

BRANDYWINE REALTY TRUST
Form 8-K/A
September 27, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 5, 2006

BRANDYWINE REALTY TRUST

(Exact name of issuer as specified in charter)

MARYLAND

(State or Other Jurisdiction of Incorporation or
Organization)

001-9106

(Commission file number)

23-2413352

(I.R.S. Employer Identification Number)

555 East Lancaster Avenue

Radnor, Pennsylvania 19087

(Address of principal executive offices)

(610) 325-5600

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K/A filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 9.01 Financial Statements and Exhibits
Signature

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EX-23.1 CONSENT OF PRICEWATERHOUSECOOPERS LLP

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On January 10, 2006, we filed a current report on Form 8-K (the "January 5 Form 8-K") to report the January 5, 2006 completion of our acquisition of Prentiss Properties Trust ("Prentiss") pursuant to the Agreement and Plan of Merger dated as of October 3, 2005 (the "Merger Agreement") that we attached as an exhibit to our Current Report on Form 8-K filed with the SEC on October 4, 2005. In conjunction with the consummation of the mergers (collectively, the "Merger") through which we acquired Prentiss, designees of The Prudential Insurance Company of America ("Prudential") acquired those properties of Prentiss that we identified in our October 4 Current Report as the "Prudential Properties."

In the January 5 Form 8-K, we stated that we would file the required pro forma financial information by amendment to the January 5 Form 8-K. We filed Form 8-K/A on January 19, 2006, to include the required pro forma financial information.

By this Form 8-K/A, we are amending the January 19 Form 8-K/A to include the financial statements of Prentiss Properties Trust as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 and the unaudited pro forma consolidated statement of operations as December 31, 2005. We are not including unaudited pro forma consolidated balance sheets as of December 31, 2005 in this filing since balance sheets reflecting the impact of the merger have been filed in our Quarterly Report on Form 10-Q for the quarters ending March 31, and June 30, 2006.

Item 9.01 Financial Statements and Exhibits

Listed below are the historical financial statements of Prentiss Properties Trust, pro forma financial information and exhibits filed as part of this report:

(i) Financial Statements of Business Acquired

The financial statements of Prentiss Properties Trust as of December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005.

(ii) Pro Forma Financial Information

The pro forma financial information of Brandywine Realty Trust for the year ended December 31, 2005 is filed as part of this Current Report on Form 8-K/A.

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Report of Independent Registered Public Accounting Firm

To Board of Trustees and Shareholders

of Brandywine Realty Trust

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flows present fairly, in all material respects, the financial position of Prentiss Properties Trust and its subsidiaries (the Company) at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note (1) to the consolidated financial statements, effective January 5, 2006, the Company merged with Brandywine Realty Trust.

As discussed in Note (2) to the consolidated financial statements, effective January 1, 2003, the Company adopted the provisions of Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, effective January 1, 2004, the Company adopted the provisions of FASB Interpretation No. 46R, Consolidation of Variable Interest Entities and effective December 31, 2005, the Company adopted the provisions of FASB Interpretation No. 47, Conditional Asset Retirement Obligations.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas

September 26, 2006

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(in thousands, except share and per share amounts)

	December 31,	
	2005	2004
ASSETS		
Operating real estate:		
Land	\$255,259	\$341,321
Buildings and improvements	1,277,786	1,789,043
Less: accumulated depreciation	(156,992)	(234,007)
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Properties and related assets held for sale, net	1,376,053	1,896,357
Construction in progress	643,024	
Land held for development	2,771	23,417
Deferred charges and other assets, net	40,344	59,014
Notes receivable, net	204,912	260,283
Accounts receivable, net	35,110	1,500
Cash and cash equivalents	3,082	55,772
Escrowed cash	3,082	8,586
Investments in securities and insurance contracts	33,812	9,584
Investments in unconsolidated joint ventures and subsidiaries	192,910	3,279
Interest rate hedges	7,781	12,943
	1,564	2,804
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Total assets	\$2,541,363	\$2,333,539
	<hr/>	<hr/>
LIABILITIES AND SHAREHOLDERS EQUITY		
Mortgages and notes payable	\$1,275,048	\$1,191,911
Mortgages and notes payable related to properties held for sale	89,537	
Interest rate hedges		3,850
Accounts payable and other liabilities	87,283	105,304
Accounts payable and other liabilities related to properties held for sale	18,330	
Distributions payable	28,617	28,103
	<hr/>	<hr/>
Total liabilities	1,498,815	1,329,168
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Minority interest in operating partnership	33,412	24,990
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Minority interest in real estate partnerships	45,776	35,792
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Commitments and contingencies		
Preferred shares \$.01 par value, 20,000,000 shares authorized, 0 shares issued and outstanding		100,000
Common shares \$.01 par value, 100,000,000 shares authorized, 52,626,591 and 48,268,845 issued and 49,289,807 and 44,981,888 outstanding at December 31, 2005 and December 31, 2004, respectively	526	483
Additional paid-in capital	1,148,052	1,020,917
Common shares in treasury, at cost, 3,336,784 and 3,286,957 shares at December 31, 2005 and December 31, 2004, respectively	(85,044)	(82,694)
Unearned compensation	(1,971)	(3,386)
Accumulated other comprehensive income	1,440	(302)

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Distributions in excess of earnings	(99,643)	(91,429)
Total shareholders' equity	963,360	943,589
Total liabilities and shareholders' equity	\$2,541,363	\$2,333,539

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

[Back to Index](#)**PRENTISS PROPERTIES TRUST****CONSOLIDATED STATEMENTS OF INCOME**

(in thousands, except per share amounts)

	Year Ended December 31,		
	2005	2004	2003
Revenues:			
Rental income	\$ 264,258	\$ 229,317	\$ 193,687
Service business and other income	14,769	13,860	16,489
	<u>279,027</u>	<u>243,177</u>	<u>210,176</u>
Operating expenses:			
Property operating and maintenance	73,848	61,863	51,587
Real estate taxes	25,767	20,745	16,834
General and administrative and personnel costs	49,647	11,801	10,988
Expenses of service business	15,221	9,993	10,491
Depreciation and amortization	70,269	58,382	41,309
	<u>234,752</u>	<u>162,784</u>	<u>131,209</u>
Other Expenses:			
Interest expense	70,171	56,881	56,392
Amortization of deferred financing costs	5,810	2,329	2,284
(Loss)/income from continuing operations before equity in income of unconsolidated joint ventures and unconsolidated subsidiaries, loss on investment in securities, gain on termination of interest rate hedges, impairment and minority interests	(31,706)	21,183	20,291
Equity in income of unconsolidated joint ventures and unconsolidated subsidiaries	560	2,429	2,555
Loss on investment in securities		(420)	
Gain on termination of interest rate hedges	7,475		
Loss from impairment of mortgage loan	(500)	(2,900)	
Minority interests	1,216	(1,263)	(8,940)
	<u>(22,955)</u>	<u>19,029</u>	<u>13,906</u>
(Loss)/income from continuing operations			
Discontinued operations:			
Income from discontinued operations	7,934	37,322	41,871
Gain/(loss) from disposition of discontinued operations	133,118	11,957	(4,457)
Loss from debt defeasance and debt repayments related to sale of real estate	(6,167)	(5,316)	
Minority interests related to discontinued operations	(7,126)	(1,791)	(1,338)
	<u>127,759</u>	<u>42,172</u>	<u>36,076</u>
Income before gain on sale of land and an interest in a real estate partnership	104,804	61,201	49,982
Gain on sale of land and an interest in a real estate partnership		1,222	9,435
Cumulative effect of a change in accounting principle	(1,758)		
	<u>\$ 103,046</u>	<u>\$ 62,423</u>	<u>\$ 59,417</u>
Preferred dividends	(7,129)	(10,052)	(8,452)
	<u>\$ 95,917</u>	<u>\$ 52,371</u>	<u>\$ 50,965</u>
Net income applicable to common shareholders			

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Basic earnings per common share:			
(Loss)/income from continuing operations applicable to common Shareholders	\$ (0.65)	\$ 0.23	\$ 0.37
Discontinued operations	\$ 2.79	\$ 0.95	\$ 0.90
Cumulative effect of a change in accounting principle	\$ (0.04)	\$ 0.00	\$ 0.00
Net income applicable to common shareholders basic	\$ 2.10	\$ 1.18	\$ 1.27
Weighted average number of common shares outstanding basic	45,778	44,330	40,068
Diluted earnings per common share:			
(Loss)/income from continuing operations applicable to common shareholders	\$ (0.65)	\$ 0.23	\$ 0.37
Discontinued operations	\$ 2.79	\$ 0.95	\$ 0.90
Cumulative effect of a change in accounting principle	\$ (0.04)	\$ 0.00	\$ 0.00
Net income applicable to common shareholders diluted	\$ 2.10	\$ 1.18	\$ 1.27
Weighted average number of common shares and common share equivalents outstanding diluted	45,778	44,529	40,270

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

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PRENTISS PROPERTIES TRUST

CONSOLIDATED STATEMENTS OF CHANGES IN

SHAREHOLDERS EQUITY

For the Three Years Ending December 31, 2005

(dollars in thousands, except per share data)

	<u>Total</u>	<u>Preferred shares</u>	<u>Common shares</u>	<u>Additional paid-in capital</u>	<u>Common shares in treasury</u>	<u>Unearned compensation</u>	<u>Accumulated other comprehensive income</u>	<u>(Distributions in excess of earnings)/ retained earnings</u>
Balance at December 31, 2002	\$ 844,233	\$ 100,000	\$ 439	\$ 882,897	\$ (118,476)	\$ (1,479)	\$ (15,768)	\$ (3,380)
Issuance of 1,713,377 common shares	45,489		18					