

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

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

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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  
(State or other jurisdiction of  
incorporation or organization)

20-1142292 (BioMed Realty Trust, Inc.)  
20-1320636 (BioMed Realty, L.P.)  
(I.R.S. Employer Identification No.)

17190 Bernardo Center Drive  
San Diego, California  
(Address of Principal Executive Offices)  
(858) 485-9840

92128  
(Zip Code)

(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  No

BioMed Realty, L.P. Yes  No

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

BioMed Realty Trust, Inc. Yes  No

BioMed Realty, L.P. Yes  No

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):

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BioMed Realty Trust, Inc.:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

BioMed Realty, L.P.:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

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  No

BioMed Realty, L.P. Yes  No

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.

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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

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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  
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PART I - FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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## BIOMED REALTY TRUST, INC.

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	September 30, 2015 (Unaudited)	December 31, 2014
<b>ASSETS</b>		
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
<b>LIABILITIES AND EQUITY</b>		
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.

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## 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.

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## BIOMED REALTY TRUST, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		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.

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## BIOMED REALTY TRUST, INC.

## CONSOLIDATED STATEMENT OF EQUITY

(In thousands, except share data)

(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss, net	Dividends in Excess of Earnings	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
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

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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.

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## 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 )

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	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.

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## BIOMED REALTY, L.P.

## CONSOLIDATED BALANCE SHEETS

(In thousands, except unit data)

	September 30, 2015 (Unaudited)	December 31, 2014
<b>ASSETS</b>		
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
<b>LIABILITIES AND CAPITAL</b>		
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
<b>Capital:</b>		
<b>Partners' capital:</b>		
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.

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## 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.

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## 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.

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## 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

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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.

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## 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





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	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	\$