

BRANDYWINE REALTY TRUST
Form 424B2
February 03, 2004

**Filed Pursuant to Rule 424(b)(2)
Registration No. 333-56237**

**PRELIMINARY PROSPECTUS SUPPLEMENT
(to Prospectus Dated February 9, 1999)**

This prospectus supplement and the accompanying prospectus relate to an effective registration statement under the Securities Act of 1933, as amended, but are not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated February 3, 2004

2,000,000 Preferred Shares

Brandywine Realty Trust

**% Series D Cumulative Redeemable Preferred Shares
Liquidation Preference \$25.00 per Share**

We are offering 2,000,000 shares of our % Series D Cumulative Redeemable Preferred Shares of Beneficial Interest, par value \$0.01 per share, which we refer to as our "Series D Preferred Shares." We will pay to investors cumulative dividends on the Series D Preferred Shares, from and including the date of original issuance, in the amount of \$ per share each year, which is equivalent to % of the \$25.00 liquidation preference per share. Dividends on the Series D Preferred Shares will be payable quarterly in arrears, beginning on April 15, 2004.

We may not redeem the Series D Preferred Shares before February , 2009, except to preserve our status as a real estate investment trust. On or after February , 2009, we may, at our option, redeem the Series D Preferred Shares, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid dividends up to and including the date of redemption. The Series D Preferred Shares have no stated maturity, will not be subject to any sinking fund or mandatory redemption and will not be convertible into any of our other securities. Owners of the Series D Preferred Shares will generally have no voting rights, but will have limited voting rights if we fail to pay dividends for six or more quarters and under certain other circumstances.

There is currently no public market for our Series D Preferred Shares. We have applied to list our Series D Preferred Shares on the New York Stock Exchange under the symbol "BDN PrD" subject to official notice of issuance. We expect that trading will commence within 30 days after the initial delivery of the Series D Preferred Shares.

Investing in our Series D Preferred Shares involves certain risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement and the "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Series D Preferred Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters have an option to purchase up to an additional 300,000 Series D Preferred Shares from us to cover over-allotments, if any.

The Series D Preferred Shares are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a real estate investment trust for federal income tax purposes. See "Description of Shares of Beneficial Interest—Restrictions on Transfer" beginning on page S-18 of this prospectus supplement.

The underwriters expect that the Series D Preferred Shares will be ready for delivery in book-entry form through the facilities of The Depository Trust Company on or about February , 2004.

Wachovia Securities

Bear, Stearns & Co. Inc.

Raymond James & Associates

The date of this prospectus supplement is February , 2004.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement and the accompanying prospectus. Our business,

financial condition, results of operations and prospects may have changed since that date.

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ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing information to you about this offering of our Series D Preferred Shares in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying base prospectus, which provides general information. Generally, when we refer to this “prospectus,” we are referring to both documents combined. Some of the information in the base prospectus may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying base prospectus, you should rely on the information contained in this prospectus supplement.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included or incorporated by reference in this prospectus supplement or the accompanying base prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” “project,” or the negative of these words, or other similar words or terms. Factors which could materially and adversely affect us include, but are not limited to, changes in economic conditions generally and the real estate market specifically, legislative/regulatory changes including changes to laws governing the taxation of real estate investment trusts, which we call “REITs,” availability of debt and equity capital, interest rate fluctuations, competition, supply and demand for properties in our current and proposed market areas, accounting principles, policies and guidelines applicable to REITs, environmental risks, tenant bankruptcies and the other matters described under the heading “Risk Factors” beginning on page S-6 of this prospectus supplement and the “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002. All of these factors should be considered in evaluating any forward-looking statements included or incorporated by reference in this prospectus supplement or the accompanying base prospectus.

Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or the accompanying base prospectus, whether as a result of new information, future events or otherwise. In light of the factors referred to above, the future events discussed in or incorporated by reference in this prospectus supplement or the accompanying base prospectus may not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

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SUMMARY

This summary may not contain all of the information that is important to you. Before making an investment decision, you should carefully read this entire prospectus supplement and the accompanying base prospectus, especially the "Risk Factors" section beginning on page S-6 of this prospectus supplement the "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and the "Where You Can Find More Information" section beginning on page S-33 of this prospectus supplement, as well as the documents incorporated by reference in this prospectus supplement and in the accompanying base prospectus. Unless otherwise indicated, financial information included in this prospectus supplement is presented on a historical basis. All references to "we," "our" or "us" in this prospectus supplement refer to Brandywine Realty Trust and, where appropriate, its consolidated subsidiaries unless the context otherwise requires.

Brandywine Realty Trust

We are a self-administered and self-managed real estate investment trust ("REIT") active in acquiring, developing, redeveloping, leasing and managing office and industrial properties. As of September 30, 2003, we owned 207 office properties, 25 industrial facilities and one mixed-use property containing an aggregate of approximately 16.0 million net rentable square feet. We were also performing management and leasing services for 39 properties owned by third parties and containing an aggregate of three million net rentable square feet. In addition, as of September 30, 2003, we held economic interests in ten unconsolidated real estate ventures that were formed with third parties to develop commercial properties. The real estate ventures own eight office buildings that contain approximately 1.2 million net rentable square feet. As of September 30, 2003, we had an aggregate investment in real estate ventures of approximately \$13.2 million (net of returns of investment received by us). As of September 30, 2003, we also owned approximately 425 acres of undeveloped land and held options to purchase approximately 61 additional acres. Our properties are located in the office and industrial markets in and surrounding Philadelphia, Pennsylvania, New Jersey and Richmond, Virginia.

We were organized and commenced operations in 1986 as a Maryland REIT. We own our assets and conduct our operations through Brandywine Operating Partnership, L.P., a Delaware limited partnership (referred to herein as our "operating partnership"), and subsidiaries of our operating partnership. As of September 30, 2003, our ownership interest in our operating partnership entitled us to approximately 95.6% of the operating partnership's distributions after distributions by the operating partnership to holders of its preferred units.

Our executive offices are located at 401 Plymouth Road, Suite 500, Plymouth Meeting, Pennsylvania 19462 and our telephone number is (610) 325-5600. We have an internet website at www.brandywinerealty.com.

Recent Developments

In October 2003, we sold six office properties containing approximately 302,000 square feet for aggregate cash net proceeds of approximately \$28.1 million.

On October 20, 2003, we sold 2,587,500 Common Shares for net proceeds of approximately \$63.9 million. We used approximately \$14.9 million of the net proceeds from this offering, together with proceeds from the sales of properties sold earlier in the month, to fund the purchase of an office property located in Wayne, Pennsylvania containing approximately 248,000 net rentable square feet and applied approximately \$49.0 million to reduce the outstanding balance under our revolving credit facility.

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On December 9, 2003, we consummated a joint venture with an affiliate of Macquarie Office Trust. We contributed to this joint venture two of our office properties, 1 and 3 Christina Centre, located in Wilmington, Delaware, and we obtained approximately \$105.0 million in cash and an approximately 20% interest in the joint venture. We used approximately \$52.9 million of the cash proceeds to repay, without penalty, mortgage debt that had been secured by the contributed properties and applied the balance of the proceeds to reduce the outstanding balance under our revolving credit facility.

On December 24, 2003, we exercised our option to enter into a ground lease with the National Railroad Passenger Corporation ("Amtrak") for a parcel of land adjacent to Amtrak's 30th Street Station in Philadelphia. We will soon commence construction at this site of a 28-floor office tower, containing approximately 690,000 square feet of office space and 37,000 square feet of conference and retail space and related amenities for a total of approximately 727,000 square feet. We expect to complete this project in the fourth quarter of 2005. This project is approximately 54% pre-leased. The anchor tenants are two law firms, Dechert LLP, an international law firm that has signed a lease for 245,000 square feet, and Woodcock Washburn LLP, the region's largest intellectual property law firm, that has signed a lease for 109,000 square feet. We have also signed a lease for 20,000 square feet with Attalus Capital, a Philadelphia-based hedge fund and private equity firm.

On December 29, 2003, we acquired an office property containing approximately 112,000 square feet of office space for approximately \$20.0 million. As of the date of acquisition, the property was 97% leased to 11 tenants.

On December 30, 2003, we sold 2,000,000 7.50% Series C Cumulative Redeemable Preferred Shares ("Series C Preferred Shares") for net proceeds of approximately \$48.1 million. We used the net proceeds from this offering, together with borrowings under our revolving credit facility, to redeem 3,281,250 of our then outstanding 8.75% Series B Senior Cumulative Convertible Preferred Shares ("Series B Preferred Shares") and to purchase warrants exercisable for 250,000 Common Shares at an exercise price of \$24.00. On December 30, 2003, the remaining 1,093,750 Series B Preferred Shares were converted into 1,093,750 Common Shares.

On January 12, 2004, we sold 2,645,000 Common Shares for net proceeds of approximately \$69.3 million. We used the net proceeds from this offering to reduce the outstanding balance under our revolving credit facility.

On February 3, 2004, we entered into an agreement with Commonwealth Atlantic Operating Properties, Inc., the holder of 1,950,000 Series B Preferred Units (the "Series B Preferred Units") in our operating partnership. The Series B Preferred Units have an aggregate stated value of \$97.5 million and accrue distributions at 7.25% per annum. We have agreed to redeem all of the Series B Preferred Units for an aggregate price of \$93.0 million, together with accrued but unpaid distributions from January 1, 2004. We have agreed to redeem 1,048,387 Series B Preferred Units on February 6, 2004 for \$50.0 million, together with accrued but unpaid distributions from January 1, 2004. We have agreed to redeem the remaining Series B Preferred Units on or before March 15, 2004 for \$43.0 million, together with accrued but unpaid distributions from January 1, 2004. We have agreed to post a \$4.0 million deposit to secure our agreement to redeem the remaining Series B Preferred Units and will forfeit our deposit if we do not acquire all of the remaining Series B Preferred Units.

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THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series D Preferred Shares see "Description of Series D Preferred Shares" beginning on page S-[12] of this prospectus supplement.

- Issuer** Brandywine Realty Trust

- Securities offered** 2,000,000 of % Series D Cumulative Redeemable Preferred Shares, par value \$0.01 per share (an additional 300,000 Series D Preferred Shares will be offered if the underwriters' over-allotment option is exercised in full).

- Distributions** Distributions on the Series D Preferred Shares are cumulative from the date of the original issue by us of the Series D Preferred Shares in arrears on the 15th day of January, April, July and October of each year, when, as and if declared by our board of trustees. We will pay cumulative distributions on the Series D Preferred Shares, from and including the date of original issuance, in the amount of \$ per share each year, which is equivalent to % of the \$25.00 liquidation preference per Series D Preferred Share. We will pay the first distribution on April 15, 2004. Such first distribution (which will reflect a partial distribution period) and any other distribution payable on the Series D Preferred Shares for any distribution period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions on the Series D Preferred Shares will continue to accrue even if we do not have earnings or funds legally available to pay such distributions, or we do not declare the payment of distributions.

- Liquidation preference** \$25.00 per share, plus an amount equal to accrued and unpaid distributions, whether or not declared.

- Optional redemption** We may not redeem the Series D Preferred Shares before February , 2009, except in order to preserve our status as a REIT. On or after February , 2009, we may, at our option, at any time and from time to time, redeem the Series D Preferred Shares, in whole or in part, by paying \$25.00 per share, plus any accrued and unpaid distributions up to and including the date of redemption.

- No Maturity** The Series D Preferred Shares have no maturity date and we are not required to redeem such shares at any time. Accordingly, the Series D Preferred Shares will remain outstanding indefinitely, unless we decide, at our option on or after February , 2009, to exercise our redemption right. We are not required to set aside funds to redeem the Series D Preferred Shares.

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Ranking The Series D Preferred Shares will rank senior to our common shares of beneficial interest, which we refer to as our Common Shares, and on a parity with our 750,000 outstanding 7.25% Series A Cumulative Convertible Preferred Shares (\$50.00 liquidation preference) which we refer to as our “Series A Preferred Shares,” with our 2,000,000 outstanding Series C Preferred Shares, and with any other parity securities that we may issue in the future (including additional Series D Preferred Shares). Such ranking applies to the payment of distributions and amounts upon liquidation, dissolution or winding up of our affairs. In addition, the Series B Preferred Units, which we have agreed to redeem in full, have dissolution and liquidation preferences that effectively rank equal with the Series A Preferred Shares, Series C Preferred Shares and Series D Preferred Shares. See “Description of Series D Preferred Shares□Rank.”

Voting rights Holders of the Series D Preferred Shares will generally have no voting rights. However, whenever distributions on any outstanding Series D Preferred Shares are in arrears for six or more quarterly periods (whether or not consecutive), record holders of the Series D Preferred Shares, voting together as a single class with the holders of the Series A Preferred Shares and the Series C Preferred Shares, and the holders of all other classes or series of our shares of beneficial interest ranking on parity with the Series D Preferred Shares as to distributions and upon voluntary or involuntary liquidation, dissolution or winding up of our affairs upon which like voting rights have been conferred, will be entitled to elect two additional trustees to our board of trustees, to serve until all unpaid distributions have been paid or declared and set apart for payment.

In addition, the affirmative vote of at least two-thirds of the Series D Preferred Shares, voting together as a class with the holders of the Series A Preferred Shares and the Series C Preferred Shares, and the holders of all other classes or series of our shares of beneficial interest ranking on parity with the Series D Preferred Shares which are entitled to similar voting rights, is required to authorize, create or increase shares of beneficial interest ranking senior to the Series D Preferred Shares as to distributions or upon voluntary or involuntary liquidation, dissolution or winding up or to amend our declaration of trust in a manner that materially and adversely affects the rights of the holders of the Series D Preferred Shares. Furthermore, the affirmative vote of at least two-thirds of the Series A Preferred Shares (which rank on parity with the Series D Preferred Shares), voting separately as a class, is required to authorize, create or increase shares of beneficial interest ranking senior to the Series A Preferred Shares, the Series C Preferred Shares and the Series D Preferred Shares as to distributions or upon voluntary or involuntary liquidation, dissolution or winding up. See “Description of Shares of Beneficial Interest□Voting Rights.”

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- Listing** We have applied to list the Series D Preferred Shares on the New York Stock Exchange under the symbol "BDN PrD." We expect that trading on the NYSE will commence within a 30-day period after the initial delivery of the Series D Preferred Shares.
- Form** The Series D Preferred Shares will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company.
- Restrictions on Ownership** ... For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") no person or entity may own more than 9.8% in value of our outstanding shares of beneficial interest and transfer of Series D Preferred Shares is restricted so that not more than 50% in value of our outstanding shares of beneficial interest are owned, directly or constructively, by five or fewer individuals, as defined in the Internal Revenue Code to include certain entities, during the last half of any taxable year. See "Description of Shares of Beneficial Interest" Restrictions on Transfer" in this prospectus supplement.
- Conversion** The Series D Preferred Shares are not convertible into or exchangeable for any other property or securities.
- Use of proceeds** The proceeds from the offering (before expenses) will be approximately \$48.4 million (or approximately \$55.7 million if the underwriters' over-allotment option is exercised in full). We intend to contribute the net proceeds to our operating partnership. Our operating partnership will use the net proceeds, to reduce borrowings under our revolving credit facility, including amounts advanced under our revolving credit facility to fund the redemption of Series B Preferred Units. In the event that the underwriters' over-allotment option is exercised, we anticipate using the additional proceeds to reduce borrowings under our revolving credit facility or to fund the redemption of additional Series B Preferred Units.
- Risk factors** See "Risk Factors" beginning on page S-6 of this prospectus supplement and the "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and other information contained herein for a discussion of factors you should carefully consider before deciding to invest in Series D Preferred Shares.

For additional information regarding the terms of the Series D Preferred Shares, see "Description of Series D Preferred Shares" beginning on page S-10 of this prospectus supplement.

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RISK FACTORS

Before you consider investing in our Series D Preferred Shares you should be aware that there are risks in making this investment. You should carefully consider these risk factors as well as the "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 before deciding to invest in our Series D Preferred Shares. These Risk Factors update and replace the Risk Factors identified in the accompanying base prospectus under the caption "Risk Factors."

The Series D Preferred Shares are a new issuance and do not have an established trading market, which may negatively affect their market value and your ability to transfer or sell your shares, and the Series D Preferred Shares have no stated maturity date.

The Series D Preferred Shares are a new issue of securities with no established trading market. Because the Series D Preferred Shares do not have a stated maturity date, investors seeking liquidity will be limited to selling their shares in the secondary market. We have applied to list the Series D Preferred Shares on the NYSE; however, we cannot assure you that the Series D Preferred Shares will be approved for listing. If approved, trading of the Series D Preferred Shares on the NYSE is not expected to begin until a 30-day period after the date of initial delivery of the Series D Preferred Shares, and, in any event, an active trading market on the NYSE for the Series D Preferred Shares may not develop or, even if it does develop, may not last, in which case the trading price of the Series D Preferred shares could be adversely affected and your ability to trade your shares may be limited. We have been advised by the underwriters that the underwriters intend to make a market in the Series D Preferred Shares, but the underwriters are not obligated to do so and may discontinue market-making at any time without notice.

The market value of the Series D Preferred Shares could be substantially affected by various factors.

As with other publicly traded securities, the trading price of the Series D Preferred Shares will depend on many factors, which may change from time to time, including:

- prevailing interest rates, increases in which may have a negative effect on the trading value of the Series D Preferred Shares;
- the market for similar securities;
- additional issuances of other series or classes of preferred shares;
- general economic and financial market conditions; and
- our financial condition, performance and prospects.

The Series D Preferred Shares have not been rated and are subordinated to our existing and future debt, and there is no restriction on issuance of parity preferred securities.

The Series D Preferred Shares have not been rated by any nationally recognized statistical rating organization, which may negatively affect their market value and your ability to sell them. Furthermore, payment of amounts due thereunder will be subordinated to all of our existing and future debt and will be structurally subordinated to the payment to our third-party joint venture partners of distributions from such third-party joint ventures in which we invest. In addition, without the vote or consent of holders of Series D Preferred Shares, we may issue additional Series D Preferred Shares and/or shares of another class or series of preferred shares ranking on a parity with the Series D Preferred Shares. Furthermore, upon the affirmative vote or consent of the holders of two-thirds of our outstanding Series A Preferred Shares, Series C Preferred Shares and Series D Preferred Shares and each other class or series of preferred shares ranking on a parity with the Series D Preferred Shares which are entitled to similar voting rights, voting as a single class, and the affirmative vote or consent of the holders of two-thirds of our Series A Preferred Shares, voting separately as a class, we may issue shares of another class or series of preferred shares ranking senior to the Series D Preferred Shares with respect to the payment of distributions and the distribution of assets upon our liquidation, dissolution or winding up. These factors may affect the trading price of the Series D Preferred Shares.

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The following table sets forth selected financial data for the Company as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002, which information is derived from the unaudited financial statements of the Company. The historical financial statements for the fiscal year ended December 31, 2002 have been audited by KPMG LLP ("KPMG"), independent public accountants, as indicated in their report dated February 26, 2003, except as to notes 9, 12, 13, and 21, which are as of June 30, 2003, incorporated by reference in this prospectus supplement. The historical financial data for the fiscal year ended December 31, 2002 presented below has been reclassified to conform with the presentation for the nine months ended September 30, 2003 and 2002. This is a direct result of nine properties that were identified as held for sale or sold during the nine month period ended September 30, 2003 and, as a result, their operations have been reclassified to income from discontinued operations from income from continuing operations for all periods presented in the table below.

	Year Ended December 31,	Nine Months Ended September 30,	
	2002	2003	2002
(dollars in thousands, except for per share amounts)			
Operating Results			
Total revenue	\$ 291,220	\$ 226,979	\$ 216,072
Income from continuing operations	47,850	40,506	35,577
Net income	62,984	44,841	50,237
Income allocated to Common Shares	51,078	35,913	41,307
Income from continuing operations per common share			
Basic	\$ 0.97	\$ 0.84	\$ 0.72
Diluted	\$ 0.97	\$ 0.84	\$ 0.72
Earnings per Common Share			
Basic	\$ 1.40	\$ 0.96	\$ 1.13
Diluted	\$ 1.39	\$ 0.96	\$ 1.13
Cash distributions declared per Common Share	\$ 1.76	\$ 1.32	\$ 1.32
Balance Sheet Data			
Real estate investments, net of accumulated depreciation	\$ 1,745,981	\$ 1,714,432	\$ 1,749,315
Total assets	1,919,288	1,890,543	1,913,932
Total indebtedness	1,004,729	944,555	1,000,577
Total liabilities	1,097,793	1,028,867	1,087,150
Minority interest	135,052	133,413	135,259
Beneficiaries' equity	686,443	728,263	691,523
Other Data			
Cash flows from:			
Operating activities	118,684	85,344	93,165
Investing activities	5,038	(28,743)	18,047
Financing activities	(110,380)	(75,909)	(103,462)

RATIOS OF EBITDA TO COMBINED FIXED CHARGES AND PREFERRED SHARE AND PREFERRED UNIT DISTRIBUTIONS AND EBITDA TO INTEREST EXPENSE

The table below presents our ratio of EBITDA to combined fixed charges and preferred share and preferred unit distributions and our ratio of EBITDA to interest expense. EBITDA should be examined in conjunction with

net income as shown in the Consolidated Statement of Operations in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2003 and our Annual Report on Form 10-K for the year ended December 31, 2002, as updated in our Current Report on Form 8-K dated September 18, 2003. EBITDA should not be considered as an alternative to net income (determined in accordance with GAAP) or as a measure of our liquidity, nor is EBITDA indicative of funds available to fund our cash needs or of funds available for distribution to shareholders. Our management believes that the ratios of EBITDA to combined fixed charges and preferred share and preferred unit distributions and EBITDA to interest expense are useful measures for investors to consider, in conjunction with net income, ratio of earnings to fixed charges and other GAAP measures, because our net income (determined in accordance with GAAP) includes significant non-cash depreciation and amortization expense related to real estate investments and deferred costs. It should be noted that our method of calculating EBITDA may differ from the calculations of similarly-titled measures by other companies.

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	Years Ended December 31,			Nine Months Ended September 30,		Three Months Ended September 30,	
	2002	2001	2000	2003	2002	2003	2002
Ratio of EBITDA to combined fixed charges and preferred share and preferred unit distributions (1)	2.21	2.04	1.99	2.33	2.19	2.50	2.16
Ratio of EBITDA to GAAP interest expense (1)	2.81	2.54	2.47	3.02	2.78	3.28	2.73

(1) For the purpose of calculating these ratios, "EBITDA" consists of net income before adjustment for interest expense, depreciation and amortization related to investments in real estate, minority interest, amortization of deferred compensation costs, impairment expense, and gain on sale of interests in real estate. "Fixed charges" consists of interest expense, capitalized interest and distributions on convertible preferred shares and preferred units.

RECONCILIATION OF GAAP NET INCOME TO EBITDA

	Years ended December 31,			Nine months ended September 30,		Three months ended September 30,	
	2002	2001	2000	2003	2002	2003	2002
(dollars in thousands)							
Net Income	\$ 62,984	\$ 33,722	\$ 52,158	\$ 44,841	\$ 50,237	\$ 17,400	\$ 13,968
Adjustments:							
Minority interest	10,152	8,622	9,598	7,182	7,806	2,476	2,405
Net gains on sale of interests in real estate	(8,562)	(4,524)	(11,638)	(3,844)	(8,562)	(1,741)	□
Impairment expense	665	□	□	□	□	□	□
Interest expense (net of capitalized interest and including finance cost amortization)	63,522	67,496	64,746	44,293	48,164	13,746	16,329
Interest expense attributable to Real Estate Ventures (Company's share)	3,410	3,884	4,607	2,456	2,781	819	803
Depreciation and amortization expense	58,764	78,189	67,012	45,713	43,425	15,410	13,844
Depreciation and amortization expense attributable to Real Estate	2,422	3,479	2,513	1,889	1,783	876	463

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Ventures (Company's share)							
Amortization of deferred compensation costs	3,182	3,710	2,685	2,191	2,417	691	818
EBITDA	\$ 196,539	\$ 194,578	\$ 191,681	\$ 144,721	\$ 148,051	\$ 49,677	\$ 48,630

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[Back to Contents](#)**CAPITALIZATION**

The following table sets forth our capitalization at September 30, 2003 on an actual basis, on an as adjusted basis to give effect to certain completed transactions described below and on a pro forma basis to reflect the consummation of this offering, the application of the net proceeds therefrom and the effects of certain transactions contemplated in this prospectus supplement. This table should be read in conjunction with our consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.

	As Reported	As Adjusted (1)	Pro Forma (2)
(dollars in thousands)			
Debt:			
Mortgage notes payable	\$ 517,555	\$ 464,616	\$ 464,616
Borrowings under Credit Facility	327,000	223,313	225,038
Unsecured term loan	100,000	100,000	100,000
	944,555	787,929	789,654
Minority interest	133,413	133,413	80,994
Beneficiaries Equity:			
Preferred Shares (shares authorized-10,000,000):			
7.250% Series A Cumulative Convertible Preferred Shares, \$.01 par value; issued and outstanding-			
750,000 as reported, as adjusted and as proforma	8	8	8
8.750% Series B Cumulative Convertible Preferred Shares, \$.01 par value; issued and outstanding-			