parent company and general partner, which may be referred to herein as the "operating partnership." The following discussion should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this report. We make statements in this report that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: the ability of the Company to obtain required stockholder or regulatory approvals required to consummate the Mergers and other transactions contemplated by the Merger Agreement; the satisfaction or waiver of other conditions to closing in the definitive agreement for the Mergers and other transactions contemplated by the Merger Agreement; unanticipated difficulties or expenditures relating to the Mergers and other transactions contemplated by the Merger Agreement; the response of business partners and competitors to the announcement of the Mergers; potential difficulties in employee retention as a result of the announcement and pendency of the Mergers; legal proceedings that have been, or may be instituted against the Company and others related to the Mergers and other transactions contemplated by the Merger Agreement; adverse economic or real estate developments in the life science industry or in our target markets, including the inability of our tenants to obtain funding to run their businesses; our dependence upon significant tenants; our failure to obtain necessary outside financing on favorable terms or at all, including the continued availability of our unsecured line of credit; general economic conditions, including downturns in the foreign, domestic and local economies; changes in interest rates and foreign currency exchange rates; volatility in financial and securities markets; defaults on or non-renewal of leases by tenants; our inability to compete effectively; increased operating costs; our inability to successfully complete real estate acquisitions, developments and dispositions; risks and uncertainties affecting property development and construction; risks associated with tax credits, grants and other subsidies to fund development activities; our failure to effectively manage our growth and expansion into new markets or to successfully operate acquired properties and companies; our ownership of properties outside of the United States that subject us to different and potentially greater risks than those associated with our domestic operations; risks associated with our investments in loans, including borrower defaults and potential principal losses; reductions in asset valuations and related impairment charges; the loss of services of one or more of our executive officers; our failure to qualify or continue to qualify as a REIT; our failure to maintain our investment grade corporate credit ratings or a downgrade in our investment grade corporate credit ratings from one or more of the rating agencies; government approvals, actions and initiatives, including the need for compliance with environmental requirements; the effects of earthquakes and other natural disasters; lack of or insufficient amounts of insurance; risks associated with security breaches and other disruptions to our information technology networks and related systems; and changes in real estate, zoning and other laws and increases in real property tax rates. Any forward-looking statement speaks only as of the date of this Quarterly Report on Form 10-Q. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information or developments, future events or otherwise. The risks included here are not exhaustive, and additional factors could adversely affect our business and financial performance, including factors and risks included in other sections of this report. We discussed a number of material risks in our annual report on Form 10-K for the year ended December 31, 2014. Those risks continue to be relevant to our performance and financial condition. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue

Table of Contents

reliance on forward-looking statements as a prediction of actual results. A discussion of additional risks related to our business can be found below under Part II, Item 1A, “Risk Factors.”

Pending Mergers

See Note 12 of the Notes to Consolidated Financial Statements included elsewhere herein for a discussion of the pending merger transaction to which the Company and the operating partnership are parties. The Mergers are expected to close during the first quarter of 2016, although closing is subject to various conditions, including the approval of the Company Merger by our common stockholders, and therefore, we cannot provide any assurance that the Mergers will close in a timely manner or at all.

Our ability to execute on our business plan could be adversely impacted by operating restrictions included in the Merger Agreement, including restrictions on acquiring new assets and raising additional capital. We have incurred and will incur a variety of merger-related costs which while not recurring in nature will not be recoverable if the Mergers are not consummated.

Overview

We operate as a fully integrated, self-administered and self-managed REIT focused on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. Our tenants primarily include biotechnology and pharmaceutical companies, scientific research institutions, government agencies and other entities involved in the life science industry. Our properties are generally located in markets with well-established reputations as centers for scientific research, including Boston, San Francisco, San Diego, Maryland, New York / New Jersey, Pennsylvania, North Carolina, Seattle, Cambridge (United Kingdom) and research parks located near or adjacent to universities and their related medical systems.

At September 30, 2015, we owned or had interests in a portfolio of properties with an aggregate of approximately 18.9 million rentable square feet.

The following reflects the classification of our properties between operating properties, active new construction (properties that are currently under development through ground up construction), active redevelopment (properties that we are currently preparing for their intended use, and accordingly are capitalizing interest and other costs as of the end of the quarter), unconsolidated partnership portfolio (properties which we partially own, but are not included in our consolidated financial statements) and land bank (representing properties engaged in activities related to planning, entitlement or other preparations for future development, and management’s estimates of rentable square footage if development of these properties was undertaken) at September 30, 2015:

	Gross Book Value (In thousands)	Buildings	Rentable Square Feet	Leased %	
Operating portfolio	6,206,086	179	16,445,488	93.4	%
Active new construction	260,119	11	1,884,346	71.6	%
Active redevelopment	55,907	3	182,866	—	%
Unconsolidated partnership portfolio	29,367	3	355,080	99.9	%
Land bank (1)	279,973	—	6,381,500	—	
Total portfolio	$6,831,452	196	25,249,280		

(1) Includes properties engaged in activities related to planning, entitlement, or other preparations for future development.

Factors Which May Influence Future Operations

Our long-term corporate strategy is to continue to focus on acquiring, developing, owning, leasing and managing laboratory and office space for the life science industry. As of September 30, 2015, our total operating portfolio was 93.4% leased to 385 tenants. As of December 31, 2014, our total operating portfolio was 89.2% leased to 327 tenants.

Our leasing strategy for 2015 focuses on leasing vacant space, negotiating renewals for leases scheduled to expire during the year, and identifying new tenants or existing tenants seeking additional space to occupy the spaces for which we are unable to negotiate such renewals. We may proceed with additional new developments and acquisitions, as real estate and capital market conditions permit. As of September 30, 2015, leases representing 1.6% and 4.1% of our leased square feet were scheduled to expire during 2015 and 2016, respectively. The success of our leasing and development strategy depends on, among other things, general economic conditions, real estate market conditions and life science industry trends in our target markets in the United States and the United Kingdom.

Table of Contents

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

A discussion of additional factors which may influence future operations can be found below under Part II, Item 1A, "Risk Factors," and in our annual report on Form 10-K for the year ended December 31, 2014.

Critical Accounting Policies

A complete discussion of our critical accounting policies can be found in our annual report on Form 10-K for the year ended December 31, 2014.

Results of Operations

Leasing Activity

During the nine months ended September 30, 2015, we executed 156 leasing transactions representing 3,358,625 square feet, including 106 new leases totaling 2,781,209 square feet and 50 leases amended to extend their terms totaling 577,416 square feet. The following table summarizes our leasing activity, including leasing activity in our unconsolidated portfolio, during the nine months ended September 30, 2015:

	Leased Square Feet	Current annualized base rent per leased square foot (1)	Current annualized base rent per leased square foot - GAAP basis (2)
Leased square feet as of December 31, 2014	15,669,843		
Acquisitions	167,942	$35.63	$39.47
Expirations and terminations	(1,868,948)	36.34	34.00
Forward-lease delivery (3)	192,505	36.74	39.24
Renewals and extensions	577,416	31.63	33.52
New leases (4)	2,320,121	30.45	31.90
Leased square feet as of September 30, 2015	17,058,879		
Forward-leased square feet as of December 31, 2014 (3)	179,149		
Forward-lease acquisitions	10,524	$23.11	$23.63
Forward-lease new leases - second generation (3) (5)	461,088	48.38	59.35
Forward-lease delivery (3)	(192,505)	36.74	39.24
Forward-leased square feet as of September 30, 2015 (3)	458,256		

(1) Current annualized base rent per leased square foot is the monthly contractual rent per leased square foot as of the period end, or if rent has not yet commenced, the first monthly rent payment per leased square foot due at each rent commencement date, multiplied by 12 months.

(2)

Current annualized base rent per leased square foot - GAAP basis is the monthly contractual rent per square foot as of the period end, or if rent has not yet commenced, the first monthly rent payment per square foot due at each rent commencement date, multiplied by 12 months (as adjusted for straight line rent, fair-value lease revenue and lease incentive revenue).

(3) Leases on space which is currently occupied and where the leases are expected to commence upon vacancy of the existing tenants.

38

Table of Contents

(4) Includes leases on space which, in management's evaluation, require significant improvements to prepare or condition the premises for its intended purpose or enhance the value of the property. This generally includes capital expenditures for active new construction, active redevelopment or repositioning a property.

(5) Leases which are not considered by management to be first generation leases.

The following table summarizes our leasing activity and associated leasing costs for the nine months ended September 30, 2015:

	Number of leases	Square feet	Free rent months	Tenant improvement costs per square foot (1)	Landlord costs per square foot (1)	Leasing commission costs per square foot (1)
Renewals and extensions	50	577,416	0.7	$8.72	$0.55	$6.70
New leases (2)	106	2,781,209	3.0	90.05	62.61	9.25
Total / weighted-average	156	3,358,625	2.6	$76.07	$51.94	$8.81

(1) Based on management estimates. Assumes all tenant improvement, landlord and commission costs are paid in the calendar year in which the lease is executed, which may be different than the year in which they are actually paid.

(2) New leases - second generation were leased at a weighted-average current annualized base rent of $49.69 per square foot, representing an increase of 20.5% over the previously expiring rents on a GAAP basis primarily due to improvements in real estate market conditions, higher demand from life science tenants and higher tenant improvement allowances. Includes forward-lease new leases - second generation.

Active New Construction and Redevelopment

The following table summarizes our consolidated properties under active new construction and redevelopment at September 30, 2015 (dollars in thousands):

Property	Rentable Square Feet	Percent Leased		Investment to Date (1)	Estimated Total Investment (2)	Estimated In-Service Date (3)
Active New Construction						
South Street Landing (4)	267,941	100.0	%	$37,100	$185,000	Q3 2016 - Q3 2017
i3	316,000	—	%	65,000	181,500	Q3 2017
Lincoln Centre (5)	360,000	100.0	%	35,800	147,000	Q3 2017 & Q3 2018
Chesterfield	284,462	49.9	%	9,100	86,000	Q4 2017
Granta Park II	155,000	100.0	%	3,000	76,000	Q4 2017
500 Fairview Avenue	122,702	37.8	%	37,700	74,500	Q1 2016
Wake 60	283,250	100.0	%	22,600	55,300	Q3 2016
Granta Park	94,991	100.0	%	100	52,000	Q1 2017
Total / weighted-average	1,884,346	71.6	%	$210,400	$857,300	
Active Redevelopment						
Sidney Street/40 Erie Street	289,468	36.3	%	$119,500	$206,000	Q4 2015 - 2017
Towne Centre Technology Park	182,866	—	%	55,400	105,000	Q1 2016 - 2017
Total / weighted-average	472,334	22.3	%	$174,900	$311,000	
Total				$385,300		

(1) Includes amounts paid for acquiring the property, landlord improvements, tenant improvement allowances and capitalized payroll, interest, ground rent and operating expenses, but excludes any amounts accrued as of September 30, 2015.

(2)

Includes construction costs associated with speculative leasing and forecasted capitalized payroll, interest, ground rent and operating expenses.

(3) Management's estimate of the time in which construction is substantially completed. A project is considered substantially complete and held available for occupancy upon the completion of tenant improvements, but no later than one year from c

39

Table of Contents

essation of major construction activity. Upon completion, management expects the property to enter the same property portfolio one year subsequent to the in-service date.

(4) Upon completion of development, South Street Landing is expected to include a 267,941 square foot office and laboratory building, a 750 stall garage and a 172 unit graduate student housing complex.

(5) Phase I of the project is comprised of 200,000 square feet and is estimated to be delivered in the third quarter of 2017. Phase II comprising 160,000 square feet is estimated to be delivered in the third quarter of 2018.

The following summarizes our capital expenditures during the nine months ended September 30, 2015 and 2014 (in thousands):

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	Change	Percent Change
Active new construction	$172,153	$183,658	$(11,505)	(6.3)%
Tax credit funding receipts, net of deferred costs	(11,938)	(22,557)	$10,619	(47.1)%
Land bank	8,341	14,685	(6,344)	(43.2)%
Active redevelopment	9,506	4,534	4,972	109.7%
Tenant improvements - first generation	35,588	31,093	4,495	14.5%
Recurring capital expenditures and second generation tenant improvements (1)	60,378	46,291	14,087	30.4%
Other capital	21,195	20,455	740	3.6%
Total capital expenditures	$295,223	$278,159	$17,064	6.1%

(1) Recurring capital expenditures exclude (a) items associated with the expansion of a building or its improvements, (b) renovations to a building which change the underlying classification of the building, incurred to prepare or condition the premises for its intended purpose (for example, from office to laboratory) or (c) capital improvements that represent an addition to the property rather than the replacement of property, plant or equipment. Includes revenue enhancing and non-revenue enhancing recurring capital expenditures.

Total capital expenditures were $295.2 million and $278.2 million for the nine months ended September 30, 2015 and 2014, respectively. See the section entitled "Liquidity and Capital Resources of BioMed Realty, L.P." below for further information on obligations for capital expenditures expected to be incurred in the future.

Comparison of the Three Months Ended September 30, 2015 to the Three Months Ended September 30, 2014

The following table sets forth historical financial information of the operations for same properties (all properties except properties held for sale, previous same properties, development properties, new properties and other entities), previous same properties (properties previously included in the same property portfolio during the three months ended September 30, 2014 that are now in the land bank), development properties (properties that were entirely or primarily under active new construction during either of the three months ended September 30, 2015 or 2014), new properties (properties that were not owned for each of the three months ended September 30, 2015 and 2014 and were not previous same properties or development properties) and other entities (legal entities performing corporate level functions and properties that were sold during or in between the comparative periods (dollars in thousands, except on a per square foot basis):

Table of Contents

	For the Three Months Ended September 30, 2015						
	Same Properties	Previous Same (1)	Total	Development	New Properties	Other (2)	Total
Rentable square feet	14,987,573	—	14,987,573	3,356,123	169,004	N/A	18,512,700
Percent of total portfolio	81.0 %	— %	81.0 %	18.1 %	0.9 %	N/A	100.0 %
Percent leased	92.8 %	— %	92.8 %	78.2 %	99.4 %	N/A	90.2 %

For the Three Months Ended September 30, 2015				
Same Properties	Previous Same (1)	Total	Development	New Properties