BRANDYWINE REALTY TRUST
Form 424B5
April 08, 2013
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
	182,033,500	24,829.37

(1) Calculated in accordance with Rule 457(r) of the Securities Act.
(2) Paid herewith.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-174700

PROSPECTUS SUPPLEMENT

(To prospectus dated June 3, 2011)

11,000,000 Shares

Common Shares of Beneficial Interest

We are offering 11,000,000 common shares of beneficial interest, par value $0.01 per share, in this offering. Our common shares are traded on the New York Stock Exchange (the NYSE) under the symbol BDN. On April 3, 2013, the last sale price of the common shares as reported on the NYSE was $14.72 per share.

Our common 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, among other purposes. See Description of the Shares of Beneficial Interest Shares Restrictions on Transfer in the accompanying prospectus.

Investing in our common shares involves risks. See Cautionary Statement Concerning Forward-Looking Statements beginning on page S-ii of this prospectus supplement, Risk Factors beginning on page S-4 of this prospectus supplement and Risk Factors beginning on page 16 of our Annual Report on Form 10-K for the year ended December 31, 2012 incorporated by reference in the accompanying prospectus.

The underwriters have agreed to purchase the common shares from us at a price of $14.39 per share, which will result in $158,290,000 of proceeds to us before expenses payable by us. The underwriters may offer the common shares from time to time for sale in one or more transactions on the NYSE, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The underwriters may also exercise their option to purchase up to an additional 1,650,000 common shares from us, at the price per share set forth above, for 30 days after the date of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about April 10, 2013.

Joint Book-Running Managers

BofA Merrill Lynch	**Citigroup**

The date of this prospectus supplement is April 4, 2013.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission (the SEC). Neither we nor the underwriters have authorized any other person to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. Neither we nor the underwriters are making an offer to sell the common shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any such free writing prospectus and the documents incorporated by reference herein and therein is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should read this prospectus supplement along with the accompanying prospectus, as well as the information incorporated by reference herein and therein, carefully before you invest in our common shares. These documents contain important information that you should consider before making your investment decision. This prospectus supplement and the accompanying prospectus contain the terms of this offering of common shares. The accompanying prospectus contains information about certain of our securities generally, some of which does not apply to the common shares covered by this prospectus supplement. This prospectus supplement may add, update or change information contained in or incorporated by reference in the accompanying prospectus. If the information in or incorporated by reference in this prospectus supplement is inconsistent with any information contained in or incorporated by reference in the accompanying prospectus, the information in or incorporated by reference in this prospectus supplement will apply and will supersede the inconsistent information contained in or incorporated by reference in the accompanying prospectus.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus before making your investment decision. You should also read and consider the additional information incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision. See Where You Can Find More Information in this prospectus supplement and the accompanying prospectus.

As used in this prospectus supplement, unless the context otherwise requires, references to Brandywine refer to Brandywine Realty Trust, a Maryland real estate investment trust, or REIT ; references to the Operating Partnership refer to Brandywine Operating Partnership, L.P., a Delaware limited partnership; and references to we, us, our or similar expressions refer collectively to Brandywine Realty Trust and its consolidated subsidiaries (including the Operating Partnership).

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, together with other documents and information incorporated by reference into this prospectus supplement and the accompanying prospectus, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act, including statements relating to business and real estate development activities, acquisitions, dispositions, future capital expenditures, financing sources, governmental regulation (including environmental regulation) and competition. These statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Although we believe the expectations reflected in these forward-looking statements are based on reasonable assumptions, future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements contained in or contemplated by this prospectus supplement or the accompanying prospectus. Any forward-looking statements should be considered in light of the risks and uncertainties referred to in this prospectus supplement, the accompanying prospectus and our Annual Report on Form 10-K for the year ended December 31, 2012 and, from time to time, in other reports we file with the SEC or in other documents that we publicly disseminate. The most significant of these risks, uncertainties and other factors that might cause such differences include, but are not limited to:

- the continuing impact of the modest global economic growth, which is having and may continue to have negative effect on, among others:
  - the fundamentals of our business, including overall market occupancy, demand for office space and rental rates;
  - the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold

- our cash balances and short-term investments, which may expose us to increased risks of default by these parties;
- the availability of financing on attractive terms or at all, which may adversely impact our future interest expense and our ability to pursue acquisition and development opportunities and refinance existing debt; and
- a decline in real estate asset valuations, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis.

changes in local real estate conditions (including changes in rental rates and the number of properties that compete with our properties);

changes in the economic conditions affecting industries in which our principal tenants compete;

the unavailability of equity and debt financing;

our failure to lease unoccupied space in accordance with our projections;

our failure to re-lease occupied space upon expiration of leases;

tenant defaults and the bankruptcy of major tenants;

increases in interest rates;

failure of interest rate hedging contracts to perform as expected and the effectiveness of such arrangements;

failure of acquisitions to perform as expected;

unanticipated costs associated with the acquisition, integration and operation of, our acquisitions;

unanticipated costs to complete, lease-up and operate our developments and redevelopments;

unanticipated costs associated with land development, including building moratoriums and inability to obtain necessary zoning, land-use, building, occupancy and other required governmental approvals, construction cost increases or overruns and construction delays;

impairment charges;

increased costs for, or lack of availability of, adequate insurance, including for terrorist acts;

actual or threatened terrorist attacks;

demand for tenant services beyond those traditionally provided by landlords;

liability under environmental or other laws;

failure or bankruptcy of real estate venture partners;

inability of real estate venture partners to fund venture obligations;

failure of dispositions to close in a timely manner;

failure of buyers of our properties to comply with terms of their financing agreements to us;

earthquakes and other natural disasters;

the unforeseen impact of climate change and compliance costs relating to laws and regulations governing climate change;

risks associated with federal, state and local tax audits;

complex regulations relating to our status as a REIT and the adverse consequences of our failure to qualify as a REIT; and

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- the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results.

In light of these uncertainties and risks, prospective investors are cautioned not to place undue reliance on these forward-looking statements. Except with respect to such material changes to our risk factors as may be reflected from time to time in our periodic reports or as otherwise required by law, we are under no obligation to, and expressly disclaim any obligation to, update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or the accompanying prospectus, whether as a result of new information, future events or otherwise. Because of the factors referred to above, the future events discussed in or incorporated by reference in this prospectus supplement or the accompanying prospectus may not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

SUMMARY

The information below is only a summary of more detailed information included elsewhere in or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all the information that is important to you or that you should consider before investing in our common shares. You should read carefully this prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference before you invest in our common shares.

Brandywine Realty Trust

We are a self-administered and self-managed real estate investment trust, or REIT, that provides leasing, property management, development, redevelopment, acquisition and other tenant-related services for a portfolio of office and industrial properties. We own our assets and conduct our operations through our operating subsidiary, Brandywine Operating Partnership, L.P. and its subsidiaries. We control the Operating Partnership as its sole general partner and, as of December 31, 2012, owned an approximate 98.7% interest in the Operating Partnership.

As of December 31, 2012, we owned 193 office properties, 19 industrial facilities, five mixed-use properties, two redevelopment properties and two re-entitlement properties. These 221 properties contain an aggregate of approximately 25.1 million net rentable square feet. As of December 31, 2012, we also held economic interests in 19 unconsolidated real estate ventures that we formed with third parties to develop or own commercial properties. The properties owned by these real estate ventures contain approximately 7.0 million net rentable square feet. In addition, as of December 31, 2012, we owned approximately 434 acres of undeveloped land and held options to purchase approximately 52 acres of additional undeveloped land. Our properties and the properties owned by our real estate ventures are located in and surrounding Philadelphia, Pennsylvania, Metropolitan Washington, D.C., Southern and Central New Jersey, Richmond, Virginia, Wilmington, Delaware, Austin, Texas and Oakland, Concord, Carlsbad and Rancho Bernardo, California. In addition to managing properties that we own, as of December 31, 2012, we were managing approximately 7.4 million net rentable square feet of office and industrial properties for third parties and our real estate ventures.

We were organized and commenced operations in 1986 as a Maryland REIT. Our Operating Partnership was formed and commenced operations in 1996 as a Delaware limited partnership.

Our principal executive offices are located at 555 East Lancaster Avenue, Radnor, Pennsylvania, 19087, and our telephone number is (610) 325-5600.

We maintain an Internet website at *http://www.brandywinerealty.com*. We have not incorporated by reference into this prospectus supplement or the accompanying prospectus the information in, or that can be accessed through, our website, and you should not consider it to be a part of this prospectus supplement or the accompanying prospectus except to the extent otherwise expressly provided for herein and therein.

The Offering

Issuer	Brandywine Realty Trust.
Securities offered	11,000,000 common shares (or 12,650,000 common shares if the underwriters exercise their option to purchase 1,650,000 additional shares in full).
Common Shares to be outstanding after this offering (1)	154,712,578 common shares (or 156,362,578 common shares if the underwriters exercise their option to purchase 1,650,000 additional shares in full).
Use of proceeds	We estimate that the net proceeds from this offering, after deducting the underwriting discount and estimated transaction expenses payable by us, will be approximately $157,990,000 (or approximately $181,733,500 if the underwriters exercise their option to purchase 1,650,000 additional shares in full). We intend to contribute the net proceeds of this offering to the Operating Partnership in exchange for partnership units of the Operating Partnership. The Operating Partnership intends to use the net proceeds from this offering for working capital, capital expenditures and other general corporate purposes, which may include acquisitions, developments and repayment, repurchase and refinancing of debt. See Use of Proceeds in this prospectus supplement.
Restrictions on Ownership and Transfer	Our charter imposes restrictions on ownership and transfer of our common shares to assist us in complying with certain federal income tax requirements applicable to real estate investment trusts, among other purposes. See Description of the Shares of Beneficial Interest Shares Restrictions on Transfer in the accompanying prospectus.
Listing	Our common shares are listed on the NYSE under the symbol BDN.
Risk Factors	You should carefully consider the Risk Factors beginning on page S-4 of this prospectus supplement and beginning on page 16 of our Annual Report on Form 10-K for the year ended December 31, 2012 incorporated by reference in the accompanying prospectus before deciding to invest in our common shares.

(1) The number of common shares to be outstanding after this offering is based on 143,712,578 common shares outstanding as of March 31, 2013. This number excludes the following: (i) 3,166,998 common shares underlying options outstanding as of March 31, 2013 granted under our equity compensation plans; (ii) 719,667 time-vested restricted common share equivalents outstanding as of March 31, 2013 under our equity compensation plans; (iii) 586,471 common shares underlying performance units outstanding as of March 31, 2013 under our equity compensation plans (assuming a one-for-one exchange of the units for common shares); (iv) 5,030,657 common shares reserved and available for future issuance as of March 31, 2013 under our equity compensation plans; and (v) 1,845,637 common shares issuable upon redemption of common units of limited partnership interest of the Operating Partnership as of March 31, 2013.

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For additional information concerning our common shares, see Description of the Shares of Beneficial Interest Shares in the accompanying prospectus. For a description of the U.S. federal income tax considerations reasonably anticipated to be material to prospective holders in connection with the purchase, ownership and disposition of our common shares, see Material United States Federal Income Tax Consequences in this prospectus supplement.

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RISK FACTORS

An investment in our common shares involves risks. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the factors set forth below as well as the risk factors beginning on page 16 of our Annual Report on Form 10-K for the year ended December 31, 2012 and any subsequently filed periodic reports which are incorporated by reference in the accompanying prospectus before deciding whether an investment in our common shares is suitable for you. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business operations. These risks could materially adversely affect, among other things, our business, financial condition or results of operations, and could cause the trading price of our common shares to decline, resulting in the loss of all or part of your investment.

We have not established a minimum distribution payment level and we may be unable to generate sufficient cash flows from our operations to make distributions to our shareholders at any time in the future.

Historically, we have paid quarterly distributions to our shareholders, and we intend to pay quarterly distributions and to make distributions to our shareholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. This, along with other factors, should enable us to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code. We have not established a minimum distribution payment level and all future distributions will be made at the discretion of our board of trustees. Our ability to make distributions to our shareholders may be adversely affected by the risk factors described in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2012. We may not generate sufficient income to continue to make distributions to our shareholders at our current level.

We currently do not expect to use the net proceeds from this offering to make distributions to our shareholders. However, to the extent we do so, the amount of cash we have available to invest in properties or for other purposes would be reduced. Our board of trustees has the sole discretion to determine the timing, form and amount of any distributions to our shareholders. Our board of trustees will make determinations regarding distributions based upon, among other factors, our financial performance, debt service obligations, debt covenants and capital expenditure requirements. Among the factors that could impair our ability to make distributions to our shareholders are:

- our inability to realize attractive risk-adjusted returns on our investments;
- unanticipated expenses or reduced revenues that reduce our cash flow or non-cash earnings; and
- decreases in the value of our properties.

As a result, no assurance can be given that we will be able to continue to make distributions to our shareholders at any time in the future or that the level of any distributions we do make to our shareholders will increase or even be maintained over time, any of which could materially and adversely affect the market price of our common shares.

Common shares eligible for future sale may adversely affect the prevailing market prices for our common shares.

We cannot predict the effect, if any, of future sales of common shares, or the availability of common shares for future sale, on the market price of our common shares. Sales of substantial amounts of common shares (including shares issued to our trustees and officers), or the perception that these sales could occur, may adversely affect prevailing market prices for our common shares.

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We, our executive officers and our trustees have agreed that, for a period of 45 days after the date of this prospectus supplement, we will not directly or indirectly, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Capital Markets Inc. sell or otherwise dispose of any common shares, subject to certain exceptions. In addition, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Capital Markets Inc. at any time may release all or a portion of the common shares subject to the foregoing lock-up provisions. If the restrictions under such agreements are waived, the affected common shares may be available for sale into the market, which could reduce the market price for our common shares.

We also may issue from time to time additional common shares or limited partnership interests in the Operating Partnership that are exchangeable for common shares in connection with the acquisition of properties and we may grant demand or piggyback registration rights in connection with these issuances. Sales of substantial amounts of our common shares or the perception that these sales could occur may adversely affect the prevailing market price for our common shares or may impair our ability to raise capital through a sale of additional equity securities.

The market price of our common shares may be volatile due to numerous circumstances beyond our control.

The trading prices of equity securities issued by REITs historically have been affected by changes in market interest rates. One of the factors that may influence the price of our common shares is the annual yield from distributions on our common shares as compared to yields on other financial instruments. An increase in market interest rates, which may lead prospective purchasers of our common shares to demand a higher annual yield, or a decrease in our distributions to shareholders, could reduce the market price of our common shares.

Other factors that could affect the market price of our common shares include the following:

- actual or anticipated variations in our quarterly or annual results of operations;
- changes in market valuations of companies in our industry;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;
- our issuances of common shares or other securities in the future;
- the addition or departure of key personnel; and
- announcements by us or our competitors of acquisitions, investments or strategic alliances.

Future offerings of debt or equity securities ranking senior to our common shares may limit our operating and financial flexibility and may adversely affect the market price of our common shares.

We may issue additional equity or debt securities from time to time in the future to fund property acquisitions or pay-down debt or otherwise. Future issuances of substantial amounts of our common shares or the perception that these issuances could occur may adversely affect the prevailing market price for our common shares. Additionally, if we decide to issue debt or equity securities in the future ranking senior to our common shares or otherwise incur indebtedness, it is possible that these securities or indebtedness will be governed by an indenture or other instrument containing covenants restricting our operating flexibility and limiting our ability to make distributions to our common shareholders. Our debt documents contain provisions that, under certain circumstances, may prohibit us from making distributions on our common shares. Additionally, in the future we may issue additional securities that have rights, preferences and privileges, including with respect to distributions, more favorable than those of our common shares and may result in dilution to owners of our

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common shares. Because our decision to issue debt or equity securities or otherwise incur indebtedness will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of future issuances or financings, any of which could reduce the market price of our common shares and dilute the value of our common shares.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discounts and commissions and other estimated offering expenses payable by us, will be approximately $157,990,000 (or approximately $181,733,500 if the underwriters exercise in full their option to purchase 1,650,000 additional common shares).

We intend to contribute the net proceeds from this offering to the Operating Partnership in exchange for partnership units of the Operating Partnership. The Operating Partnership intends to use the net proceeds from this offering for working capital, capital expenditures and other general corporate purposes, which may include acquisitions, developments and repayment, repurchase and refinancing of debt. We own our assets and conduct our operations through the Operating Partnership and its subsidiaries. We control the Operating Partnership as its sole general partner and, as of December 31, 2012, owned an approximate 98.7% interest in the Operating Partnership.

Certain affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc. are lenders and/or agents under our unsecured revolving credit facility and our term loan facilities. To the extent that we use the net proceeds from this offering to repay amounts we may borrow or re-borrow in the future under the unsecured revolving credit facility and term loan facilities, those lenders will receive their pro rata portion of any of the net proceeds from this offering that we use to repay any such amounts.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2012 (i) on an actual basis and (ii) on an as adjusted basis to give effect to the consummation of this offering (without giving effect to any exercise of the underwriters option to purchase 1,650,000 additional common shares). This table should be read in conjunction with our consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.

	December 31, 2012	
	Actual	As Adjusted
	(in thousands)	
Cash and Cash Equivalents	$ 1,549	$ 159,539(1)
Debt:		
Mortgage notes payable	$ 442,974	$ 442,974
Unsecured credit facility(2)	69,000	69,000
Unsecured term loan	450,000	450,000
Unsecured senior notes, net of discounts	1,503,356	1,503,356
Total debt	2,465,330	2,465,330
Equity:		
Common Shares, par value $0.01 per share (200,000,000 shares authorized, 143,538,733 shares issued and outstanding at December 31, 2012 and 154,538,733 shares issued and outstanding as adjusted (1))	1,434	1,544
Preferred Shares, par value $0.01 per share (20,000,000 shares authorized):		
Series E Preferred Shares (4,000,000 shares issued and outstanding at December 31, 2012)	40	40
Additional paid-in capital(1)	2,780,194	2,938,074
Cumulative earnings	479,734	479,734
Accumulated other comprehensive loss	(15,918)	(15,918)
Cumulative distributions	(1,493,206)	(1,493,206)
Noncontrolling interest in subsidiaries	21,238	21,876
Total equity(1)	1,773,516	1,932,144
Total Capitalization(1)	$ 4,238,846	$ 4,397,474

(1) The as adjusted amounts reflect the net proceeds to us from the sale of common shares in this offering (after deducting the underwriting discount and estimated expenses related to this offering payable by us).

(2) We repaid in full all amounts outstanding under our unsecured credit facility with a portion of the proceeds from the sale of eight properties in New Jersey as reported on our Form 8-K filed on March 1, 2013.

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PRICE RANGE OF COMMON SHARES AND DIVIDENDS

Our common shares are listed on the NYSE under the symbol BDN. On April 3, 2013, the last reported sale price of our common shares on the NYSE was $14.72 per share. The table below sets forth, for the periods indicated, the high and low sales prices of our common shares, as reported by the NYSE, and the cash dividends declared per share with respect to such periods. The dividend with respect to each fiscal quarter was paid in the following fiscal quarter.

2011	**High**	**Low**	**Distributions Declared Per Common Share**
First Quarter	$ 12.32	$ 11.09	$ 0.15
Second Quarter	$ 12.76	$ 11.06	$ 0.15
Third Quarter	$ 12.34	$ 7.88	$ 0.15
Fourth Quarter	$ 9.63	$ 7.09	$ 0.15

2012	**High**	**Low**	**Distributions Declared Per Common Share**
First Quarter	$ 11.48	$ 9.42	$ 0.15
Second Quarter	$ 12.34	$ 10.66	$ 0.15
Third Quarter	$ 12.88	$ 11.28	$ 0.15
Fourth Quarter	$ 12.66	$ 11.07	$ 0.15

2013	**High**	**Low**	**Distributions Declared Per Common Share**
First Quarter	$ 14.97	$ 11.96	$ 0.15
Second Quarter (through April 3, 2013)	$ 15.17	$ 14.59	N.A.

The above tables show only historical comparisons. The comparisons may not provide meaningful information to you in determining whether to purchase our common shares. You are urged to obtain current market quotations for our common shares and to review carefully the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

You should read the discussion set forth under Material Federal Income Tax Considerations in Exhibit 99.1 to our Annual Report on Form 10-K for the year ended December 31, 2012 for a summary of the material U.S. federal income tax considerations relating to the purchase, ownership and disposition of the common shares issued pursuant to this offering and the qualification and taxation of Brandywine Realty Trust as a REIT.