

BRANDYWINE REALTY TRUST

Form S-4

October 27, 2005

As filed with the Securities and Exchange Commission on October 27, 2005

Registration No. 333-

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

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**BRANDYWINE REALTY TRUST**

*(Exact name of registrant as specified in its charter)*

**Maryland**

*(State or Other Jurisdiction of  
Incorporation or Organization)*

**6798**

*(Primary Standard Industrial  
Classification Code Number)*

**23-2413352**

*(I.R.S. Employer  
Identification No.)*

**401 Plymouth Road, Suite 500  
Plymouth Meeting, Pennsylvania 19462  
(610) 325-5600**

*(Address, Including Zip Code, and Telephone Number, Including Area Code,  
of Registrant's Principal Executive Offices)*

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**Gerard H. Sweeney  
President and Chief Executive Officer  
401 Plymouth Road, Suite 500  
Plymouth Meeting, Pennsylvania 19462  
Telephone: (610) 325-5600**

*(Names and Address, Including Zip Code, and Telephone Number, Including  
Area Code, of Agent For Service)*

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**Copies to:**

**Michael H. Friedman, Esq.  
Pepper Hamilton LLP**

**Michael E. Dillard, P.C.**

**3000 Two Logan Square  
Philadelphia, Pennsylvania 19103-2799  
(215) 981-4000**

**Akin Gump Strauss Hauer & Feld LLP  
1700 Pacific Avenue, Suite 4100  
Dallas, Texas 75201-4675  
(214) 969-2800**

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement is declared effective and all other conditions to the merger of Prentiss Properties Trust with a subsidiary of Brandywine Realty Trust pursuant to the Agreement and Plan of Merger, dated as of October 3, 2005, included as Annex A to the enclosed joint proxy statement/prospectus, have been satisfied or waived. If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Shares of Beneficial Interest, \$.01 par value per share (1)	38,435,951 (1)(2)	N/A	\$1,008,310,543 (3)	\$118,679

- (1) This Registration Statement relates to the common shares of beneficial interest, \$.01 par value per share ("Brandywine common shares"), of the Registrant issuable upon the completion of the merger (the "REIT Merger") of Brandywine Cognac I, LLC, a Maryland limited liability company and an indirect subsidiary of Brandywine Realty Trust, a Maryland real estate investment trust ("Brandywine"), with Prentiss Properties Trust, a Maryland real estate investment trust ("Prentiss"). This Registration Statement also relates to the Brandywine common shares issuable upon exchange of Class A units of limited partnership interest ("Brandywine Operating Partnership Class A common units") in Brandywine Operating Partnership, L.P., a Delaware limited partnership ("Brandywine Operating Partnership"), to be issued to the holders of common units ("Prentiss Operating Partnership common units") in Prentiss Properties Acquisition Partners, L. P. ("Prentiss Operating Partnership") upon completion of the merger (the "Partnership Merger") of Brandywine Cognac II, LLC, a Delaware limited liability company and a wholly owned subsidiary of Brandywine Operating Partnership, with and into Prentiss Operating Partnership.
- (2) The number of Brandywine common shares to be registered pursuant to this Registration Statement is based on (x) the maximum number of Brandywine common shares issuable to holders of Prentiss common shares of beneficial interest, par value \$.01 per share ("Prentiss common shares"), in the REIT Merger at the exchange ratio of 0.69 of a Brandywine common share in exchange for each Prentiss common share (based on 52,114,578 Prentiss common shares outstanding on October 27, 2005, assuming the exercise prior to the REIT Merger of all outstanding options to acquire Prentiss common shares, the conversion prior to the REIT Merger of all outstanding Prentiss Series D Cumulative Convertible Redeemable Preferred Shares of beneficial interest ("Series D preferred shares") into Prentiss common shares and the redemption prior to the REIT Merger of all Prentiss Operating Partnership common units for Prentiss common shares) and (y) the maximum number of Brandywine common shares issuable in redemption of Brandywine Operating Partnership Class A common units issuable in the Partnership Merger at the exchange ratio of 1.3799 of a Brandywine Operating Partnership Class A common unit in exchange for each Prentiss Operating Partnership common unit (based on 1,794,979 Prentiss Operating Partnership common units outstanding on October 27, 2005).
- (3) Pursuant to Rules 457(c) and 457(f)(1) under the Securities Act of 1933, as amended (the "Securities Act"), and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price of the Brandywine common shares is equal to (1) (x) the estimated number of Prentiss common shares to be exchanged in the REIT Merger (assuming the exercise prior to the REIT Merger of all outstanding options to acquire Prentiss common shares, the conversion prior to the REIT Merger of all outstanding Series D preferred shares into Prentiss common shares and the redemption prior to the REIT Merger of all Prentiss Operating Partnership common units for Prentiss common shares) multiplied by (y) \$39.54, the average of the high and low reported sales prices per Prentiss common share on the New York Stock Exchange on October 26, 2005 plus (2) (x) 2,476,892 Brandywine common shares issuable in redemption of Brandywine Operating Partnership Class A common units issued in the Partnership Merger multiplied by (y) \$27.63, the average of the high and low reported sales prices per Brandywine common share on the New York Stock Exchange on October 26, 2005 less (3) \$1,120,463,427, the aggregate amount of cash to be payable to the Prentiss common shareholders in the REIT Merger per the above described assumptions.

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment**

**which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this document is not complete and may be changed. A registration statement related to the Brandywine Realty Trust common shares of beneficial interest being registered pursuant to this document has been filed with the Securities and Exchange Commission. Brandywine may not sell or issue these securities until the registration statement is effective. This document is not an offer to sell these securities and Brandywine is not soliciting offers to buy these securities in any state where such offer, solicitation or sale is not permitted.

## PROPOSED MERGER □ YOUR VOTE IS VERY IMPORTANT

Dear Shareholders:

On October 3, 2005, Brandywine Realty Trust, a Maryland real estate investment trust, and Prentiss Properties Trust, a Maryland real estate investment trust, agreed to combine their businesses by merging Prentiss and a subsidiary of Brandywine under the terms of the merger agreement described in this joint proxy statement/prospectus. Both of our boards of trustees have unanimously approved the merger, which we refer to as the REIT Merger. We are proposing the REIT Merger because we believe that it will benefit the shareholders of our respective companies by creating more shareholder value than either company could create individually and by allowing shareholders to participate in a larger, more diversified company. We expect our combined company to have significantly increased equity market capitalization, which we expect will provide greater financial flexibility and liquidity. We further believe that our combined resources will create opportunities for long-term growth and value-creation.

Upon completion of the REIT Merger, each Prentiss common share will be converted into the right to receive \$21.50 in cash, subject to reduction by the amount of a special pre-closing cash dividend if the special pre-closing cash dividend is paid as described below, and 0.69 of a Brandywine common share. Cash will be paid in lieu of fractional shares. Because the portion of the merger consideration to be received in Brandywine common shares is fixed, the value of the consideration to be received by Prentiss common shareholders in the REIT Merger will depend upon the market price of Brandywine common shares at the time of the REIT Merger. You should obtain current market quotations for both Brandywine common shares and Prentiss common shares.

Brandywine common shares are traded on the New York Stock Exchange under the symbol "BDN." On \_\_\_\_\_, 2005, Brandywine common shares closed at \$\_\_\_ per share. Assuming the exercise prior to the REIT Merger of all outstanding options to acquire Prentiss common shares, all Prentiss Operating Partnership common units are converted into Brandywine Operating Partnership Class A Units in the Partnership Merger described below and the conversion prior to the REIT Merger of all outstanding Prentiss Series D Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest into Prentiss common shares, we estimate that immediately after completion of the REIT Merger, \_\_\_% of the then-outstanding Brandywine common shares on a fully diluted basis will be held by former Prentiss common shareholders, based on the number of Brandywine common shares and Prentiss common shares outstanding on \_\_\_\_\_, 2005. Brandywine common shareholders will continue to hold their existing shares, which will not be affected by the REIT Merger.

Prentiss common shareholders will recognize gain or loss for U.S. federal income tax purposes on the Brandywine common shares and the cash they receive in the REIT Merger.

In addition, if any Prentiss Series D Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest remain outstanding at the effective time of the REIT Merger, they will be converted into an equal number of newly created Brandywine Series E Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest with terms that will be identical in all material respects to the terms of the Series D preferred shares.

As part of the merger transaction, Brandywine and Prentiss have entered into separate agreements with The Prudential Insurance Company of America (which, together with the insurance company separate accounts and

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other funds managed by The Prudential Insurance Company of America, we sometimes refer to as Prudential). These agreements provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of Prentiss

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properties that contain up to an aggregate of approximately 4.32 million net rentable square feet for total consideration of up to approximately \$747.7 million. We refer to the Prudential acquisition as the Prudential Acquisition and we refer to the properties that Prudential will acquire as the Prudential Properties. Please see "The Prudential Acquisition and Related Agreements" on page 5 of this joint proxy statement/prospectus for a discussion of the Prudential Acquisition.

If Prudential acquires the Prudential Properties on the day prior to the closing of the REIT Merger, Prentiss will cause Prentiss Operating Partnership to authorize a distribution payable to holders of Prentiss Operating Partnership common units on such date and then the Prentiss board of trustees would declare a special cash dividend (which we refer to as the Special Dividend) that would be payable to holders of record of Prentiss common shares on such date and the cash portion of the REIT Merger consideration would be reduced by the per share amount of the Special Dividend. The Prentiss Operating Partnership distribution, and the Special Dividend, if declared, would be funded from net cash proceeds of the Prudential Acquisition. If Prudential acquires the Prudential Properties on the closing date of the REIT Merger then the Special Dividend will not be declared and the cash portion of the REIT Merger consideration would not be reduced. Whether or not the Special Dividend is declared, the total cash that each Prentiss shareholder will receive in connection with the consummation of the REIT Merger (either solely from the cash portion of the REIT Merger consideration or from a combination of the Special Dividend and the cash portion of the REIT Merger consideration) will equal the same aggregate amount and will be payable at the same time.

We cannot complete the REIT Merger unless Prentiss common shareholders approve the merger agreement, the REIT Merger and the related transactions at the special meeting to be held by Prentiss, and the Brandywine common shareholders approve the issuance of Brandywine common shares under and as contemplated by the merger agreement at the special meeting to be held by Brandywine. Each of Brandywine and Prentiss has scheduled a special meeting of its common shareholders at \_\_\_ a.m. Eastern time on \_\_\_\_\_, 2005 to vote on these matters. Regardless of the number of shares that you own or whether you plan to attend your special meeting, it is important that your shares be represented and voted at the meeting. Voting instructions are provided inside.

**The Brandywine board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Brandywine and its shareholders. Brandywine's board of trustees unanimously recommends that Brandywine common shareholders vote "FOR" approval of the issuance of Brandywine common shares under and as contemplated by the merger agreement.**

**The Prentiss board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Prentiss and its shareholders. The Prentiss board of trustees unanimously recommends that Prentiss common shareholders vote "FOR" approval of the merger agreement, the REIT Merger and the related transactions.**

This joint proxy statement/prospectus provides you with detailed information about the proposed REIT Merger. **We encourage you to read the entire document carefully, including "Risk Factors" beginning on page 5 of this joint proxy statement/prospectus for a discussion of risks relevant to the REIT Merger.**

Gerard H. Sweeney  
President and Chief Executive Officer  
BRANDYWINE

Thomas F. August  
President and Chief Executive Officer  
PRENTISS

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in the merger or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated \_\_ \_\_, 2005, and it is first being mailed to shareholders on or about \_\_\_\_\_, 2005.

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### ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates by reference important business and financial information about both Brandywine and Prentiss that is not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents incorporated by reference into this joint proxy statement/prospectus through Brandywine or Prentiss, as the case may be, or from the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). Documents incorporated by reference are available from Brandywine and Prentiss, without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into this joint proxy statement/prospectus. You may obtain documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company as follows:

BRANDYWINE  
401 Plymouth Road, Suite 500  
Plymouth Meeting, Pennsylvania 19462  
Attention: Investor Relations  
Telephone: (610) 325-5600

PRENTISS  
3890 W. Northwest Highway, Suite 400, Dallas, Texas  
75220  
Attention: Investor Relations  
Telephone: (214) 654-0886

**If you would like to request documents, in order to ensure timely delivery you must do so at least five business days before the date of the special meetings. This means you must request this information no later than \_\_\_\_\_, 2005. If you request any incorporated documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.**

You can also get more information by visiting Brandywine's website at [www.brandywinerealty.com](http://www.brandywinerealty.com) and the Prentiss website by visiting [www.prentissproperties.com](http://www.prentissproperties.com). We are not incorporating the contents of the websites of the SEC, Brandywine or Prentiss or any other person into this joint proxy statement/prospectus.

See "Where You Can Find More Information" beginning on page 5.

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**BRANDYWINE REALTY TRUST  
401 Plymouth Road  
Plymouth Meeting, Pa 19462  
(610) 325-5600**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
To Be Held \_\_\_\_\_, 2005**

A special meeting of the shareholders of Brandywine Realty Trust, a Maryland real estate investment trust, will be held at [The Four Seasons Hotel, One Logan Square], Philadelphia, Pennsylvania, [19103] at \_\_\_ a.m., Eastern time, on \_\_\_\_\_, 2005, for the following purposes:

- (1) To consider and vote on a proposal to approve the issuance of Brandywine common shares under and as contemplated by the agreement and plan of merger, dated as of October 3, 2005, by and among Brandywine Realty Trust, Brandywine Operating Partnership, L.P., Brandywine Cognac I, LLC, Brandywine Cognac II, LLC, Prentiss Properties Trust and Prentiss Properties Acquisition Partners, L.P., a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus; and
- (2) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the meeting.

Only holders of record of Brandywine common shares at the close of business on \_\_\_\_\_, 2005, the record date for the Brandywine special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the meeting.

**IT IS IMPORTANT THAT YOUR BRANDYWINE COMMON SHARES BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE INSTRUCT THE PROXY HOLDERS HOW TO VOTE YOUR SHARES IN ONE OF THE FOLLOWING WAYS:**

- MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope (it requires no postage if mailed in the United States);
- USE THE TOLL-FREE TELEPHONE NUMBER shown on the enclosed proxy card (this call is free in the United States and Canada) and follow the recorded instructions; or
- VISIT THE INTERNET WEBSITE shown on the enclosed proxy card and follow the instructions provided to vote through the internet.

Any proxy or instruction may be revoked at any time before its exercise at the special meeting. Please authorize your proxy using one of the methods set forth above so that your common shares will be represented and voted at the special meeting.

By Order of the Board of Trustees,

/s/ Brad A. Molotsky

Brad A. Molotsky  
Senior Vice President, General Counsel and  
Secretary  
Plymouth Meeting, Pennsylvania  
\_\_\_\_\_, 2005

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**PRENTISS PROPERTIES TRUST**  
**3890 West Northwest Highway, Suite 400**  
**Dallas, Texas 75220**  
**(214) 654-0886**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**  
**To Be Held On \_\_\_\_\_, 2005**

A special meeting of the shareholders of Prentiss Properties Trust, a Maryland real estate investment trust, will be held at 3890 West Northwest Highway, Dallas, Texas, 75220 at \_\_\_\_ a.m., local time, on \_\_\_\_\_, 2005, for the following purposes:

(1) To consider and vote on the approval of the Agreement and Plan of Merger, dated as of October 3, 2005, by and among Brandywine Realty Trust, Brandywine Operating Partnership, L.P., Brandywine Cognac I, LLC, Brandywine Cognac II, LLC, Prentiss Properties Trust and Prentiss Properties Acquisition Partners, L.P., a copy of which is attached as Annex A to the accompanying joint proxy statement/prospectus and the merger of Prentiss with a subsidiary of Brandywine under the merger agreement, and the related transactions; and

(2) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the meeting.

Only holders of record of Prentiss common shares at the close of business on \_\_\_\_\_, 2005, the record date for the Prentiss special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the meeting.

**IT IS IMPORTANT THAT YOUR PRENTISS COMMON SHARES BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, PLEASE INSTRUCT THE PROXY HOLDERS HOW TO VOTE YOUR SHARES IN ONE OF THE FOLLOWING WAYS:**

- MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope (it requires no postage if mailed in the United States);
- USE THE TOLL-FREE TELEPHONE NUMBER shown on the enclosed proxy card (this call is free in the United States and Canada) and follow the recorded instructions; or
- VISIT THE INTERNET WEBSITE shown on the enclosed proxy card and follow the instructions provided to vote through the internet.

Any proxy or instruction may be revoked at any time before its exercise at the special meeting. Please authorize your proxy using one of the methods set forth above so that your common shares will be represented and voted at the special meeting.

By Order of the Board of Trustees,  
/s/ Gregory S. Imhoff  
Gregory S. Imhoff  
Senior Vice President, General Counsel and  
Secretary  
Dallas, Texas  
\_\_\_\_\_, 2005

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## QUESTIONS AND ANSWERS ABOUT THE MERGERS

### About the Mergers

#### Q: *Why am I receiving this document?*

A: The Brandywine board of trustees and the Prentiss board of trustees have each approved a merger agreement among Brandywine Realty Trust (which we refer to as Brandywine), Brandywine Operating Partnership, L.P. (which we refer to as the Brandywine Operating Partnership), Brandywine Cognac I, LLC, Brandywine Cognac II, LLC, Prentiss Properties Trust (which we refer to as Prentiss) and Prentiss Properties Acquisition Partners, L.P. (which we refer to as the Prentiss Operating Partnership). The merger agreement provides for either the merger of Brandywine Cognac I, LLC with and into Prentiss, with Brandywine Cognac I, LLC surviving as a subsidiary of the Brandywine Operating Partnership (which we refer to as the Forward REIT Merger) or the merger of Prentiss with and into Brandywine Cognac I, LLC, with Prentiss surviving (which we refer to as the Reverse REIT Merger).

If Brandywine obtains a private letter ruling from the Internal Revenue Service, as described in more detail in “Material Federal Income Tax Consequences of the Mergers” Tax Consequences of the REIT Merger □ General □ The Private Letter Ruling” and if the other conditions to closing set forth in the merger agreement are satisfied or waived, then the REIT Merger would take the form of the Forward REIT Merger. If Brandywine does not obtain a private letter ruling, and if the other conditions to closing set forth in the merger agreement are satisfied or waived, then the REIT Merger would take the form of the Reverse REIT Merger. We refer to either the Forward REIT Merger or the Reverse REIT Merger, whichever is consummated pursuant to the merger agreement, as the REIT Merger.

As part of the merger transaction, Brandywine and Prentiss have entered into separate agreements with The Prudential Insurance Company of America (which, together with the insurance company separate accounts and other funds managed by The Prudential Insurance Company of America, we sometimes refer to as Prudential). These agreements provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of identified Prentiss properties that contain up to an aggregate of approximately 4.32 million net rentable square feet for total consideration of up to approximately \$747.7 million. The master agreement between Prudential and Brandywine provides Prudential with a limited right to change the composition of the portfolio of Prudential Properties. Generally, Prudential’s right to change the composition of the portfolio, either by electing not to purchase a property, or to substitute a property for another Prentiss property, is subject to the occurrence of an uncured adverse change at a property and is limited to properties that have, in aggregate, an agreed upon value of \$150 million. We refer to this acquisition as the Prudential Acquisition and we refer to the properties that Prudential will acquire as the Prudential Properties.

If Brandywine does not obtain a private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the day prior to the closing of the REIT Merger, Prentiss will cause Prentiss Operating Partnership to authorize a distribution payable to holders of Prentiss Operating Partnership common units on such date and the Prentiss board of trustees will declare a special cash dividend (which we refer to as the Special Dividend) that will be payable to holders of record of Prentiss common shares on such date. In that case, the cash portion of the REIT Merger consideration would be reduced by the per share amount of the Special Dividend and the conversion ratio applicable to the Partnership Merger would be reduced. If Brandywine does obtain the private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the closing date of the REIT Merger. In that case, the Special Dividend will not be declared and the cash portion of the REIT Merger consideration will not be reduced and the conversion ratio applicable to the Partnership Merger will not be reduced. The amount of the Prentiss Operating Partnership distribution, if authorized, and the Special Dividend, if declared, will be funded from net cash proceeds of the Prudential Acquisition.

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The Brandywine common shares to be issued in connection with the REIT Merger cannot be issued without the approval of Brandywine common shareholders, and the REIT Merger and the Prudential Acquisition cannot be completed without the approval of the Prentiss common shareholders. Brandywine and Prentiss will hold separate special meetings of their respective common shareholders to obtain these approvals. This document is the joint proxy statement for Brandywine and Prentiss to solicit proxies for their respective special meetings. It is also the prospectus of Brandywine regarding the Brandywine common shares of beneficial interest (which we refer to as Brandywine common shares) to be issued under and as contemplated by the merger agreement.

This joint proxy statement/prospectus contains important information about the proposed merger, the Prudential Acquisition and the special meetings of Brandywine and Prentiss, and you should read it carefully.

**Q: *Why are Brandywine and Prentiss proposing the REIT Merger?***

A: The boards of trustees of both companies believe that the REIT Merger represents a strategic combination that will be in the best interests of their respective shareholders and will achieve key elements of Brandywine's strategic business plan to expand its operations and become a more diversified company while retaining a disciplined focus in each of its geographic markets. The boards expect that the combined company will have significantly increased equity market capitalization, which the boards expect will provide greater financial flexibility and liquidity. The boards of trustees of both companies believe that the combined resources of our companies will create additional and more significant opportunities for long-term growth and value-creation than either company could achieve independently. To review the reasons of the companies for the REIT Merger in greater detail, please see "The Mergers Recommendation of Brandywine's Board of Trustees and Brandywine's Reasons for the REIT Merger" and "The Mergers Recommendation of the Prentiss Board of Trustees and Reasons of Prentiss for the REIT Merger."

**Q: *What will Prentiss common shareholders receive in the REIT Merger?***

A: Prentiss common shareholders will receive \$21.50 in cash, without interest, subject to reduction by the per share amount of the Special Dividend if the Special Dividend is declared as described below, and 0.69 of a Brandywine common share for each outstanding common share of beneficial interest of Prentiss (which we refer to as Prentiss common shares) they own immediately prior to the REIT Merger. Cash will be paid instead of issuing fractional shares. In this joint proxy statement/prospectus, we refer to the cash and Brandywine common shares to be issued in the REIT Merger as the REIT Merger consideration.

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**Q: What will Brandywine common shareholders receive in the REIT Merger?**

A: Brandywine common shareholders will not receive any additional shares in connection with the REIT Merger. Each Brandywine common share held by Brandywine common shareholders will continue to represent one Brandywine common share after the REIT Merger.

**Q: What happens if the market price of Brandywine common shares or Prentiss common shares changes before the closing of the REIT Merger?**

A: No change will be made to the 0.69 exchange ratio for the exchange of Prentiss common shares for Brandywine common shares in the REIT Merger. Because the exchange ratio is fixed, the value of the consideration to be received by Prentiss common shareholders in the REIT Merger will depend upon the market price of Brandywine common shares at the time of the REIT Merger.

**Q: How many Brandywine common shares will be owned after the REIT Merger by former Prentiss common shareholders?**

A: Based on the number of Brandywine common shares and Prentiss common shares outstanding as of \_\_\_\_\_, 2005, the record date for the special meetings, immediately after the REIT Merger, former Prentiss common shareholders will own approximately \_\_\_\_% of the then-outstanding Brandywine common shares, on a fully-diluted basis (assuming that all options to purchase Prentiss common shares are exercised prior to the REIT Merger, all Prentiss Operating Partnership common units are converted into Brandywine Operating Partnership Class A Units in the Partnership Merger described below and the conversion prior to the REIT Merger of all outstanding Prentiss Series D Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest, which we refer to as Prentiss Series D preferred shares, into Prentiss common shares).

**Q: On what am I being asked to vote?**

A: *Prentiss common shareholders.* Holders of Prentiss common shares are being asked to vote to approve the merger agreement, the REIT Merger and the related transactions. Your approval of the REIT Merger will constitute your approval of both the Forward REIT Merger and the Reverse REIT Merger. Please see "The Merger Agreement" Structure of the REIT Merger" for a discussion of whether the REIT Merger will be completed through the Forward REIT Merger or the Reverse REIT Merger.

The merger agreement also provides for the merger of Brandywine Cognac II, LLC, a wholly owned subsidiary of Brandywine Operating Partnership, with and into the Prentiss Operating Partnership. We refer to this merger as the Partnership Merger and we refer to the REIT Merger and the Partnership Merger collectively as the Mergers. You are not being asked to vote on the Partnership Merger, which does not require the vote or consent of the holders of Prentiss Operating Partnership common units and can be consummated upon the sole approval of the general partner of the Prentiss Operating Partnership.

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Holders of Prentiss Series D preferred shares are not entitled to vote on the REIT Merger or the Partnership Merger.

**The Prentiss board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Prentiss and its shareholders. The Prentiss board of trustees unanimously recommends that Prentiss common shareholders vote "FOR" the approval of the merger agreement, the REIT Merger and the related transactions.**

*Brandywine common shareholders.* You are being asked to approve the issuance of Brandywine common shares under and as contemplated by the merger agreement.

**Brandywine's board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Brandywine and its shareholders. Brandywine's board of trustees unanimously recommends that Brandywine common shareholders vote "FOR" approval of the issuance of the Brandywine common shares to be issued under and as contemplated by the merger agreement.**

**Q. What is the Partnership Merger?**

A: Immediately after the consummation of the REIT Merger, Brandywine Cognac II, LLC will merge with and into the Prentiss Operating Partnership. In the Partnership Merger, each common unit of the Prentiss Operating Partnership (excluding common units owned by Prentiss, the Prentiss Operating Partnership, Brandywine, the Brandywine Operating Partnership or their direct or indirect wholly owned subsidiaries, which shall be cancelled in the Partnership Merger) will be converted into 1.3799 Brandywine Operating Partnership Class A units (subject to reduction if the Special Dividend is declared). However, the holders of Prentiss Operating Partnership common units have the right to convert their Prentiss Operating Partnership common units into Prentiss common shares prior to the REIT Merger, and any such Prentiss common shares that are issued upon conversion shall then be converted into the right to receive the REIT Merger consideration in the REIT Merger.

The Brandywine Operating Partnership Class A units to be issued in the Partnership Merger will, at any time and from time to time after the Partnership Merger, be exchangeable, at the request of the holder of such units, for cash or, at Brandywine's option, for Brandywine common shares on a one-for-one basis.

We refer to the Brandywine Operating Partnership Class A units issued in the Partnership Merger as the Partnership Merger Consideration.

The Partnership Merger will be completed immediately after the closing of the REIT Merger, with the Prentiss Operating Partnership surviving the Partnership Merger as a subsidiary of Brandywine Operating Partnership.

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Prentiss is not required to obtain the approval of the holders of Prentiss units of Prentiss Operating Partnership with respect to the REIT Merger, the Partnership Merger, the merger agreement or the related transactions.

**Q: *What is the Prudential Acquisition?***

A: As part of the merger transaction, Brandywine and Prentiss have entered into separate agreements with The Prudential Insurance Company of America (which we refer to as Prudential). These agreements provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of identified Prentiss properties that contain up to an aggregate of approximately 4.32 million net rentable square feet for total consideration of up to approximately \$747.7 million. The master agreement between Prudential and Brandywine provides Prudential with a limited right to change the composition of the portfolio of Prudential Properties. Generally, Prudential's right to change the composition of the portfolio, either by electing not to purchase a property, or to substitute a property for another Prentiss property, is subject to the occurrence of an uncured adverse change at a property and is limited to properties that have, in aggregate, an agreed upon value of \$150 million.

If Brandywine does not obtain a private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the day prior to the closing of the REIT Merger, Prentiss will cause Prentiss Operating Partnership to authorize a distribution payable to holders of Prentiss Operating Partnership common units on such date and the Prentiss board of trustees will declare the Special Dividend that will be payable to holders of record of Prentiss common shares on such date. In that case, the cash portion of the REIT Merger consideration would be reduced by the per share amount of the Special Dividend and the 1.3799 conversion ratio applicable in the Partnership Merger would be reduced in accordance with a formula to reflect the amount of cash that would be distributed to holders of Prentiss common units in connection with the Special Dividend. If Brandywine does obtain the private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the closing date of the REIT Merger. In that case, the Special Dividend will not be declared and the cash portion of the REIT Merger consideration will not be reduced and the conversion ratio applicable to the Partnership Merger will not be reduced.

**Q: *How soon after the special meetings will the Mergers occur?***

A: We are working to complete the Mergers as soon as possible. A number of conditions must be satisfied before we can do so, including approval of the Brandywine common shareholders and the Prentiss common shareholders. Although we cannot be sure when all of the conditions to the Mergers will be satisfied, we hope to complete the Mergers as soon as practicable after the special meetings.

**Q: *Who will manage Brandywine after the Mergers?***

A: Brandywine's board of trustees will be increased from eight to 10 members at the effective time of the Mergers and will include the eight current Brandywine trustees, in addition to Michael V. Prentiss, who is currently the Chairman of the Prentiss board of trustees, and Thomas F. August, who is currently the President and Chief Executive Officer of Prentiss. Brandywine's existing management team will be joined by several Prentiss executives who collectively will manage the operations of Brandywine after the REIT Merger. It is expected that the Prentiss regional operations will be incorporated into Brandywine's operating platform.



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**Q: *What will my dividends be before and after the REIT Merger?***

A: Until the REIT Merger is completed, Prentiss common shareholders will continue to receive regular dividends as authorized by the Prentiss board of trustees and declared by Prentiss. Other than the Special Dividend that may be declared in connection with the Prudential Acquisition, the merger agreement permits Prentiss to pay a regular quarterly cash dividend in an amount not to exceed \$0.56 per Prentiss common share. Prentiss currently intends to continue to pay regular quarterly dividends for any quarterly period that ends before the closing of the REIT Merger. In addition, Prentiss may declare and pay, if necessary, a dividend in an amount equal to the minimum amount necessary to maintain the REIT status of Prentiss under the Internal Revenue Code. If any such dividend is declared and is in addition to the regular \$0.56 per share quarterly dividend, then the cash portion of the REIT Merger consideration would be reduced by the per share amount of such additional dividend.

Brandywine common shareholders will continue to receive regular dividends as authorized by the Brandywine board of trustees and declared by Brandywine. The merger agreement permits Brandywine to pay regular quarterly cash dividends consistent with past practice. Brandywine currently intends to continue to pay regular quarterly dividends.

The merger agreement provides that Brandywine and Prentiss will coordinate the declaration, record and payment dates of any dividends in respect of their respective common shares. This coordination reflects the intention of Brandywine and Prentiss that the holders of Brandywine common shares and Prentiss common shares not receive more than one dividend, or fail to receive one dividend, for any single calendar quarter with respect to the shares they currently own and any Brandywine common shares received in the REIT Merger.

After the closing of the REIT Merger, former holders of Prentiss common shares that receive Brandywine common shares in the REIT Merger will receive the dividends payable to all holders of Brandywine common shares with a record date after the closing. Upon the closing of the REIT Merger, former holders of Prentiss common shares will cease receiving any distributions or dividends on all Prentiss common shares held before the REIT Merger, other than any unpaid distributions or dividends declared by Prentiss before the closing of the REIT Merger.

For additional discussion of dividends, please see "The Merger Agreement □Coordination of Dividends."

**Q: *Do Brandywine common shareholders and Prentiss common shareholders have appraisal rights in connection with the REIT Merger?***

A: No. Brandywine and Prentiss are both formed under Maryland law. Under Maryland law, because the companies' common shares are each listed on a national securities exchange, Brandywine common shareholders and Prentiss common shareholders do not have dissenters' rights of appraisal in connection with the REIT Merger.

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**Q: What will be the U.S. federal income tax consequences of the REIT Merger?**

A: The exchange of Prentiss common shares for the applicable REIT Merger consideration will be a taxable transaction for U.S. federal income tax purposes. In general, a Prentiss shareholder will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the value of the applicable REIT Merger consideration the shareholder receives and the shareholder's adjusted tax basis in the Prentiss common shares exchanged in the REIT Merger. Generally, if a Prentiss shareholder has held its shares for more than one year, the shareholder will recognize any gain as long-term capital gain. The deductibility of capital losses is subject to limitations.

**If the REIT Merger takes the form of the Reverse REIT Merger, a Prentiss shareholder will recognize taxable dividend income with respect to the Special Dividend.** For further information concerning the U.S. federal income tax consequences of the REIT Merger, please see "Material Federal Income Tax Consequences of the Mergers." Because the tax consequences of the REIT Merger are complex and may vary depending on the particular circumstances of a Prentiss shareholder, each Prentiss shareholder is urged to consult its own tax advisors for a full understanding of the tax consequences of the REIT Merger.

**About the Special Meetings**

**Q: Where and when are the special meetings?**

A: *Brandywine common shareholders.* The Brandywine special meeting will take place at [The Four Seasons Hotel, One Logan Square], Philadelphia, Pennsylvania, [19103] on \_\_\_\_ \_\_, 2005, at \_\_\_\_\_ a.m., Eastern time.

*Prentiss common shareholders.* The Prentiss special meeting will take place at the 3890 West Northwest Highway, Dallas, Texas, 75220 on \_\_\_\_ \_\_, 2005, at \_\_\_\_\_ a.m., local time.

**Q: Who is entitled to vote?**

A: Holders of record of Brandywine common shares and Prentiss common shares, as applicable, at the close of business on \_\_\_\_\_, 2005, the record date for the Brandywine and Prentiss special meetings, are entitled to vote at their respective special meetings. On that date, there were \_\_\_\_\_ Brandywine common shares outstanding and entitled to vote and \_\_\_\_\_ Prentiss common shares outstanding and entitled to vote.

**Q: How do I cast my vote?**

A: If you are a Brandywine common shareholder or a Prentiss common shareholder of record, you may vote in person at your special meeting or submit a proxy for your special meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage-paid envelope. You may also instruct the proxy holders how to vote by telephone or through the internet by following the instructions on your proxy card.

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**Q: *What vote is required?***

A: *Brandywine common shareholders.* Approval of the issuance of the Brandywine common shares under and as contemplated by the merger agreement requires the affirmative vote of at least a majority of the Brandywine common shares cast on this proposal at the Brandywine special meeting, provided that the total votes cast on the proposal represents over 50% of the outstanding Brandywine common shares entitled to vote on this proposal.

*Prentiss common shareholders.* The affirmative vote in person or by proxy of the holders of at least a majority of the Prentiss common shares outstanding and entitled to vote is required to approve the merger agreement, the REIT Merger and the related transactions.

**Q: *Can I change my vote after I have granted my proxy?***

A: Yes. You may revoke your proxy and change your vote at any time before your proxy is voted at your special meeting by following the procedures set forth under the applicable section of this joint proxy statement/prospectus entitled "The Brandywine Special Meeting How You May Revoke Your Proxy Instructions" and "The Prentiss Special Meeting How You May Revoke Your Proxy Instructions."

**Q: *What happens if I am a Brandywine common shareholder and I do not indicate how I want to vote, do not vote or abstain from voting on the proposal to issue Brandywine common shares?***

A: If you are a Brandywine common shareholder and you sign and send in your proxy but do not indicate how you want to vote on this proposal, your proxy will be voted in favor of the proposal to approve the issuance of the Brandywine common shares under and as contemplated by the merger agreement. If you do not submit your proxy and do not attend the Brandywine special meeting, your shares will not count towards a quorum, and if a quorum is present, will have the effect of a vote against the proposal unless more than 50% of the votes entitled to be cast have been cast, in which case, it will have no effect on the vote. Abstentions will count towards a quorum and will be counted as votes cast. Accordingly, abstentions will have the effect of a vote against the proposal.

**Q: *What happens if I am a Prentiss common shareholder and I do not indicate how I want to vote, do not vote or abstain from voting on the REIT Merger?***

A: If you are a Prentiss common shareholder and you sign and send in your proxy but do not indicate how you want to vote on the REIT Merger, your proxy will be voted in favor of the proposal to approve the merger agreement, the REIT Merger and the related transactions. If you do not submit your proxy and do not attend the Prentiss special meeting, your shares will not count towards a quorum, and if a quorum is present, your shares will have effect of a vote against the proposal. Abstentions will count towards a quorum but will not be counted as votes cast and will have the effect of a vote against the proposal.

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**Q: *If my shares are held in "street name" by my broker, will my broker vote my shares for me?***

A: No. Your broker will NOT vote your Brandywine common shares or Prentiss common shares unless you tell the broker how to vote. To do so, you should follow the directions that your broker provides you.

**Q: *Should I send in my Prentiss share certificates now?***

A: No. If you hold any Prentiss share certificates evidencing Prentiss common shares or Prentiss preferred shares, you will receive written instructions for exchanging those Prentiss share certificates for the REIT Merger consideration or the Brandywine Series E preferred shares, as and if applicable. You may not have received any stock certificates because your Prentiss securities were directly registered. The written instructions you will receive will also advise you what to do if your securities were directly registered.

**How to Get More Information**

**Q: *Who can answer my questions?***

A: *Brandywine common shareholders.* Brandywine common shareholders who have questions about the REIT Merger or want additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Investor Relations, Brandywine Realty Trust, 401 Plymouth Road, Suite 500, Plymouth Meeting, Pennsylvania 19462, Telephone (610) 325-5600.

*Prentiss common shareholders.* Prentiss common shareholders who have questions about the REIT Merger or want additional copies of this joint proxy statement/prospectus or additional proxy cards should contact: Investor Relations, Prentiss Properties Trust, 3890 West Northwest Highway, Suite 400, Dallas, Texas 75220, telephone (214) 654-0886.

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## SUMMARY

*This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. You should carefully read this entire joint proxy statement/prospectus and the other documents to which this joint proxy statement/prospectus refers for a more complete understanding of the matters being considered at the special meeting. In addition, we incorporate by reference important business and financial information about Brandywine and Prentiss into this joint proxy statement/prospectus. Unless we have otherwise stated, all references in this joint proxy statement/prospectus to Brandywine are to Brandywine Realty Trust, all references to the Brandywine Operating Partnership are to Brandywine Operating Partnership, L.P., all references to Prentiss are to Prentiss Properties Trust, all references to the Prentiss Operating Partnership are to Prentiss Properties Acquisition Partners, L.P. and all references to the Mergers are to the REIT Merger and the Partnership Merger. For more information about Brandywine and Prentiss, including where you can find the incorporated information free of charge, see the section of this joint proxy statement/prospectus entitled "Where You Can Find More Information."*

## The Companies

### **Brandywine Realty Trust**

401 Plymouth Road, Suite 500  
Plymouth Meeting, PA 19462  
(610) 325-5600

Brandywine is a self-administered and self-managed Maryland real estate investment trust, or REIT, active in acquiring, developing, redeveloping, leasing and managing office and industrial properties. As of September 30, 2005, Brandywine owned 227 office properties, 23 industrial facilities and one mixed-use property containing an aggregate of approximately 19.6 million net rentable square feet (excluding two office properties held by two consolidated real estate ventures in which Brandywine owns interests). In addition, as of September 30, 2005, Brandywine held interests in nine unconsolidated real estate ventures that it formed with third parties to develop or own commercial properties. In addition to managing properties that it owns, Brandywine manages approximately 3.6 million net rentable square feet in office, industrial and other properties for third parties. Brandywine's properties are located in the office and industrial markets in and surrounding Philadelphia, Pennsylvania; Wilmington, Delaware; Southern and Central New Jersey; and Richmond, Virginia.

Brandywine was organized and commenced operations in 1986 as a Maryland REIT. The Brandywine Operating Partnership was formed and commenced operations in 1996 as a Delaware limited partnership. Brandywine owns its assets and conducts its operations through the Brandywine Operating Partnership. Brandywine controls the Brandywine Operating Partnership as its sole general partner and, as of September 30, 2005, Brandywine owned a 96.6% interest in the Brandywine Operating Partnership.

If you want to find more information about Brandywine, please see the section entitled "Where You Can Find More Information."

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Brandywine Cognac I, LLC is a Maryland limited liability company and a direct wholly owned subsidiary of the Brandywine Operating Partnership, L.P. Brandywine Cognac I, LLC was organized on September 28, 2005 solely for the purpose of effecting the REIT Merger. It has not carried on any activities other than in connection with the merger agreement. If the REIT Merger is completed through the Forward REIT Merger, then Prudential will receive an equity interest in this limited liability company immediately prior to the effective time of the REIT Merger in exchange for cash contribution. Immediately following the consummation of the Mergers, Prudential's interest in Brandywine Cognac I, LLC will be exchanged with a subsidiary of Brandywine for the Prudential Properties.

Brandywine Cognac II, LLC is a Delaware limited liability company and a direct wholly owned subsidiary of Brandywine Operating Partnership, L.P. Brandywine Cognac II, LLC was organized on September 28, 2005 solely for the purpose of effecting the Partnership Merger. It has not carried on any activities other than in connection with the merger agreement.

**Prentiss Properties Trust**

3890 West Northwest Highway  
Suite 400  
Dallas, Texas 75220  
(214) 654-0886

Prentiss is a self-administered and self-managed Maryland REIT. Prentiss acquires, owns, manages, leases, develops and builds primarily office properties throughout the United States. Prentiss is self-administered in that it provides its own administrative services, such as accounting, tax and legal, internally through its own employees. Prentiss is self-managed in that it internally provides all the management and maintenance services that its properties require through employees, such as, property managers, leasing professionals and engineers. Prentiss operates principally through Prentiss Operating Partnership and its subsidiaries, and two management service companies, Prentiss Properties Resources, Inc. and its subsidiaries and Prentiss Properties Management, L.P. Prentiss controls the Prentiss Operating Partnership as its sole indirect general partner and, as of September 30, 2005, Prentiss owned an approximately 96.6% interest in the Prentiss Operating Partnership.

As of September 30, 2005, Prentiss owned interests in a diversified portfolio of 137 primarily suburban Class A office and suburban industrial properties containing an aggregate of approximately 20.0 million net rentable square feet. This includes 100% of the net rentable square feet of Prentiss wholly-owned, consolidated joint venture and unconsolidated joint venture properties, which totaled 17.5 million, 1.4 million and 1.1 million, respectively. Prentiss' pro rata share of net rentable square feet totals 18.4 million and includes 714,000 and 556,000 from Prentiss consolidated and unconsolidated joint venture properties, respectively.

In addition to managing properties that it owns, Prentiss manages approximately 6.9 million net rentable square feet in office, industrial and other properties for third parties.

The primary business of Prentiss is the ownership and operation of office properties throughout the United States. The Prentiss organization, which includes approximately 480 employees, consists of a corporate office located in Dallas, Texas and five regional offices each of which operates under the guidance of a member of the senior management team.

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The following are the 10 markets in which Prentiss properties are located with the first market being the location of each regional office:

<b>Region</b>	<b>Market</b>
Mid-Atlantic	Metropolitan Washington, DC
Midwest	Chicago, Suburban Detroit
Southwest	Dallas/Fort Worth, Austin, Denver
Northern California	Oakland, Silicon Valley
Southern California	San Diego, Los Angeles

The Prentiss board of trustees has unanimously approved the sale of its commercial office real estate holdings in the Midwest Region comprising Chicago, Illinois and suburban Detroit, Michigan. The Prentiss Chicago portfolio consists of 16 office properties containing approximately 2.4 million square feet and four industrial properties containing approximately 681,934 square feet. Prentiss has one office property in Detroit, Michigan containing approximately 240,887 square feet. Prentiss has entered into several contracts to sell 10 real estate projects in this region, subject to customary closing conditions and due diligence periods.

If you want to find more information about Prentiss, please see the section entitled "Where You Can Find More Information."

### **The Special Meetings**

#### **Brandywine Special Meeting; Quorum and Required Vote (see page 52)**

The Brandywine special meeting will be held at [The Four Seasons Hotel, One Logan Square], Philadelphia, Pennsylvania, [19103] at \_\_\_\_\_ a.m., Eastern time on \_\_\_\_\_, 2005. At the Brandywine special meeting, holders of Brandywine common shares will consider and vote on a proposal to approve the issuance of Brandywine common shares under and as contemplated by the merger agreement.

In accordance with the listing requirements of the New York Stock Exchange, or the NYSE, approval of the issuance of the Brandywine common shares requires the affirmative vote of the holders of at least a majority of the Brandywine common shares cast in person or by proxy on such proposal at the Brandywine special meeting, provided that the total votes cast on the proposal represents over 50% of the outstanding Brandywine common shares entitled to vote on the proposal.

The holders of a majority of the outstanding common shares entitled to vote at the Brandywine special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Brandywine special meeting. All Brandywine common shares represented at the Brandywine special meeting, including abstentions and "broker non-votes," will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Abstentions by holders of Brandywine common shares will be counted as votes cast and will have the effect of a vote against the proposal.

Under the listing requirements of the NYSE, brokers who hold Brandywine common shares in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be "non-routine," such as approval of the issuance of Brandywine common shares under and as contemplated by the merger agreement, without specific instructions from the beneficial owner. These non-voted shares are referred to as "broker non-votes." If your broker holds your Brandywine common shares in "street name," your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus. Broker non-votes will not affect the outcome of the vote with respect to the issuance of Brandywine common shares unless the holders of less than a majority of the votes entitled to be cast of the Brandywine common shares vote, in which case broker non-votes will have the effect of a vote against the proposal.





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### **Prentiss Special Meeting; Quorum and Required Vote (see page 55)**

The Prentiss special meeting will be held at 3890 West Northwest Highway, Dallas, Texas, 75220 at \_\_\_\_ a.m., local time, on \_\_\_\_\_, 2005. At the Prentiss special meeting, holders of Prentiss common shares will consider and vote on a proposal to approve the merger agreement, the REIT Merger and the related transactions.

Approval of the merger agreement, the REIT Merger and the related transactions requires the affirmative vote in person or by proxy of the holders of at least a majority of the Prentiss common shares outstanding and entitled to vote at the Prentiss special meeting.

The holders of a majority of the Prentiss common shares outstanding and entitled to vote at the Prentiss special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Prentiss special meeting. All Prentiss common shares represented at the Prentiss special meeting, including abstentions and "broker non-votes," will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Abstentions by holders of Prentiss common shares will not be counted as votes cast and will have the effect of a vote against the proposal.

Broker non-votes, as discussed above, will not be counted as votes cast at the Prentiss special meeting and will have the effect of a vote against the proposal.

### **The REIT Merger**

The merger agreement provides for the REIT Merger to be completed either through the Forward REIT Merger or Reverse REIT Merger, with the actual form dependent on whether Brandywine receives the private letter ruling as described in more detail in "Material Federal Income Tax Consequences of the Mergers" Tax Consequences of the REIT Merger □ General □ The Private Letter Ruling" prior to the closing of the REIT Merger. If Brandywine receives the private letter ruling then the REIT Merger will be completed through the Forward REIT Merger in which Prentiss is merged with and into Brandywine Cognac I, LLC, with Brandywine Cognac I, LLC surviving in the REIT Merger and the Prudential Acquisition will occur on the closing date of the Forward REIT Merger. If Brandywine does not receive the private letter ruling prior to the closing of the REIT Merger then the Prudential Acquisition will occur on the day prior to the closing of the REIT Merger and the Special Dividend will be declared and would be payable to holders of record of Prentiss common shares on such date and the REIT Merger will be completed through the Reverse REIT Merger in which Brandywine Cognac I, LLC is merged with and into Prentiss, with Prentiss surviving the REIT Merger as a subsidiary of the Brandywine Operating Partnership. If the Reverse REIT Merger is completed, with Prentiss as the survivor, then Prentiss will continue to be operated in conformity with the requirements for qualification as a REIT until such time as it has been liquidated for U.S. federal income tax purposes.

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***Treatment of Prentiss Common Shares (see page 97)***

In the REIT Merger, each Prentiss common share (including shares held by Prentiss in trust or otherwise designated for participants in and beneficiaries of the Prentiss deferred compensation plan, but excluding any other shares owned by Prentiss, Brandywine or their direct or indirect wholly owned subsidiaries) shall be converted into the right to receive:

- \$21.50 in cash, subject to reduction by the per share amount of a Special Dividend if the Special Dividend is declared and paid prior to the REIT Merger, as discussed below; and
- 0.69 of a Brandywine common share.

No change will be made to the 0.69 exchange ratio for the exchange of Prentiss common shares for Brandywine common shares in the REIT Merger. Because the exchange ratio is fixed, the value of the consideration to be received by Prentiss common shareholders in the REIT Merger will depend upon the market price of Brandywine common shares at the time of the REIT Merger.

You will not receive any fractional Brandywine common shares in the REIT Merger. After taking into account all Brandywine common shares delivered by you, Brandywine will pay you cash in lieu of any fraction of a Brandywine common share in an amount equal to such fraction multiplied by the average closing prices of Brandywine common shares quoted on the NYSE for the ten trading day period ending on the trading date immediately prior to the closing date of the REIT Merger.

As part of the merger transaction, Brandywine and Prentiss have entered into separate agreements with Prudential. These agreements provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of identified Prentiss properties, the Prudential Properties, that contain up to an aggregate of approximately 4.32 million net rentable square feet for total consideration of up to approximately \$747.7 million. The master agreement between Prudential and Brandywine provides Prudential with a limited right to change the composition of the portfolio of Prudential Properties. Generally, Prudential's right to change the composition of the portfolio, either by electing not to purchase a property, or to substitute a property for another Prentiss property, is subject to the occurrence of an uncured adverse change at a property and is limited to properties that have, in aggregate, an agreed upon value of \$150 million.

If Brandywine does not obtain a private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the day prior to the closing of the REIT Merger, and the Prentiss board of trustees will declare a special cash dividend (which we refer to as the Special Dividend) that will be payable to holders of record of Prentiss common shares on such date. In that case, the cash portion of the REIT Merger consideration would be reduced by the per share amount of the Special Dividend and the conversion ratio applicable to the Partnership Merger would be reduced. If Brandywine does obtain the private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the closing date of the REIT Merger. In that case, the Special Dividend will not be declared and the cash portion of the REIT Merger consideration will not be reduced and the conversion ratio applicable to the Partnership Merger will not be reduced.

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Until the REIT Merger is completed, Prentiss common shareholders will continue to receive regular dividends as authorized by the Prentiss board of trustees. Other than the Special Dividend, the merger agreement permits Prentiss to pay a regular quarterly cash dividend in an amount not to exceed \$0.56 per Prentiss common share. In addition, Prentiss may pay, if necessary, a dividend in an amount equal to the minimum amount necessary to maintain the REIT status of Prentiss under the Internal Revenue Code. If any such dividend is declared and is in addition to the regular \$0.56 per share quarterly dividend, then the cash portion of the REIT Merger consideration would be reduced by the per share amount of such additional dividend.

Brandywine common shareholders will continue to receive regular dividends as authorized by the Brandywine board of trustees. The merger agreement permits Brandywine to pay regular quarterly cash dividends consistent with past practice.

The merger agreement provides that Brandywine and Prentiss will coordinate the declaration, record and payment dates of any dividends in respect of their respective common shares. This coordination reflects the intention of Brandywine and Prentiss that the holders of Brandywine common shares and Prentiss common shares not receive more than one dividend, or fail to receive one dividend, for any single calendar quarter with respect to the shares they currently own and any Brandywine common shares received in the REIT Merger.

After the closing of the REIT Merger, former Prentiss common shareholders that receive Brandywine common shares in the REIT Merger will receive the dividends payable to all holders of Brandywine common shares with a record date after the closing. Upon the closing of the REIT Merger, you will cease receiving any distributions or dividends on all Prentiss common shares you held before the REIT Merger, other than any distributions or dividends declared by Prentiss before the closing of the REIT Merger but not yet paid.

See "Questions and Answers About the Mergers" for a description of the dividends anticipated to be paid by Brandywine and Prentiss to holders of Brandywine common shares and Prentiss common shares, respectively, for periods prior to the effective date of the REIT Merger.

#### ***Treatment of Prentiss Series D Preferred Shares (see page 98)***

If any shares of Prentiss Series D Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest remain outstanding at the effective time of the REIT Merger, they will be converted into an equal number of newly created Brandywine Series E Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest with terms that will be identical in all material respects to the terms of the Series D preferred shares.

#### ***Treatment of Prentiss Options (see page 101)***

Each outstanding and unexercised option to purchase Prentiss common shares granted under any Prentiss incentive plan, whether or not exercisable or vested, will be converted at the REIT Merger into a replacement option to purchase Brandywine common shares on the same terms and conditions under which it was originally issued (but taking into account any changes thereto, including the acceleration thereof, provided for in, or required or permitted by, the Prentiss incentive plans and applicable award agreements). Each new Brandywine option will be exercisable for a number of Brandywine common shares equal to (i) the number of Prentiss common shares subject to the Prentiss option to which such new Brandywine option relates multiplied by (ii) the Option Exchange Ratio (as defined below), rounded to the nearest share. The per share exercise price of each new Brandywine option shall equal (A) the per share exercise price of the Prentiss option to which such new Brandywine option relates divided by (B) the Option Exchange Ratio, rounded to the nearest one-hundredth of a cent. The "Option Exchange Ratio" is equal to a fraction, the numerator of which is the per share dollar value of the REIT Merger consideration on the closing date of the REIT Merger, and the denominator of which is the average closing prices of Brandywine common shares for the ten trading day period ending on the trading date immediately prior to the closing date of the REIT Merger. That portion of the REIT Merger consideration that consists of Brandywine common shares will be valued to equal the average closing prices of Brandywine common shares for the ten trading day period ending on the trading date immediately prior to the closing date of the REIT Merger. If a Special Dividend is declared, the Option Exchange Ratio will be increased by an amount equal to the per share amount of the Special Dividend divided by the average of the closing prices of Brandywine common shares for the ten trading day period ending on the trading date immediately prior to the closing date of the REIT Merger.



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Prior to the REIT Merger and subject to the terms of the Prentiss option plans, Prentiss may, in its sole discretion, take all actions necessary and appropriate to allow each holder of a Prentiss option (whether or not exercisable or vested) to elect, in lieu of the treatment provided above, to convert each Prentiss option so held into the right to receive an amount of cash at the effective time of the REIT Merger equal to the product of (i) the excess, if any, of the sum of (1) the per share dollar value of the REIT Merger consideration (computed as described in the preceding paragraph) on the closing date of the REIT Merger and (2) the amount of any Special Dividend over the per share exercise price of such Prentiss option and (ii) the number of Prentiss common shares subject to such Prentiss option (such payment to be net of all applicable withholding taxes).

***Recommendation of Brandywine's Board of Trustees and Brandywine's Reasons for the REIT Merger (see page 65)***

Brandywine's board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and in the best interests of Brandywine and its shareholders.

**The Brandywine board of trustees unanimously recommends that Brandywine common shareholders vote "FOR" approval of the issuance of Brandywine common shares under and as contemplated by the merger agreement.**

You should refer to the factors considered by Brandywine's board of trustees in making its decision to approve the merger agreement, the REIT Merger and the related transactions and to recommend to Brandywine's shareholders the approval of the issuance of the Brandywine common shares under and as contemplated by the merger agreement.

On the record date for the Brandywine special meeting, a total of \_\_\_\_, or approximately \_\_%, of the outstanding Brandywine common shares entitled to vote at the Brandywine special meeting were held by Brandywine trustees, executive officers and their respective affiliates, all of whom Brandywine expects will vote their shares for the approval of the issuance of the Brandywine common shares to be issued under and as contemplated by the merger agreement.

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***Recommendation of the Prentiss Board of Trustees and reasons of Prentiss for the REIT Merger (see page 68)***

The Prentiss board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Prentiss and its shareholders.

**The Prentiss board of trustees unanimously recommends that Prentiss common shareholders vote “FOR” approval of the merger agreement, the REIT Merger and the related transactions.**

You should refer to the factors considered by the Prentiss board of trustees in making its decision to approve the merger agreement, the REIT Merger and the related transactions and to recommend to the Prentiss common shareholders the approval of the merger agreement, the REIT Merger and the related transactions.

On the record date for the Prentiss special meeting, a total of \_\_\_\_, or approximately \_\_%, of the outstanding Prentiss common shares entitled to vote at the Prentiss special meeting were held by Prentiss trustees, executive officers and their respective affiliates.

As of the record date, Michael V. Prentiss, the Chairman of the Prentiss board of trustees, and Thomas F. August, the President and Chief Executive Officer of Prentiss, held a total of 2,015,201 or approximately 3.9%, of the outstanding Prentiss common shares entitled to vote at the Prentiss special meeting and have agreed to vote all Prentiss common shares held by them in favor of the REIT Merger. Prentiss expects that all of its other trustees, executive officers and their respective affiliates will also vote their shares in favor of the merger agreement, the REIT Merger and the related transactions.

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## **The Partnership Merger**

### ***Treatment of Prentiss Operating Partnership Common Units (see page 99)***

At the effective time of the Partnership Merger, each issued and outstanding Prentiss Operating Partnership common unit (excluding common units owned or held by Brandywine, Brandywine Operating Partnership, Brandywine Cognac I, LLC, Brandywine Cognac II, LLC, Parent, the general partner of Prentiss Operating Partnership or Prentiss Operating Partnership or any of their respective direct or indirect wholly owned subsidiaries which shall remain issued and outstanding and unchanged by the Partnership Merger) shall be converted into the right to receive Brandywine Operating Partnership Class A units. If the cash portion of the REIT Merger consideration is not reduced, each Prentiss common unit will be converted into the right to receive 1.3799 Brandywine Operating Partnership Class A units. If the cash portion of the REIT Merger consideration is reduced because the Prentiss board of trustees declares either the Special Dividend, or a pre-closing dividend to maintain the REIT status of Prentiss that is in excess of the \$0.56 per share quarterly dividend, then the 1.3799 exchange ratio will be adjusted to equal the sum of (i) 0.69 plus (ii) the quotient obtained by dividing the per share amount of the cash consideration payable in the REIT Merger by \$31.1594. We refer to the exchange ratio, as it may be adjusted, as the Common Interest Exchange Ratio.

The Brandywine Operating Partnership Class A units to be issued in the Partnership Merger will, at any time and from time to time after the Partnership Merger, be exchangeable, at the request of the holder of such units, for Brandywine common shares, or for cash, at Brandywine's option, on a one-for-one basis.

Prentiss is not required to obtain the approval of the holders of Prentiss units of Prentiss Operating Partnership with respect to the REIT Merger, the Partnership Merger, the merger agreement or the related transactions.

### ***The Optional Partnership Election (see page 99)***

In lieu of receiving Brandywine Operating Partnership Class A units in the Partnership Merger, holders of Prentiss Operating Partnership common units may elect to receive the REIT Merger consideration by converting their Prentiss Operating Partnership common units into Prentiss common shares immediately prior to the REIT Merger. Each Prentiss common share issued upon such conversion would then be converted in the REIT Merger into the right to receive the consideration payable to holders of Prentiss common shares in the REIT Merger.

### ***Interests of the Prentiss Executive Officers and Trustees in the Mergers (see page 89)***

In considering the recommendation of the Prentiss board of trustees with respect to the merger agreement, the REIT Merger and the related transactions, you should be aware that some of the Prentiss executive officers and trustees have interests in the Mergers that are different from, or in addition to, the interests of other Prentiss common shareholders. These interests include:

- the appointment of Mr. Prentiss and Mr. August, both of whom are current members of the Prentiss board of trustees, to the Brandywine board of trustees upon completion of the Mergers;

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- the receipt of change in control payments of approximately \$12.1 million in the aggregate (excluding gross-up payments, if any) by Prentiss executive officers under existing employment arrangements;
- the acceleration and conversion of all vested and unvested Prentiss options into the right to receive a payment in the form Brandywine common shares;
- the ability of Prentiss to allow each holder of a Prentiss option (whether or not exercisable or vested) to elect, in lieu of receiving Brandywine options, to convert each Prentiss option so held into the right to receive an amount of cash at the effective time of the REIT Merger;
- the vesting of restricted shares under Prentiss' incentive plans and the impact of the Mergers on amounts held in Prentiss' deferred compensation plans;
- on October 3, 2005, Prentiss entered into two separate change of control severance protection plans in connection with the REIT Merger, one with respect to Prentiss hourly and salaried non-officer employees and the other with respect to Prentiss key employees;
- in connection with the REIT Merger, the Prentiss compensation committee created a bonus pool of up to \$10 million to provide incentives to Prentiss employees (other than the Chief Executive Officer) with respect to the consummation of the Mergers. Of the total bonus pool, \$8 million has been allocated to specific Prentiss executive officers, payable upon closing of the REIT Merger if such officers remain employed by Prentiss at the closing of the REIT Merger unless previously decided otherwise by Prentiss' compensation committee or the President of Prentiss;
- the continued indemnification of current trustees and officers of Prentiss under the merger agreement and the provision of trustees' and officers' liability insurance to these individuals; and
- the entry into the voting agreements and registration rights agreement described below.

In addition, certain trustees and officers of Prentiss who own Prentiss Operating Partnership common units will be able to defer their taxable gains in their Prentiss Operating Partnership common units by receiving Brandywine Operating Partnership Class A units in exchange for their Prentiss Operating Partnership common units. The REIT Merger, in contrast, is a taxable transaction and, as a result, holders of Prentiss common shares other than certain tax-exempt holders will be required to pay tax on gains arising from exchanging their Prentiss common shares for the REIT Merger consideration.

The Prentiss board of trustees was aware of these interests and considered them, among other matters, in approving the merger agreement, the REIT Merger and the related transactions and in making their recommendation.

**Voting Agreements (see page 125)**

Michael V. Prentiss and Thomas F. August have each entered into a voting agreement with Brandywine and the Brandywine Operating Partnership which require each of them to vote all Prentiss common shares beneficially owned by each of them as of the record date for the Prentiss special meeting in favor of the merger proposal (and against competing proposals).

As of the record date for the Prentiss special meeting, Michael V. Prentiss and Thomas F. August owned a total of 2,015,201 Prentiss common shares, representing approximately 3.9% of the outstanding Prentiss common shares.



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### **Registration Rights Agreement (see page 127)**

Brandywine has agreed to assume identified registration rights obligations of Prentiss after consummation of the REIT Merger, including the registration right of holders of Prentiss Operating Partnership common units. Brandywine has agreed that holders of registration rights under such agreements shall have substantially the same rights with respect to the registration of the Brandywine common shares that such holders may receive in the REIT Merger or upon conversion of securities received in the Mergers.

Brandywine, Brandywine Operating Partnership and Michael V. Prentiss entered into a registration rights agreement pursuant to which Brandywine agreed to register the Brandywine common shares that Mr. Prentiss receives in the REIT Merger and upon conversion of Brandywine Operating Partnership Class A units received in the Partnership Merger. See "The Merger Agreement" Michael V. Prentiss Registration Rights Agreement."

Brandywine also agreed to use good faith commercially reasonable efforts to file, on or within thirty (30) days following the consummation of the REIT Merger, a shelf registration statement to register the resale of Brandywine common shares issuable by Brandywine upon the conversion or redemption of any Brandywine Operating Partnership Class A units received in the Partnership Merger.

### **Opinions of Financial Advisors**

#### **Opinion of Brandywine's Financial Advisor (see page 71)**

J.P. Morgan Securities Inc., which we refer to as JPMorgan, has provided its opinion to Brandywine's board of trustees dated as of October 2, 2005 that, as of that date, and subject to and based on the qualifications and assumptions set forth in its opinion, the Brandywine Consideration (as defined on page 72) to be paid by Brandywine in the proposed Transactions (as defined on page 72) for the Pro Forma Company (as defined on page 72) was fair, from a financial point of view, to Brandywine. The full text of JPMorgan's opinion is attached as Annex D to this joint proxy statement/prospectus. Brandywine urges its shareholders to read that opinion in its entirety. JPMorgan's opinion is addressed to the board of trustees of Brandywine, is directed only to the Brandywine Consideration to be paid in the proposed Transactions for the Pro Forma Company and does not constitute a recommendation to any shareholder of Brandywine as to how that shareholder should vote at the Brandywine special meeting and should not be relied upon by any Brandywine shareholder as such. The summary of the opinion of JPMorgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of that opinion. Pursuant to an engagement letter between Brandywine and JPMorgan, Brandywine has agreed to pay JPMorgan a fee a substantial portion of which is payable upon completion of the Transactions. Please see "The Mergers" Opinion of Brandywine's Financial Advisor, JPMorgan."

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### **Opinion of Prentiss' Financial Advisor (see page 82)**

The Prentiss board of trustees received an opinion from Lazard Frères & Co. LLC, its financial advisor, that based on, and subject to the various assumptions and qualifications set forth in such opinion, as of the date of such opinion, the per share consideration of \$21.50 in cash, plus 0.69 Brandywine shares to be paid to Prentiss' common shareholders pursuant to the merger agreement (including, if the Reverse REIT Merger is to be consummated pursuant to the merger agreement, the payment of the Special Dividend) is fair from a financial point of view to the public holders of Prentiss common shares. The full text of Lazard's written opinion dated October 3, 2005 is attached to this joint proxy statement/prospectus as Annex E. Prentiss common shareholders are encouraged to read the opinion carefully in its entirety, as well as the description of the analyses and assumptions on which the opinion was based and the limitations on the reviews undertaken in connection with the opinion. Lazard provided its opinion to the Prentiss board of trustees to assist the board in its evaluation of the merger consideration to be received by Prentiss common shareholders pursuant to the merger agreement. The opinion does not address any other aspect of the REIT Merger and does not constitute a recommendation to any shareholder as to how to vote at the Prentiss' special meeting and should not be relied upon by any Prentiss shareholder as such. Pursuant to an engagement letter between Prentiss and Lazard, Prentiss has agreed to pay Lazard a fee which is payable upon completion of the REIT merger. Please see "The Mergers" Opinion of Prentiss' Financial Advisor, Lazard Frères & Co. LLC."

### **The Merger Agreement**

The merger agreement is attached to this joint proxy statement/prospectus as Annex A. We encourage you to read the merger agreement because it is the legal document that governs the Mergers. The merger agreement has been included in this joint proxy statement/prospectus to provide you with information regarding its terms. It is not intended to provide you with any factual information about Brandywine or Prentiss.

### **What We Need to Do to Complete the Mergers (see page 116)**

Brandywine and Prentiss will complete the Mergers only if the conditions set forth in the merger agreement are satisfied or, in some cases, waived. These conditions include:

- the approval by Prentiss common shareholders of the merger agreement, the REIT Merger and the related transactions;
- the approval by Brandywine common shareholders of the issuance of Brandywine common shares under and as contemplated by the merger agreement;
- the approval for listing on the New York Stock Exchange of the Brandywine common shares to be issued under and as contemplated by the merger agreement;
- the absence of legal prohibitions to the Mergers;
- the continued effectiveness of the registration statement of which this joint proxy statement/prospectus is a part;
- the accuracy of each company's representations and warranties;
- the performance by each company of its obligations under the merger agreement;

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- the absence of any material adverse effect on Brandywine or Prentiss between October 3, 2005 and the date on which the Mergers are completed; and
- the receipt of legal opinions from counsel to each company as to each company's qualification as a REIT under the Internal Revenue Code.

**Prentiss Prohibited from Soliciting Other Offers (see page 110)**

Prentiss has agreed not to solicit, initiate encourage or knowingly take any other action to facilitate any inquiries or other action by a third party that could reasonably be expected to lead to a competing transaction, including:

- any merger or business combination (other than the REIT Merger discussed in this joint proxy statement/prospectus) involving Prentiss;
- any sale of 30% or more of the assets of Prentiss; or
- any tender offer or exchange offer for 30% or more of the voting power of outstanding equity securities of Prentiss.

**Termination of the Merger Agreement (see page 118)**

Brandywine and Prentiss can agree to terminate the merger agreement at any time, even after shareholder approvals have been obtained. In addition, either Brandywine or Prentiss can terminate the merger agreement if any of the following occurs:

- the REIT Merger is not completed on or before April 1, 2006, other than due to a breach of the merger agreement by the party seeking to terminate the merger agreement;
- a legal prohibition to the REIT Merger has become final and non-appealable;
- a breach by the other party of any of its representations, warranties or agreements under the merger agreement such that a condition to completing the REIT Merger cannot be satisfied by April 1, 2006; or
- the necessary approval of the other party's shareholders is not obtained at the other party's special meeting.

Prentiss can also terminate the merger agreement if Prentiss receives an offer for a superior competing transaction as long as (i) Prentiss has complied fully with its non-solicitation obligations under the merger agreement, (ii) within three business days after Prentiss notifies Brandywine of a superior competing transaction, Brandywine has not made a counter proposal that the Prentiss board of trustees determines in good faith is more favorable to Prentiss common shareholders than the superior competing transaction and (iii) the Prentiss board of trustees approves or recommends the superior competing transaction and determines that such action would be reasonably likely to cause a breach of the duties of the trustees of Prentiss to Prentiss and its shareholders under law. In such case, Prentiss must pay Brandywine a \$60 million termination fee plus expenses of up to \$6 million. Prentiss can also terminate the merger agreement if Brandywine fails to call or hold the special meeting of its shareholders to approve the issuance of the Brandywine common shares to be issued under and as contemplated by the merger agreement.

Brandywine can also terminate the merger agreement if (i) the Prentiss board of trustees withdraws or modifies its recommendation of the REIT Merger to Prentiss common shareholders in a manner adverse to Brandywine or approves, recommends or enters into a superior competing transaction, as defined in the merger agreement, (ii) Prentiss shall have failed to call or hold the special meeting of its shareholders to vote on the REIT Merger and the merger agreement or (iii) Prentiss shall have intentionally and materially breached any of its obligations under the no solicitation covenant contained in the merger agreement.



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**Termination Fees and Expenses (see page 120)**

If the merger agreement is terminated under specified circumstances involving a competing transaction, Prentiss will be required to pay Brandywine a termination fee of \$60 million plus transaction expenses of up to \$6 million.

If the merger agreement is terminated under other specified circumstances not associated with the termination fee of \$60 million, either Prentiss or Brandywine may be required to pay the other a termination fee of \$12.5 million plus expenses of up to \$6 million and in certain circumstances Brandywine would additionally be required to reimburse Prentiss for unrecoverable out-of-pocket expenses and any lost deposits related to Prentiss' termination of a proposed loan related to its Barton Skyway property.

The \$12.5 million fee would be payable by Brandywine to Prentiss if (x) the Brandywine shareholders do not approve the issuance of Brandywine common shares under and as contemplated by the merger agreement and the Prentiss shareholders approve the REIT Merger and the merger agreement, (y) Brandywine fails to hold the Brandywine special meeting or (z) the REIT Merger has not been consummated by April 1, 2006 and Brandywine's failure to comply with its obligations under the merger agreement is the primary cause of the REIT Merger not having been consummated by such date.

Similarly, the \$12.5 million fee would be payable by Prentiss to Brandywine if (x) the Prentiss shareholders do not approve the REIT Merger and the merger agreement and the Brandywine shareholders approve the issuance of Brandywine common shares under and as contemplated by the merger agreement or (y) the REIT Merger has not been consummated by April 1, 2006 and the failure of Prentiss to comply with its obligations under the merger agreement is the primary cause of the REIT Merger not having been consummated by such date. Prentiss would not be obligated to pay to Brandywine the \$12.5 million fee in any circumstances in which Prentiss is also obligated to pay to Brandywine the \$60 million termination fee.

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## Other Information

### The Prudential Acquisition (see page 128)

As part of the merger transaction, Brandywine and Prentiss have entered into separate agreements with Prudential. These agreements provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of the Prudential Properties.

If Brandywine does not obtain a private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the day prior to the closing of the REIT Merger, Prentiss will cause Prentiss Operating Partnership to authorize a distribution payable to holders of Prentiss Operating Partnership common units on such date and the Prentiss board of trustees will declare the Special Dividend and the cash portion of the REIT Merger consideration would be reduced by the per share amount of the Special Dividend and the conversion ratio applicable to the Partnership Merger would be reduced. If Brandywine does obtain the private letter ruling from the Internal Revenue Service, Prudential will acquire the Prudential Properties on the closing date of the REIT Merger. In that case, the Special Dividend will not be declared and the cash portion of the REIT Merger consideration will not be reduced and the conversion ratio applicable to the Partnership Merger would not be reduced. The amount of the Prentiss Operating Partnership distribution, if authorized, and the Special Dividend, if declared, will be funded from net cash proceeds of the Prudential Acquisition.

### Material Federal Income Tax Consequences (see page 132)

The exchange of Prentiss common shares for the applicable REIT Merger consideration will be a taxable transaction for U.S. federal income tax purposes. In general, a Prentiss shareholder will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the value of the applicable REIT Merger consideration the shareholder receives and the shareholder's adjusted tax basis in the Prentiss common shares exchanged in the REIT Merger. Generally, if a Prentiss shareholder has held its shares for more than one year, the shareholder will recognize any gain as long-term capital gain. The deductibility of capital losses is subject to limitations.

The exchange of Prentiss Operating Partnership common units for Brandywine Operating Partnership Class A units in the Partnership Merger is intended to be a tax-deferred transaction for U.S. federal income tax purposes.

**If the REIT Merger takes the form of the Reverse REIT Merger, a Prentiss shareholder will recognize taxable dividend income with respect to the Special Dividend.** For further information concerning the U.S. federal income tax consequences of the REIT Merger, please see "Material Federal Income Tax Consequences of the Mergers." Because the tax consequences of the REIT Merger are complex and may vary depending on the particular circumstances of a Prentiss shareholder, each Prentiss shareholder is urged to consult its own tax advisors for a full understanding of the tax consequences of the REIT Merger.

### Merger Financing (see page 93)

Brandywine has received a commitment from affiliates of JPMorgan for (i) a 364-day term loan in the amount of \$750 million, (ii) an interim term loan in the amount of \$240 million, and (iii) a back-stop revolving credit facility in the amount of \$600 million. Brandywine expects to use the net proceeds from borrowings under the 364-day term loan to fund a portion of the cash component of the REIT Merger consideration. The interim term loan will only be drawn if (i) certain properties located in the Mid-west anticipated to be sold by Prentiss are not sold prior to the consummation of the REIT Merger, or (ii) if a portion of the Prudential Properties are not sold to Prudential. The interim term loan will be subject to mandatory pre-payment out of the proceeds of any sale of the Mid-west properties. The interim term loan will have a term of 60 days. The back-stop revolving credit facility will only be put into place if Brandywine is not successful in completing, prior to the consummation of the REIT Merger, an amendment and restatement of Brandywine's existing revolving credit facility on terms which allow for the consummation of the REIT Merger and are otherwise satisfactory to Brandywine. The back-stop revolving credit facility will have a term of 60 days from the closing of the REIT Merger.

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**Dissenters Rights of Appraisal (see page 94)**

Brandywine common shareholders do not have dissenters' rights of appraisal in connection with the Mergers.

Prentiss common shareholders do not have dissenters' rights of appraisal in connection with the Mergers.

**Regulatory Matters (see page 94)**

Neither Brandywine or Prentiss is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained by Brandywine, Brandywine Operating Partnership, Prentiss, or Prentiss Operating Partnership in connection with either the REIT Merger or the Partnership Merger.

**Stock Exchange Listing and Related Matters (see page 95)**

Brandywine will list the Brandywine common shares to be issued to holders of shares of Prentiss common shares in connection with the REIT Merger on the NYSE. After the closing of the REIT Merger, there will be no further trading in shares of Prentiss common shares and Prentiss will delist its common shares from the NYSE and deregister it for purposes of the Securities Exchange Act of 1934.

**Accounting Treatment (see page 95)**

The Mergers will be treated as a purchase for financial accounting purposes. This means that Brandywine will record the assets acquired and the liabilities assumed at their estimated fair values at the time the Mergers are completed.

**Differences in Rights of Brandywine and Prentiss Common Shareholders (see page 166)**

The rights of Prentiss common shareholders are currently governed by Maryland law and Prentiss' Declaration of Trust and Bylaws. Following the REIT Merger, the rights of former Prentiss common shareholders who receive Brandywine common shares will be governed by Maryland law and Brandywine's Declaration of Trust and Bylaws. There are important differences in the rights of Prentiss common shareholders and Brandywine common shareholders with respect to voting requirements and various other matters.

[Back to Contents](#)**Selected Historical Consolidated Financial Data of Brandywine**

The following information is provided to assist you in your analysis of the financial aspects of the Mergers. This information has been derived from Brandywine's audited consolidated financial statements for the years ended December 31, 2000 through 2004 and from Brandywine's unaudited consolidated financial statements for the six months ended June 30, 2004 and 2005.

This information is only a summary. You should read it along with Brandywine's historical financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Brandywine's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other information on file with the Securities and Exchange Commission and incorporated by reference into this joint proxy statement/prospectus. Please see "Where You Can Find More Information" beginning on page 175. Operating results for the six months ended June 30, 2005 are not necessarily indicative of results for the year ending December 31, 2005. For a discussion of certain factors that may materially affect the comparability of the selected historical financial information or cause the data reflected herein not be indicative of Brandywine's future financial condition or results of operations, please see "Risk Factors."

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2003	2002	2001	2000	2005	2004
						(unaudited)	
<b>Operating Results</b>	(in thousands, except per share amounts and number of properties)						
Total revenue	\$ 323,592	\$ 301,464	\$ 286,712	\$ 265,838	\$ 249,141	\$ 194,167	\$ 149,413
Income from continuing operations including gain on sale	57,604	75,832	47,643	19,462	38,953	18,345	30,577
Net income	60,303	86,678	62,984	33,722	52,158	18,345	30,610
Income allocated to Common Shares	55,083	54,174	51,078	21,816	40,252	14,349	30,415
Income from continuing operations including gain on sale per Common Share							
Basic	\$ 1.09	\$ 1.14	\$ 0.97	\$ 0.20	\$ 0.75	\$ 0.26	\$ 0.68
Diluted	1.09	1.14	0.96	0.20	0.75	0.26	0.67
Cash distributions declared per Common Share	1.76	1.76	1.76	1.70	1.62	0.88	0.88
<b>Balance Sheet Data</b>							
Real estate investments,	\$ 2,363,865	\$ 1,695,355	\$ 1,745,981	\$ 1,812,909	\$ 1,674,341	\$ 2,457,937	\$ 1,724,913



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net of

accumulated  
depreciation

Total assets	2,633,984	1,855,776	1,919,288	1,960,203	1,821,103	2,705,909	1,864,882
Total indebtedness	1,306,669	867,659	1,004,729	1,009,165	866,202	1,409,723	820,110
Total liabilities	1,444,116	950,431	1,097,793	1,108,213	923,961	1,539,945	888,877
Minority interest	42,866	133,488	135,052	143,834	144,974	41,336	33,889
Beneficiaries' equity	1,147,002	771,857	686,443	708,156	752,168	1,124,628	942,116

**Other Data**

Cash flows  
from:

Operating activities	153,183	118,793	128,836	152,040	103,123	62,505	73,342
Investing activities	(682,945)	(34,068)	5,038	(123,682)	(32,372)	(126,339)	(31,103)
Financing activities	536,556	(102,974)	(120,532)	(30,939)	(60,403)	57,807	(40,246)

**Property Data**

Number of properties owned at year end	246	234	238	270	250	248	231
Net rentable square feet owned at year end	18,172	17,093	16,958	16,928	18,828	18,820	18,216

[Back to Contents](#)**Selected Historical Consolidated Financial Data of Prentiss**

The following information is provided to assist you in your analysis of the financial aspects of the Mergers. This information has been derived from Prentiss' audited consolidated financial statements for the years ended December 31, 2000 through 2004 and from Prentiss' unaudited consolidated financial statements for the six months ended June 30, 2004 and 2005.

This information is only a summary. You should read it along with Prentiss' historical financial statements and related notes and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Prentiss' annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other information on file with the Securities and Exchange Commission and incorporated by reference into this joint proxy statement/prospectus. Please see "Where You Can Find More Information." Operating results for the six months ended June 30, 2005 are not necessarily indicative of results for the year ending December 31, 2005. For a discussion of certain factors that may materially affect the comparability of the selected historical financial information or cause the data reflected herein not be indicative of Prentiss' future financial condition or results of operations, please see "Risk Factors."

	Years Ended December 31,					Six Months Ended June 30,	
	2004	2003	2002	2001	2000	2005	2004
						(unaudited)	
<b>Operating Results</b>	(in thousands, except per share amounts and number of properties)						
Total revenue	\$ 370,734	\$ 331,487	\$ 311,873	\$ 292,431	\$ 293,283	\$ 198,302	\$ 178,336
Income from continuing operations including gain on sale	52,738	57,893	55,618	86,562	53,826	21,504	28,248
Net income	62,423	59,417	74,281	102,466	69,585	21,521	35,791
Income allocated to Common Shares	52,371	50,965	65,923	94,579	62,434	17,295	29,965
Income from continuing operations including gain on sale per Common Share							
Basic	\$ 0.96	\$ 1.23	\$ 1.23	\$ 2.14	\$ 1.29	\$ 0.39	\$ 0.51
Diluted	\$ 0.96	\$ 1.23	\$ 1.22	\$ 2.12	\$ 1.28	\$ 0.38	\$ 0.51
Cash distributions declared per Common Share	\$ 2.240	\$ 2.240	\$ 2.215	\$ 2.090	\$ 1.895	\$ 1.120	\$ 1.120
<b>Balance Sheet Data</b>							
Real estate investments, net of	\$ 1,896,357	\$ 1,841,735	\$ 1,753,236	\$ 1,660,690	\$ 1,743,064	\$ 2,027,120	\$ 1,903,324

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accumulated depreciation							
Total assets	2,333,539	2,199,093	2,122,289	2,030,593	2,117,875	2,508,242	2,281,674
Total indebtedness	1,191,911	1,029,035	1,011,027	907,734	1,007,800	1,393,100	1,103,992
Total liabilities	1,329,168	1,162,229	1,141,731	1,024,607	1,132,858	1,522,973	1,210,797
Minority interest	60,782	124,623	136,325	186,186	178,753	68,330	105,581
Beneficiaries' equity	943,589	912,241	844,233	819,800	806,264	916,939	965,296
<b>Other Data</b>							
Cash flows from:							
Operating activities	158,249	133,625	160,611	160,424	161,961	63,865	66,239
Investing activities	(79,004)	(142,304)	(160,505)	(52,854)	(173,211)	(214,808)	(40,070)
Financing activities	(76,604)	9,544	(871)	(107,177)	3,389	152,927	(22,079)
<b>Property Data</b>							
Number of properties owned at year end	124	128	128	136	164	128	127
Net rentable square feet owned at year end	18,172	17,093	16,958	16,723	17,583	18,825	18,206

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### **Selected Unaudited Pro Forma Condensed Consolidated Financial and Other Data**

The following unaudited pro forma consolidated financial and other data have been prepared based on certain pro forma adjustments to the historical consolidated financial statements of Brandywine and Prentiss as of June 30, 2005 and for the six months then ended and for the year ended December 31, 2004 to give effect for certain material transactions already completed or contemplated by Brandywine and Prentiss separately or as part of the REIT Merger and the Prudential Acquisition including the following:

#### **For Brandywine Realty Trust**

- The impact of material acquisitions completed in 2004/2005, including the acquisition of the Rubenstein portfolio in September of 2004; and
- Financing and capital transactions (including equity offerings) completed in connection with the financing of these acquisitions.

#### **For Prentiss Properties Trust**

- The impact of material acquisitions completed in 2004/2005;
- Financing and capital transactions completed in connection with financing these acquisitions or the use of proceeds from sales;
- Completed or planned dispositions of identified properties, including Prentiss properties in Chicago and Detroit which Prentiss intends to sell pursuant to a plan announced in September 2005; and
- Certain reclassifications related to the Prentiss historical financial statement presentations which have been made to conform with Brandywine Realty Trust's financial statement presentation.

#### **For the REIT Merger and the Prudential Acquisition**

- The Prudential Acquisition; and
- The effects of the REIT Merger including contemplated financing transactions, the issuance of Brandywine common shares and Brandywine Operating Partnership Class A common units, the assumption of debt and the application of Purchase Accounting.

For more detail concerning the adjustments relating to these transactions see "Unaudited Pro Forma Consolidated Financial Statements." The historical consolidated financial statements of Brandywine and Prentiss used to prepare these pro forma financial statements are contained in each company's respective annual reports on Form 10-K and/or Form 10-K/A, quarterly reports on Form 10-Q and/or Form 10-Q/A, current reports on Form 8-K and other information on file with the Securities and Exchange Commission and incorporated by reference into this document. The unaudited pro forma consolidated financial statements should be read in conjunction with, and are qualified in their entirety by, the notes thereto and the historical consolidated financial statements of both Brandywine and Prentiss, including the respective notes thereto, which are incorporated by reference in this document.

The accompanying unaudited pro forma consolidated balance sheet data as of June 30, 2005 has been prepared as if the completed or proposed transactions described above occurred as of that date. The accompanying unaudited pro forma consolidated statements of operations for the six months ended June 30, 2005 and for the year ended December 31, 2004 have been prepared as if the completed or proposed transactions described above had occurred as of January 1, 2004. The unaudited pro forma consolidated financial statements do not purport to be indicative of the financial position or results of operations that would actually have been achieved had the completed or proposed transactions described above occurred on the dates indicated or which may be achieved in the future.

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In the opinion of Brandywine's management, all significant adjustments necessary to reflect the effects of the completed or proposed transactions described above that can be factually supported within the Securities and Exchange Commission regulations covering the preparation of pro forma financial statements have been made. The pro forma adjustments and the purchase price allocation as presented are based on estimates and certain information that is currently available to Brandywine's management. Such pro forma adjustments and the purchase price allocation could change as additional information becomes available, as estimates are refined or as additional events occur. Brandywine's management does not anticipate that there will be any significant changes in the total purchase price as presented in these unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements are not necessarily indicative of what the actual combined financial position or results of operations would have been had the completed or proposed transactions described above been completed on the dates indicated above, nor do they give effect to (i) any transaction other than those described above (ii) the results of operations of Brandywine or Prentiss since June 30, 2005, (iii) certain cost savings and one-time charges expected to result from the transactions described above which have not already been completed and whose effects reflected in the historical financial statements of Brandywine or Prentiss (iv) the results of final valuations of the assets and liabilities of Prentiss, including property and intangible assets. We are currently developing plans to integrate the operations of the companies, which may involve various costs and other charges that may be material. We will also revise the allocation of the purchase price when additional information becomes available. Accordingly, the pro forma consolidated financial information do not purport to be indicative of the financial position or results of operations as of the date of this joint proxy statement/prospectus, as of the effective date of the Mergers and the Prudential Acquisition, any period ending at the effective date of the Mergers and the Prudential Acquisition or as of any other future date or period. The foregoing matters could cause both Brandywine's pro forma financial position and results of operations, and Brandywine's actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma consolidated financial statements.

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	<b>Pro Forma for the Year Ended December 31, 2004 (In thousands, except per share amounts)</b>	<b>Pro Forma for the Six Months Ended June 30, 2005</b>
Revenue:		
Rents	\$ 565,387	\$ 284,048
Tenant Reimbursements	75,956	37,345
Other	30,639	17,520
<b>Total revenue</b>	<b>671,982</b>	<b>338,913</b>
Operating Expenses		
Property operating expenses	195,372	100,940
Real estate taxes	63,305	33,043
Depreciation and amortization	207,990	105,240
Administrative expenses	26,903	16,202
<b>Total operating expenses</b>	<b>493,570</b>	<b>255,425</b>
Operating income (loss)	178,412	83,487
Other Income (Expense):		
Interest Income	3,228	1,624
Interest Expense	(156,521)	(78,218)
Loss on investment in securities	(420)	□
Loss from impairment of mortgage loan	(2,900)	□
Equity in income of real estate ventures	4,553	2,922
Net gain on sale of real estate	4,197	□
Income (loss) before minority interest	30,549	9,815
Minority Interest attributable to continuing operations	(1,200)	(400)
Income (loss) from continuing operations	29,349	9,415
Income allocated to Preferred Shares	(9,720)	(3,996)
Income (loss) allocated to Common Shares	\$ 19,629	\$ 5,419
Per share data:		
Basic earnings per Common Share from continuing operations	\$ 0.22	\$ 0.06
Diluted earnings per Common Share from continuing operations	\$ 0.22	\$ 0.06
Weighted average number of Common Shares outstanding	87,300	89,575
Weighted average number of common and dilutive common equivalent shares outstanding	87,537	89,799
Balance sheet data (at end of period):		
Operating properties		\$ 4,638,967
Accumulated depreciation		(356,416)
Total assets		5,778,235

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Mortgage notes payable	1,127,765
Unsecured notes	636,534
Unsecured credit facility	1,475,901
Minority Interest	158,629
Total beneficiaries' equity	\$ 2,129,368

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### **Comparative Per Share Data**

The following table presents, for the periods indicated, selected historical per share data for the Brandywine common share and Prentiss common shares, as well as unaudited pro forma per share amounts for the Brandywine common shares and unaudited pro forma per share equivalent amounts for the Prentiss common shares, assuming (i) the issuance of 34,012,868 Brandywine common shares in the REIT Merger and the reservation of 1,751,315 Brandywine common shares for issuance upon conversion of the Brandywine Operating Partnership Class A units issued in the Partnership Merger and (ii) the payment of the cash portion of the REIT Merger consideration, after payment of the Special Dividend, which, together with the cash expected to be paid assuming conversion of all of the outstanding Prentiss options to cash in the REIT Merger, totals approximately \$446.1. The pro forma amounts included in the table below are presented as if the Mergers had been effective for the periods presented, have been prepared in accordance with GAAP and are based on the purchase method of accounting.

You should read this information in conjunction with, and the information is qualified in its entirety by, the consolidated financial statements and accompanying notes of Brandywine and Prentiss incorporated into this joint proxy statement/prospectus by reference and the unaudited pro forma condensed combined financial information and accompanying discussions and notes beginning on page F-1. Please see “Where You Can Find More Information” beginning on page 175. The pro forma amounts in the table below are presented for informational purposes only. You should not rely on the pro forma amounts as being indicative of the financial position or results of operations of the combined company that would have actually occurred had the Mergers been effective during the periods presented or of the future financial position or future results of operations of the combined company. The combined financial information as of or for the periods presented may have been different had the companies actually been combined as of or during those periods.



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	<b>As of or for the Year Ended December 31, 2004</b>	<b>As of or for the Six Months Ended June 30, 2005 (unaudited)</b>
<b>Brandywine</b> Historical		
Income Per Share from Continuing Operations:		
Basic	\$ 1.10	\$ 0.26
Diluted	1.09	0.26
Dividends Per Share	1.76	0.88
Book Value Per Share at Period End	\$ 18.80	\$ 18.24
<b>Prentiss</b> Historical		
Income Per Share from Continuing Operations including gain on sale:		
Basic	\$ 0.96	\$ 0.39
Diluted	0.96	0.38
Dividends Per Share	2.24	1.12
Book Value Per Share at Period End	\$ 18.75	\$ 18.08
<b>Brandywine</b> Unaudited Pro Forma		
Income Per Share from Continuing Operations:		
Basic	\$ 0.22	\$ 0.06
Diluted	0.22	0.06
Dividends Per Share	1.76	0.88
Book Value Per Share at Period End	N/A	\$ 22.52
<b>Prentiss</b> Unaudited Pro Forma Equivalent		
Income Per Share from Continuing Operations including gain on sale:		
Basic	\$ 0.15	\$ 0.04
Diluted	0.15	0.04
Dividends Per Share	1.21	0.61
Book Value Per Share at Period End	N/A	\$ 15.54

[Back to Contents](#)**Market Prices and Dividend Information**

Brandywine common shares are traded on the New York Stock Exchange under the symbol "BDN." Prentiss common shares are traded on the New York Stock Exchange under the symbol "PP." The following table shows, for the periods indicated: (1) the high and low sales prices per Brandywine common share and Prentiss common share as reported on the New York Stock Exchange and (2) the cash dividends paid per Brandywine common share and Prentiss common share.

	Brandywine Common Shares			Prentiss Common Shares		
	High	Low	Dividends	High	Low	Dividends
<b>2003</b>						
First Quarter	\$ 22.20	\$ 19.13	\$ 0.44	\$ 28.28	\$ 25.27	\$ 0.56
Second Quarter	24.90	21.00	0.44	30.09	26.85	0.56
Third Quarter	25.87	23.76	0.44	31.41	28.79	0.56
Fourth Quarter	\$ 27.74	\$ 24.60	\$ 0.44	\$ 32.99	\$ 29.58	\$ 0.56
<b>2004</b>						
First Quarter	\$ 30.59	\$ 26.25	\$ 0.44	\$ 36.92	\$ 32.41	\$ 0.56
Second Quarter	30.82	23.52	0.44	37.31	29.25	0.56
Third Quarter	30.12	26.03	0.44	37.43	32.94	0.56
Fourth Quarter	\$ 30.39	\$ 27.95	\$ 0.44	\$ 39.87	\$ 34.79	\$ 0.56
<b>2005</b>						
First Quarter	\$ 30.50	\$ 27.23	\$ 0.44	\$ 38.55	\$ 33.59	\$ 0.56
Second Quarter	31.24	26.96	0.44	38.06	32.60	0.56
Third Quarter	\$ 33.42	\$ 29.34	\$ 0.44	\$ 40.82	\$ 36.23	\$ 0.56
Fourth Quarter (through October 26, 2005) (1)	\$ 30.63	\$ 27.23	\$ 0.44	\$ 42.40	\$ 38.90	

(1) Prentiss and Brandywine each currently anticipates paying its fourth quarter 2005 dividend prior to the closing date of the mergers. Please see "Questions and Answers About the Mergers" for a description of the dividends anticipated to be paid by Prentiss and Brandywine to holders of Prentiss common shares and Brandywine common shares, respectively, for periods prior to the effective date of the REIT Merger.

The following table sets forth the closing prices per Brandywine common share and Prentiss common share as reported on the New York Stock Exchange on September 30, 2005, the last full trading day prior to the announcement of the merger agreement, and on \_\_\_\_\_, 2005, the most recent practicable date prior to the mailing of this joint proxy statement/prospectus to the Brandywine and Prentiss common shareholders. This table also sets forth the pro forma equivalent price per Prentiss common share on September 30, 2005, and on \_\_\_\_\_, 2005. The pro forma equivalent price per share is equal to (a) the closing price of a Brandywine common share on each such date multiplied by 0.69 (the exchange ratio for the share portion of the REIT Merger consideration) plus (b) \$21.50 (the cash portion of the REIT Merger consideration).

These prices will fluctuate prior to the special meetings and the consummation of the REIT Merger, and shareholders are urged to obtain current market quotations prior to making any decision with respect to the REIT Merger.

	Brandywine Common Shares	Prentiss Common Shares	Prentiss Pro Forma Equivalent
At September 30, 2005	\$ 31.09	\$ 40.60	\$ 42.95
At _____, 2005	\$	\$	\$

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### **Dividend Policies**

Brandywine's board of trustees determines the time and amount of dividends to shareholders. Future Brandywine dividends will be authorized at the discretion of the Brandywine board of trustees and will depend on Brandywine's actual cash flow, its financial condition, its capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as the Brandywine board of trustees may deem relevant.

Until the Mergers are completed, Prentiss common shareholders will continue to receive regular dividends as authorized by the Prentiss board of trustees and declared by Prentiss. The merger agreement permits Prentiss to pay a regular quarterly cash dividend in an amount not to exceed \$0.56 per Prentiss common share. Prentiss currently intends to continue to pay regular quarterly dividends for any quarterly periods that end before the closing of the Mergers. In addition, Prentiss will pay, if necessary, a dividend in an amount equal to the minimum amount necessary for Prentiss to maintain its REIT status under the Internal Revenue Code. If any such dividend is declared and is in addition to the regular \$0.56 per share quarterly dividend, then the cash portion of the REIT Merger consideration would be reduced by the per share amount of such additional dividend.

Brandywine common shareholders will continue to receive regular dividends as authorized by the Brandywine board of trustees and declared by Brandywine. Brandywine's most recent quarterly dividend was \$0.44 per share. Brandywine currently intends to continue to pay regular quarterly dividends as authorized by the Brandywine board of trustees.

The merger agreement provides that Brandywine and Prentiss will coordinate the declaration, record and payment dates of any dividends in respect of their respective common shares. This coordination reflects the intention of Brandywine and Prentiss that the holders of Brandywine common shares and Prentiss common shares not receive more than one dividend, or fail to receive one dividend, for any single calendar quarter with respect to the shares they currently own and any Brandywine common shares received in the Mergers.

After the closing of the REIT Merger, former holders of Prentiss common shares that receive Brandywine common shares in the REIT Merger will receive the dividends payable to holders of Brandywine common shares with a record date after the closing of the REIT Merger.

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## RISK FACTORS

In addition to the risks relating to the businesses of Brandywine and Prentiss, which risks will also affect the combined entity, and which are incorporated by reference in this joint proxy statement/prospectus from other filings of Brandywine and Prentiss with the SEC and the other information included in this joint proxy statement/prospectus, including the matters addressed in “Warning About Forward-Looking Statements,” you should carefully consider the following risk factors.

### Risks Relating to the Mergers

***The operations of Brandywine and Prentiss may not be integrated successfully, and the intended benefits of the Mergers may not be realized.***

The Mergers will present challenges to management, including the integration of the operations, properties and personnel of Brandywine and Prentiss. The Mergers will also pose other risks commonly associated with similar transactions, including unanticipated liabilities, unexpected costs and the diversion of management’s attention to the integration of the operations of Brandywine and Prentiss. Any difficulties that the combined company encounters in the transition and integration processes, and any level of integration that is not successfully achieved, could have an adverse effect on the revenue, level of expenses and operating results of the combined company. The combined company may also experience operational interruptions or the loss of key employees, tenants and customers. As a result, notwithstanding our expectations, the combined company may not realize any of the anticipated benefits or cost savings of the Mergers.

***The market value of the Brandywine common shares that Prentiss common shareholders will receive depends on what the market price of Brandywine common shares will be at the effective time of the REIT Merger and will decrease if the market value of Brandywine common shares decreases.***

The market value of the Brandywine common shares that Prentiss common shareholders will receive as part of the REIT Merger consideration depends on what the trading price of Brandywine common shares will be at the effective time of the REIT Merger. The 0.69 exchange ratio that determines the number of Brandywine common shares that Prentiss common shareholders are entitled to receive in the REIT Merger is fixed. This means that there is no “price protection” mechanism in the merger agreement that would adjust the number of Brandywine common shares that Prentiss common shareholders may receive in the REIT Merger as a result of increases or decreases in the trading price of Brandywine common shares. If Brandywine’s common share price decreases, then the market value of the REIT Merger consideration payable to Prentiss common shareholders will also decrease. For historical and current market prices of Brandywine common shares and Prentiss common shares, please see “Market Prices and Dividend Information.”

***Brandywine and Prentiss expect to incur significant costs and expenses in connection with the Mergers, which could result in the combined company not realizing some or all of the anticipated benefits of the Mergers.***

Brandywine and Prentiss are expected to incur one-time, pre-tax closing costs of approximately \$55.5 million in connection with the Mergers and one-time pre-tax expenses of approximately \$40.4 million related to change in control provisions triggered by the Mergers and severance expenses related to headcount reductions after the Mergers are completed. These costs and expenses include investment banking expenses, severance, legal and accounting fees, printing expenses and other related charges incurred and expected to be incurred by Brandywine and Prentiss. Completion of the Mergers could trigger a mandatory prepayment (including a penalty in some cases) of Prentiss debt unless appropriate lender consents or waivers are received. If those consents and waivers cannot be obtained prior to completion of the REIT Merger, the existing Prentiss debt might need to be prepaid and/or refinanced. Brandywine also expects to incur one-time cash and non-cash costs related to the integration of Brandywine and Prentiss, which cannot be estimated at this time. There can be no assurance that the costs incurred by Brandywine and Prentiss in connection with the Mergers will not be higher than expected or that the combined company will not incur additional unanticipated costs and expenses in connection with the Mergers.

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***Trustees and officers of Prentiss have interests in the Mergers that may be different from, or in addition to, the interests of Prentiss common shareholders generally.***

Trustees and officers of Prentiss have interests in the Mergers that may be different from, or in addition to, the interests of Prentiss common shareholders generally. The Prentiss board of trustees was aware of these interests and considered them, among other matters, in approving the merger agreement, the REIT Merger and the related transactions and making their recommendations. These interests include:

- the appointment of Mr. Prentiss and Mr. August, both of whom are current members of the Prentiss board of trustees, to Brandywine's board of trustees upon completion of the Mergers;
- the receipt of change in control payments of approximately \$12.1 million in the aggregate (excluding gross-up payments, if any) by Prentiss' executive officers under existing employment arrangements;
- the acceleration and conversion of all vested and unvested Prentiss options into the right to receive a payment in the form Brandywine common shares;
- the ability of Prentiss to allow each holder of a Prentiss option (whether or not exercisable or vested) to elect, in lieu of receiving Brandywine options, to convert each Prentiss option so held into the right to receive an amount of cash at the effective time of the REIT Merger based on the positive spread of the REIT Merger consideration over the exercise price per share in the options;
- the vesting of restricted shares under Prentiss' incentive plans and the impact of the Mergers on amounts held in Prentiss' deferred compensation plans;
- on October 3, 2005, Prentiss entered into two separate change of control severance protection plans in connection with the REIT Merger, one with respect to Prentiss hourly and salaried non-officer employees and the other with respect to Prentiss key employees;
- in connection with the REIT Merger, the Prentiss compensation committee created a bonus pool of up to \$10 million to provide incentives to Prentiss employees (other than the Chief Executive Officer) with respect to the consummation of the Mergers. Of the total bonus pool, \$8 million has been allocated to certain of Prentiss' executive officers, payable upon closing of the REIT Merger if such officers are employed by Prentiss at the time of closing unless previously decided otherwise by Prentiss' compensation committee or the President of Prentiss;
- the continued indemnification of current trustees and officers of Prentiss under the merger agreement and the provision of trustees' and officers' insurance to these individuals;
- the entry into the voting agreements and registration rights agreement described in this joint proxy statement/prospectus.

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In addition, certain trustees and officers of Prentiss who own Prentiss Operating Partnership common units will be able to defer their taxable gains in their Prentiss Operating Partnership common units by receiving Brandywine Operating Partnership Class A units in exchange for their Prentiss Operating Partnership common units. The REIT Merger, in contrast, is a taxable transaction and, as a result, holders of Prentiss common shares other than certain tax-exempt holders will be required to pay tax on gains arising from exchanging their Prentiss common shares for the REIT Merger consideration.

For the above reasons, the trustees and officers of Prentiss are more likely to vote to approve the merger agreement, the REIT Merger and the related transactions than if they did not have these interests. Prentiss common shareholders should consider whether these interests may have influenced these trustees and officers to support or recommend approval of the merger agreement, the REIT Merger and the related transactions. See “The Mergers[]Interests of Prentiss Executive Officers and Trustees in the Mergers.”

***Brandywine will need to replace, at or before maturity, any bridge facility that will be used to finance a portion of the cash component of the REIT Merger consideration and transaction costs.***

Brandywine has received a commitment from affiliates of JPMorgan for (i) a 364-day term loan in the amount of \$750 million, (ii) an interim term loan in the amount of \$240 million, and (iii) a back-stop revolving credit facility in the amount of \$600 million. Brandywine may incur increased interest costs on indebtedness that replaces these facilities due to higher interest costs of longer-term debt. The interest rate on the replacement indebtedness will depend on prevailing market conditions at the time.

***Failure to complete the Mergers could negatively impact the price of Prentiss common shares and future business and operations.***

It is possible that the Mergers may not be completed. The parties' obligations to complete the REIT Merger are subject to the satisfaction or waiver of specified conditions, some of which are beyond the control of Brandywine and Prentiss. For example, the REIT Merger is conditioned on the receipt of the required approvals of Brandywine shareholders and Prentiss shareholders. If these approvals are not received, the Mergers cannot be completed even if all of the other conditions to the REIT Merger are satisfied or waived. If the Mergers are not completed for any reason, Prentiss may be subject to a number of material risks, including the following:

- Prentiss may be required under certain circumstances to pay Brandywine a termination fee of either \$12.5 million or \$60 million, depending upon the circumstances of the termination, and reimburse Brandywine for up to \$6 million of expenses;
- the price of Prentiss common shares may decline to the extent that the current market price of Prentiss common shares reflects a market assumption that the Mergers will be completed;

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□ Prentiss will have incurred substantial costs related to the Mergers, such as legal, accounting and financial advisor fees, which must be paid even if the Mergers are not completed; and

□ Prentiss may be unable to retain its key employees.

Further, if the Mergers are terminated and the Prentiss board of trustees determines to seek another merger or business combination, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the price to be paid in the Mergers. In addition, while the merger agreement is in effect and subject to specified exceptions, Prentiss is prohibited from soliciting, initiating or encouraging or entering into certain extraordinary transactions, such as a merger, sale of assets or other business combination, with any party other than Brandywine. See “The Merger Agreement□Conduct of Business Pending the Mergers□No Solicitation.”

***Failure to complete the Mergers could negatively impact the price of Brandywine common shares and future business and operations.***

If the Mergers are not completed for any reason, Brandywine may be subject to a number of material risks, including the following:

□ Brandywine may be required under certain circumstances to pay Prentiss a termination fee of \$12.5 million and reimburse Brandywine for up to \$6 million of expenses and in certain circumstances Brandywine would additionally be required to reimburse Prentiss for unrecoverable out-of-pocket expenses and any lost deposits related to the termination by Prentiss of a proposed loan related to its Barton Skyway property;

□ the price of Brandywine’s common shares may decline to the extent that the current market price of Prentiss common shares reflects a market assumption that the Mergers will be completed; and

□ Brandywine will have incurred substantial costs related to the Mergers, such as legal, accounting and financial advisor fees, which must be paid even if the Mergers are not completed.

***The termination fee may discourage other companies from trying to acquire Prentiss.***

In the merger agreement, Prentiss agreed to pay a termination fee of \$60 million in specified circumstances, including some circumstances where a third party acquires or seeks to acquire Prentiss. Prentiss also agreed to pay an alternate termination fee of \$12.5 million in certain other specified circumstances not associated with the termination fee of \$60 million and reimburse Brandywine for up to \$6 million of expenses. These provisions could discourage other parties from trying to acquire Prentiss, even if those companies might be willing to offer a greater amount of consideration to Prentiss common shareholders than Brandywine has offered in the merger agreement. Payment of the termination fee could have a material adverse effect on Prentiss’ financial condition. See “The Merger Agreement□ Termination Fees; Other Expenses.”

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***After the REIT Merger is completed, Prentiss common shareholders will become Brandywine shareholders and will have different rights that may be less advantageous than their current rights.***

After the closing of the REIT Merger, Prentiss common shareholders will become Brandywine common shareholders. Brandywine and Prentiss are each Maryland real estate investment trusts. Differences in Brandywine's and the Prentiss Declaration of Trust and Bylaws will result in changes to the rights of Prentiss common shareholders when they become Brandywine common shareholders. A Prentiss common shareholder may conclude that its current rights under the Prentiss Declaration of Trust and Bylaws are more advantageous than the rights they may have under Brandywine's Declaration of Trust and Bylaws. See "Comparison of The Rights of Brandywine Common Shareholders and Prentiss Common Shareholders."

***The merger agreement does not require that the financial advisors' fairness opinions be updated as a condition to closing the Mergers.***

The merger agreement does not require that the financial advisors' fairness opinions be updated as a condition to closing the Mergers and neither Brandywine nor Prentiss currently intends to request that those opinions be updated. As such, the fairness opinions do not reflect any changes in the relative values of Brandywine or Prentiss subsequent to the date of the merger agreement. The market price of Brandywine common shares and Prentiss common shares at the closing of the Mergers may vary significantly from the market price as of the date of the fairness opinions.

### **Risks Relating to the Combined Company**

***The combined company's performance is subject to risks associated with its properties and with the real estate industry.***

The combined company's economic performance and the value of its real estate assets, and consequently the value of its securities, will be subject to the risk that if its properties do not generate revenues sufficient to meet its operating expenses, including debt service and capital expenditures, its cash flow and ability to pay distributions to its shareholders will be adversely affected. Events or conditions beyond its control that may adversely affect its operations or the value of its properties include:

- downturns in the national, regional and local economic climate;
- competition from other office, industrial and commercial buildings;
- local real estate market conditions, such as oversupply or reduction in demand for office, or other commercial or industrial space;
- changes in interest rates and availability of financing;
- vacancies, changes in market rental rates and the need to periodically repair, renovate and re-lease space;
- increased operating costs, including insurance expense, utilities, real estate taxes, state and local taxes and heightened security costs;



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- civil disturbances, earthquakes and other natural disasters, or terrorist acts or acts of war which may result in uninsured or underinsured losses;
- significant expenditures associated with each investment, such as debt service payments, real estate taxes, insurance and maintenance costs which are generally not reduced when circumstances cause a reduction in revenues from a property; and
- declines in the financial condition of its tenants and its ability to collect rents from its tenants.

***The combined company may experience increased operating costs, which might reduce its profitability.***

The combined company's properties will be subject to increases in operating expenses such as for cleaning, electricity, heating, ventilation and air conditioning, administrative costs and other costs associated with security, landscaping and repairs and maintenance of its properties. In general, under its leases with tenants, the combined company will pass on all or a portion of these costs to them. Brandywine cannot assure you, however, that tenants will actually bear the full burden of these higher costs, or that such increased costs will not lead them, or other prospective tenants, to seek office space elsewhere. If operating expenses increase, the availability of other comparable office space in its core geographic markets might limit the combined company's ability to increase rents; if operating expenses increase without a corresponding increase in revenues, its profitability could diminish and limit its ability to make distributions to shareholders.

***The combined company's investment in property development or redevelopment may be more costly than it anticipates.***

The combined company intends to continue to develop properties where market conditions warrant such investment. Once made, these investments may not produce results in accordance with its expectations. Risks associated with the combined company's current and future development and construction activities include:

- the unavailability of favorable financing alternatives in the private and public debt markets;
- construction costs exceeding original estimates due to rising interest rates and increases in the costs of materials and labor;
- construction and lease-up delays resulting in increased debt service, fixed expenses and construction or renovation costs;
- expenditure of funds and devotion of management's time to projects that the combined company does not complete;
- occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, resulting in lower than projected rental rates and a corresponding lower return on our investment; and

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- complications (including building moratoriums and anti-growth legislation) in obtaining necessary zoning, occupancy and other governmental permits.

***The combined company faces risks associated with property acquisitions.***

Brandywine has in the past acquired, and intends in the future to acquire, properties and portfolios of properties, including large portfolios, such as the Prentiss properties, that would increase its size and potentially alter its capital structure. Although Brandywine believes that the acquisitions that it has completed in the past and that it expects to undertake in the future have and will enhance its future financial performance, the success of such transactions is subject to a number of factors, including the risk that:

- Brandywine may not be able to obtain financing for acquisitions on favorable terms;
- acquired properties may fail to perform as expected;
- the actual costs of repositioning or redeveloping acquired properties may be higher than its estimates;
- acquired properties may be located in new markets where Brandywine may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures; and
- Brandywine may not be able to efficiently integrate acquired properties, particularly portfolios of properties, into its organization and to manage new properties in a way that allows it to realize cost savings and synergies.

***Acquired properties may subject the combined company to unknown liabilities.***

Properties that the combined company acquires may be subject to unknown liabilities for which it would have no recourse, or only limited recourse, to the former owners of such properties. As a result, if a liability were asserted against the combined company based upon ownership of an acquired property, it might be required to pay significant sums to settle it, which could adversely affect the combined company's financial results and cash flow. Unknown liabilities relating to acquired properties could include:

- liabilities for clean-up of undisclosed environmental contamination;
- claims by tenants, vendors or other persons arising on account of actions or omissions of the former owners of the properties; and
- liabilities incurred in the ordinary course of business.

***Brandywine has agreed not to sell certain of its properties.***

Brandywine has agreed not to sell several of its properties, and has agreed to assume certain obligations of Prentiss not to sell certain of its properties, for varying periods of time, in transactions that would trigger taxable income to its former owners, and the combined company may enter into similar arrangements as a part of future property acquisitions. Some of these tax protection agreements are with affiliates of one of Brandywine's current trustees. These agreements generally provide that Brandywine may dispose of the subject properties only in transactions that qualify as tax-free exchanges under Section 1031 of the Internal Revenue Code or in other tax deferred transactions. Such transactions can be difficult to complete and can result in the property acquired in exchange for the disposed of property inheriting the tax attributes (including tax protection covenants) of the disposed of property. Violation of these tax protection agreements would impose significant costs on Brandywine. As a result, the combined company will be restricted with respect to decisions such as financing, encumbering, expanding or selling these Properties.

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***The combined company may be unable to renew leases or re-lease space as leases expire.***

If tenants do not renew their leases upon expiration, the combined company may be unable to re-lease the space. Even if the tenants do renew their leases or if the combined company can re-lease the space, the terms of renewal or re-leasing (including the cost of required renovations) may be less favorable than current lease terms. Certain leases grant the tenants an early termination right upon payment of a termination penalty.

***The combined company faces significant competition from other real estate developers.***

The combined company will compete with real estate developers, operators and institutions for tenants and acquisition and development opportunities. Some of these competitors have significantly greater financial resources than the combined company will have. Such competition may reduce the number of suitable investment opportunities offered to the combined company, may interfere with its ability to attract and retain tenants and may increase vacancies, which could result in increased supply and lower market rental rates, reducing its bargaining leverage and adversely affecting the combined company's ability to improve its operating leverage. In addition, some of the combined company's competitors may be willing, because their properties may have vacancy rates higher than those for the combined company's properties, to make space available at lower prices than available space in the combined company's properties. The combined company will not be able to assure you that this competition will not adversely affect its cash flow and ability to make distributions to shareholders.

***Property ownership through joint ventures may limit the combined company's ability to act exclusively in its interests.***

The combined company intends to develop and acquire properties in joint ventures with other persons or entities when it believes circumstances warrant the use of such structures. Brandywine currently has investments in nine unconsolidated real estate ventures and two additional real estate ventures that are consolidated in its financial statements. Its investments in the nine unconsolidated real estate ventures aggregated approximately \$13.3 million (net of returns of investment amounts) as of June 30, 2005. As a result of the Mergers, Brandywine is expected to succeed to Prentiss' investments in one unconsolidated real estate venture and two additional real estate ventures that will be consolidated in its financial statements after the Mergers. The combined company could become engaged in a dispute with one or more of its joint venture partners that might affect its ability to operate a jointly-owned property. Moreover, the combined company's joint venture partners may, at any time, have business, economic or other objectives that are inconsistent with its objectives, including objectives that relate to the appropriate timing and terms of any sale or refinancing of a property. In some instances, its joint venture partners may have competing interests in the combined company's markets that could create conflicts of interest. If the objectives of the combined company's joint venture partners are inconsistent with its own objections, it will not be able to act exclusively in its interests.

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***Because real estate is illiquid, the combined company may not be able to sell properties when appropriate.***

Real estate investments generally, and in particular large office and industrial properties like those that the combined company will own, often cannot be sold quickly. Consequently, the combined company may not be able to alter its portfolio promptly in response to changes in economic or other conditions. In addition, the Internal Revenue Code limits the combined company's ability to sell properties that it has held for fewer than four years without resulting in adverse consequences to its shareholders. Furthermore, properties that either Brandywine or Prentiss have developed and have owned for a significant period of time or that either acquired in exchange for partnership interests in their respective operating partnership often have a low tax basis. If the combined company were to dispose of any of these properties in a taxable transaction, it may be required under provisions of the Internal Revenue Code applicable to REITs to distribute a significant amount of the taxable gain to its shareholders and this could, in turn, impact its cash flow. In some cases, tax protection agreements will prevent the combined company from selling certain properties without incurring substantial costs. In addition, purchase options and rights of first refusal held by tenants or partners in joint ventures may also limit the combined company's ability to sell certain properties. All of these factors reduce the combined company's ability to respond to changes in the performance of its investments and could adversely affect the combined company's cash flow and ability to make distributions to shareholders as well as the ability of someone to purchase the combined company, even if a purchase were in its shareholders' best interests.

***The combined company may suffer adverse consequences due to the financial difficulties, bankruptcy or insolvency of its tenants.***

If one or more of the combined company's tenants were to experience financial difficulties, including bankruptcy, insolvency or a general downturn of business, there could be an adverse effect on its financial performance and distributions to shareholders. The combined company will not be able to assure you that any tenant that files for bankruptcy protection will continue to pay its rent. A bankruptcy filing by or relating to one of the combined company's tenants or a lease guarantor would bar all efforts by the combined company to collect pre-bankruptcy debts from that tenant or lease guarantor, or its property, unless the combined company receives an order permitting it to do so from the bankruptcy court. In addition, the combined company cannot evict a tenant solely because of bankruptcy. The bankruptcy of a tenant or lease guarantor could delay the combined company's efforts to collect past due balances under the relevant leases, and could ultimately preclude collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to the combined company in full. If, however, a lease is rejected by a tenant in bankruptcy, the combined company would have only a general unsecured claim for damages. Any such unsecured claim would only be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims; restrictions under the bankruptcy laws further limit the amount of any other claims that it can make if a lease is rejected. As a result, it is likely that the combined company would recover substantially less than the full value of any such unsecured claims that it might hold.

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***Some potential losses are not covered by insurance.***

Brandywine and Prentiss currently carry comprehensive liability, fire, extended coverage and rental loss insurance on all of its properties. Each believes the policy specifications and insured limits of these policies are adequate and appropriate.

There are, however, types of losses, such as lease and other contract claims and terrorism and acts of war, that generally are not insured. The combined company cannot assure you that it will be able to renew insurance coverage in an adequate amount or at reasonable prices. In addition, insurance companies may no longer offer coverage against certain types of losses, such as losses due to terrorist acts and mold, or, if offered, these types of insurance may be prohibitively expensive. Should an uninsured loss or a loss in excess of insured limits occur, the combined company could lose all or a portion of the capital it has invested in a property, as well as the anticipated future revenue from the property. In such an event, it might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. The combined company cannot assure you that material losses in excess of insurance proceeds will not occur in the future. If any of its properties were to experience a catastrophic loss, the combined company could seriously disrupt its operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect its cash flow and ability to make distributions to shareholders.

***Terrorist attacks and other acts of violence or war may adversely impact the combined company's performance and may affect the markets on which the combined company's securities are traded.***

Terrorist attacks against the combined company's properties, or against the United States or its interests, may negatively impact the combined company's operations and the value of the combined company's securities. Attacks or armed conflicts could result in increased operating costs; for example, it might cost more in the future for building security, property/casualty and liability insurance, and property maintenance. Following the September 11, 2001 terrorist attacks, Brandywine and Prentiss each increased the level of security at its properties and each continues to reevaluate its security infrastructure. As a result of terrorist activities and other market conditions, the cost of insurance coverage for the combined company's properties could also increase. The combined company might not be able to pass along the increased costs associated with such increased security measures and insurance to its tenants, which could reduce its profitability and cash flow. Furthermore, any terrorist attacks or armed conflicts could result in increased volatility in or damage to the United States and worldwide financial markets and economy. Such adverse economic conditions could affect the ability of the combined company's tenants to pay rent, which could have a negative impact on its results.

***The combined company's ability to make distributions will be subject to various risks.***

Historically, Brandywine has paid quarterly distributions to its shareholders. The combined company's ability to make distributions in the future will depend upon:

- the operational and financial performance of the combined company's properties;
- capital expenditures with respect to existing and newly acquired properties;
- general and administrative costs associated with Brandywine's operation as a publicly-held REIT;

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□ the amount of, and the interest rates on, the combined company's debt; and

□ the absence of significant expenditures relating to environmental and other regulatory matters.

Certain of these matters are beyond the combined company's control and any significant difference between the combined company's expectations and actual results could have a material adverse effect on its cash flow and its ability to make distributions to shareholders.

***Changes in the law may adversely affect the combined company's cash flow.***

Because increases in income and service taxes are generally not passed through to tenants under leases, such increases may adversely affect the combined company's cash flow and ability to make expected distributions to shareholders. The combined company's properties are also subject to various regulatory requirements, such as those relating to the environment, fire and safety. The combined company's failure to comply with these requirements could result in the imposition of fines and damage awards and default under some of its tenant leases. Moreover, the costs to comply with any new or different regulations could adversely affect the combined company's cash flow and its ability to make distributions. Although Brandywine believes that the properties of the combined company will be in material compliance with all such requirements, it cannot assure you that these requirements will not change or that newly imposed requirements will not require significant unanticipated expenditures.

***The terms and covenants relating to the combined company's indebtedness could adversely impact its economic performance.***

Like other real estate companies which incur debt, the combined company will be subject to risks normally associated with debt financing, such as the insufficiency of cash flow to meet required debt service payment obligations and the inability to refinance existing indebtedness. If the combined company's debt cannot be paid, refinanced or extended at maturity, in addition to its failure to repay its debt, the combined company may not be able to make distributions to shareholders at expected levels or at all. Furthermore, an increase in the combined company's interest expense could adversely affect its cash flow and ability to make distributions to shareholders. If the combined company does not meet its debt service obligations, any properties securing such indebtedness could be foreclosed on, which would have a material adverse effect on the combined company's cash flow and ability to make distributions and, depending on the number of properties foreclosed on, could threaten its continued viability.

The combined company's credit facility and the indenture governing the unsecured debt securities contain (and any new or amended facility entered into in connection with or after the Mergers will contain) customary restrictions, requirements and other limitations on the combined company's ability to incur indebtedness, including total debt to asset ratios, secured debt to total asset ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt which we must maintain. The combined company's continued ability to borrow under the credit facility is (and any new or amended facility will be) subject to compliance with such financial and other covenants. In the event that the combined company would fail to satisfy these covenants, the combined company would be in default under the credit facility and indenture, and may be required to repay such debt with capital from other sources. Under such circumstances, other sources of capital may not be available to the combined company, or be available only on unattractive terms.

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Increases in interest rates on variable rate indebtedness would increase the combined company's interest expense, which could adversely affect its cash flow and ability to make distributions to shareholders. Rising interest rates could also restrict the combined company's ability to refinance existing debt when it matures. In addition, an increase in interest rates could decrease the amounts that third parties are willing to pay for the combined company's assets, thereby limiting the combined company's ability to alter its portfolio promptly in relation to economic or other conditions. The combined company may, from time to time, enter into agreements such as interest rate hedges, swaps, floors, caps and other interest rate hedging contracts with respect to a portion of its variable rate debt. Although these agreements may lessen the impact of rising interest rates on the combined company, they also expose the combined company to the risk that other parties to the agreements will not perform or that the combined company cannot enforce the agreements.

***The combined company's degree of leverage could limit its ability to obtain additional financing or affect the market price of its common shares or debt securities.***

Brandywine's long-term debt as of June 30, 2005 was approximately \$1.5 billion, or 46% of its total assets, of which \$10.1 million matures during 2006. Prentiss' long-term debt as of June 30, 2005 was approximately \$1.4 billion, or 56% of its total capitalization, of which \$10 million matures during 2006. The combined company's anticipated long-term debt on a pro forma basis giving effect to the sale of Prentiss' Midwestern portfolio as of June 30, 2005, will be approximately 56.1% of its total assets. The combined company's degree of leverage could affect its ability to obtain additional financing for working capital expenditures, development, acquisitions or other general corporate purposes. Brandywine's senior unsecured debt is currently rated investment grade by the three major rating agencies. Brandywine cannot, however, assure you that the combined company will be able to maintain this rating. In the event that the combined company's senior unsecured debt is downgraded from the current rating, the combined company would likely incur higher borrowing costs and the market prices of its common shares and debt securities might decline. The combined company's degree of leverage could also make it more vulnerable to a downturn in business or the economy generally.

***Additional issuances of equity securities may be dilutive to shareholders.***

The interests of the combined company's shareholders could be diluted if it issues additional equity securities to finance future developments or acquisitions or to repay indebtedness. The combined company's board of trustees will be able to issue additional equity securities without shareholder approval. The combined company's ability to execute its business strategy will depend upon its access to an appropriate blend of debt financing, including unsecured lines of credit and other forms of secured and unsecured debt, and equity financing, including the issuance of common and preferred equity.

***Potential liability for environmental contamination could result in substantial costs.***

Under various federal, state and local laws, ordinances and regulations, the combined company may be liable for the costs to investigate and remove or remediate hazardous or toxic substances on or in its properties, often regardless of whether it knows of or is responsible for the presence of these substances. These costs may be substantial. Also, if hazardous or toxic substances are present on a property, or if the combined company fails to properly remediate such substances, its ability to sell or rent the property or to borrow using that property as collateral may be adversely affected.

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Additionally, the combined company will develop, manage, lease and/or operate various properties for third parties. Consequently, the combined company may be considered to have been or to be an operator of these properties and, therefore, potentially liable for removal or remediation costs or other potential costs that could relate to hazardous or toxic substances.

***Americans with Disabilities Act compliance could be costly.***

The Americans with Disabilities Act of 1990 (“ADA”) requires that all public accommodations and commercial facilities, including office buildings, meet certain federal requirements related to access and use by disabled persons. Compliance with ADA requirements could involve the removal of structural barriers from certain disabled persons’ entrances which could adversely affect our financial condition and results of operations. Other federal, state and local laws may require modifications to or restrict further renovations of the combined company’s properties with respect to such accesses. Although Brandywine believes that the combined company’s properties will be in material compliance with present requirements, noncompliance with the ADA or similar or related laws or regulations could result in the United States government imposing fines or private litigants being awarded damages against the combined company. In addition, Brandywine does not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures. Such costs may adversely affect the combined company’s cash flow and ability to make distributions to shareholders.

***The status of the combined company (or a REIT subsidiary) as a REIT is dependent on compliance with federal income tax requirements.***

If the combined company (or a REIT subsidiary) fails to qualify as a REIT, they would be subject to federal income tax at regular corporate rates. Also, unless the IRS granted the combined company or REIT subsidiary, as the case may be, relief under certain statutory provisions, the combined company or REIT subsidiary would remain disqualified as a REIT for four years following the year it first failed to qualify. If the combined company or REIT subsidiary fails to qualify as a REIT, it would be required to pay significant income taxes and would, therefore, have less money available for investments or for distributions to shareholders. This would likely have a material adverse effect on the value of the combined company’s securities. In addition, the combined company or REIT subsidiary would no longer be required to make any distributions to shareholders.

Failure of the Brandywine Operating Partnership (or a subsidiary partnership) to be treated as a partnership would have serious adverse consequences to the combined company’s shareholders. If the IRS were to successfully challenge the tax status of the Brandywine Operating Partnership or any of its subsidiary partnerships for federal income tax purposes, the Brandywine Operating Partnership or the affected subsidiary partnership would be taxable as a corporation. In such event, the combined company would cease to qualify as a REIT and the imposition of a corporate tax on the Brandywine Operating Partnership or a subsidiary partnership would reduce the amount of cash available for distribution from the Brandywine Operating Partnership to the combined company and ultimately to its shareholders.

Even if the combined company qualifies as a REIT, it will be required to pay certain federal, state and local taxes on its income and properties. In addition, the combined company’s taxable REIT subsidiaries will be subject to federal, state and local income tax at regular corporate rates on their net taxable income derived from management, leasing and related service business. If the combined company has net income from a prohibited transaction, such income will be subject to a 100% tax.



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***The combined company will be dependent upon its key personnel.***

The combined company will be dependent upon key personnel whose continued service is not guaranteed. The combined company will be dependent on its executive officers for strategic business direction and real estate experience. Brandywine intends to enter into employment agreements with Robert K. Wiberg, Prentiss' Executive Vice President and Managing Director, Mid-Atlantic Region, Christopher M. Hipps, Prentiss' Executive Vice President and Managing Director, Southwest Region, Daniel K. Cushing, Prentiss' Senior Vice President and Managing Director, Northern California Region, and Michael J. Cooper, Prentiss' Senior Vice President, Development. In addition, Brandywine expects to implement to the following changes to Brandywine's executive management rank at the effective time of the Mergers: Gregory S. Imhoff, currently Senior Vice President, General Counsel and Secretary of Prentiss, will become Senior Vice President and Chief Administrative Officer of Brandywine and Scott W. Fordham, currently Senior Vice President and Chief Accounting Officer of Prentiss, will become Vice President and Chief Accounting Officer of Brandywine. Brandywine's inability to retain the services of any of these executives or the combined company's loss of any of their services after the Mergers could adversely impact the operations of the combined company. Although Brandywine has an employment agreement with Gerard H. Sweeney, its President and Chief Executive Officer, for a term extending to May 7, 2008, this agreement does not restrict his ability to become employed by a competitor following the termination of his employment. The combined company will not have key man life insurance coverage on its executive officers upon completion of the Mergers.

***Certain limitations will exist with respect to a third party's ability to acquire the combined company or effectuate a change in control.***

*Limitations imposed to protect the combined company's REIT status.* In order to protect the combined company against the loss of its REIT status, its Declaration of Trust will limit any shareholder from owning more than 9.8% in value of the combined company's outstanding shares, subject to certain exceptions. The ownership limit may have the effect of precluding acquisition of control of the combined company.

*Limitation due to the combined company's ability to issue preferred shares.* The combined company's Declaration of Trust will authorize the board of trustees to issue preferred shares, without limitation as to amount. The board of trustees will be able establish the preferences and rights of any preferred shares issued which could have the effect of delaying or preventing someone from taking control of the combined company, even if a change in control were in its shareholders' best interests.

*Limitation imposed by the Maryland Business Combination Law.* The Maryland General Corporation Law, as applicable to Maryland REITs, establishes special restrictions against "business combinations" between a Maryland REIT and "interested shareholders" or their affiliates unless an exemption is applicable. An interested shareholder includes a person who beneficially owns, and an affiliate or associate of the trust who, at any time within the two-year period prior to the date in question, was the beneficial owner of, ten percent or more of the voting power of Brandywine's then-outstanding voting shares. Among other things, Maryland law prohibits (for a period of five years) a merger and certain other transactions between a Maryland REIT and an interested shareholder unless the board of trustees had approved the transaction before the party became an interested shareholder. The five-year period runs from the most recent date on which the interested shareholder became an interested shareholder. Thereafter, any such business combination must be recommended by the board of trustees and approved by two super-majority shareholder votes unless, among other conditions, the common shareholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the interested shareholder for its shares or unless the board of trustees approved the transaction before the party in question became an interested shareholder. The business combination statute could have the effect of discouraging offers to acquire the combined company and of increasing the difficulty of consummating any such offers, even if the combined company's acquisition would be in its shareholders' best interests.

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*Maryland Control Share Acquisition Act.* Maryland law provides that “control shares” of a REIT acquired in a “control share acquisition” shall have no voting rights except to the extent approved by a vote of two-thirds of the vote eligible to be cast on the matter under the Maryland Control Share Acquisition Act. “Control Shares” means shares that, if aggregated with all other shares previously acquired by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing trustees within one of the following ranges of voting power: one-tenth or more but less than one-third, one-third or more but less than a majority or a majority or more of all voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained shareholder approval. A “control share acquisition” means the acquisition of control shares, subject to certain exceptions. If voting rights or control shares acquired in a control share acquisition are not approved at a shareholder’s meeting, then subject to certain conditions and limitations the issuer may redeem any or all of the control shares for fair value. If voting rights of such control shares are approved at a shareholder’s meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other shareholders may exercise appraisal rights. Any control shares acquired in a control share acquisition which are not exempt under the combined company’s Bylaws will be subject to the Maryland Control Share Acquisition Act. The combined company’s Bylaws will contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of its shares. Brandywine cannot assure you that this provision will not be amended or eliminated at any time in the future.

***Many factors can have an adverse effect on the market value of the combined company’s securities.***

A number of factors might adversely affect the price of the combined company’s securities, many of which are beyond its control. These factors include:

- increases in market interest rates, relative to the dividend yield on the combined company’s shares. If market interest rates go up, prospective purchasers of the combined company’s securities may require a higher yield. Higher market interest rates would not, however, result in more funds for the combined company to distribute and, to the contrary, would likely increase its borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of Brandywine’s common shares to go down;

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- anticipated benefit of an investment in the combined company's securities as compared to investment in securities of companies in other industries (including benefits associated with tax treatment of dividends and distributions);
- perception by market professionals of REITs generally and REITs comparable to Brandywine in particular;
- level of institutional investor interest in the combined company's securities;
- relatively low trading volumes in securities of REITs;
- the combined company's result of operations and financial condition; and
- investor confidence in the stock market generally.

The market value of Brandywine's common shares is based primarily upon the market's perception of Brandywine's growth potential and its current and potential future earnings and cash distributions. Consequently, Brandywine's common shares may trade at prices that are higher or lower than its net asset value per common share. If Brandywine's future earnings or cash distributions are less than expected, it is likely that the market price of Brandywine's common shares will diminish.

***The issuance of preferred securities may adversely affect the rights of holders of the combined company's common shares.***

Because the combined company's board of trustees will have the power to establish the preferences and rights of each class or series of preferred shares, the combined company may afford the holders in any series or class of preferred shares preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common shares. The board of trustees of the combined company will also have the power to establish the preferences and rights of each class or series of units in the Brandywine Operating Partnership, and may afford the holders in any series or class of preferred units preferences, distributions, powers and rights, voting or otherwise, senior to the rights of holders of common units.

***The acquisition of new properties which lack operating history with the combined company will give rise to difficulties in predicting revenue potential.***

The combined company will acquire office properties. These acquisitions could fail to perform in accordance with expectations. If the combined company fails to accurately estimate occupancy levels, operating costs or costs of improvements to bring an acquired property up to the standards established for its intended market position, the operating performance of the property may be below expectations. Acquired properties may have characteristics or deficiencies affecting their valuation or revenue potential that we have not yet discovered. Brandywine cannot assure you that the operating performance of properties acquired by the combined company will increase or be maintained under the combined company's management.

***The combined company's performance will be dependent upon the economic conditions of the markets in which its properties are located.***

Properties of the combined company will be located in the Mid-Atlantic, Southwest, Northern California and Southern California markets. Like other real estate markets, these commercial real estate markets have experienced economic downturns in the past, and future declines in any of these economies or real estate markets could adversely affect cash available for distribution. The combined company's financial performance and ability to make distributions to its shareholders will be, therefore, particularly sensitive to the economic conditions in these markets. The local economic climate, which may be adversely impacted by business layoffs or downsizing, industry slowdowns, changing demographics and other factors, and local real estate conditions, such as oversupply of or reduced demand for office, industrial and other competing commercial properties, may affect revenues and the value of properties, including properties to be acquired or developed. Brandywine cannot assure you that these local economies will grow in the future.



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***Changes in market conditions including capitalization rates applied in real estate acquisitions could impact the combined company's ability to grow through acquisitions.***

The combined company will selectively pursue acquisitions in its core markets when long-term yields make acquisitions attractive. The combined company will compete with numerous property owners for the acquisition of real estate properties. Some of these competitors may be willing to accept lower yields on their investments impacting the combined company's ability to acquire real estate assets and thus limit its external growth.

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## THE BRANDYWINE SPECIAL MEETING

### **Date, Time, Place and Purpose of the Brandywine Special Meeting**

The Brandywine special meeting will be held at [The Four Seasons Hotel, One Logan Square], Philadelphia, Pennsylvania, [19103] at \_\_\_\_\_ a.m., Eastern time on \_\_\_\_\_, 2005. The special meeting may be adjourned or postponed to another date and/or place for proper purposes. At the Brandywine special meeting, holders of Brandywine common shares will consider and vote on a proposal to approve the issuance of Brandywine common shares under and as contemplated by the merger agreement. The Brandywine common shareholders also might be asked to vote on a proposal to adjourn the Brandywine special meeting for the purpose of allowing additional time for the solicitation of additional votes to approve the issuance of Brandywine common shares under and as contemplated by the merger agreement.

### **Who Can Vote**

You are entitled to vote your Brandywine common shares if Brandywine's shareholder records showed that you held your Brandywine common shares as of the close of business on \_\_\_\_\_, 2005. At the close of business on that date, a total of \_\_\_\_\_ Brandywine common shares were outstanding and entitled to vote. Each Brandywine common share has one vote. The enclosed proxy card shows the number of Brandywine common shares that you are entitled to vote.

### **Voting by Proxy Holders**

If you hold your Brandywine common shares in your name as a holder of record, you may instruct the proxy holders how to vote your Brandywine common shares by signing, dating and mailing the proxy card in the postage-paid envelope that we have provided to you. The proxy holders will vote your Brandywine common shares as provided by those instructions. If you give Brandywine a signed proxy without giving specific voting instructions, your Brandywine common shares will be voted by the proxy holders in favor of approving the issuance of Brandywine common shares under and as contemplated by the merger agreement. If your Brandywine common shares are held by a broker, bank or other nominee, you will receive instructions from your broker, bank or nominee that you must follow to have your Brandywine common shares voted.

### **Quorum and Required Vote**

A quorum of common shareholders is required to hold a valid meeting. The holders of a majority of the outstanding common shares entitled to vote at the Brandywine special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Brandywine special meeting. All Brandywine common shares represented at the Brandywine special meeting, including abstentions and "broker non-votes," will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

In accordance with the listing requirements of the New York Stock Exchange, or the NYSE, approval of the issuance of the Brandywine common shares requires the affirmative vote of the holders of at least a majority of the Brandywine common shares cast in person or by proxy on such proposal at the Brandywine special meeting, provided that the total votes cast on the proposal represents over 50% of the outstanding Brandywine common shares entitled to vote on the proposal.

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As of the record date for the Brandywine special meeting, Brandywine trustees, executive officers and their affiliates beneficially owned \_\_\_\_\_ Brandywine common shares (excluding share options and Brandywine Operating Partnership units held by them), representing approximately \_\_\_\_\_% of the outstanding Brandywine common shares entitled to vote at the Brandywine special meeting.

### **Abstentions and Broker Non-Votes**

Abstentions by holders of Brandywine common shares will be counted as votes cast and will have the effect of a vote against the proposal.

Under the listing requirements of the NYSE, brokers who hold Brandywine common shares in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that the NYSE determines to be "non-routine," such as approval of the issuance of Brandywine common shares under and as contemplated by the merger agreement, without specific instructions from the beneficial owner. These non-voted shares are referred to as "broker non-votes." If your broker holds your Brandywine common shares in "street name," your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus. Broker non-votes will not affect the outcome of the vote with respect to the issuance of Brandywine common shares unless the holders of less than a majority of the votes entitled to be cast of the Brandywine common shares vote, in which case broker non-votes will have the effect of a vote against the proposal.

### **Voting on Other Matters**

We are not now aware of any matters to be presented at the Brandywine special meeting except for those described in this joint proxy statement/prospectus. If any other matter not described in this joint proxy statement/prospectus is properly presented at the meeting, the proxy holders will use their own judgment to determine how to vote your Brandywine common shares. If the meeting is adjourned or postponed, your Brandywine common shares may be voted by the proxy holders on the new meeting date as well, unless you have revoked your proxy instructions before that date.

### **How You May Revoke Your Proxy Instructions**

To revoke your proxy instructions, you must (1) so advise Brandywine's Secretary, Brad A. Molotsky, c/o Brandywine Realty Trust, 401 Plymouth Road, Suite 500, Plymouth Meeting, Pennsylvania 19462 in writing before your Brandywine common shares have been voted by the proxy holders at the meeting, (2) execute and deliver a subsequently dated proxy or (3) attend the meeting and vote your Brandywine common shares in person. If you hold shares in "street name" and you would like to revoke an earlier vote, please check with your broker and follow the voting procedures your broker provides.

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### **Cost of this Proxy Solicitation**

The accompanying proxy is being solicited on behalf of Brandywine' board of trustees. Each of Brandywine and Prentiss will pay one-half of the expense of preparing, printing and mailing the proxy and materials used in the solicitation. D.F. King & Co. Inc. has been retained by Brandywine and Prentiss to aid in the solicitation of proxies from their respective shareholders for an aggregate fee of \$20,000 and the reimbursement of out-of-pocket expenses. Proxies may also be solicited from Brandywine shareholders by personal interview, telephone and telegram by Brandywine trustees, officers and employees, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of Brandywine shares held by those persons, and Brandywine will reimburse them for any reasonable expenses that they incur.



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## THE PRETISS SPECIAL MEETING

### **Date, Time, Place and Purpose of the Prentiss Special Meeting**

The special meeting of the Prentiss common shareholders is scheduled to be held at 3890 West Northwest Highway, Dallas, Texas, 75220 at \_\_\_ a.m., local time, on \_\_\_\_\_, 2005. The special meeting may be adjourned or postponed to another date and/or place for proper purposes. The purpose of the meeting is to consider and vote on a proposal to approve the merger agreement, the REIT Merger and the related transactions. The Prentiss common shareholders also might be asked to vote on a proposal to adjourn the Prentiss special meeting for the purpose of allowing additional time for the solicitation of additional votes to approve the merger agreement, the REIT Merger and the related transactions.

### **Who Can Vote**

You are entitled to vote your Prentiss common shares if the Prentiss shareholder records showed that you held your Prentiss common shares as of the close of business on \_\_\_\_, 2005. At the close of business on that date, a total of \_\_\_\_\_ Prentiss common shares were outstanding and entitled to vote. Each Prentiss common share has one vote. The enclosed proxy card shows the number of Prentiss common shares that you are entitled to vote.

### **Voting by Proxy Holders**

If you hold your Prentiss common shares in your name as a holder of record, you may instruct the proxy holders how to vote your Prentiss common shares by signing, dating and mailing the proxy card in the postage-paid envelope that we have provided to you. The proxy holders will vote your Prentiss common shares as provided by those instructions. If you give Prentiss a signed proxy without giving specific voting instructions, your Prentiss common shares will be voted by the proxy holders in favor of the proposal to approve the merger agreement, the REIT Merger and the related transactions. If your Prentiss common shares are held by a broker, bank or other nominee, you will receive instructions from your nominee that you must follow to have your Prentiss common shares voted.

### **Quorum and Required Vote**

A quorum of common shareholders is required to hold a valid meeting. The holders of a majority of the Prentiss common shares outstanding and entitled to vote at the Prentiss special meeting must be present in person or by proxy to constitute a quorum for the transaction of business at the Prentiss special meeting. All Prentiss common shares represented at the Prentiss special meeting, including abstentions and "broker non-votes," will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum.

Approval of the merger agreement, the REIT Merger and the related transactions requires the affirmative vote in person or by proxy of the holders of at least a majority of the Prentiss common shares outstanding entitled to vote at the Prentiss special meeting.

As of the record date for the Prentiss special meeting, Prentiss trustees, executive officers and their affiliates beneficially owned, excluding share options and Operating Partnership units held by them, \_\_\_ Prentiss common shares, representing approximately \_\_\_% of the outstanding Prentiss common shares entitled to vote at the Prentiss special meeting.

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### **Abstentions and Broker Non-Votes**

Abstentions by holders of Prentiss common shares will not be counted as votes cast and will have the same effect as voting against approval of the merger agreement, the REIT Merger and the related transactions.

Under the listing requirements of the NYSE, brokers who hold Prentiss common shares in "street name" for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matter that the NYSE determines to be "non-routine," such as approval of the merger agreement, the REIT Merger and the related transactions, without specific instructions from the beneficial owner. These non-voted shares are referred to as "broker non-votes." If your broker holds your Prentiss common shares in "street name," your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this joint proxy statement/prospectus. Broker non-votes will not be counted as votes cast at the Prentiss special meeting and will have the effect of a vote against the proposal.

### **Voting on Other Matters**

We are not now aware of any matters to be presented at the Prentiss special meeting except for those described in this joint proxy statement/prospectus. If any other matter not described in this joint proxy statement/prospectus is properly presented at the meeting, the proxy holders will use their own judgment to determine how to vote your Prentiss common shares. If the meeting is adjourned or postponed, your Prentiss common shares may be voted by the proxy holders on the new meeting date as well, unless you have revoked your proxy instructions before that date.

### **How You May Revoke Your Proxy Instructions**

To revoke your proxy instructions, you must (1) so advise the Secretary of Prentiss, Gregory S. Imhoff, c/o Prentiss Properties Trust, 3890 W. Northwest Highway, Suite 400, Dallas, Texas 75220, in writing or by facsimile before your Prentiss common shares have been voted by the proxy holders at the meeting, (2) execute and deliver a subsequently dated proxy, or (3) attend the meeting and vote your Prentiss common shares in person. If you hold shares in "street name" and you would like to revoke an earlier vote, please check with your broker and follow the voting procedures your broker provides.

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### **Cost of this Proxy Solicitation**

The accompanying proxy is being solicited on behalf of Prentiss' board of trustees. Each of Brandywine and Prentiss will pay one-half of the expense of preparing, printing and mailing the proxy and materials used in the solicitation. D.F. King & Co. Inc. has been retained by Brandywine and Prentiss to aid in the solicitation of proxies from their respective shareholders for an aggregate fee of \$20,000 and the reimbursement of out-of-pocket expenses. Proxies may also be solicited from Prentiss shareholders by personal interview, telephone and telegram by Prentiss trustees, officers and employees, who will not receive additional compensation for performing that service. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries for the forwarding of proxy materials to the beneficial owners of Prentiss shares held by those persons, and Prentiss will reimburse them for any reasonable expenses that they incur.

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## THE MERGERS

### Background of the Mergers

In pursuing strategies for enhancing shareholder value, each of Brandywine and Prentiss from time to time has considered opportunities for acquisitions, joint ventures and other strategic alliances.

Prentiss and Lazard, its financial advisor, have from time to time explored the strategic options available to Prentiss. This included discussions with a number of other prospective public buyers and their advisors throughout Lazard's engagement.

Brandywine's board has from time to time assessed strategic alternatives available to Brandywine. In its assessment of alternatives to enhance shareholder value, the Brandywine board has considered opportunities to replicate Brandywine's regional focus in select high-growth markets outside the greater Philadelphia region through association with strong local owners and operators of commercial real estate; operating efficiencies and growth opportunities associated with an increased asset base; and enhancement of Brandywine's credit profile through a larger and more diverse tenant base.

Brandywine has premised its growth strategy on acquiring and developing high quality office and industrial properties in selected markets that it expects will experience increased rental rates, increased demand for high quality office and industrial space and overall economic growth. As part of its regional focus, Brandywine dedicates to each of its markets a team of professionals having a deep and extensive knowledge of the real estate dynamics within the team's market, including leasing and construction activity, population growth, capital costs and other factors that bear on profitability and growth prospects.

Through relationships that pre-dated a 2001 transaction involving an exchange of properties and continued thereafter, Brandywine and Prentiss have recognized the complementary nature of their businesses and the quality of their respective operations. The boards believe that the combination of the Brandywine and Prentiss property portfolios and management groups will (i) enhance the growth prospects and the quality of the combined company, (ii) increase the diversity of the tenant and asset base of the combined company and (iii) deepen the management expertise of the combined company. The boards further believe that the cash infusion from Prudential for a portion of the Prentiss assets will enable the combination to be completed on financial terms that maintain Brandywine's investment grade ratings and financial metrics.

In April 2001, Brandywine and Prentiss completed an exchange of properties. As part of that transaction, Brandywine acquired from Prentiss 30 properties, located in Pennsylvania, New Jersey and Delaware, that contain an aggregate of approximately 1.6 million net rentable square feet and conveyed to Prentiss four office properties located in Northern Virginia that contain an aggregate of approximately 657,000 net rentable square feet and its 25% interest in a real estate joint venture that owned two office properties that contain an aggregate of approximately 452,000 net rentable square feet.

Subsequent to the April 2001 transaction, Gerard H. Sweeney, President and Chief Executive Officer of Brandywine, had occasional conversations with Michael V. Prentiss, Chairman of the board of trustees of Prentiss, and Thomas F. August, President and Chief Executive Officer of Prentiss. These conversations were general in nature and primarily related to the competitive dynamics in the REIT industry.

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In Winter and Spring 2003 and the Summer 2004, Prentiss held substantive discussions with two other public REITs, concerning a potential merger transaction. However, each of these discussions was terminated before an agreement was reached due to differences in pricing expectations.

On February 1, 2005, the Prentiss board of trustees called a special meeting to discuss strategic alternatives of Prentiss and to assess the possibility of a strategic business combination in light of previous contacts that Prentiss had had with other REITs on this topic. At the direction of the Prentiss board of trustees, Mr. Prentiss contacted Matthew Lustig of Lazard to explore the possibility of a strategic business combination.

On March 16, 2005, Brandywine's board of trustees met with representatives of JPMorgan to discuss in broad terms capital and investment activity in the REIT market, Brandywine's competitive position within the REIT market and possible strategic alternatives available to Brandywine. Part of the discussion addressed the rationale for a combination with Prentiss, among other companies, and JPMorgan presented a preliminary analysis of the financial and strategic implications of a business combination between Brandywine and Prentiss.

On April 18, 2005 Prentiss publicly announced in its earnings release for the first quarter of 2005 that it had engaged Holliday Fenoglio Fowler, L.P. to actively pursue the sale of its Midwest portfolio, comprised of 17 office and four industrial properties.

Brandywine viewed the April 18<sup>th</sup> announcement by Prentiss, and the migration of Prentiss towards a more regionally focused owner of office and industrial properties, as complementary of its operating strategy. Working with JPMorgan, Brandywine approached several institutional investors, including Prudential, to discuss their interest in teaming up with Brandywine to develop a framework whereby the institutional investor would acquire a portion of the Prentiss assets and submarkets concurrently with Brandywine's overall acquisition of Prentiss. Brandywine believed this team approach would assist it in replicating its strategy of regional focus and submarket concentration and allow it to consummate a combination with Prentiss on terms that would maintain its credit profile and allow for future acquisition and development activity.

In May through June of 2005, senior executives of Prentiss held several separate preliminary discussions with senior executives of each of Brandywine and another public REIT to discuss a potential transaction with each of them.

On May 2, 2005, Mr. Sweeney updated the board of trustees on the status of discussions with representatives of Prentiss.

On May 10, 2005, Mr. Sweeney, together with representatives of JPMorgan, and Gary Kauffman, a Managing Director of Prudential, held a conference call. The participants on the call discussed Prudential's interest in acquiring assets as a participant with Brandywine in a strategic business combination between Brandywine and Prentiss. Although general in nature, the discussion related to Prudential's willingness to acquire a portion of the Prentiss property portfolio in conjunction with the consummation of Brandywine's acquisition of Prentiss.

Following the May 10, 2005 conference call, Mr. Sweeney, other members of senior management, representatives of JPMorgan and of Prudential continued to discuss the framework for a Brandywine acquisition of Prentiss, coupled with a concurrent acquisition by Prudential of a portion of the Prentiss portfolio. In these discussions, Mr. Sweeney and Mr. Kauffman agreed to defer any decision on which Prentiss assets Prudential would acquire until each of Brandywine and Prudential had independently completed its underwriting, due diligence and valuation of each of the Prentiss properties.

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On June 8, 2005, Messrs. Sweeney and August met for dinner at a NAREIT conference in New York. At this dinner, they discussed the framework of a potential business combination between Brandywine and Prentiss in conjunction with an acquisition by Prudential of a portion of the Prentiss portfolio. Mr. August indicated that he would review the discussion with Mr. Prentiss and would expect to continue discussions with Mr. Sweeney.

On June 15, 2005, Brandywine's board met with senior management, representatives of JPMorgan and Brandywine's legal advisors to address financial and legal issues associated with a business combination with Prentiss. In this meeting JPMorgan updated its analysis of the financial and strategic implications of a business combination between Brandywine and Prentiss. Mr. Sweeney also reviewed with the board the discussions with Prudential.

On June 16, 2005, Mr. Prentiss met with Mr. Sweeney in Baltimore to review aspects of a proposed business combination and consider the merits and assess alternate structures for the transaction, including the proposed acquisition by Prudential of a portion of the Prentiss portfolio.

On June 24, 2005, Prentiss and the other public REIT each executed a confidentiality agreement to enable them to discuss potential combinations in greater detail.

On June 27, 2005, Messrs. Sweeney, Prentiss, August and Kauffman, together with James Walker, a Prudential executive, met in Boston to further review the framework of a transaction among Prentiss, Brandywine and Prudential. At the meeting they addressed the strategic rationale for a combination between Brandywine and Prentiss and discussed alternate structures for the transaction, including an acquisition by Prudential of a portion of the Prentiss portfolio.

Following the June 27, 2005 meeting in Boston, Mr. Prentiss individually contacted the members of the Prentiss board of trustees to inform them of the discussions at the Boston meeting.

On July 5, 2005, Brandywine and Prentiss entered into a confidentiality agreement to enable Brandywine and Prentiss to conduct additional due diligence in connection with the possible business combination. A series of meetings and conference calls were held thereafter, during which materials relating to Prentiss were provided to Brandywine and its representatives and advisors for evaluation. In addition, materials relating to the Prentiss assets and related debt were provided to Prudential and its representatives.

During June through August 2005, Prentiss held various discussions with Lazard and another REIT regarding a potential business combination. At a meeting on July 18, 2005, the Prentiss board of trustees met with representatives of Lazard and Prentiss' legal advisors and discussed the strategic rationale for a combination with each of the REITs and Brandywine. In this meeting, the Prentiss board reviewed with its financial and legal advisors the potential benefits and risks of the combinations. The Prentiss board considered the retention of management and the employees of Prentiss as an important aspect of successful integration in a merger context.

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Following the July 18 Prentiss board meeting, with authorization from Prentiss, Lazard approached Brandywine and the other public REIT that had executed a confidentiality agreement with Prentiss, as well as their respective advisors.

On July 21, 2005, Mr. August advised Mr. Sweeney that the Prentiss board was receptive to receiving an acquisition proposal from Brandywine. Later on July 21, 2005, Mr. Sweeney updated the Brandywine board on the communication from Mr. August. Mr. Sweeney also indicated that he would coordinate with JPMorgan and Prudential a schedule for due diligence and valuation analyses related to the Prentiss portfolio that would form the basis for a Brandywine acquisition offer, coupled with a concurrent acquisition by Prudential of a portion of the Prentiss properties.

During July and August 2005, representatives of Brandywine, Prentiss and Prudential held numerous meetings and conference calls that addressed financial, legal and tax due diligence. In addition, representatives of Prentiss and Brandywine held meetings and conference calls during this period.

Also during July and August 2005, Brandywine and Prudential conducted a significant portion of their respective due diligence activities relating to Prentiss. These activities included lease reviews, tenant credit reviews, analyses of anticipated capital costs within the Prentiss portfolio, site tours of all of the Prentiss properties, market studies, including studies containing information on population trends, rental rates, occupancy levels and zoning and other barriers to additional supply of new properties, Prentiss' capitalization methodology, general and administrative costs, the status of the sale of the Prentiss Midwest portfolio and the Prentiss organizational structure. Brandywine also reviewed with Prudential its experiences in each of the Prentiss submarkets.

On August 11, 2005, Mr. August met with Mr. Sweeney in Dallas to discuss progress on the structure of the transaction and also discuss the Dallas portfolio.

On August 24, 2005, together with their advisors, Prentiss met with Brandywine senior management and Prudential senior investment officers at Lazard's offices to discuss in greater detail the Midwest disposition, capital, joint venture arrangements, personnel and other diligence topics.

On August 26, 2005, Mr. Sweeney held a conference call with the Brandywine board of trustees to update the board on management's due diligence activities and discussions with Prentiss and Prudential.

In late August, and following several discussions between Prentiss and the other public REIT, Lazard had valuation discussions with the other public REIT's advisors, who indicated that their client was not in a position at that time to make a proposal that would satisfy Prentiss' financial and strategic objectives.

On August 31, 2005, the Brandywine board of trustees held a meeting at which Mr. Sweeney, together with representatives of JPMorgan and Pepper Hamilton LLP, Brandywine's legal counsel, provided an update on the proposed combination with Prentiss. As part of this meeting, the board reviewed the status of the discussions with Prentiss and Prudential, preliminary asset valuations and asset allocations between Brandywine and Prudential, and the financial and strategic implications of the transaction for Brandywine. The board also discussed the treatment of Prentiss employees and post-acquisition integration activities.

On September 8, 2005, the Brandywine board again met with Mr. Sweeney, together with other members of executive management of Brandywine and representatives of JPMorgan and Pepper Hamilton LLP. In this meeting, the Board again addressed the financial and strategic implications of the proposed combination, including: (i) Brandywine's due diligence of Prentiss and its properties, (ii) the preliminary range of potential terms of the Mergers (including the amount and form of merger consideration), (iii) tax aspects of the Mergers, (iv) Prudential's involvement as a purchaser of a portion of the Prentiss assets and the status of discussions between Brandywine and Prudential relative to asset valuations, asset splits and due diligence, (v) sources and uses of funds, (vi) expected handling of Prentiss employees and post-acquisition integration activities, (vii) anticipated transaction costs and (viii) terms of a proposed merger agreement. Following discussion, the Board unanimously authorized the submission of a non-binding offer letter to Prentiss, together with a draft merger

agreement.



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On September 9, 2005, Brandywine submitted to Prentiss a non-binding proposal for an acquisition by Brandywine of Prentiss. The proposal indicated that both the Brandywine board and Prudential had authorized the submission of the proposal. The letter contemplated that Brandywine would acquire each outstanding Prentiss common share for \$21.25 in cash and \$21.25 in Brandywine common shares. The letter addressed the integration of the Prentiss regional offices within the combined company, including Brandywine's plans for integrating senior Prentiss executives with the combined company. Brandywine's letter identified the confirmatory due diligence it and Prudential would expect to complete prior to entering into definitive agreements. Included with the letter was a draft merger agreement.

Prior to submitting the offer letter on September 9, 2005, Brandywine and Prudential had reached an understanding of the properties that Prudential would likely acquire as part of the transaction. This understanding, reached after each party had independently completed its property-by-property underwriting and valuation, reflected a variety of considerations, including the submarket preferences of the parties, anticipated operating efficiencies associated with property allocations, and the ease of assimilation of the Prentiss joint ventures and debt financings.

On September 11, 2005, representatives from Pepper Hamilton LLP, KPMG LLP and JPMorgan, on behalf of Brandywine, representatives from Akin Gump Strauss Hauer & Feld LLP, Ernst & Young LLP and Lazard, on behalf of Prentiss, and representatives from Goodwin Proctor LLP, on behalf of Prudential, addressed tax issues associated with different approaches to Brandywine's proposed acquisition of Prentiss, coupled with a concurrent disposition of selected assets and markets to Prudential.

During the week of September 12, 2005, Prentiss raised issues with the initial offer of \$42.50 and countered with \$43.50.

On September 12, 2005, Brandywine and Prentiss and their respective representatives held conference calls to discuss the initial draft of the merger agreement. Representatives of the parties addressed several issues, including the desirability of a fixed exchange ratio, the implications of a cash-share election feature versus a pre-established split of cash and shares as part of the merger consideration, break-up fees and an alternative termination fee payable by either party upon satisfaction of certain conditions. Prentiss also requested that it be entitled to appoint two members to Brandywine's board of trustees following the REIT Merger.

From September 13 through September 16, 2005, the parties continued to negotiate the terms of the merger agreement and perform due diligence. Brandywine and its financial, legal and tax representatives engaged in several discussions with Prentiss regarding the benefits and feasibility of a tax deferred transaction.

On September 16, 2005, Akin, Gump Strauss Hauer & Feld LLP, counsel to Prentiss, distributed a revised draft of the proposed merger agreement to Pepper Hamilton LLP, counsel to Brandywine.

On September 19, 2005, Brandywine and Prentiss and their respective representatives held a conference call to discuss the merger agreement.

On September 20, 2005, Pepper Hamilton LLP distributed a revised draft of the proposed merger agreement to Akin Gump Strauss Hauer & Feld LLP.

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On September 20, 2005, Brandywine's board met to discuss the potential combination. Brandywine's senior management and its legal and financial advisors updated the board on the status of financial, business and legal due diligence and the status of negotiations, including (i) the proposed exchange ratio, (ii) the proposed breakup fees and (iii) discussions regarding post-merger board seats. JPMorgan also reviewed with Brandywine's board financial analyses of the REIT Merger, including pro forma information reflecting the proposed transaction, and Brandywine's legal advisors from Pepper Hamilton LLP reviewed the terms of the merger agreement and the board's obligations under Maryland law.

From September 20, 2005 to September 29, 2005 Brandywine and Prentiss continued to negotiate the terms of the merger agreement and Brandywine and Prudential continued to negotiate the terms under which Prudential would acquire a portion of the Prentiss portfolio.

On September 21, 2005, Messrs. Prentiss and August met in Philadelphia with Messrs. Sweeney and two other Brandywine trustees, Messrs. D'Alessio and Aloian. In the meeting they discussed the strategic vision and management structure of the combined company and integration plans for the combined company.

On September 22, 2005, Brandywine increased its offer from \$42.50 to \$43.00 and Prentiss indicated this was acceptable subject to resolution of the overall terms of the transaction.

During the week of September 26, 2005, the parties continued to address the tax consequences of the proposed Mergers and related asset sale to Prudential. Following discussion and analysis, the parties agreed that if the private letter ruling was received prior to the REIT Merger, then Prudential would acquire the Prudential properties immediately following the closing of the REIT Merger; and if the private letter ruling was not received prior to the closing of the REIT Merger, then Prudential would acquire the properties on the day prior to the REIT Merger closing.

On September 29, 2005, the board of trustees of Prentiss met to review the status of the merger agreement and related transactions. To prepare for this meeting, trustees were provided due diligence materials prepared by legal counsel, and copies of a draft merger agreement and voting agreements. At this meeting, Prentiss' legal counsel and senior management reviewed with the Prentiss board the results of the company's financial, business and legal due diligence examinations and the terms of the merger agreement and the voting agreements. Legal counsel gave a detailed presentation of the terms and structure of the proposed merger and related transaction as well as the legal duties and responsibilities facing the board of trustees with respect to the Mergers. Also at this meeting, the board received a presentation from Lazard on the financial aspects of the proposed merger transaction. In addition, the Prentiss board discussed: (1) the financial terms of the proposed transaction with Brandywine; (2) the potential benefits of such a business combination; (3) the potential conditions to the completion of the transaction, including approvals of Prentiss shareholders; and (4) the tax consequences of the proposed Mergers and the Prudential Acquisition.

On September 29, 2005 the board of trustees of Brandywine met with its legal and financial advisors to review the status of the merger agreement and related transactions.

On September 29, 2005, JPMorgan delivered to Brandywine a draft commitment letter setting forth proposed terms under which JPMorgan would agree to structure, arrange and syndicate credit facilities, consisting of a term loan facility, revolving credit facility and an interim term loan facility, in connection with the REIT Merger. Between September 29, 2005 and October 2, 2005, representatives of Brandywine and JPMorgan negotiated the terms and conditions of the JPMorgan financing commitment.

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Between September 29, 2005 and October 2, 2005, Brandywine and Prentiss continued to negotiate the terms of the merger agreement and related agreements, and Brandywine, Prentiss and Prudential continued to negotiate the terms of the agreements under which Prudential would acquire a portion of the Prentiss portfolio.

On October 2, 2005 the board of trustees of Prentiss met telephonically with its legal and financial advisors. At this meeting, Lazard rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion dated October 3, 2005, that, as of that date, the per share consideration of \$21.50 in cash plus 0.69 Brandywine shares to be paid to the Prentiss' common shareholders (including, if the Reverse REIT Merger is to be consummated, the payment of the Special Dividend) is fair from a financial point of view to the public holders of Prentiss common shares. After additional discussion and deliberation, the Prentiss board of trustees unanimously approved the merger agreement, the REIT Merger and the related transactions, and the Prudential Purchase Agreement and recommended that the Prentiss common shareholders approve the merger agreement, the REIT Merger and the related transactions.

On October 2, 2005 the board of trustees of Brandywine met telephonically with its legal and financial advisors. To prepare for this meeting, trustees were provided updated materials prepared by legal counsel, and copies of a draft merger agreement and other transactional documents. At this meeting, Brandywine's legal counsel and senior management reviewed with the Brandywine board the results of their financial, business and legal due diligence examinations and the terms of the merger agreement and other transactional documents. Legal counsel gave a detailed presentation of the terms and structure of the proposed merger and related transaction as well as the legal duties and responsibilities facing the board of trustees with respect to the Mergers. Also at this meeting, JPMorgan rendered its oral opinion to the board of trustees of Brandywine that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the Brandywine Consideration to be paid by Brandywine in the proposed Transactions for the Pro Forma Company was fair, from a financial point of view, to Brandywine. JPMorgan confirmed its oral opinion by delivering a written opinion dated October 2, 2005. After additional discussion and deliberation, Brandywine's board of trustees unanimously approved the merger agreement, the REIT Merger and the related transactions, and the master agreement and recommended that Brandywine's shareholders approve the issuance of Brandywine shares under and as contemplated by the merger agreement.

On October 3, 2005, Prudential's investment committee met to approve Prudential's execution of the master agreement and the Prudential asset purchase agreement and Prudential's acquisition of a portion of the Prentiss properties.

Thereafter on October 3, 2005, Brandywine, Prentiss and Prudential executed and delivered, as applicable, the merger agreement and related documents, and Brandywine and JPMorgan executed the debt financing commitment letter. The transaction was publicly announced on October 3, 2005.

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## **Recommendation of the Brandywine Board of Trustees and Brandywine's Reasons for the REIT Merger**

### ***Recommendation of Brandywine's Board of Trustees.***

Brandywine's board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Brandywine and its shareholders. Brandywine's board of trustees unanimously recommends that Brandywine common shareholders vote "FOR" approval of the issuance of Brandywine common shares to be issued under and as contemplated by the merger agreement.

### ***Brandywine's Reasons for the REIT Merger.***

In determining whether to approve the merger agreement, the REIT Merger and the related transactions, Brandywine's board of trustees considered a variety of factors that might impact the short-term and long-term interests of Brandywine and its shareholders. As part of its deliberations, Brandywine's board of trustees took into consideration the support of the Mergers by Brandywine's senior management and considered the historical, recent and prospective financial condition, results of operations, property holdings, share price, capitalization, and operating, strategic and financial risks of Brandywine and Prentiss, considered separately for each entity and on a combined basis for the combined company.

In its determination, Brandywine's board consulted with Brandywine senior management, as well as its financial and legal advisors, and considered a number of factors, including, among others, the following positive factors (the order does not reflect the relative significance):

- *Strategic Expansion in Select Markets.* The opportunity for the combined company to replicate Brandywine's regional approach to owning and managing real estate in three dynamic markets where Prentiss has a strong presence: Metro Washington, D.C., Oakland, California and Austin, Texas, each of which is projected to have higher rental rate and job growth characteristics than Brandywine's current markets.
- *Continuity of Operations Through Experienced Management Teams.* The continuation, with the combined company, of key Prentiss executives having a deep and extensive knowledge of the markets where Brandywine will concentrate its post-merger activities, and the expectation that the continuation will promote an efficient integration of Brandywine and Prentiss.

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- *Efficiency of a Portfolio Acquisition.* The opportunity to acquire through a single transaction a portfolio of high-quality properties, together with an experienced management team, that could not be easily replicated through acquisitions of individual assets.
- *Increased Development Pipeline.* The value-added development opportunities in high growth markets afforded to Brandywine by the developable land owned by Prentiss.
- *Diversification of Property Portfolio.* The benefit to Brandywine's credit profile from its ownership of properties having a larger and more diverse tenant base.
- *Additional Capital Deployment Opportunities.* The ability of the combined company to generate internal capital and to deploy its capital in an increased number of core-targeted markets, affording the combined company more consistent avenues of growth.
- *Capital Recycling Opportunities.* The reinvestment opportunities that result from dispositions of, or joint venture arrangements in, select properties within the combined portfolio which will provide the combined company internal capital to grow its asset base in core targeted markets.
- *Expansion of Relationships with Third Parties including Prudential Properties and Stichting Pensioenfond ABP.* The expectation that the relationships formed in the REIT Merger, including through Brandywine's engagement to manage and lease Prudential Properties following the REIT Merger and Prentiss' joint venture relationship with Stichting Pensioenfond ABP, will generate additional investment opportunities.
- *Positive Rating Agency Reaction.* The report of Brandywine's management based on conversations with the rating agencies to the effect that the rating agencies viewed the transaction favorably and would likely affirm Brandywine's ratings, giving effect to the REIT Merger.
- *Per Share Accretion.* The anticipated accretion to Brandywine's per share funds from operations beginning in 2006.
- *Greater Financial Flexibility and Liquidity.* The expected increased access to debt and equity capital and acquisition opportunities, and greater liquidity for Brandywine's shareholders, resulting from the geographic diversity and additional balance sheet capacity that the REIT Merger will provide.
- *Opinion of Financial Advisor.* JPMorgan's opinion dated October 2, 2005 that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the Brandywine Consideration to be paid by Brandywine in the proposed Transactions for the Pro Forma Company was fair, from a financial point of view, to Brandywine, and the related financial presentation presented to the board of trustees of Brandywine in connection therewith.

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Brandywine's board of trustees recognized that there are risks associated with the Mergers and the merger agreement, including the following risks (the order does not reflect the relative significance):

- *Integration Risks.* The operations, technologies and personnel of the two companies may not be successfully integrated. The Mergers will include risks commonly associated with similar transactions, including unanticipated liabilities, unanticipated costs and diversion of management's attention. The combined company may also experience operational interruptions or the loss of key employees or customers.
- *Uncertainty as to Accretion.* The combined company may not realize the accretion to per share funds from operations that Brandywine expects from the Mergers. It is possible that the Mergers may be dilutive to per share funds from operations or one or more other measures of the combined company's financial performance in the future. Future events that could reduce or eliminate such accretion or cause such dilution include adverse changes in:
  - the expected costs of the Mergers and the expected costs of integrating the Prentiss business with Brandywine's business;
  - the combined company's ability to achieve anticipated cost savings from the Mergers; and
- general economic conditions and their effect on the REIT industry, including the combined company.
- *Expenses of the Mergers.* Brandywine and Prentiss are expected to incur one-time, pre-tax closing costs of approximately \$55.5 million in connection with the Mergers and one-time pre-tax expenses of approximately \$40.4 million related to change in control payments to Prentiss executive officers under existing employment agreements that are triggered by the REIT Merger. Brandywine also expects to incur one-time, pre-tax cash and non-cash costs related to the integration of Brandywine and Prentiss, which cannot be estimated at this time. The combined company may incur additional unanticipated costs and expenses in connection with the Mergers.
- *Possible Repayment/ Refinancing of Debt of Prentiss.* Consummation of the Mergers could trigger a mandatory prepayment (including a penalty in some cases) of Prentiss' debt unless appropriate lender consents or waivers are received. If those consents and waivers cannot be obtained prior to consummation of the Mergers, the existing debt of Prentiss might need to be repaid and/or refinanced. This may result in higher than-anticipated transaction expenses to Brandywine.
- *Fixed Merger Consideration.* The exchange ratio is fixed and will not fluctuate as a result of changes in the price of Brandywine common shares or Prentiss common shares. Changes in the price of Brandywine common shares and/or Prentiss common shares could cause the premium being paid by Brandywine to acquire Prentiss to increase.

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□ *Termination Fee.* Brandywine may be required to pay a termination fee of \$12.5 million and up to \$6 million in termination expenses to Prentiss plus reimbursement for unrecoverable out-of-pocket expenses and any lost deposits related to Prentiss' termination of a proposed loan related to its Barton Skyway property if the merger agreement is terminated because Brandywine fails to fulfill its obligations under the merger agreement, including calling or holding a special meeting of its shareholders, or Brandywine's common shareholders do not approve the proposal for the issuance of Brandywine common shares at the Brandywine special meeting. See "The Merger Agreement" Termination."

□ *Other Negative Factors.* The Brandywine board of trustees also considered the other risks of the Mergers described in "Risk Factors" Risks Relating to the Mergers."

The above discussion of the factors considered by Brandywine's board of trustees is not intended to be exhaustive, but does set forth the principal positive and negative factors considered by the board. Brandywine's board of trustees approved the merger agreement, the Mergers and the related transactions and recommended approval by Brandywine's shareholders of the issuance of Brandywine common shares to be issued under and as contemplated by the merger agreement in light of the various factors described above and other factors that each member of Brandywine's board of trustees believed to be appropriate.

In view of the wide variety of factors considered by Brandywine's board of trustees with its evaluation of the REIT Merger and the complexity of these matters, Brandywine's board of trustees did not consider it practical and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, Brandywine's board of trustees made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual trustees may have given different weights to different factors.

## **Recommendation of the Prentiss Board of Trustees and the Reasons of Prentiss for the REIT Merger**

### ***Recommendation of the Prentiss Board of Trustees.***

The Prentiss board of trustees has unanimously approved the merger agreement, the REIT Merger and the related transactions and declared that the merger agreement, the REIT Merger and the related transactions are advisable and fair to, and in the best interests of, Prentiss and its shareholders. The Prentiss board of trustees unanimously recommends that Prentiss common shareholders vote "FOR" the approval of the merger agreement, the REIT Merger and the related transactions.

In determining whether to vote "FOR" the approval of the merger agreement, the REIT Merger and the related transactions, Prentiss common shareholders should be aware that some members of the Prentiss board of trustees, as well as some Prentiss executive officers, have or may have interests in the Mergers that may differ from, or are in addition to, the interests of Prentiss common shareholders generally. See "Interests of the Prentiss Executive Officers and Trustees in the Mergers."

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***Prentiss' Reasons for the REIT Merger.***

In determining whether to approve the merger agreement, the REIT Merger and the related transactions, the Prentiss board of trustees considered a variety of factors that might impact the long-term as well as short-term interests of Prentiss and its shareholders. As part of its deliberations, the Prentiss board of trustees took into consideration the support of the REIT Merger by senior management of Prentiss and considered the historical, recent and prospective financial condition, results of operations, property holdings, share price, capitalization, and operating, strategic and financial risks of Prentiss and Brandywine, considered separately for each entity and on a combined basis for the combined company.

In making the determination described above, the Prentiss board of trustees consulted with Prentiss' senior management, as well as its financial and legal advisors, and considered a number of factors, including, among others, the following positive factors (the order does not reflect the relative significance):

- Strength of Combined Company.* The Prentiss board of trustees' belief that the combination of Prentiss and Brandywine allows Prentiss common shareholders to participate in a stronger combined company based on the anticipated greater operational and financial flexibility of the combined company. The Prentiss board of trustees also considered the scale, scope, strength and diversification of markets and expected synergies that could be achieved by combining Prentiss and Brandywine.
- Exchange Ratio; Cash Consideration.* Prentiss believes it is beneficial that the exchange ratio is fixed and that it will not fluctuate as a result of changes in the price of Brandywine common shares or Prentiss common shares.
- Premium.* The premium, which was approximately 5.8% based on the closing sales price per Prentiss common share on September 30, 2005 (the last full trading day before the proposed REIT Merger was announced), that Prentiss common shareholders would receive for their Prentiss common shares in the REIT Merger.
- Terms of the Merger Agreement.* The terms of the merger agreement, including:
  - that each Prentiss common share will be converted into the right to receive \$21.50 in cash and 0.69 of a Brandywine common share;
  - that the Prentiss board of trustees has the right to respond to, and engage in discussions or negotiations regarding, unsolicited third party proposals for competing transactions under specified circumstances if the Prentiss board of trustees concludes in good faith that the proposal is reasonably likely to result in a superior proposal;
  - the fact that the completion of the REIT Merger is not conditioned on Brandywine or Prentiss obtaining third party consents, governmental approvals or financing; and
  - The requirement for Brandywine to pay a \$12.5 million termination fee and up to \$6 million in termination expenses to Prentiss plus reimbursement for unrecoverable out-of-pocket expenses and any lost deposits related to Prentiss' termination of a proposed loan related to its Barton Skyway property if the merger agreement is terminated because Brandywine fails to fulfill its obligations under the merger agreement, including calling or holding a special meeting of its shareholders, or Brandywine's common shareholders do not approve the proposal for the issuance of Brandywine common shares at the Brandywine special meeting. See "The Merger Agreement" Termination."



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- *Board Representation.* Two current members of the Prentiss board of trustees, Michael V. Prentiss and Thomas F. August, will serve for a period of time on the board of trustees of the combined company.
- *Due Diligence Review.* The results of the due diligence review of, among other things, Brandywine's business and operations, financial condition and management practices and procedures, conducted on behalf of Prentiss by Prentiss' financial, accounting and legal advisors, as well as senior management.
- *Opinion of Financial Advisor.* The Prentiss board of trustees also considered the financial presentation of Lazard, including its opinion, dated October 3, 2005, that the per share consideration of \$21.50 in cash, plus 0.69 Brandywine shares to be paid to Prentiss' common shareholders pursuant to the merger agreement (including, if the Reverse REIT Merger is to be consummated pursuant to the merger agreement, the payment of the Special Dividend) is fair from a financial point of view to the Prentiss' public holders of Prentiss common shares, as more fully described elsewhere in this joint proxy statement/prospectus. Please see "The Mergers" Opinion of Prentiss' Financial Advisor, Lazard Frères & Co. LLC."

The Prentiss board of trustees also considered the following potentially negative factors, among others, in determining whether to approve the merger agreement, the REIT Merger and the related transactions (the order does not reflect the relative significance):

- *Exchange Ratio.* A significant portion of the consideration to be received by Prentiss common shareholders will be in the form of Brandywine common shares at a conversion rate that does not adjust to account for fluctuations in the market price of Brandywine common shares between signing and closing.
- *Effect on Retaining Employees.* The potential negative effect on the ability of Prentiss to retain key employees as a result of the public announcement of the Mergers or, possibly, the termination of the merger agreement.
- *Integration Risks.* The operations, technologies and personnel of the two companies may not be successfully integrated. The Mergers will include risks commonly associated with similar transactions, including unanticipated liabilities, unanticipated costs and diversion of management's attention. The combined company may also experience operational interruptions or the loss of key employees or customers.
- *Geographic Risk.* The Mergers will expose the combined company to the general economic conditions of new markets in which Brandywine was not previously involved. The Mergers will result in significant expansion of Brandywine's market focus from Philadelphia, Pennsylvania; Wilmington, Delaware; Southern and Central New Jersey; and Richmond, Virginia to include Metropolitan Washington, D.C., Dallas/Fort Worth, Austin, Oakland, Silicon Valley, San Diego and Los Angeles.

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□ *Risk That the Mergers Will not be Completed.* The potential for significant loss of value by Prentiss common shareholders, as well as the potential negative impact upon the operations and prospects of an independent Prentiss, in the event that the Mergers are not completed, resulting from, among other things:

□ the significant costs and substantial management time and effort devoted to negotiation and consummation of the Mergers;

□ the requirement for Prentiss to pay a termination fee of \$12.5 million or \$60 million to Brandywine under certain specified circumstances; and

□ the requirement for Prentiss to pay termination expenses of up to \$6 million to Brandywine under certain specified circumstances.

□ *Interests of Certain Prentiss Trustees and Executive Officers.* The Prentiss board of trustees considered the potential benefits to certain of Prentiss' trustees and executive officers, including severance payments and acceleration of vesting of options. See "□Interests of Prentiss' Executive Officers and Trustees in the Mergers".

The above discussion of the factors considered by the Prentiss board of trustees is not intended to be exhaustive, but does set forth the principal positive and negative factors considered by the Prentiss board of trustees. The Prentiss board of trustees unanimously approved the merger agreement, the REIT Merger and the related transactions and recommended the approval of the merger agreement, the REIT Merger and the related transactions by the Prentiss common shareholders in light of the various factors described above and other factors that each member of the Prentiss board of trustees felt were appropriate.

In view of the wide variety of factors considered by the Prentiss board of trustees in connection with its evaluation of the REIT Merger and the complexity of these matters, the Prentiss board of trustees did not consider it practical and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. Rather, the Prentiss board of trustees made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual trustees may have given different weights to different factors.

#### **Opinion of Brandywine's Financial Advisor, JPMorgan**

At a meeting of the board of trustees of Brandywine on October 2, 2005, JPMorgan rendered its oral opinion to the Brandywine board of trustees that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the Brandywine Consideration to be paid by Brandywine in the proposed Transactions (as defined in the next paragraph) for the Pro Forma Company (as defined in the next paragraph) was fair, from a financial point of view, to Brandywine. JPMorgan confirmed its oral opinion by delivering a written opinion dated October 2, 2005.

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For purposes of JPMorgan's opinion "Transactions" means one of two alternative structures provided for by the merger agreement and master agreement (collectively, the "Agreements"), each including a series of mergers and other transactions, pursuant to and after giving effect to which: (i) Prudential will acquire, directly or indirectly, the Prentiss Properties (the "Prudential Transaction") for \$747.7 million in cash and assumed debt, subject to a potential \$150.0 million reduction to as low as \$597.7 million in cash and assumed debt (the "Prudential Adjustment") if Prudential elects to "drop properties" (as referred to in the master agreement) and not to acquire certain of the Prentiss Properties as contemplated in the Agreements (Prentiss, after giving effect to such series of transactions including the Prudential Transaction and Prudential Adjustment, if applicable, and any related dividends, distributions or exchanges, and including all the outstanding equity interests of Prentiss Operating Partnership, hereinafter referred to as the "Pro Forma Company"); and (ii) Brandywine and/or Brandywine Operating Partnership will acquire, directly or indirectly, all of the outstanding equity interest of the Pro Forma Company. Also, for purposes of JPMorgan's opinion "Brandywine Consideration" means the consideration to be paid by Brandywine and/or Brandywine Operating Partnership to the shareholders of Prentiss and the holders of Prentiss Operating Partnership common units in the Transactions for the acquisition of the Pro Forma Company which will consist of, in the aggregate, up to \$424 million in cash and 35.5 million Brandywine common shares, subject to (i) increases or decreases in the number of outstanding Prentiss common shares and Prentiss Operating Partnership common units permitted under the Agreements, if any, and adjustments for any share splits or similar events with respect to Prentiss common shares and Brandywine common shares as contemplated in the Agreements; and (ii) a potential increase of the cash amount of \$424 million to be paid by Brandywine to the shareholders of Prentiss and the holders of Prentiss Operating Partnership common units in the event of the Prudential Adjustment, if applicable, to the extent of the cash portion of such adjustment.

The full text of the written opinion of JPMorgan, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex D and is incorporated in this joint proxy statement/prospectus by reference. Holders of Brandywine common shares are urged to, and should, read JPMorgan's opinion carefully and in its entirety. The summary of JPMorgan's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the written opinion attached to this joint proxy statement/prospectus.

JPMorgan's opinion is limited to the fairness, from a financial point of view, to Brandywine of the Brandywine Consideration to be paid in the proposed Transactions for the Pro Forma Company as contemplated by the Agreements. JPMorgan's opinion does not address any other aspect of the Transactions and does not constitute an opinion as to the fairness of the Transactions (or any consideration paid therein) to holders of any class of securities, creditors or other constituencies of Brandywine or Brandywine Operating Partnership or as to the underlying decision by Brandywine or Brandywine Operating Partnership to engage in the Transactions. Moreover, JPMorgan expressed no opinion as to the price at which Brandywine common shares or Prentiss common shares will trade at any future time. The JPMorgan opinion is not a recommendation as to how any holder of Brandywine common shares should vote with respect to the Transactions or any other matter.

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In arriving at its opinion, JPMorgan, among other things:

- reviewed drafts dated September 30, 2005 of the Agreements,
- reviewed certain publicly available business and financial information concerning Prentiss, the Pro Forma Company and Brandywine and the industries in which they operate,
- compared the proposed financial terms of the Transactions with the publicly available financial terms of certain transactions involving companies JPMorgan deemed relevant and the consideration received for such companies,
- compared the financial and operating performance of the Pro Forma Company and Brandywine with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of Prentiss common shares and Brandywine common shares and certain publicly traded securities of such other companies,
- reviewed certain internal financial analyses and forecasts prepared and/or reviewed by the managements of Prentiss and Brandywine relating to the businesses of the Pro Forma Company and prepared by the management of Brandywine relating to the business of Brandywine, including the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the Transactions (the "Synergies"), and
- performed such other financial studies and analyses and considered such other information as JPMorgan deemed appropriate for the purposes of its opinion.

JPMorgan also held discussions with certain members of the management of Prentiss and Brandywine with respect to certain aspects of the Transactions, and the past and current business operations of Prentiss, the Pro Forma Company and Brandywine, the financial condition and future prospects and operations of Prentiss, the Pro Forma Company and Brandywine, the effects of the Transactions on the financial condition and future prospects of the Pro Forma Company and Brandywine, and certain other matters that JPMorgan believed necessary or appropriate to its inquiry.

JPMorgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with it by Prentiss and Brandywine or otherwise reviewed by or for it. JPMorgan did not conduct, nor was it provided with, any valuation or appraisal of any assets or liabilities, nor did it evaluate the solvency of Prentiss, the Pro Forma Company or Brandywine under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial analyses and forecasts provided to it, including the Synergies, JPMorgan assumed that they were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of the Pro Forma Company and Brandywine to which such analyses or forecasts relate. JPMorgan expressed no view as to such analyses or forecasts (including the Synergies) or the assumptions on which they were based. JPMorgan also assumed that the Transactions will have the tax consequences as specified to it by the management of Brandywine and its counsel, and that the Transactions contemplated by the Agreements, including the Prudential Transaction, will be consummated as described in the Agreements (without there occurring any swaps, exchanges or substitutions of properties constituting the Prentiss Properties potentially contemplated by the merger agreement and without Brandywine having elected to pay to Prudential any excess amounts for Eligible Remediation Costs (as defined in the master agreement), in each case, to the extent that could be material to its analysis), and that the definitive Agreements will not differ in any material respects from the drafts thereof furnished to it. JPMorgan also assumed that (i) in all aspects which could be material to its analysis, the previously announced dispositions by Prentiss of its properties in the Chicago area and Detroit area, or substantial equivalents thereof, would be consummated prior to the acquisition of the Pro Forma Company by Brandywine; (ii) as Brandywine instructed JPMorgan, for purposes of its analysis, the impact on the Pro Forma Company of any of the Prentiss Properties being "dropped" as part of a Prudential Adjustment shall be deemed to be an increase to reflect the relevant financial contribution of the "dropped" Prentiss Properties equaling the product of (x) the percentage amount of the Prentiss Properties "dropped" and (y) the blended aggregate of the relevant financial contribution of the Prentiss Properties taken as a whole; (iii) any cash or Brandywine common shares that may be provided by Brandywine to Brandywine Operating Partnership for purposes of the Transactions will not result in any dilution of Brandywine's equity interest in Brandywine Operating Partnership;

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and (iv) JPMorgan assumed for purposes of its analysis that all Series D preferred shares will be converted into Prentiss common shares. JPMorgan relied as to all legal matters relevant to rendering its opinion upon the advice of counsel. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the Transactions would be obtained without any adverse effect on the Pro Forma Company or Brandywine or on the contemplated benefits of the Transactions.

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JPMorgan necessarily based its opinions on economic, market and other conditions as in effect on, and the information made available to JPMorgan, as of the date of its opinion. It should be understood that subsequent developments may affect JPMorgan's opinion and that JPMorgan does not have any obligation to update, revise or reaffirm its opinion.

The following is a brief summary of the material financial analyses that JPMorgan used in providing its opinion to Brandywine's board of trustees. Some of the summaries of financial analyses include information presented in tabular format. In order to understand the financial analyses used by JPMorgan more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of JPMorgan's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by JPMorgan.

**Pro Forma Company Comparable Public Companies Analysis.**

Using publicly available information, JPMorgan compared selected financial data of the Pro Forma Company with similar data for selected publicly traded companies engaged in businesses which JPMorgan judged to be analogous to the Pro Forma Company. The companies selected by JPMorgan were:

- Liberty Property Trust
- Mack-Cali Realty Corporation
- HRPT Properties Trust

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- Reckson Associates Realty Corp.
- Maguire Properties, Inc.
- Arden Realty, Inc.
- CarrAmerica Realty Corporation
- Highwoods Properties, Inc.
- Brandywine Realty Trust
- Corporate Office Properties Trust
- Kilroy Realty Corporation
- PS Business Parks, Inc.
- Parkway Properties, Inc.

These companies were selected, among other reasons, because of their specialization in the office REIT sector, geographic location, asset quality, market capitalization and capital structure. For each comparable company, JPMorgan analyzed financial performance data that was publicly available through September 29, 2005. JPMorgan calculated the multiples of stock price as of September 29, 2005 to Wall Street equity analysts' estimates for 2006 consensus funds from operations ("FFO") as reported by First Call for each of these companies to determine estimated 2006 FFO trading multiples. The following table presents the summary results of this analysis:

	<b>Price/FFO</b>
Average	13.0x
Median	12.4x
High	17.1x
Low	9.6x

JPMorgan selected a range of multiples around the 2006 FFO median value for each multiple, resulting in a range of 12.0x to 14.0x. These multiples were then applied to the Pro Forma Company's 2006 FFO per fully diluted share estimate based on Prentiss management's projections yielding an estimated range of implied equity values for the Pro Forma Company fully diluted shares (assuming in all cases completion of the Prudential Transaction, the "Pro Forma Company shares") of approximately \$28.49 to \$33.24 per share, which represented an estimated range of implied firm values for the Pro Forma Company of approximately \$2,422 million to \$2,666 million. For purposes of calculating firm values for the Pro Forma Company ("Pro Forma Company firm value"), based on estimates provided by Prentiss management, JPMorgan assumed 51.4 million Prentiss fully diluted shares ("Prentiss shares"). For purposes of calculating firm values for the Pro Forma Company ("Pro Forma Company firm value"), based on estimates provided by Prentiss management, JPMorgan assumed 51.4 million Prentiss shares, \$984.1 million of debt, \$52.3 million of minority interest, \$11.6 million in cash, \$67.1 million of Prentiss assumed debt and excluded \$104.1 million of transaction costs. The same analysis was done assuming a Prudential Adjustment of \$150 million yielding an estimated range of implied equity values for the Pro Forma Company shares of approximately \$30.75 to \$35.88 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,511 million to \$2,814 million.

[Back to Contents](#)**Pro Forma Company Precedent Transactions Analysis.**

Using publicly available information, JPMorgan examined selected transactions within both the Pro Forma Company's industry segment and the overall REIT industry. Specifically, JPMorgan reviewed the following transactions:

<b>Announced Date</b>	<b>Acquirer</b>	<b>Target</b>
09/06/2005	DRA Advisors LLC	Capital Automotive REIT
06/17/2005	DRA Advisors LLC	CRT Properties, Inc.
06/06/2005	ING Clarion Partners	Gables Residential Trust
06/02/2005	Prologis	Catellus Development Corporation
04/12/2005	Ventas, Inc.	Provident Senior Living Trust
02/17/2005	The Lightstone Group LLC	Prime Group Realty Trust
12/20/2004	Centro Properties Group and Watt Family Properties	Kramont Realty Trust
10/25/2004	Colonial Properties Trust	Cornerstone Realty Income Trust, Inc.
10/04/2004	Camden Property Trust	Summit Properties, Inc.
08/25/2004	PL Retail LLC (joint venture between Kimco Realty Corporation and clients of DRA Advisors LLC)	Price Legacy Corporation
08/20/2004	General Growth Properties, Inc.	The Rouse Company
06/21/2004	Simon Property Group, Inc.	Chelsea Property Group, Inc.
05/03/2004	Prologis and Eaton Vance Corp.	Keystone Property Trust
05/14/2003	Pennsylvania Real Estate Investment Trust	Crown America Realty Trust
05/29/2003	Hometown America L.L.C.	Chateau Communities, Inc.
05/08/2003	CNL Hospitality Corporation	RFS Hotel Investors, Inc.

JPMorgan selected these transactions because they may be considered similar to the Transactions. JPMorgan calculated the multiples of offer price to forward FFO per share as reported by First Call for each of these transactions to determine estimated 2006 FFO trading multiples. The following table presents the summary results of this analysis:

	<b>Offer Price/ Forward FFO per share</b>
Mean	14.2x
Median	14.7x
High	20.1x



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Low

6.9x

JPMorgan selected a range of multiples around the offer price to forward FFO per share median value, resulting in a range of approximately 13.0x to 15.0x. JPMorgan applied the range of multiples derived from such analysis to Prentiss management's projections for 2006 FFO per fully diluted share for the Pro Forma Company and arrived at an estimated range of implied equity values for the Pro Forma Company shares of approximately \$30.87 to \$35.62, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,544 million to \$2,788 million. The same analysis was done assuming a Prudential Adjustment of \$150 million and JPMorgan arrived at an estimated range of implied equity values for the Pro Forma Company shares of approximately \$33.31 to \$38.44, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,683 million to \$2,946 million.

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[Back to Contents](#)***Pro Forma Company Discounted Cash Flow Analysis.***

JPMorgan conducted a discounted cash flow analysis based on projections provided by Prentiss management, and reviewed by Brandywine management, for the purpose of determining an estimated range of implied equity values for the Pro Forma Company shares based on a valuation date of January 1, 2006. JPMorgan calculated the unlevered free cash flows that the Pro Forma Company is projected by Prentiss management to generate during the years ended 2006 through 2014. JPMorgan calculated an implied range of terminal values for the Pro Forma Company using a range of growth rates in perpetuity for free cash flows from 2.0% to 2.5% and a range of discount rates from 8.5% to 9.5%. The unlevered free cash flows and the range of terminal values were then discounted to present value using a range of discount rates from 8.5% to 9.5%. This analysis indicated an estimated range of implied equity values for the Pro Forma Company shares of approximately \$27.46 to \$37.37 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,264 million to \$2,773 million. The same analysis was done assuming a Prudential Adjustment of \$150 million and JPMorgan arrived at an estimated range of implied equity values for the Pro Forma Company shares of approximately \$30.31 to \$40.91 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,424 million to \$2,968 million.

***Pro Forma Company Gross NAV/ Share Analysis.***

JPMorgan arrived at an estimated gross equity net asset value ("NAV") by calculating a gross real estate value by applying capitalization rates of 7.2% and 7.6% to Prentiss management's projections for the Pro Forma Company's estimated 2006 real estate net operating income ("NOI"), adjusted by adding development assets, value from land, value of the management company, other assets and cash, less the Pro Forma Company's total debt, preferred stock, mark-to market of secured debt, and other liabilities. This analysis indicated an estimated range of implied equity values for the Pro Forma Company shares of approximately \$29.30 to \$31.86 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,463 million to \$2,595 million. The same analysis was done assuming a Prudential Adjustment of \$150 million and JPMorgan arrived at an estimated range of implied equity values for the Pro Forma Company shares of approximately \$31.81 to \$34.52 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,605 million to \$2,745 million. JPMorgan's capitalization rate range was based on the weighted average capitalization rate for the stabilized portfolio based on a median of comparable asset sale transaction capitalization rates by relevant markets.

***Pro Forma Company Liquidation NAV/ Share Analysis.***

JPMorgan arrived at an estimated liquidation equity NAV by taking the estimated gross equity NAV less certain estimated transactions costs provided by Brandywine and Prentiss management and taking the present value of the estimated gross equity NAV assuming an average of twelve months to liquidate assets at a 12% discount rate. This analysis indicated an estimated range of implied equity values for the Pro Forma Company shares of approximately \$28.03 to \$30.59 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,398 million to \$2,530 million. The same analysis was done assuming a Prudential Adjustment of \$150 million and JPMorgan arrived at an estimated range of implied equity values for the Pro Forma Company shares of approximately \$30.54 to \$33.25 per share, which represented an estimated range of implied Pro Forma Company firm values of approximately \$2,540 million to \$2,680 million.

[Back to Contents](#)**Brandywine Stock Trading History Analysis.**

JPMorgan reviewed the historical trading prices for Brandywine common shares and noted that over the last year, as of September 29, 2005, the low closing price was \$26.96 per share and that the high closing price was \$33.42 per share and noted the price of Brandywine common shares as of September 29, 2005 of \$30.61 per share, which represented an estimated range of implied Brandywine firm values of approximately \$3,100 million to \$3,477 million. For purposes of calculating firm values for Brandywine ("Brandywine firm value"), based on estimates provided by Brandywine management, JPMorgan assumed 58.3 million Brandywine fully diluted shares ("Brandywine shares"), \$1,458.4 million of debt, \$107.5 of preferred equity and \$36.1 million of cash.

**Brandywine Equity Research Estimates.**

JPMorgan reviewed estimates for Brandywine shares based on various Wall Street equity research estimates as of September 29, 2005 and noted a consensus price target range for Brandywine shares of \$24.00 to \$35.00 per share and a consensus range of NAV for Brandywine shares of \$24.76 to \$33.98 per share, which represented estimated ranges of implied Brandywine firm values of approximately \$2,928 million to \$3,569 million and \$2,972 million to \$3,509 million, respectively.

**Brandywine Comparable Public Companies Analysis.**

Using publicly available information, JPMorgan compared selected financial data of Brandywine with similar data for selected publicly traded companies engaged in businesses which JPMorgan judged to be analogous to Brandywine. JPMorgan relied on the same set of comparable public companies as the ones used for evaluating the Pro Forma Company. JPMorgan calculated the multiples of stock price as of September 29, 2005 to Wall Street equity analysts' estimates for 2006 consensus FFO as reported by First Call for each of these companies to determine estimated 2006 FFO trading multiples. The following table presents the summary results of this analysis:

	<b>Price/FFO</b>
Average	13.0x
Median	12.4x
High	17.1x
Low	9.6x

JPMorgan selected a range of multiples around the 2006 FFO median value, resulting in a range of 12.0x to 14.0x. These multiples were then applied to Brandywine's 2006 FFO per fully diluted share estimate, based on both the Wall Street equity analyst consensus provided by First Call and Brandywine management's projections, yielding an estimated range of implied equity values for Brandywine shares of approximately \$31.80 to \$37.10 (\$2.65 per share) and \$30.70 to \$35.82 per share (\$2.56 per share), respectively, which represented estimated ranges of implied Brandywine firm values of approximately \$3,382 million to \$3,691 million and \$3,319 million to \$3,617 million, respectively.

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***Brandywine Discounted Cash Flow Analysis.***

JPMorgan conducted a discounted cash flow analysis based on projections provided by Brandywine management for the purpose of determining an estimated range of implied equity values for Brandywine shares based on a valuation date of January 1, 2006. JPMorgan calculated the unlevered free cash flows that Brandywine is projected by Brandywine management to generate during the years ended 2006 through 2014. JPMorgan calculated an implied range of terminal values for Brandywine using a range of growth rates in perpetuity for free cash flows from 2.0% to 2.5% and a range of discount rates from 8.5% to 9.5%. The unlevered free cash flows and the range of terminal values were then discounted to present value using a range of discount rates from 8.5% to 9.5%. This analysis indicated an estimated range of implied equity values for Brandywine shares of approximately \$22.97 to \$34.08 per share, which represented an estimated range of implied Brandywine firm values of approximately \$2,868 million to \$3,515 million.

***Brandywine Gross NAV/ Share Analysis.***

JPMorgan arrived at an estimated gross equity NAV by calculating a gross real estate value by applying capitalization rates of 7.2% and 7.6% to Brandywine management projections for Brandywine's estimated 2006 real estate NOI, adjusted by adding development assets, value from land, value of the management company, other assets and cash, less Brandywine's total debt, preferred stock, mark-to market of secured debt, and other liabilities. This analysis indicated an estimated range of implied equity values for Brandywine shares of approximately \$29.07 to \$32.21 per share, which represented an estimated range of implied Brandywine firm values of approximately \$3,162 million to \$3,383 million. JPMorgan's capitalization rate range was based on the weighted average capitalization rate for the portfolio based on a median of comparable asset sale transaction capitalization rates by relevant market.

***Brandywine Liquidation NAV/ Share Analysis.***

JPMorgan arrived at an estimated liquidation equity NAV by taking the estimated gross equity NAV less certain estimated transactions costs provided by Brandywine management and taking the present value of the estimated gross equity NAV assuming an average of twelve months to liquidate assets at a 12% discount rate. This analysis indicated an estimated range of implied equity values for Brandywine shares of approximately \$27.95 to \$31.09 per share, which represented an estimated range of implied Brandywine firm values of approximately \$3,097 million to \$3,318 million.

[Back to Contents](#)**Exchange Ratio Analysis.**

Based on the valuation analyses of the Pro Forma Company shares and Brandywine shares assuming 100% stock consideration, JPMorgan calculated the implied exchange ratios derived from the historical exchange ratio analysis, comparable public companies analysis, discounted cash flow analysis, gross NAV analysis and liquidation NAV analysis, all described above, and from a review of the Pro Forma Company's and Brandywine's relative contribution from equity, FFO and leverage adjusted rental revenue, all of which were based on projections and estimates provided by both Brandywine management and Prentiss management. The following table is a summary of the estimated ranges of exchange ratios implied by each valuation methodology and the review of relative contribution by the Pro Forma Company and Brandywine.

Valuation Methodology	Range of Implied Exchange Ratios
Comparable Public Companies Analysis: Based on management 2006E FFO comparable analysis	0.795x to 1.083x
Discounted Cash Flow Analysis	0.807x to 1.629x
Gross NAV Analysis	0.910x to 1.096x
Liquidation NAV Analysis	0.902x to 1.095x
Contribution Analysis	0.880x to 0.972x

**Pro Forma Combination Analysis.**

Although the following analysis was not a basis for its opinion, JPMorgan also analyzed the pro forma impact of the Transactions on Brandywine's earnings per share, consolidated capitalization and financial ratios utilizing the projections for FFO and estimates provided by both Brandywine management and Prentiss management. Incorporating assumptions provided by Brandywine management including, with respect to various structural considerations, transaction and financing costs and Brandywine's estimated Synergies from the Transactions, the Transactions would be expected to be accretive to Brandywine's estimated FFO per share in 2006.

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by JPMorgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. JPMorgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, JPMorgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, JPMorgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by JPMorgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, JPMorgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed as described in the above summary is identical to Brandywine or the Pro Forma Company, and none of the selected transactions reviewed was identical to the Transactions. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of JPMorgan's analysis, may be considered similar to those of Brandywine and the Pro Forma Company. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of JPMorgan's analysis, may be considered similar to the Transactions. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to Brandywine and the Pro Forma Company and the transactions compared to the Transactions.

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JPMorgan's opinion and financial analyses were only one of many factors considered by Brandywine's board of trustees in its evaluation of the Transactions and should not be viewed as determinative of the views of Brandywine's board of trustees or management with respect to the Transactions or the Brandywine Consideration.

As a part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. JPMorgan and its affiliates have in the past provided investment banking and commercial banking services to Brandywine, Prudential and Prentiss Operating Partnership and their respective affiliates. Specifically, JPMorgan acted as private placement agent for Brandywine in connection with the placement of its debt securities in November 2004, as joint lead managing underwriter of Brandywine's public offering of its debt securities in October 2004, and as joint arranger for Brandywine's term loans in August 2004. JPMorgan's commercial bank affiliate is a lender to Brandywine. In addition, JPMorgan and its commercial bank affiliate expect to arrange and/or provide a significant portion of Brandywine's financing of the cash consideration to be paid by it in the Transactions. Specifically, with respect to Prentiss Operating Partnership, JPMorgan's commercial bank affiliate is the administrative agent for Prentiss Operating Partnership's revolving credit facility and a lender thereunder. In the ordinary course of its businesses, JPMorgan and its affiliates may actively trade the debt and equity securities of Brandywine, Prentiss or Prudential for its own account or for the accounts of customers and, accordingly, it may at any time hold long or short positions in such securities.

Brandywine selected JPMorgan to advise it and deliver a fairness opinion with respect to the Transactions on the basis of its experience and its familiarity with Brandywine. Pursuant to its engagement letter with JPMorgan, Brandywine has agreed to pay JPMorgan a fee of \$8,250,000, a substantial portion of which is payable upon completion of the Transactions. In addition, Brandywine has agreed to reimburse JPMorgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify JPMorgan against certain liabilities, including liabilities arising under federal securities laws.

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### **Opinion of Prentiss' Financial Advisor, Lazard Frères & Co. LLC**

Under a letter agreement dated December 14, 1998, which was reconfirmed on July 15, 2005, the board of trustees of Prentiss retained Lazard Frères & Co. LLC to act as its exclusive investment banker. As part of this engagement, the Prentiss board requested that Lazard evaluate the fairness, from a financial point of view, to the holders of Prentiss common shares (other than Brandywine and any affiliates of Brandywine, the "Prentiss Public Shareholders") of the per share consideration of \$21.50 in cash, plus 0.69 Brandywine common shares to be paid to the Prentiss public shareholders pursuant to the merger agreement (including, if the Reverse REIT Merger is to be consummated, the payment of the Special Dividend), which Lazard referred to as the REIT Merger Consideration. Lazard has delivered to the Prentiss board a written opinion dated October 3, 2005, that, as of that date, the REIT Merger Consideration to be paid to the Prentiss Public Shareholders pursuant to the merger agreement was fair to such Prentiss Public Shareholders from a financial point of view.

**The full text of the Lazard opinion is attached as Annex E to this joint proxy statement/prospectus and is incorporated herein by reference. The description of the Lazard opinion set forth herein is qualified in its entirety by reference to the full text of the Lazard opinion set forth in Annex E. Prentiss shareholders are urged to read the Lazard opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Lazard in connection therewith. Lazard's written opinion is directed to the Prentiss board of trustees and only addresses the fairness to the Prentiss Public Shareholders of the REIT Merger Consideration to be paid pursuant to the merger agreement from a financial point of view as of the date of the opinion. Lazard's written opinion does not address any other aspect of the REIT Merger or any related transactions and does not constitute a recommendation to any Prentiss shareholder as to how the shareholder should vote on any matter relating to the REIT Merger. The following is only a summary of the Lazard opinion. Shareholders are urged to read the entire opinion.**

In preparing its opinion, Lazard recognized that the merger agreement contemplated that the REIT Merger Consideration could result from either

- a single step merger transaction, which Lazard referred to as the One Step Merger, in which Prentiss is merged with and into Brandywine Cognac I, LLC pursuant to which Prentiss common shares held by Prentiss Public Shareholders would be converted into the right to receive aggregate per share consideration equal to \$21.50 in cash plus .69 of a Brandywine common share, or
- a two step transaction, which Lazard refers to as the Two Step Merger, in which Prentiss sells the Prudential Properties to Prudential and declares a Special Dividend on its common shares to distribute a portion of the proceeds from the Prudential Acquisition, followed by the REIT Merger of Brandywine Cognac I, LLC with and into Prentiss pursuant to which Prentiss common shares held by Prentiss Public Shareholders would be converted into the right to receive Second Step Merger Consideration per share of an amount in cash equal to the excess of \$21.50 over the per share amount of the Special Dividend declared on the Prentiss common shares, plus .69 of a Brandywine common share.

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In the course of performing its review and analysis for rendering its opinion, Lazard:

- reviewed the financial terms and conditions of the merger agreement;
- analyzed certain historical business and financial information relating to Prentiss and Brandywine;
- reviewed various financial forecasts and other data provided to Lazard by Prentiss and Brandywine as to the future financial performance of Prentiss and Brandywine, respectively, and of Brandywine with respect to the combined entity;
- held discussions with members of the senior managements of Prentiss and Brandywine with respect to the business and prospects of Prentiss and Brandywine, respectively, and the strategic objectives of each;
- reviewed public information with respect to certain other companies in lines of businesses Lazard believed to be generally comparable to the businesses of Prentiss and Brandywine;
- reviewed the financial terms of certain business combinations involving companies in lines of businesses Lazard believed to be generally comparable to those of Prentiss and Brandywine;
- reviewed the historical stock prices and trading volumes of the Prentiss common shares and Brandywine common shares; and
- conducted such other financial studies, analyses and investigations as Lazard deemed appropriate.

Lazard relied upon the accuracy and completeness of the foregoing information and did not assume any responsibility for any independent verification of such information or an independent valuation or appraisal of any of the assets or liabilities of Prentiss or Brandywine, or concerning the solvency of, or issues relating to solvency concerning, Prentiss or Brandywine. With respect to financial forecasts, Lazard assumed that they were reasonably prepared on bases reflecting the best then currently available estimates and judgments of management of Prentiss and Brandywine as to the future financial performance of Prentiss and of Brandywine, respectively, and of Brandywine with respect to the combined entity. Lazard assumed no responsibility for and expressed no view as to the forecasts provided to Lazard or as to the assumptions on which they were based.

Lazard was not asked to consider, and Lazard's opinion did not address, the relative merits of the REIT Merger as compared to any alternative potential transaction or Prentiss' underlying decision to effect the transaction. Lazard also noted that its opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard as of, the date of its opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of its opinion.

Lazard also assumed that the REIT Merger would be consummated on the terms and subject to the conditions described in the merger agreement, without any waiver or modification of any material terms or conditions by Prentiss, and that obtaining the necessary regulatory approvals for the proposed transaction would not have an adverse effect on Prentiss, Brandywine or the combined entity. Lazard also assumed that (i) based on information provided by Brandywine's financial advisors, the sale of the Prudential Properties will result in gross sale proceeds of approximately \$750 million, and (ii) if the REIT Merger is accomplished as a One Step Merger, the Prudential Acquisition will be consummated by Brandywine at the effective time of the REIT Merger. Furthermore, with respect to its analysis of a potential Two Step Merger, Lazard, with the consent of the Prentiss board of trustees, viewed all of the steps of the Two Step Merger as a single transaction and assumed that there will be no difference between the holders of Prentiss common shares entitled to receive the Special Dividend and those entitled to receive the Second Step Merger Consideration.



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Lazard did not express any opinion as to the price at which the common shares of Prentiss or the Brandywine common shares may trade subsequent to the announcement of the merger agreement or as to the price at which the Brandywine common shares may trade subsequent to the consummation of the REIT Merger. Furthermore, Lazard did not express any opinion as to the terms of the Partnership Merger, the Prudential Acquisition or the consideration to be received by a holder of shares of Prentiss Series D preferred shares, and noted that they were not involved in any way in advising on or negotiating the financial terms of the Prudential Acquisition. Additionally, Lazard did not express any opinion as to any tax or other consequences that might result from the contemplated transactions, nor did its opinion address any legal, tax, regulatory or accounting matters, it being Lazard's understanding that the Prentiss' board of trustees obtained such advice on these areas as it deemed necessary from qualified professionals.

The following is a brief summary of the material financial and comparative analyses which Lazard deemed to be appropriate for this type of transaction and that were performed by Lazard in connection with rendering its opinion.

### ***Public Market Valuation Analysis***

Lazard performed a public market valuation analysis based on financial multiples of selected comparable companies in order to derive a range of implied per share values for the Prentiss common shares. In performing this analysis, Lazard reviewed certain financial information for Prentiss and compared such information to corresponding financial information for 13 other REITs Lazard deemed to be comparable to Prentiss. The companies included in this analysis were:

- Kilroy Realty Corporation
- Corporate Office Properties Trust
- Arden Realty, Inc.
- Crescent Real Estate Equities Company

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- Duke Realty Corporation
- Reckson Associates Realty Corp.
- Equity Office Properties Trust
- Trizec Properties, Inc.
- Liberty Property Trust
- CarrAmerica Realty Corporation
- Highwood Properties, Inc.
- Mack-Cali Realty Corporation

Brandywine Realty Trust

Using publicly available information and market data as of September 29, 2005, Lazard calculated the multiples of stock price to calendar year 2006 estimated Funds From Operations (abbreviated as FFO) of the comparable companies:

	<u>Low</u>	<u>Median</u>	<u>Mean</u>	<u>High</u>
Multiples of Stock Price to 2006E FFO Per Share	11.8x	13.2x	13.9x	17.2x

Using the multiples calculated in the public market valuation analysis and based on the financial forecasts of 2006 estimated FFO for Prentiss prepared by management of Prentiss, Lazard derived a range of implied per share values of \$38.21 to \$55.94 for the Prentiss common shares.

### ***Net Asset Value***

Lazard reviewed the net asset value estimates for Prentiss common shares as reported by equity analysts and as provided by management of Prentiss. Equity analysts' net asset value estimates for Prentiss common shares ranged from \$27.47 per share, reported by A.G. Edwards, Inc. on July 21, 2005, to \$43.34 per share, reported by Citigroup Investment Research on July 22, 2005, with an average net asset value estimate for Prentiss common shares of \$35.64 per share. Management of Prentiss estimated a net asset value of \$41.19 per share for Prentiss common shares.

### ***Comparable Transactions Analysis***

Lazard performed a comparable transactions analysis in order to derive a range of implied per share values for Prentiss common shares based on multiples of the consideration paid in such transactions to the FFO of the targets in such transactions. In connection with this analysis, Lazard reviewed the following transactions announced between March 2002 and June 2005 involving REITs:

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<u>Acquiror</u>	<u>Target</u>
ING Clarion Partners LLC	Gables Residential Trust
ProLogis	Catellus Development Corporation
PL Retail LLC	Price Legacy Corporation
Simon Property Group Inc.	Chelsea Property Group Inc.
General Growth Properties, Inc.	Rouse Company
Centro Properties Group	Kramont Realty Trust
HRPT Properties Trust	Hallwood Realty Partners LP
DRA Advisors	CRT Properties Inc.
Colonial Properties Trust	Cornerstone Realty Income Trust Inc.
DRA Advisors	Capital Automotive REIT
Prologis	Keystone Property Trust
Hometown America LLC	Chateau Communities Inc.
Kimco Realty Corporation	Mid-Atlantic Realty Trust
Aslan Realty Partners II LP/Transwestern	Great Lakes REIT, Inc.
CNL Financial Group Inc.	RFS Hotel Investors Inc.
Equity One Inc.	IRT Property Company
General Growth Properties, Inc.	JP Realty Inc.
Developers Diversified Realty Corporation	JDN Realty Corporation
Pennsylvania Real Estate Investment Trust	Crown American Realty Trust

Using publicly available information, Lazard compared the transaction value of the selected precedent transactions as a multiple of the consideration paid in such transactions to the FFO of the targets in such transactions:

Transaction Value as a Multiple of Consideration to FFO			
<u>Low</u>	<u>Median</u>	<u>Mean</u>	<u>High</u>
6.8x	13.2x	12.9x	20.0x

Based on the consideration to FFO multiples from the selected precedent transactions and the financial forecasts of 2006 estimated FFO for Prentiss prepared by management of Prentiss, Lazard derived a range of implied per share values of \$22.03 to \$65.05 for Prentiss common shares.

[Back to Contents](#)**Premium Analysis of Selected Recent Public REIT M&A Transactions**

Lazard performed a premium analysis in order to derive a range of implied per share values for the Prentiss common shares based on premiums paid in 34 transactions involving REITs since May 2000 that had transaction values (including assumption of indebtedness) that were greater than \$460 million. Using publicly available information, Lazard calculated the following premiums paid in the REIT transactions it analyzed:

Premium/(Discount) to Stock Price at Last Closing before Announcement of Transaction			
<u>Low</u>	<u>Median</u>	<u>Mean</u>	<u>High</u>
(8.4%)	12.4%	13.5%	39.6%

Using the range of premiums paid in the REIT transactions it analyzed and applying the range to the closing price of the Prentiss common shares on September 30, 2005, Lazard derived a range of implied per share values of \$37.17 to \$56.69 for the Prentiss common shares.

**Dividend Discount Analysis**

Lazard performed a dividend discount analysis in order to derive a range of implied per share values for the Prentiss common shares based on the present value of the projected future dividend stream for Prentiss during the years 2006 to 2010 and the present value of the estimated terminal value of Prentiss common shares in 2011. The dividend discount analysis was based on financial forecasts for Prentiss provided by the management of Prentiss. This analysis was based on a range of discount rates from 8.0% to 10.0% and a terminal value of Prentiss common shares based on a price to FFO multiple range of 10.0x to 13.0x to 2011 projected FFO. Using this analysis, Lazard derived a range of implied per share values of \$32.63 to \$43.26 for the Prentiss common shares.

**Stock Price Analysis**

Lazard reviewed the per share prices of the Prentiss common shares on September 30, 2005, the high and low trading prices for the Prentiss common shares for the 52-week period ending September 30, 2005, and the average closing price for the 60-day period ending September 30, 2005. The following table illustrates such stock prices during such periods:

As of September 30, 2005 52 Week		60 Day Average Closing Price as of September 30, 2005	Closing Price on September 30, 2005
<u>High</u>	<u>Low</u>		
\$40.82	\$32.60	\$39.32	\$40.60

**Miscellaneous**

Lazard performed a variety of financial and comparative analyses solely for the purpose of providing its opinion to the Prentiss board of trustees that the REIT Merger Consideration to be paid to the Prentiss Public Shareholders pursuant to the merger agreement was fair to the Prentiss Public Shareholders from a financial point of view. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to a partial analysis or summary description. Accordingly, notwithstanding the separate analyses summarized above, Lazard believes that its analyses must be considered as a whole and that selecting portions of the analyses or factors considered by it, without considering all such factors or analyses, or attempting to ascribe relative weights to some or all such analyses and factors could create an incomplete view of the evaluation process underlying the Lazard opinion.

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In its analyses, Lazard made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Prentiss. The estimates contained in these analyses and the valuation ranges resulting from any particular analysis do not necessarily indicate actual values or predict future results or values, which may be significantly more or less favorable than those suggested by these analyses. Lazard did not assign any specific weight to any of the analyses described above and did not draw any specific conclusions from or with regard to any one method of analysis. In addition, analyses relating to the value of the businesses or securities are not appraisals and do not reflect the prices at which the businesses or securities may actually be sold or the prices at which their securities may trade. As a result, these analyses and estimates are inherently subject to substantial uncertainty.

No company or transaction used in any of the analyses is identical to Prentiss or the REIT Merger. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgments concerning financial and operating characteristics of Prentiss and other factors that could affect the public trading values or the announced transaction values, as the case may be, of Prentiss and Brandywine and the companies to which the comparison is being made. Mathematical analysis (such as determining the mean or median) is not in itself a meaningful method of using comparable transaction data or comparable company data.

Lazard's opinion and financial analyses were not the only factors considered by the Prentiss board of trustees in its evaluation of the REIT Merger and should not be viewed as determinative of the views of the board of trustees or Prentiss' management. Lazard has consented to the inclusion of and references to its opinion in this joint proxy statement.

Under the terms of Lazard's engagement, Prentiss has agreed to pay Lazard an advisory fee of \$7.5 million, all of which is payable when REIT Merger is completed. The amount of the advisory fee may be adjusted depending on the closing price of the Brandywine common shares on the closing date of the REIT Merger and on the principal amount of indebtedness for borrowed money of Prentiss on the closing date of the REIT Merger. Prentiss has agreed to reimburse Lazard for travel and other out-of-pocket expenses incurred in performing its services, including the fees and expenses of its legal counsel. In addition, Prentiss agreed to indemnify Lazard against certain liabilities, including liabilities under the federal securities laws relating to or arising out of Lazard's engagement. In the past, Lazard has provided investment banking services to Prentiss and Brandywine for which Lazard has been paid customary fees. Managing Directors of Lazard have been members of Brandywine's board of trustees in the past and a private equity fund that was managed and sponsored by Lazard (which is currently managed by an affiliate of LFCM Holdings LLC, which is owned in large part by managing directors of Lazard) previously held preferred shares in Brandywine and preferred units in the Brandywine Operating Partnership and continues to hold a small number of Brandywine common shares.

Lazard is an internationally recognized investment banking firm and is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements, leveraged buyouts, and valuations for real estate, corporate and other purposes. Lazard was selected to act as investment banker to the Prentiss board of trustees because of its expertise and its reputation in investment banking and mergers and acquisitions. In the ordinary course of its business, affiliates of Lazard and LFCM Holdings LLC may from time to time effect transactions and hold securities of Prentiss and Brandywine for their own accounts and for the accounts of their customers, and, accordingly, may at any time hold a long or short position in such securities.

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## Interests of Prentiss Executive Officers and Trustees in the Mergers

In considering the recommendation of the Prentiss board of trustees with respect to the REIT Merger, you should be aware that, as described below, certain executive officers and trustees of Prentiss have interests in the transactions contemplated by the merger agreement that may be different from, or in addition to, the interests of Prentiss common shareholders generally. The Prentiss board of trustees were aware of these interests and considered them, among other matters, in making its recommendation.

### ***Representation on Brandywine's Board of Trustees***

In the merger agreement, Brandywine agreed to use its best efforts to cause Michael V. Prentiss, the Chairman of the Board of Prentiss, and Thomas F. August, President and Chief Executive Officer of Prentiss and a current member of the Prentiss board of trustees, to be elected to Brandywine's board of trustees upon consummation of the REIT Merger. Brandywine agreed to use its best efforts to cause the Brandywine board of trustees to re-nominate each of Messrs. Prentiss and August as a trustee for election at Brandywine's annual meeting of shareholders for each of 2006 and 2007.

### ***Prentiss Employment Agreements***

Certain of Prentiss trustees and executive officers are parties to employment agreements with Prentiss that entitle them to payments in the case of a change in control and certain other benefits if their employment terminates following a change in control. The completion of the REIT Merger will qualify as change in control under these employment agreements. Brandywine will honor each of the employment agreements in accordance with their respective terms.

*Employment Agreement with Michael V. Prentiss.* Prentiss has an employment agreement with Michael V. Prentiss, which provides that within 15 days of a change of control (as defined in the employment agreement) of Prentiss, he will receive a payment equal to \$3,000,000. In addition, any time after a change in control, he may resign and, for a period of three years after the date of his resignation, he and his dependants will remain entitled to health insurance and other benefits, and Mr. Prentiss will be entitled to the services of his secretary, an accountant and office space comparable to that which he is presently assigned. If Mr. Prentiss incurs an excise tax under Section 4999 of the Internal Revenue Code (relating to "excess parachute payments") with respect to any payments he receives from Prentiss, he is entitled to a "gross-up" payment to reimburse him for this excise tax and any income and employment taxes which apply to the gross-up payment. The employment agreement of Mr. Prentiss was amended in October 2005 to clarify the benefits Mr. Prentiss will be entitled to receive upon a change in control. In addition to clarifying the terms of Mr. Prentiss' employment agreement, Mr. Prentiss was granted an option to purchase all of the rights of Prentiss related to its contract with FlexJet for use of a corporate jet. The option is exercisable at the end of the three year period after his termination following a change in control. The closing of this purchase is conditioned upon Mr. Prentiss' payment of the \$100,000 exercise price and the consent of FlexJet, if necessary, for the transfer of Prentiss' contract with them. Mr. Prentiss will resign at the effective time of the REIT Merger and Mr. Prentiss will no longer receive an annual salary or bonus.

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*Employment Agreement with Thomas F. August.* Prentiss has an employment agreement with Thomas F. August, which provides that within 15 days of a change of control (as defined in the employment agreement) of Prentiss, he will receive a payment equal to three times the sum of his current annual base salary plus pro forma two prior years cash bonus and value of long-term incentives. The payment amount is estimated to be approximately \$9,056,550. In addition, any time after a change in control, he may resign and, for a period of three years after the date of his resignation, he and his dependants will remain entitled to health insurance and other benefits, and Mr. August will be entitled to the services of his secretary and office space comparable to that which he is presently assigned. If Mr. August incurs an excise tax under Section 4999 of the Internal Revenue Code (relating to "excess parachute payments") with respect to any payments he receives from Prentiss, Mr. August is entitled to a "gross-up" payment to reimburse him for this excise tax and any income and employment taxes which apply to the gross-up payment. Mr. August's employment agreement was amended in October 2005 to clarify the benefits to which Mr. August will be entitled to receive upon a change in control. Mr. August will resign at the effective time of the REIT Merger and Mr. August will no longer receive an annual salary or bonus. Brandywine intends to enter into a two-year consulting agreement with Mr. August at the effective time of the REIT Merger.

### ***Employment of other Prentiss Executive Level Employees***

Brandywine has agreed to interview select Prentiss executive employees with the goal of offering each such Prentiss executive employee a position with Brandywine reasonably comparable to the position such Prentiss executive employee held with Prentiss. Offers, if made, would include compensation and bonus no less favorable than those under which Prentiss executive employees were employed prior to the REIT Merger and with other benefits in line with similar positions at Brandywine.

### ***Equity Compensation Awards***

*Stock Options.* The merger agreement provides that, as of the effective time of the REIT Merger, all unexercised vested and unvested Prentiss share options outstanding immediately prior to the REIT Merger, including those held by Prentiss' trustees and executive officers, will be assumed by Brandywine and each such option will be automatically converted into options to purchase on the same terms and conditions as were applicable under the relevant Prentiss option (taking into account any changes thereto, including the acceleration thereof) a number of Brandywine common shares equal to (i) the number of Prentiss common shares subject to the Prentiss option to which such new Brandywine option relates multiplied by (ii) the Option Exchange Ratio, rounded to the nearest share. The per share exercise price of each new Brandywine option will equal (A) the per share exercise price of the Prentiss option to which such new Brandywine option relates divided by (B) the Option Exchange Ratio, rounded to the nearest one-hundredth of a cent. See "The Merger Agreement" REIT Merger Consideration."

Prior to the REIT Merger and subject to the terms of the Prentiss option plans, Prentiss may, in its sole discretion, take all actions necessary and appropriate to allow each holder of a Prentiss option (whether or not exercisable or vested) to elect, in lieu of the treatment provided above, to convert each Prentiss option so held into the right to receive an amount of cash at the effective time of the REIT Merger equal to the product of (i) the excess, if any, of the sum of (1) the per share dollar value of the REIT Merger consideration (with the portion of the REIT Merger consideration that consists of Brandywine common shares valued at the ten day average trading price) on the closing date of the REIT Merger and (2) the per share amount of any Special Dividend over the per share exercise price of such Prentiss option and (ii) the number of Prentiss common shares subject to such Prentiss option (such payment to be net of all applicable withholding taxes).

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*Restricted Shares.* Each restricted Prentiss common share outstanding immediately prior to the REIT Merger, including those held by Prentiss trustees and executive officers, will become unrestricted and will be converted into the right to receive the REIT Merger consideration pursuant to the terms of such restricted shares.

*Summary of Equity Compensation Payments.* The following table shows the number of restricted shares, vested share options and unvested share options held by Prentiss' executive officers and trustees as of October 3, 2005:

<b>Executive Officers and Trustees</b>	<b>Restricted Shares Owned</b>	<b>Vested Share Options</b>	<b>Unvested Share Options</b>	<b>Weighted Average Exercise Price</b>
Michael V. Prentiss	□	□	□	□
Thomas F. August	98,500	75,634	191,333	\$ 32.00
Thomas J. Hynes, Jr.	□	30,000	□	\$ 32.83
Barry J.C. Parker	□	15,000	□	\$ 34.98
Dr. Leonard M. Riggs, Jr.	□	30,000	□	\$ 32.83
Ronald G. Steinhart	□	30,000	□	\$ 32.83
Lawrence A. Wilson	□	30,000	□	\$ 32.83
Lawrence J. Krueger	25,000	26,717	46,833	\$ 31.24
Robert K. Wiberg	27,000	8,817	46,300	\$ 32.83
Christopher M. Hipps	24,500	□	44,667	\$ 32.65
Daniel K. Cushing	24,000	11,429	49,667	\$ 33.42
Christopher B. Mahon	18,000	□	34,000	\$ 33.60
Michael A. Ernst	29,000	□	54,966	\$ 32.97
Gregory S. Imhoff	13,000	□	16,667	\$ 34.56
Scott W. Fordham	5,000	333	5,667	\$ 34.70
<b>Totals</b>	<b><u>264,000</u></b>	<b><u>257,930</u></b>	<b><u>490,100</u></b>	<b>□</b>

#### **Change of Control Severance Plans**

On October 3, 2005, Prentiss entered into two separate change of control severance protection plans in connection with the REIT Merger, one with Prentiss hourly and salaried non-officer employees and the other with Prentiss key employees.

The Change of Control Severance Protection Plan for Key Employees relates to Prentiss' Chief Financial Officer, any Regional Managing Director, Senior Vice President and any other of Prentiss' other officers and excludes certain officers specified in the plan. Upon an officer being terminated by Prentiss for any reason other than cause or termination by the officer for good reason within one year or two years, depending on the type of officer, after a "change in control" (as defined in the severance plan), severance benefits will be provided to such officer in an amount equal to the sum of such officer's salary and such officer's 2004 annual bonus multiplied by



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the appropriate multiple which is 2 for Regional Managing Directors and the Prentiss Chief Financial Officer and 1.5 for Senior Vice Presidents. Other officers would receive an amount equal to the greater of (1) the sum of such officer's salary and such officer's 2004 annual bonus or (2) the product of one-twelfth of such officer's base salary and the number of years such officer had been employed with Prentiss prior to such termination. Such terminated employee would be entitled to a continuation of benefits (medical, health, dental, prescription drug benefits, life insurance, long-term disability) for the period ranging from one year to two years. For purposes of this Plan, a change in control includes the completion of the REIT Merger described in this joint proxy statement/prospectus.

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All severance benefits will be net of any federal and/or state taxes imposed in excess of, or in addition to, general income taxes, e.g., excise taxes, golden parachute taxes, etc. In this respect, any officers entitled to severance benefits will receive a "gross-up" payment calculated to pay the excess taxes (and excise taxes and income taxes on the gross-up) so that the participant receives the same net level of benefit he or she would have received without the imposition of the excess taxes (or the income and excise taxes imposed upon the gross up payment).

The Change in Control Severance Protection Plan for Hourly and Salaried Non-Officer Employees relates to all hourly and non-officer salaried employees who were employed as of October 3, 2005. Upon the termination of a non-officer employee for any reason other than cause or termination by such employee for good reason within six months of a change of control, severance benefits will be provided to such terminated employee in an amount equal to one month of compensation for each full and partial year of employment with a minimum of three months of compensation, provided that property level employees who are terminated in connection with (1) property dispositions or exchanges in the ordinary course of business, or Prentiss' properties in Colorado, Illinois or Michigan, or (2) the loss of third party management or leasing contracts will not be entitled to these benefits. Such terminated employee would be entitled to a continuation of benefits (medical, health, dental, prescription drug benefits, life insurance, long-term disability) for the period of severance benefits. For purposes of this Plan, a change in control includes the completion of the REIT Merger.

### ***Bonus Pool***

The Prentiss compensation committee created a bonus pool of up to \$10 million to provide incentives to Prentiss employees (other than the Chief Executive Officer) with respect to the consummation of the Mergers. Of the total bonus pool, an aggregate of \$8 million was allocated as of October 3, 2005 to specified executive officers including the following named executive officers, payable upon closing of the REIT Merger if such officers remain employed by Prentiss at the REIT Merger unless previously decided otherwise by Prentiss' compensation committee or the President of Prentiss.

<b>Executive Officers</b>	<b><u>Bonus Pool</u></b>
	<b><u>Allocation</u></b>
Michael V. Prentiss	\$ 6,000,000
Michael A. Ernst	350,000
<b>Totals</b>	<b>\$ 6,350,000</b>

Prentiss' board of trustees intends to pay out the balance of the \$10 million bonus pool to employees identified by the Chief Executive Officer with the advice and consent of the Compensation Committee.

### ***Tax Deferral for Unitholders***

Certain trustees and officers of Prentiss who own Prentiss Operating Partnership common units will be able to defer their taxable gains in their Prentiss Operating Partnership common units by receiving Brandywine Operating Partnership Class A units in exchange for their Prentiss Operating Partnership common units. The REIT Merger, in contrast, is a taxable transaction and, as a result, holders of Prentiss common shares other than certain tax-exempt holders will be required to pay tax on gains arising from exchanging their Prentiss common shares for the REIT Merger consideration.

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### ***Additional Agreements***

Each of Michael V. Prentiss and Thomas F. August entered into a voting agreement with Brandywine and the Brandywine Operating Partnership which requires him to vote all Prentiss common shares beneficially owned by him as of the record date for the Prentiss special meeting in favor of the merger proposal (and against competing proposals). See “The Merger Agreement□ Michael V. Prentiss and Thomas F. August Voting Agreements.”

Brandywine, Brandywine Operating Partnership and Michael V. Prentiss entered into a registration rights agreement in which Brandywine agreed to register the Brandywine common shares that Mr. Prentiss receives in the REIT Merger or upon conversion of Brandywine Operating Partnership Class A units received in the Partnership Merger. See “The Merger Agreement□Michael V. Prentiss Registration Rights Agreement.”

### ***Limitation of Liability, Indemnification and Insurance***

The merger agreement provides that, following completion of the REIT Merger, all past and present trustees and officers of Prentiss will be indemnified to the same extent these individuals were indemnified as of the date of the merger agreement pursuant to indemnification agreements with Prentiss and the Declaration of Trust and Bylaws of Prentiss for acts or omissions occurring at or prior to the completion of the REIT Merger. In addition, for six years after the REIT Merger, Brandywine will maintain in effect provisions regarding elimination of liability of trustees, indemnification of officers, trustees and employees and advancement of expenses which are no less advantageous to the intended beneficiaries than those currently contained in the Declaration of Trust and Bylaws of Prentiss.

The merger agreement obligates Brandywine to maintain trustees’ and officers’ liability insurance for six years after completion of the REIT Merger with respect to claims arising from facts or events that occurred on or before completion of the REIT Merger, including events that are related to the merger agreement. However, Brandywine will not be required to expend more than 200% of annual premiums currently paid by Prentiss for such insurance. If the annual premiums exceed this amount, then Brandywine will be obligated to obtain a policy with the greatest coverage available subject to the above limit.

### ***Merger Financing***

Brandywine expects to use the net proceeds from borrowings under the 364-day term loan to fund a portion of the cash component of the REIT Merger consideration. Brandywine expects that the 364-day term loan will be guaranteed by the same subsidiaries that are guarantors under its revolving credit facility. Brandywine anticipates that the 364-day term loan will bear interest, at its option, at (A) a “base rate” equal to the higher of (1) the prime lending rate or (2) the federal funds effective rate from time to time plus 0.50%, plus a margin of 0.25%, or (B) the London interbank offered rate for terms of one, two or three months, as selected by Brandywine, plus a margin that varies between 1.00% and 1.40% per annum depending on its credit ratings.

The interim term loan will only be drawn if (i) certain properties located in the Mid-west anticipated to be sold by Prentiss are not sold prior to the consummation of the REIT Merger, or (ii) if a portion of the Prudential Properties are not sold to Prudential. The interim term loan will be subject to mandatory pre-payment out of the proceeds of any sale of the Mid-west properties. The interim term loan will have a term of 60 days. Brandywine expects that the interim term loan will be guaranteed by the same subsidiaries that are guarantors under its revolving credit facility. Brandywine anticipates that the interim term loan will bear interest, at its option, at (A) a “base rate” equal to the higher of (1) the prime lending rate or (2) the federal funds effective rate from time to time plus 0.50%, plus a margin of 0.25%, or (B) the London interbank offered rate for a term of one month, plus a margin that varies between 1.00% and 1.40% per annum depending on its credit ratings.

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The back-stop revolving credit facility will only be put into place if Brandywine is not successful in completing, prior to the consummation of the REIT Merger, an amendment and restatement of its existing revolving credit facility on terms which allow for the consummation of the REIT Merger and are otherwise satisfactory to Brandywine. The back-stop revolving credit facility will have a term of 60 days from the closing of the REIT Merger. Brandywine expects that Brandywine Operating Partnership and the same subsidiaries that are guarantors under its revolving credit agreement will provide guarantees of the payment obligations under the facility. Brandywine anticipates that the back-stop revolving credit facility will bear interest, at its option, at (A) a "base rate" equal to the higher of (1) the prime lending rate or (2) the federal funds effective rate from time to time plus 0.50%, plus a margin of 0.25%, or (B) the London interbank offered rate for a term of one month, plus a margin that varies between 1.00% and 1.40% per annum depending on its credit ratings.

### **No Dissenters' Rights of Appraisal**

Maryland law provides that in some mergers shareholders who do not vote in favor of a merger and who comply with a series of statutory requirements have the right to receive, instead of the merger consideration, the fair value of their shares as appraised by appraisers appointed by a Maryland court or, in certain circumstances, by the court itself, payable in cash. However, this right to appraisal is not available under the Maryland law to holders of Prentiss common shares or Brandywine common shares in connection with the REIT Merger.

### **Regulatory Matters**

Neither Brandywine or Prentiss is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained by Brandywine, Brandywine Operating Partnership, Prentiss, or Prentiss Operating Partnership in connection with either the REIT Merger or the Partnership Merger.

### **Stock Exchange Listing and Related Matters**

Brandywine has agreed to use its reasonable best efforts to cause the Brandywine common shares to be issued in the REIT Merger, to be reserved for issuance upon the exercise of Brandywine options issued in exchange for Prentiss options and to be reserved for issuance upon conversion of Brandywine Operating Partnership Class A common units issued in the Partnership Merger, to be approved for listing, upon official notice of issuance, on the New York Stock Exchange. Brandywine will file a supplemental listing application with the New York Stock Exchange.

If the REIT Merger is completed, Prentiss common shares will be delisted from the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934.

### **Accounting Treatment**

The Mergers will be treated as a purchase for financial accounting purposes. This means that Brandywine will record the assets acquired and the liabilities assumed at their estimated fair values at the time the Mergers are completed.

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### **Merger Fees, Costs and Expenses**

All expenses incurred in connection with the merger agreement, the REIT Merger and the related transactions will be paid by the party incurring those expenses, except that Brandywine and Prentiss have agreed to share equally the fees, costs and expenses related to filing, printing and mailing Brandywine's registration statement on Form S-4 and this joint proxy statement/prospectus. Notwithstanding the foregoing, Brandywine and Prentiss have agreed to pay certain of the other party's fees in specified circumstances if the merger agreement is terminated. See "The Merger Agreement" Termination Fees; Other Expenses."

### **Restrictions on Resale of Brandywine Common Shares Issued in the REIT Merger**

Brandywine common shares issued to Prentiss common shareholders in the REIT Merger will be freely transferable under the Securities Act of 1933, as amended, except for shares issued to any person who may be deemed to be an "affiliate" of Prentiss within the meaning of Rule 145 under the Securities Act or who will become an "affiliate" of Brandywine within the meaning of Rule 144 under the Securities Act after the REIT Merger. Brandywine common shares received by persons who are deemed to be Prentiss affiliates or who become Brandywine affiliates may be resold by these persons only in transactions permitted by the limited resale provisions of Rule 145 or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of Prentiss generally include individuals or entities that, directly or indirectly through one or more intermediaries, control, are controlled by or are under common control with Prentiss and may include officers, trustees and principal shareholders of Prentiss.

Prentiss has agreed to use its reasonable efforts to obtain prior to the closing of the REIT Merger an affiliate agreement from each affiliate of Prentiss, pursuant to which each Prentiss affiliate will agree not to sell, transfer, pledge or otherwise dispose of any of the Brandywine common shares received in the Mergers in violation of the Securities Act or the rules and regulations promulgated under the Securities Act. Generally, this will require that all sales be made in accordance with Rule 145 under the Securities Act.

### **Trustees and Executive Officers of the Combined Company**

#### ***Board of Trustees***

Brandywine's board of trustees will be increased from eight to ten trustees as of the effective time of the Mergers. Michael V. Prentiss and Thomas F. August, each of whom is currently a member of the Prentiss board of trustees, will be joining the Brandywine board.

#### ***Executive Officers***

Brandywine's current executive officers are generally expected to continue to hold office after the effective time of the Mergers in their current capacities, until their successors are duly elected and qualified or until their earlier resignations or removals. Brandywine expects to implement the following changes within Brandywine's executive management ranks at the effective time of the Mergers: (i) Robert K. Wiberg (age 49), currently an Executive Vice President and Managing Director with Prentiss, will become Executive Vice President and Managing Director of Operations of Brandywine; (ii) Gregory S. Imhoff (age 48), currently Senior Vice President, General Counsel and Secretary of Prentiss, will become Senior Vice President and Chief Administrative Officer of Brandywine; (iii) Timothy M. Martin (age 34), currently Brandywine's Vice President and Chief Accounting Officer, will become Vice President Finance; (iv) Scott W. Fordham (age 37), currently Senior Vice President and Chief Accounting Officer of Prentiss, will become Vice President and Chief Accounting Officer of Brandywine; (v) Christopher M. Hipps (age 44), currently Executive Vice President and Managing Director, Southwest Region of Prentiss, will become Executive Vice President and Managing Director Southwest Region of Brandywine; (vi) Daniel K. Cushing, (age 44), currently Senior Vice President and Managing Director, Northern California Region, of Prentiss, will become Senior Vice President and Managing Director Western Region of Brandywine; and (vii) Michael J. Cooper (age 47), currently Senior Vice President, Development of Prentiss, will become Senior Vice President Midatlantic Region of Brandywine.

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## THE MERGER AGREEMENT

*The following is a summary of the material terms of the merger agreement but does not describe each of the provisions of the merger agreement. The merger agreement has been included as Annex A in this joint proxy statement/prospectus and is incorporated herein by reference to provide you with information regarding its terms. It is not intended to provide any other factual information about Brandywine and Prentiss. That information can be found elsewhere in this joint proxy statement/prospectus and in the other public filings each of Brandywine and Prentiss makes with the Securities and Exchange Commission. See "Where You Can Find More Information" on page 175. You should read the merger agreement because it, and not this joint proxy statement/prospectus, is the legal document that governs the terms of the Mergers.*

### Structure of the REIT Merger

The merger agreement provides for either the merger of Prentiss with and into Brandywine Cognac I, LLC, with Brandywine Cognac I, LLC surviving as a subsidiary of the Brandywine Operating Partnership (which we refer to as the Forward REIT Merger) or the merger of Brandywine Cognac I with and into Prentiss, with Prentiss surviving (which we refer to as the Reverse REIT Merger).

If Brandywine obtains the private letter ruling, as described in more detail in "Material Federal Income Tax Consequences of the Mergers" Tax Consequences of the REIT Merger □ General □ The Private Letter Ruling" and if the other conditions to closing set forth in the merger agreement are satisfied or waived, then the REIT Merger would take the form of the Forward REIT Merger. If Brandywine does not obtain the private letter ruling, and if the other conditions to closing set forth in the merger agreement are satisfied or waived, then the REIT Merger would take the form of the Reverse REIT Merger. We refer to either the Forward REIT Merger or the Reverse REIT Merger, whichever is consummated pursuant to the merger agreement, as the REIT Merger.

### REIT Merger Consideration

#### **Conversion of Prentiss Common Shares**

At the effective time of the REIT Merger, each issued and outstanding Prentiss common share (other than common shares owned or held by Brandywine, Brandywine Operating Partnership, Prentiss or any of their respective direct or indirect wholly owned subsidiaries) shall be converted into the right to receive:

- \$21.50 in cash (as this amount may be reduced, the "Cash Consideration"); and
- 0.69 of a Brandywine common share (the "Common Exchange Ratio").

If, between the date of the merger agreement and the REIT Merger, Brandywine or Prentiss should split, combine or otherwise reclassify the Brandywine common shares or the Prentiss common shares, or pay a share dividend or other share distribution in Brandywine common shares or Prentiss common shares, as applicable, or otherwise change the Brandywine common shares or Prentiss common shares into any other securities, or make any other such share dividend or distribution in capital shares of Brandywine or Prentiss in respect of the Brandywine common shares or the Prentiss common shares, respectively, then any number or amount contained in the merger agreement which is based upon the price of the Brandywine common shares or the number of Prentiss common shares or Brandywine common shares, as the case may be (including but not limited to the Cash Consideration or the Common Exchange Ratio), will be appropriately adjusted to reflect such split, combination, dividend or other distribution or change.

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### ***Conversion of Prentiss Series D Preferred Shares***

At the effective time of the REIT Merger, each Prentiss Series D preferred share that remains outstanding shall be converted into the right to receive one fully paid nonassessable Brandywine Series E preferred share.

### ***Redemption of Prentiss Series D Preferred Shares***

Prentiss will redeem, prior to the REIT Merger any outstanding Series D preferred shares that becomes subject to redemption prior to the REIT Merger.

### **Closing and Effective Time of the REIT Merger**

Unless Brandywine and Prentiss agree otherwise, the closing of the REIT Merger will occur on the second business day following the satisfaction or waiver of the closing conditions. See "Conditions to Completion of the REIT Merger." The REIT Merger will become effective at such time as the articles of merger are accepted for record by the State Department of Assessments and Taxation of Maryland, or at such later time as Brandywine and Prentiss shall agree and specify in the articles of merger. Brandywine and Prentiss will file the articles of merger prior to the closing of the REIT Merger.

If Brandywine does not obtain the private letter ruling described in "Material Federal Income Tax Consequences of the Mergers Tax Consequences of the REIT Merger General The Private Letter Ruling" the closing of the REIT Merger shall occur on the first business day following the sale of the Prudential Properties to Prudential as described in "The Prudential Acquisition and Related Agreements."

### **Structure of the Partnership Merger**

Immediately following the REIT Merger, Brandywine Cognac II, LLC, a wholly owned subsidiary of Brandywine Operating Partnership, will merge with and into Prentiss Operating Partnership, with Prentiss Operating Partnership continuing as the surviving entity. Immediately after consummation of the Partnership Merger, the limited partners of the Prentiss Operating Partnership will be Brandywine Operating Partnership and Brandywine Cognac I (which at that point will be a subsidiary of Brandywine Operating Partnership).

### **Partnership Merger Consideration**

#### ***Conversion of the Prentiss Operating Partnership Common Units***

At the effective time of the Partnership Merger, each issued and outstanding Prentiss Operating Partnership common unit (excluding common units owned or held by Brandywine, Brandywine Operating Partnership, Brandywine Cognac I, Brandywine Cognac II, Parent, the general partner of Prentiss Operating Partnership or Prentiss Operating Partnership or any of their respective direct or indirect wholly owned subsidiaries which shall remain issued and outstanding and unchanged by the Partnership Merger) shall be converted into the right to receive 1.3799 Brandywine Operating Partnership Class A units. If the cash portion of the REIT Merger consideration is reduced because the Prentiss board of trustees declares either the Special Dividend, or a pre-closing dividend to maintain the REIT status of Prentiss that is in excess of the \$0.56 per share quarterly dividend, then the 1.3799 exchange ratio will be adjusted to equal the sum of (i) 0.69 plus (ii) the quotient obtained by dividing the per share amount of the cash consideration payable in the REIT Merger by \$31.1594. We refer to the exchange ratio, as it may be adjusted, as the Common Interest Exchange Ratio.

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The Brandywine Operating Partnership Class A units to be issued in the Partnership Merger will, at any time and from time to time after the Partnership Merger, be exchangeable, at the request of the holder of such units, for Brandywine common shares, or for cash, at Brandywine's option, on a one-for-one basis.

### ***Closing and Effective Time of the Partnership Merger***

The closing of the Partnership Merger shall take place immediately after the effectiveness of the REIT Merger. The Partnership Merger shall become effective at such time as the merger certificate is duly filed with the office of the Secretary of State of the State of Delaware, or at such later time as Brandywine and Prentiss shall agree and specify in the merger certificate.

### ***The Optional Partnership Election***

Holders of Prentiss Operating Partnership common units may elect to receive the REIT Merger consideration described above in "[REIT Merger consideration] Conversion of Prentiss Common Shares" if they convert their Prentiss Operating Partnership common units into Prentiss common share prior to the effective time of the REIT Merger instead of Brandywine Operating Partnership Class A units.

## **Exchange of Securities; No Fractional Shares; Lost, Stolen or Destroyed Certificates; Withholding Rights**

### ***Exchange of Securities***

Brandywine will deposit with Computershare Limited or another bank or trust company, cash and certificates evidencing Brandywine common shares to be paid to the holders of Prentiss common shares under and as contemplated by the merger agreement and certificates evidencing shares of Brandywine Series E preferred shares to be paid to the holders of outstanding Prentiss Series D Preferred Shares pursuant to the merger agreement. Promptly after the REIT Merger, each record holder of a certificate evidencing common shares and preferred shares of Prentiss shall be sent a letter of transmittal and instructions on how to surrender such certificate. Thereafter, each holder of Prentiss common shares who returns a duly executed transmittal letter and such other documents as are reasonably required by the exchange agent and surrenders any certificates evidencing such holder's Prentiss common shares shall receive a certificate or certificates evidencing the number of full Brandywine common shares into which the aggregate number of Prentiss common shares owned by such holder have been converted pursuant to the merger agreement and the cash consideration, plus any cash that such holder is entitled to in lieu of fractional Brandywine common shares and in respect of any dividends or other distributions to which such holder is entitled. Each holder of Prentiss Series D Preferred Shares who returns a duly executed transmittal letter, the certificate evidencing such holders' Series D Preferred Shares and such other documents as are reasonably required by the exchange agent shall receive a certificate or certificates evidencing the number of Brandywine Series E preferred shares into which the aggregate number of Prentiss Series D Preferred Shares have been converted pursuant to the merger agreement and the amount of cash that such holder is entitled to in respect of any dividends or other distributions to which such holder is entitled.

Holders of unexchanged Prentiss common shares or Prentiss Series D Preferred Shares will not be entitled to receive any dividends or other distributions payable by Brandywine with respect to those Brandywine common shares or Brandywine Series E preferred shares (as the case may be) into which such Prentiss common shares or Prentiss Series D Preferred Shares is to be converted pursuant to the merger agreement or cash in lieu of fractional Brandywine common shares (to the extent applicable) until the applicable Prentiss certificate is surrendered. Upon surrender or transfer, those holders will receive, without interest, any accumulated dividends and distributions together with any cash in lieu of fractional shares.



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### ***No Fractional Shares***

Each holder of Prentiss common shares exchanged in the REIT Merger who would otherwise have been entitled to receive a fraction of a Brandywine common share shall receive, in lieu thereof, cash in an amount equal to the product of (i) such fractional part of a Brandywine common share multiplied by (ii) the average closing prices of Brandywine common shares quoted on the New York Stock Exchange for the ten trading day period ending on the trading date immediately prior to the closing date of the REIT Merger. As promptly as practicable after the determination of the amount of cash, if any, to be paid to holders of fractional interests, the exchange agent shall so notify Brandywine, and Brandywine shall cause the exchange agent to forward payments to such holders of fractional interests.

### ***Lost, Stolen or Destroyed Certificates***

Upon the making of an affidavit that a certificate evidencing Prentiss common shares has been lost, stolen or destroyed, and at Brandywine's option upon the delivery of an indemnity bond, the exchange agent will issue the Brandywine common shares, any cash in lieu of fractional Brandywine common shares (to the extent applicable) and any unpaid dividends or other distributions in respect of the Brandywine common shares represented by the lost, stolen or destroyed certificate to which the holder is entitled.

### ***Withholding Rights***

Brandywine and the Brandywine Operating Partnership generally shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to the merger agreement to any holder of Prentiss common shares, Prentiss Series D preferred shares, Prentiss Operating Partnership common units or Prentiss options such amounts as they are required to deduct and withhold with respect to the making of such payment under the Internal Revenue Code and the rules and regulations promulgated thereunder, or any provision of state, local or foreign tax law.

### ***Prentiss Options***

The merger agreement provides that, as of the effective time of the REIT Merger, all unexercised vested and unvested Prentiss share options outstanding immediately prior to the REIT Merger, including those held by Prentiss' trustees and executive officers, will be assumed by Brandywine and all such options will be automatically converted into options to purchase on the same terms and conditions as were applicable under the relevant Prentiss option (taking into account any changes thereto) a number of Brandywine common shares equal to the number of Brandywine common shares subject to the options multiplied by the option exchange ratio, rounded to the nearest share. The per share exercise price would equal the exercise price in the original option divided by the option exchange ratio, rounded to the nearest one-hundredth of a cent.

For purposes of the share option calculation described above, "option exchange ratio" equals a fraction, the numerator of which is the per share dollar value of the REIT Merger consideration on the REIT Merger closing date (with the portion of the REIT Merger consideration that consists of Brandywine common shares valued at the average of the closing prices of the Brandywine common shares for the ten trading day period ending on the trading day prior to the REIT Merger) and the denominator of which is such ten-day average closing price; adjusted for the per share amount of the Special Dividend (if any) declared on Prentiss common shares prior to the REIT Merger closing date. See "□REIT Merger Consideration."

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The merger agreement provides that Prentiss may, in its sole discretion, allow each holder of a Prentiss share option (whether or not exercisable or vested) to elect, in lieu of the treatment described above, to convert the option into the right to receive an amount of cash at the REIT Merger effective time equal to the product of (i) the excess, if any, of the sum of the per share dollar value of the REIT Merger consideration on the REIT Merger closing date (with the portion of the REIT Merger consideration that consists of Brandywine common shares valued at the ten-day average trading price referred to in the preceding paragraph) and the per share amount of the Special Dividend (if any) declared prior to the REIT Merger closing date, over the per share exercise price of such option and (ii) the number of Prentiss common shares subject to the option (such payment to be net of all applicable withholding taxes).

### **Representations and Warranties**

The merger agreement contains representations and warranties made by Prentiss and the Prentiss Operating Partnership to Brandywine and the Brandywine Operating Partnership. These representations and warranties relate to, among other things:

- organization, valid existence, good standing and qualification to do business;
- ownership of subsidiaries;
- authorization to enter into, and validity and enforceability of, the merger agreement;
- absence of any conflict of the merger agreement with organizational documents, applicable laws or agreements, and the absence of governmental consents, filings and approvals necessary to complete the Mergers;
- capitalization and the payment of dividends;
- filings with the SEC, financial statements and compliance with the Sarbanes-Oxley Act of 2002;
- absence of certain changes or events since December 31, 2004;
- various environmental matters, including compliance with environmental laws;
- various matters relating to owned and leased properties;
- absence of material undisclosed liabilities;
- absence of defaults under organizational documents and agreements;
- possession of all permits and regulatory approvals and compliance with all applicable laws;
- absence of material pending or threatened litigation and outstanding or threatened governmental orders;

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- tax matters;
- employee benefit plans;
- labor and employment matters;
- validity and absence of defaults under material contracts;
- ownership and validity of intellectual property rights;
- insurance matters;
- broker's and finder's fees in connection with the merger agreement;
- certain related party transactions;
- opinion of financial advisor;
- the Investment Company Act of 1940;
- board of trustees approval;
- inapplicability of anti-takeover statutes and certain provisions in Prentiss' Declaration of Trust and the Prentiss Operating Partnership's limited partnership agreement to the Mergers;
- required votes for the Mergers;
- information supplied for use in this joint proxy statement/prospectus; and
- absence of anti-trust filings.

The merger agreement also contains representations and warranties made by Brandywine and the Brandywine Operating Partnership to Prentiss and the Prentiss Operating Partnership. These representations and warranties relate to, among other things:

- organization, valid existence, good standing and qualification to do business;
- ownership of subsidiaries;
- authorization to enter into, and validity and enforceability of, the merger agreement;
- absence of any conflict of the merger agreement with organizational documents, applicable laws or agreements, and the absence of governmental consents, filings and approvals necessary to complete the Mergers;

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- capitalization and the payment of dividends;
- filings with the SEC, financial statements and compliance with the Sarbanes-Oxley Act of 2002;
- absence of certain changes or events since December 31, 2004;
- various environmental matters, including compliance with environmental laws;
- various matters relating to owned and leased properties;
- absence of material undisclosed liabilities;
- absence of defaults under organizational documents and agreements;
- possession of all permits and regulatory approvals and compliance with all applicable laws;
- absence of material pending or threatened litigation and outstanding or threatened governmental orders;
- tax matters;
- employee benefit plans;
- labor and employment matters;
- validity and absence of defaults under material contracts;
- ownership and validity of intellectual property rights;
- insurance matters;
- broker's and finder's fees in connection with the merger agreement;
- certain related party transactions;
- opinion of financial advisor;
- the Investment Company Act of 1940;
- board of trustees approval;
- inapplicability of anti-takeover statutes and certain provisions in Brandywine's Declaration of Trust and the Brandywine Operating Partnership's limited partnership agreement to the Mergers;

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- required votes for the Mergers;
- information supplied for use in this joint proxy statement/prospectus;
- absence of liabilities of Brandywine Cognac I and Brandywine Cognac II; and
- absence of anti-trust filings.

Certain of these representations and warranties are qualified as to “materiality” or “material adverse effect.” For purposes of the merger agreement, “material adverse effect” means with respect to Prentiss or Brandywine a material adverse effect on the business, properties, liabilities, financial condition or results of operations of Prentiss or Brandywine (as the case may be) and its subsidiaries, taken as a whole, or which materially impairs or materially delays the consummation of the transactions contemplated by the merger agreement, other than any change resulting from or attributable to: (i) general national or international economic conditions or securities markets in general, (ii) the announcement, execution or consummation of the merger agreement and the transactions contemplated thereby, or (iii) conditions generally affecting the industry in which Prentiss or Brandywine (as the case may be) and its subsidiaries operate (except to the extent disproportionately affecting such person relative to other industry participants).

The representations and warranties in the merger agreement do not survive the effective time of the Mergers and, except as described below under “Termination Fees; Other Expenses” if the agreement is validly terminated, neither party will have any liability or obligation for its representations and warranties, or otherwise under the merger agreement, unless the party has willfully breached any representation, warranty or covenant contained therein.

#### **Conduct of Business Pending the Mergers.**

Each of Brandywine and Prentiss have made covenants in the merger agreement concerning the conduct of its respective businesses between the date the merger agreement was signed and the completion of the Mergers. The following summarizes the more significant of these covenants.

##### ***Interim Operations of Prentiss***

Subject to specified exceptions such as certain sales of properties, Prentiss has agreed that it and its subsidiaries shall conduct their respective businesses in the usual, regular and ordinary course in substantially the same manner as previously conducted and shall use their commercially reasonable best efforts to preserve their current business organizations, assets and technologies, keep available the services of their current officers and employees and maintain their relationships with customers, collaborators, suppliers, licensors, licensees, distributors and others having business dealings with them. Prentiss has also agreed that it and its subsidiaries shall not authorize, commit or agree to do the following, subject to certain exceptions, without the prior written consent of Brandywine:

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- other than as permitted pursuant to the merger agreement (A) except for dividends from a wholly owned subsidiary to its parent entity or distributions pursuant to certain joint ventures, declare, set aside or pay any dividends on, or make any other distributions in respect of, any of their capital stock or other ownership interests, (B) split, combine or reclassify any of their capital stock or other ownership interests, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of their capital stock or other ownership interests, (C) purchase, redeem or otherwise acquire any shares of capital stock or other ownership interests of Prentiss and its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, (D) take any action the result of which is that Prentiss acquires, forms or creates a subsidiary, or (E) take any action the result of which is that Prentiss or a subsidiary acquires or otherwise owns any equity interest in any other person;
- issue, deliver, sell, pledge, grant or otherwise encumber (A) any shares of their capital stock or other ownership interests except for certain issuances to which Prentiss was committed prior to the execution of the merger agreement, (B) any voting debt or other voting securities, (C) any securities convertible into or exchangeable for, or any options, warrants, calls or rights to acquire, any such shares, voting debt, voting securities or convertible or exchangeable securities or (D) any phantom stock, phantom stock rights, stock appreciation rights, stock-based performance units or other rights or interests based on or linked to the value of Prentiss common shares;
- amend their organizational documents;
- directly or indirectly acquire or agree to acquire (A) by merging or consolidating with, or by purchasing all or a portion of the assets of, or equity interests in, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof or (B) any assets, including real estate, in each case other than purchases in the ordinary course of business consistent with past practice in an amount not involving more than \$1.0 million individually or \$5.0 million in the aggregate or as otherwise specifically set forth in the corporate budget delivered to Brandywine;
- (A) increase the compensation or benefits payable or to become payable to the officers or employees of Prentiss, any subsidiary of Prentiss or any affiliate thereof (subject to a permitted increase to the compensation payable to employees of Prentiss or any affiliate thereof by up to, in the aggregate for all employees, \$100,000), (B) establish, adopt, enter into or amend any collective bargaining, bonus, profit sharing, thrift, compensation, employment, termination, severance, stock incentive or other plan, agreement, trust, fund, policy or arrangement for the benefit of any trustee, officer or employee, (C) increase the benefits payable under any existing severance or termination pay policies or employment or other agreements, (D) make any material determinations not in the ordinary course of business consistent with past practice under any collective bargaining agreement employee benefit plan, (E) amend or modify any option plan, (F) grant or promise any tax offset payment award under any option plan, (G) make any loan or cash advance to, or engage in any transaction with, any current or former trustee, officer or employee or (H) make any loan or cash advance to any current or former consultant or independent contractor.

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- (A) enter into any employment, consulting or severance agreement with or grant any material severance or termination pay to any officer, trustee or employee of Prentiss or any subsidiary, (B) hire or agree to hire any new or additional employees or officers other than to replace existing employees or hiring in the ordinary course of business (C) otherwise enter into, amend or otherwise modify any agreement or arrangement with any person that is an affiliate of Prentiss or, as of the date of the merger agreement, was an employee, officer or trustee of Prentiss or any subsidiary;
- make any change in accounting methods, principles or practices affecting the reported consolidated assets, liabilities or results of operations of Prentiss;
- directly or indirectly transfer, sell, lease (as lessor), license, sell and leaseback, mortgage or otherwise dispose of or encumber or subject to any encumbrance any properties or assets or any interest therein, except sales of immaterial assets in the ordinary course of business consistent with past practice in an amount not involving more than \$3,000,000 in one transaction or series of related transactions or as otherwise specifically reflected in the corporate budget delivered to Brandywine, or enter into or amend, modify or terminate any material contract or waive, release or assign any material rights or claims thereunder;
- except in connection with the defeasance or prepayment of certain identified loans, incur any indebtedness for borrowed money or guarantee any such indebtedness of another person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of Prentiss, guarantee any debt securities of another person, enter into any "keep well" or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, or make any loans, advances or capital contributions to, or investments in, any other person;
- (A) enter into any new commitments obligating Prentiss or any subsidiary to make capital expenditures in excess of \$500,000 individually or \$2.0 million in the aggregate, not including tenant allowances under existing leases, (B) acquire, enter into any option to acquire, or exercise an option or other right or election or enter into any other commitment or contractual obligation for the acquisition of any real property or other transaction involving in excess of \$1.0 million individually or \$3.5 million in the aggregate, (C) commence construction of, or enter into any commitment to develop or construct, other real estate projects involving in excess of \$3.5 million or (D) enter into any lease in excess of 25,000 square feet or incur or commit to incur any tenant allowances or landlord funded construction expenditures related thereto;
- (A) settle or compromise any material tax liability or waive or extend the statute of limitations with respect to any taxes of Prentiss or any subsidiary, (B) take or omit to take any action that could cause the termination or revocation of Prentiss' REIT status or the status of any subsidiary as a partnership for U.S. federal income tax purposes where such subsidiary presently files tax returns as a partnership, (C) make or rescind any material election relating to taxes of Prentiss or any subsidiary or (D) enter into, or permit any subsidiary to enter into, any tax protection arrangement;

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- (A) settle or compromise any claim, litigation or other legal proceeding, other than those wholly-covered by insurance or in the ordinary course of business consistent with past practice in an amount not involving more than \$200,000 individually or \$1.0 million in the aggregate (other than settlement of identified tenant receivables), (B) pay, discharge, settle or satisfy any claims (including claims of shareholders), liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), (C) cancel any indebtedness or waive, release, grant or transfer any claims or rights of material value or (D) waive any benefit of, or agree to modify in any adverse respect, or fail to enforce, or consent to any matter with respect to which its consent is required under, any confidentiality, standstill or similar agreement to which Prentiss is a party;
- in connection with any development property, fail to diligently pursue the development, rehabilitation, renovation, addition or expansion of each such development property in a manner that is (A) in accordance with Prentiss' past development practices and (B) consistent in all material respects with the applicable development budget and schedule;
- commence any lawsuit, arbitration or any administrative proceeding against any third party, excluding actions brought in the ordinary course of business (other than with respect to the Prudential Properties, for which actions may be brought only against tenants in such properties under leases which actions do not involve eviction proceedings or to enforce contractual rights);
- make any payments or incur any liability or obligation for the purpose of obtaining any consent from any person to the Mergers;
- permit any insurance policy naming Prentiss or any subsidiary as a beneficiary or a loss payable payee to be canceled or terminated without notice to Brandywine unless such entity shall have obtained, prior to or simultaneous with such cancellation or termination, an insurance policy with substantially similar terms and conditions to the canceled or terminated policy;
- take any action that would reasonably be expected to (A) result in any condition to the REIT Merger not being satisfied in all material respects or (B) prevent, materially delay or materially impede the consummation of the REIT Merger or the other transactions contemplated by the merger agreement; or
- take any action that would reasonably be expected to result in (A) any representation and warranty of Prentiss set forth in the merger agreement that is qualified as to materiality becoming untrue or (B) any such representation and warranty that is not so qualified becoming untrue in any material respect.



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***Interim Operations of Brandywine***

Subject to specified exceptions, Brandywine has agreed that it and its subsidiaries shall conduct their respective businesses in the usual, regular and ordinary course in substantially the same manner as previously conducted and shall use their commercially reasonable best efforts to preserve their current business organizations, assets and technologies, keep available the services of their current officers and employees and maintain their relationships with customers, collaborators, suppliers, licensors, licensees, distributors and others having business dealings with them. Brandywine has also agreed that it and its subsidiaries shall not authorize, commit or agree to do the following, subject to certain exceptions, without the prior written consent of Prentiss:

- other than as permitted pursuant to the merger agreement, (A) except for dividends from a wholly owned subsidiary to its parent entity or distributions pursuant to specified joint venture agreements, declare, set aside or pay any dividends on, or make any other distributions in respect of, any of their capital stock or other ownership interests, (B) split, combine or reclassify any of their capital stock or other ownership interests, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of their capital stock or other ownership interests, (C) purchase, redeem or otherwise acquire any shares of capital stock or other ownership interests of Brandywine and its subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities, (D) take any action the result of which is that Brandywine acquires, forms or creates a subsidiary, or (E) take any action the result of which is that Brandywine or a subsidiary acquires or otherwise owns any equity interest in any other person;
- issue, deliver, sell, pledge, grant or otherwise encumber (A) any shares of their capital stock or other ownership interests other than certain issuances for which Brandywine was committed prior to the execution of the merger agreement, (B) any voting debt or other voting securities, (C) any securities convertible into or exchangeable for, or any options, warrants, calls or rights to acquire, any such shares, voting debt, voting securities or convertible or exchangeable securities or (D) any phantom stock, phantom stock rights, stock appreciation rights, stock-based performance units or other rights or interests based on or linked to the value of Brandywine common shares;
- amend their organizational documents;
- directly or indirectly acquire or agree to acquire (A) by merging or consolidating with, or by purchasing all or a portion of the assets of, or equity interests in, or by any other manner, any business or any corporation, partnership, joint venture, association or other business organization or division thereof or (B) any assets, including real estate, in each case other than purchases in the ordinary course of business consistent with past practice in an amount not involving more than \$1.0 million individually or \$5.0 million in the aggregate or as otherwise specifically set forth in the corporate budget delivered to Brandywine;

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- make any change in accounting methods, principles or practices affecting the reported consolidated assets, liabilities or results of operations of Brandywine;
- (A) settle or compromise any material tax liability or waive or extend the statute of limitations with respect to any taxes of Brandywine or any subsidiary, (B) take or omit to take any action that could cause the termination or revocation of Brandywine's REIT status or the status of any subsidiary as a partnership for U.S. federal income tax purposes where such subsidiary presently files tax returns as a partnership, (C) make or rescind any material election relating to taxes of Brandywine or any subsidiary or (D) enter into, or permit any subsidiary to enter into, any tax protection arrangement; or
- take any action that would reasonably be expected to (A) result in any condition to the REIT Merger not being satisfied in all material respects or (B) prevent, materially delay or materially impede the consummation of the REIT Merger or the other transactions contemplated by the merger agreement.

**Access to Information**

Prentiss and Brandywine have agreed to provide each other with reasonable and prompt access to its and its subsidiaries' respective properties, books, contracts, commitments, representatives and records, subject to applicable law and confidentiality obligations.

**Prentiss Shareholder Meeting and Prentiss Board of Trustees' Covenant to Recommend**

The merger agreement requires Prentiss to call and hold a meeting of its shareholders to approve the merger agreement, the REIT Merger and the related transactions. Prentiss, however, is not required to hold a special meeting if the merger agreement is terminated. Additionally, subject to specified conditions related to its duties discussed below, the board of trustees of Prentiss has agreed to recommend that Prentiss' common shareholders vote in favor of approval of the merger agreement, the REIT Merger and the related transactions. Prentiss has agreed, subject to certain exceptions, to give Brandywine three business days' prior written notice of any withdrawal of its recommendation to its shareholders to approve the merger agreement, the REIT Merger and the related transactions.

**Brandywine Shareholder Meeting and Brandywine Board of Trustees' Covenant to Recommend**

The merger agreement requires Brandywine to call and hold a meeting of its shareholders to approve the issuance of Brandywine common shares to be issued under and as contemplated by the merger agreement.

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**No Solicitation**

The merger agreement precludes Prentiss and any of its subsidiaries from, directly or indirectly (through its officers, trustees, employees, investment bankers, attorneys, accountants, auditors or other advisors or representatives):

- soliciting, initiating, encouraging or taking any other action to facilitate (including by the furnishing of information) the submission of any inquiry, proposal or offer from any person (other than Brandywine or its affiliates) relating to, or that could reasonably be expected to lead to, any Takeover Proposal;
- agreeing to, approving or recommending any Takeover Proposal or entering into any agreement with respect to any Takeover Proposal; or
- entering into, continuing or otherwise participating in any discussions or negotiations regarding, or furnishing to any person any information with respect to, or taking any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any Takeover Proposal.

“Takeover Proposal” means any offer or proposal for any direct or indirect acquisition or purchase, in one transaction or a series of transactions, of 30% or more of the assets of Prentiss and its subsidiaries, taken as a whole, or 30% or more in voting power of the outstanding Prentiss common shares or any class or series of equity or voting securities of Prentiss or any significant subsidiary (including without limitation the partnership units in the Prentiss Operating Partnership), any tender offer or exchange offer that if consummated would result in any person beneficially owning 30% or more in voting power of the outstanding Prentiss common shares, or any merger, consolidation, business combination, recapitalization, reclassification, share exchange, liquidation, dissolution or similar transaction or series of transactions involving Prentiss or any significant subsidiary.

The merger agreement also requires Prentiss to notify Brandywine promptly after receipt or occurrence of (i) any Takeover Proposal, (ii) any request for information with respect to any Takeover Proposal or (iii) any inquiry, proposal, discussions or negotiation with respect to any Takeover Proposal. Such notice shall include the material terms and conditions of any such Takeover Proposal, request for information, inquiry, proposal, discussion or negotiation and the identity of the person making any such Takeover Proposal, request for information, inquiry or proposal or with whom discussions or negotiations are taking place. Prentiss must inform Brandywine in all material respects of the status and details (including amendments or proposed amendments) of any such inquiry, request or Takeover Proposal.

Nothing in the merger agreement prohibits Prentiss and the Prentiss board of trustees from making any disclosure to Prentiss’ common shareholders if, in the good faith judgment of the Prentiss board of trustees (after having obtained sufficient preliminary information upon which to make such judgment), after consultation with outside counsel, failure to disclose would be reasonably likely to cause a breach of its duties under applicable law; except that, other than as permitted in the merger agreement, Prentiss, the Prentiss board of trustees or any committee of the Prentiss board of trustees may not withdraw (or modify in a manner adverse to Brandywine), or propose to withdraw (or modify in a manner adverse to Brandywine), its position with respect to the merger agreement, the related agreements or the Mergers or adopt, approve or recommend, or propose to adopt, approve or recommend, a Takeover Proposal.

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Before the REIT Merger becomes effective, Prentiss may negotiate and participate in discussions and negotiations with a person that has made an unsolicited written Takeover Proposal that has not resulted from a breach of the "No Solicitation" provision described above. In such a situation, Prentiss may furnish information concerning its business, properties or assets to such person pursuant to appropriate confidentiality agreements (on terms not less favorable to Prentiss than the confidentiality agreement between Brandywine and Prentiss); except that the Prentiss board of trustees is allowed to take any such action if, and only if, prior to taking such action, the Prentiss board of trustees has determined (after having obtained sufficient preliminary information upon which to make such determination) by the affirmative vote of a majority of all of the members of the Prentiss board of trustees or any committee of the board to which the power to consider such matters has been delegated that (i) such Takeover Proposal would result in, or would be reasonably likely to result in, a Superior Proposal and (ii) after receiving advice from outside legal counsel, the failure to provide information or access or to engage in discussions or negotiations with such person would be reasonably likely to cause the Prentiss board of trustees to breach its statutory duties to Prentiss under applicable law.

"Superior Proposal" means a Takeover Proposal (as defined above, except that the references to "30%" in such definition shall be deemed to be a reference to "50%") whereby the person making such proposal has on an unsolicited basis submitted a bona fide written proposal to Prentiss on terms that the Prentiss board of trustees determines in its good faith judgment (after consultation with a nationally recognized financial advisor, taking into account all the terms and conditions of the Takeover Proposal, including any break-up fees, expense reimbursement provisions and conditions to consummation) are more favorable to the Prentiss common shareholders, from a financial point of view, than the merger agreement and the REIT Merger, taken as a whole, and that is reasonably capable of being completed.

If the Prentiss board of trustees, after consultation with outside legal counsel, determines that failure to accept a Superior Proposal would be reasonably likely to cause a breach of the statutory duties of the Prentiss board of trustees to Prentiss under applicable law, the Prentiss board of trustees may inform the holders of Prentiss common shares that it no longer believes that the REIT Merger is advisable and no longer recommends approval. However, the Prentiss board of trustees may only withdraw its recommendation before the Prentiss common shareholders meeting to vote on the merger agreement and three business days after specifying the terms, conditions and identity of the Superior Proposal to Brandywine. In addition, the Prentiss board of trustees may only withdraw its recommendation if (i) during the three business day period Brandywine does not make an offer that the Prentiss board of trustees reasonably concludes in good faith (following consultation with its nationally recognized financial advisors and outside counsel) is more favorable to the Prentiss common shareholders than such Superior Proposal and (ii) at the end of the three business day period, the Takeover Proposal continues to be a Superior Proposal. If Prentiss complies with these provisions, at any time after the three business day period following notification to Brandywine of the consideration by Prentiss to do so (but in no event following approval of the merger agreement, the REIT Merger and the related transactions at the Prentiss special meeting), Prentiss may terminate the merger agreement and enter into an agreement with respect to the Superior Proposal; provided that prior to such termination Prentiss must pay to Brandywine the full amounts, if any, required under the section below entitled "Termination Fees; Other Expenses" to be paid at that time.

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### ***Reasonable Best Efforts Covenant***

Each of the parties to the merger agreement has agreed to use its reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to complete the REIT Merger, the Partnership Merger and the other transactions contemplated by the merger agreement in the most expeditious manner practicable, including using reasonable best efforts to obtain all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from governmental entities and to make all necessary registrations, declarations and filings (including filings with governmental entities, if any) and to take all steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any governmental entity. However, in connection with using its reasonable best efforts, Brandywine will not be required to (i) divest or hold separate or enter into any licensing or similar arrangement with respect to any assets (whether tangible or intangible) or any of the businesses of Brandywine, Prentiss or any of their respective affiliates or (ii) cease to conduct business or operations in any jurisdiction in which Brandywine, Prentiss or any of their respective affiliates conducts business or operations as of the date of the merger agreement.

Each of the parties to the merger agreement has also agreed to use its reasonable best efforts to obtain all consents of third parties necessary, advisable to consummate the REIT Merger and the related transactions.

### **Employee Matters**

In the merger agreement, Brandywine has agreed that following the REIT Merger, Brandywine will or will cause the surviving company, as applicable, or any subsidiary of either of them:

- Interview Prentiss employees and may in its discretion (taking into account the views of Prentiss) offer employment as of the closing date of the REIT Merger to Prentiss field level employees on terms and conditions, including salary and bonus, which are no less favorable than those under which such employees are currently employed, and with benefits that are no less favorable in the aggregate to those applicable to similarly situated employees of Brandywine as in effect from time to time. Brandywine has agreed to continue such salary, benefits and bonuses of each such employee who accepts such offer of employment for a period of one year from the closing date of the REIT Merger, unless such employee voluntarily resigns or is terminated for cause.
- Interview Prentiss corporate level employees with the goal of offering each such employee a position with Brandywine reasonably comparable to the position such employee currently holds with Prentiss. Offers of employment, if made, shall include compensation and bonus, which are no less favorable than those under which such employee is currently employed and with other benefits in line with similar positions at Brandywine Operating Partnership or any of its Affiliates. Notwithstanding the foregoing, no legal obligation shall be created on Brandywine Operating Partnership or any of its affiliates to hire any such executive employees of Prentiss.

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- Honor all Prentiss employment agreements, in accordance with their respective terms, as in effect on the date of the Mergers;
- Honor in accordance with their terms all vested accrued benefit obligations to, and contractual rights of, current and former employees of Prentiss and its subsidiaries, including Prentiss' recently instituted severance policy. Prentiss may make any required employee matching contributions under the 401(k) Plan in a manner consistent with historical practices;
- To waive any pre-existing exclusions and waiting periods under welfare plans maintained by Brandywine and its affiliates with respect to participant and coverage requirements applicable to Prentiss employees (except to the extent that any pre-existing condition or waiting period would have been applicable under the comparable Prentiss plan immediately prior to the Mergers). Brandywine shall also recognize under its plans any co-payments or deductibles paid by the Prentiss employees under Prentiss plans during the calendar year in which the Mergers occur;
- To grant the Prentiss employees, after the Mergers, full service credit for all purposes in any Brandywine employee benefit plan, to the extent that such a plan is made available to an employee of Prentiss, but only to such extent that the recognition of such service does not result in the duplication of benefits.

Prior to December 31, 2005, or at such later time as may be permitted under Section 409A of the Internal Revenue Code and the regulations and guidance issued thereunder (referred to as Section 409A), and in accordance with, and to the extent permitted under Section 409A, the participants in the Prentiss deferred compensation plans shall be permitted to amend the timing and form of payments to be made under the Prentiss deferred compensation plans, and thereafter, that Prentiss shall amend the Prentiss deferred compensation plans to the extent necessary to conform to Section 409A. All amounts currently deferred under the Prentiss deferred compensation plans shall become vested at the Effective Time except to the extent otherwise provided in the Disclosure Letter. Subject to Section 409A, Parent shall assume the Prentiss deferred compensation plans and maintain the Prentiss deferred compensation plans in accordance with their respective terms for the benefit of the participants thereunder to the extent that such participants maintain account balances after the REIT Merger.

Prentiss employees as of October 3, 2005, with certain exceptions, participate in the Company's recently enacted and disclosed severance policy that provides benefits in the event they are not offered comparable positions by either Brandywine, Prudential, or Prudential's third-party management companies. Under defined conditions in both the Prentiss severance policy and in the merger agreement, covered participants may also receive severance protection in the event they are hired, but subsequently discharged, by either Brandywine, Prudential, or Prudential's third-party management companies. Benefit levels and benefit eligibility periods vary according to factors that include a participant's position, location, title, and length of service. Prentiss employees who become Brandywine employees also will be credited for prior service for purposes of determining severance benefits under Brandywine's general severance practices.

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### **Limitation of Liability, Indemnification and Insurance**

The merger agreement provides that, following completion of the REIT Merger, all past and present trustees and officers of Prentiss will be indemnified to the same extent these individuals were indemnified as of the date of the merger agreement pursuant to the Declaration of Trust and Bylaws of Prentiss for acts or omissions occurring at or prior to the completion of the REIT Merger and that certain indemnification agreements between Prentiss and trustees and officers will be assumed by Brandywine. In addition, for six years after the REIT Merger, Brandywine will maintain in effect provisions regarding elimination of liability of trustees, indemnification of officers, trustees and employees and advancement of expenses which are no less advantageous to the intended beneficiaries than those currently contained in the Declaration of Trust and Bylaws of Prentiss.

The merger agreement further provides for the maintenance of trustees' and officers' liability insurance for six years after completion of the REIT Merger with respect to claims arising from facts or events that occurred on or before completion of the REIT Merger, including events that are related to the merger agreement. However, Brandywine will not be required to expend more than 200% of annual premiums currently paid by Prentiss for such insurance. If the annual premiums exceed this amount, then Brandywine will be obligated to obtain a policy with the greatest coverage available subject to the above limit.

### **Listing of Shares**

Brandywine has agreed to use its reasonable best efforts to cause the Brandywine common shares to be issued in the REIT Merger, the Brandywine common shares to be reserved for issuance upon the exercise of Brandywine options issued in exchange for Prentiss options and the Brandywine common shares to be reserved for issuance upon the conversion of the Brandywine Operating Partnership Class A units, to be issued upon exchange of the Prentiss Operating Partnership common units in the Partnership Merger, to be approved for listing, upon official notice of issuance, on the New York Stock Exchange.

### **Coordination of Dividends**

The merger agreement prohibits Prentiss and the Prentiss Operating Partnership from making any distribution or dividend without the prior written consent of Brandywine. Permission is not required, however, for (i) distributions required for Prentiss to maintain its REIT status, (ii) quarterly distributions of up to \$0.56 per Prentiss common share, (iii) a distribution per common unit of the Prentiss Operating Partnership in the same amount as any dividend Prentiss common share permitted under the merger agreement, and (iv) regular quarterly dividends of up to \$0.56 per Prentiss Series D Preferred Share.

Brandywine and Prentiss have agreed to coordinate setting the record and payment dates for each distribution with respect to the Prentiss common shares with the record and payment dates for quarterly dividends on the Brandywine common shares. However, this does not apply to Prentiss' regular third quarter 2005 dividend. Brandywine and Prentiss have agreed that the record date for the fourth quarter dividend for 2005 shall be on or before the date which is ten days prior to the closing date of the REIT Merger and the record date for the first quarter dividend for 2006 (if the closing of the REIT Merger shall not have occurred on or prior to December 31, 2005) shall be on or before the date which is ten days prior to the closing date of the REIT Merger.

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The merger agreement provides that if a permitted distribution with respect to Prentiss common shares has a record date prior to the REIT Merger and has not been paid as of such effective time, the holders of the Prentiss common shares shall be entitled to receive such distribution at the time such shares are exchanged pursuant to the merger agreement.

### **Registration Rights**

Brandywine has agreed to assume identified registration rights obligations of Prentiss after consummation of the REIT Merger, including the registration right of holders of Prentiss Operating Partnership common units. Brandywine has agreed that holders of registration rights under such agreements shall have substantially the same rights with respect to the registration of the Brandywine common shares that such holders may receive in the REIT Merger or upon conversion of securities received in the Mergers.

Brandywine, Brandywine Operating Partnership and Michael V. Prentiss entered into a registration rights agreement pursuant to which Brandywine agreed to register the Brandywine common shares that Mr. Prentiss receives in the REIT Merger or upon conversion of Brandywine Operating Partnership Class A units received in the Partnership Merger. See "[Michael V. Prentiss Registration Rights Agreement."

Brandywine also agreed to use good faith commercially reasonable efforts to file, on or within thirty (30) days following the consummation of the REIT Merger, a shelf registration statement pursuant to Rule 415 under the Securities Act registering the resale of Brandywine common shares issuable by Brandywine upon the conversion or redemption of any Brandywine Operating Partnership Class A units received in the Partnership Merger. Brandywine agreed to use the recently approved automatic shelf registration process under Rule 415 and Rule 462 as promulgated under the Securities Act and use its best efforts to maintain its status as a "well known seasoned issuer."

### **Brandywine Board of Trustees**

Brandywine has agreed to use its best efforts to cause each of Michael V. Prentiss and Thomas F. August to be elected as members of the Brandywine board of trustees. The merger agreement provides that each nominee will serve as a trustee for a term expiring at Brandywine's next annual meeting of shareholders. Brandywine has agreed to use its best efforts to cause the Brandywine board of trustees to re-nominate each nominee as a trustee for election at Brandywine's annual meeting of shareholders for each of 2006 and 2007.

### **Private Letter Ruling**

Brandywine agreed to apply for, and use its reasonable best efforts to obtain, a private letter ruling from the IRS that confirms that the REIT Merger will (i) be treated for Federal income taxes as (x) a taxable sale of assets by Prentiss, immediately followed by (y) a taxable liquidation of Prentiss under Section 331 of the Internal Revenue Code, or (ii) that the Transactions do not constitute a reorganization as defined in Section 368(a) of the Internal Revenue Code. See "Material Federal Income Tax Consequences of The REIT Merger and The Partnership Merger [Tax Consequences of the Merger-General-The Private Letter Ruling."



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### **Other Covenants**

The merger agreement contains certain other covenants, including covenants relating to cooperation between Brandywine and Prentiss in the preparation of this joint proxy statement/prospectus, public announcements, release of collateral, obtaining tenant estoppels and third party consents, suspension of dividend reinvestment plan and employee share purchase plan, assumption of indebtedness, assumption of obligations under registration rights agreements, redemption of certain securities, Section 16 matters and certain tax matters.

### **Conditions to Completion of the REIT Merger**

#### ***Conditions to Each Party's Obligation to Effect the REIT Merger***

The obligations of each party to the merger agreement to complete the REIT Merger are subject to the satisfaction or waiver of the following conditions:

- the approval of the merger agreement, the REIT Merger and the related transactions by the requisite vote of Prentiss' common shareholders;
- the approval of the issuance of Brandywine common shares to be issued under and as contemplated by the merger agreement by the requisite vote of Brandywine's shareholders;
- the absence of any temporary restraining order, preliminary or permanent injunction or other judgment issued by any court of competent jurisdiction or other legal restraint or prohibition that has the effect of preventing the consummation of the REIT Merger, provided that each party shall use its reasonable efforts to have any of the foregoing vacated, dismissed or withdrawn before the REIT Merger;
- the approval of the listing on the New York Stock Exchange of the Brandywine common shares to be issued in or issuable as a result of the Mergers; and
- the declaration of effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part by the SEC and the absence of any SEC stop order or any proceeding for such a stop order.

#### ***Conditions to Obligation of Brandywine***

The obligation of Brandywine to effect the REIT Merger is further subject to the satisfaction or waiver of the following conditions:

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- each of the representations and warranties of Prentiss set forth in the merger agreement that is qualified as to materiality or material adverse effect shall have been true and correct as of the date of the merger agreement and at and as of the closing date of the REIT Merger as if made at and as of the closing date of the REIT Merger and each of the representations and warranties of Prentiss that is not so qualified shall have been true and correct in all material respects as of the date of the merger agreement and at and as of the closing date of the REIT Merger as if made at and as of the closing date of the REIT Merger (except, in each case, for those representations and warranties which address matters only as of a particular date, in which case they shall have been true and correct, or true and correct in all material respects, as applicable, as of such date);
- Prentiss shall have performed in all material respects its obligations required to be performed by it at or prior to the closing of the REIT Merger;
- there shall not have been any state of facts, change, development, effect, event, condition or occurrence since the date of the merger agreement that, individually or in the aggregate, constitutes, has had or would reasonably be expected to have a material adverse effect on Prentiss;
- Brandywine shall have received an opinion of Akin Gump Strauss Hauer & Feld LLP, counsel to Prentiss, as to certain tax matters relating to Prentiss' status as a REIT;
- Prentiss shall have defeased the PPREFI portfolio loan and released the collateral securing such loan;
- the general partner of Prentiss Operating Partnership shall be converted from a corporation to a limited liability company or shall have made a valid election on IRS Form 8875 to be treated as a taxable REIT subsidiary under Section 856(l) of the Internal Revenue Code; and
- Brandywine shall have received a "comfort" letter from PricewaterhouseCoopers LLP.

***Conditions to Obligations of Prentiss***

The obligation of Prentiss to effect the REIT Merger is further subject to the satisfaction or waiver of the following conditions:

- each of the representations and warranties of Brandywine set forth in the merger agreement that is qualified as to material adverse effect shall have been true and correct as of the date of the merger agreement and at and as of the closing date of the REIT Merger as if made at and as of the closing date of the REIT Merger and each of the representations and warranties of Brandywine that is not so qualified shall have been true and correct in all material respects as of the date of the merger agreement and at and as of the closing date of the REIT Merger as if made at and as of the closing date of the REIT Merger (except, in each case, for those representations and warranties which address matters only as of a particular date, in which case they shall have been true and correct, or true and correct in all material respects, as applicable, as of such date);

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- Brandywine shall have performed in all material respects the obligations required to be performed by it at or prior to the closing of the REIT Merger;
- there shall not have been any state of facts, change, development, effect, event, condition or occurrence since the date of the merger agreement that, individually or in the aggregate, constitutes, has had or would reasonably be expected to have a material adverse effect on Brandywine;
- Prentiss shall have received an opinion of Pepper Hamilton LLP, tax counsel to Brandywine, as to certain tax matters relating to Brandywine's status as a REIT; and
- Prentiss shall have received a "comfort" letter from PricewaterhouseCoopers LLP.

***Waiver of Conditions to Closing of the REIT Merger***

Where the law permits, a party to the merger agreement may elect to waive a condition to its obligation to complete the REIT Merger that has not been satisfied. We cannot be certain when (or if) the conditions to the REIT Merger will be satisfied or waived or that the REIT Merger will be completed. We expect to complete the REIT Merger as promptly as practicable after all of the conditions have been satisfied or waived.

***Conditions to Closing of the Partnership Merger***

The Partnership Merger is not subject to any conditions other than consummation of the REIT Merger.

**Termination**

The merger agreement may be terminated at any time before the REIT Merger is effected, whether before or after approval of the merger agreement, the REIT Merger and the related transactions by the Prentiss common shareholders, in any of the following ways:

- by mutual written agreement of Prentiss and Brandywine;
- by either Prentiss or Brandywine if:
  - any governmental entity or authority shall have issued an order, decree or ruling or taken any other action in each case permanently restraining, enjoining or otherwise prohibiting the Mergers substantially on the terms contemplated by the merger agreement and such order, decree, ruling or other action shall have become final and non-appealable;
  - the REIT Merger shall not have been consummated on or before April 1, 2006, except that neither Prentiss nor Brandywine may terminate the merger agreement pursuant to this provision if its breach of any obligation under the merger agreement shall have been the primary cause of the failure of the REIT Merger to occur on or before that date; or

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- approval for the merger agreement, the REIT Merger and the related transactions shall not have been obtained by the required vote of the Prentiss common shareholders, or approval for the issuance of the Brandywine common shares shall not have been obtained by the required vote of the Brandywine common shareholders; or
- by Brandywine if:
  - the Prentiss board of trustees shall have withdrawn or materially modified its recommendation of the merger agreement or the REIT Merger in a manner adverse to Brandywine or shall have resolved to do so;
  - Prentiss shall have failed to call or hold the special meeting of its shareholders to vote on the REIT Merger and the merger agreement;
  - Prentiss shall have intentionally and materially breached any of its obligations under the no solicitation covenant;
  - Prentiss shall have entered into a definitive agreement with respect to a Superior Proposal; or
  - there shall have been a breach of any representation, warranty, covenant or agreement by Prentiss which shall prevent satisfaction of the conditions to Brandywine's obligation to close the REIT Merger and, in the case of a breach of a covenant that is reasonably likely to be able to be cured, such breach shall not have been cured within 20 days following notice of breach or by April 1, 2006; or
- by Prentiss if:
  - prior to the approval of the merger agreement, the REIT Merger and the related transactions by the Prentiss common shareholders, the Prentiss board of trustees shall have approved, and Prentiss shall have concurrently entered into, a definitive agreement providing for the implementation of a Superior Proposal, but only if Prentiss shall not then be in breach of the no solicitation provision of the merger agreement and shall concurrently pay Brandywine any termination fees required to be paid at that time; or
  - there shall have been a breach of any representation, warranty, covenant or agreement by Brandywine which shall prevent satisfaction of the conditions to Prentiss' obligation to close the REIT Merger and, in the case of a breach of a covenant that is reasonably likely to be able to be cured, such breach shall not have been cured within 20 days following notice of breach or by April 1, 2006; or

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- Brandywine shall have failed to call or hold the special meeting of its shareholders to approve the issuance of the Brandywine common shares;

If the merger agreement is validly terminated, it will become void and have no effect, without any liability or obligation on the part of any party unless the party is in willful breach thereof. However, the provisions of the merger agreement relating to the effects of termination and the payment of termination fees and expenses, as well as the confidentiality agreement entered into between Prentiss and Brandywine, will continue in effect notwithstanding termination of the merger agreement.

#### **Termination Fees; Other Expenses**

##### ***Payments to Brandywine***

Prentiss has agreed to pay Brandywine a termination fee of \$60 million if any of the following events occur:

- Brandywine terminates the merger agreement because:
  - the Prentiss board of trustees withdraws or materially modifies its recommendation of the merger agreement or the REIT Merger in a manner adverse to Brandywine or shall have resolved to do so;
  - Prentiss fails to call or hold the special meeting of its shareholders to vote on the REIT Merger and the merger agreement;
  - Prentiss intentionally and materially breaches any of its obligations under the no solicitation covenant; or
  - Prentiss enters into a definitive agreement with respect to a Superior Proposal;
- Prentiss terminates the merger agreement because the Prentiss board of trustees approves a definitive agreement providing for the implementation of a Superior Proposal prior to the approval of the merger agreement, the REIT Merger and the related transactions; or
- Brandywine or Prentiss terminates the merger agreement because approval for the merger agreement, the REIT Merger and the related transactions is not obtained by the required vote of the Prentiss common shareholders and a Takeover Proposal shall at the time of such termination be publicly proposed or publicly announced and, within 9 months of the termination of the merger agreement, Prentiss or any subsidiary of Prentiss consummates a Takeover Proposal or enters into any definitive agreement with respect to any Takeover Proposal that is subsequently consummated (whether or not such Takeover Proposal is the same Takeover Proposal which was received at the time of termination of the merger agreement) with any person.

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Prentiss has agreed to pay Brandywine a termination fee of \$12.5 million if any of the following events occur:

- Brandywine or Prentiss terminates the merger agreement because approval for the merger agreement, the REIT Merger and the related transactions is not obtained by the required vote of the Prentiss common shareholders and approval of the Brandywine common shareholders for the issuance of the Brandywine common shares to be issued under and as contemplated by the merger agreement is obtained; or
- Brandywine or Prentiss terminates the merger agreement because it has not been consummated by April 1, 2006 and Prentiss' breach of any obligation under the merger agreement is the primary cause of the failure of the REIT Merger to occur on or before that date.

If Brandywine qualifies to receive both the \$60 million termination fee and the \$12.5 million alternate fee, Brandywine will only receive the \$60 million termination fee and not the \$12.5 million alternate fee.

In addition to the termination fee, Prentiss has agreed to pay Brandywine's out-of-pocket expenses up to \$6,000,000 (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants) incurred in connection with the merger agreement and the transactions contemplated thereby if any of the following events occur:

- Brandywine or Prentiss terminates the merger agreement because approval for the merger agreement, the REIT Merger and the related transactions is not obtained by the required vote of the Prentiss common shareholders;
- Prentiss terminates the merger agreement because the Prentiss board of trustees approves a definitive agreement providing for the implementation of a Superior Proposal prior to the approval of the merger agreement, the REIT Merger and the related transactions;
- Brandywine terminates the merger agreement because:
  - the Prentiss board of trustees withdraws or materially modifies its recommendation of the merger agreement or the REIT Merger in a manner adverse to Brandywine or shall have resolved to do so;
  - Prentiss fails to call or hold the special meeting of its shareholders to vote on the REIT Merger and the merger agreement;
  - Prentiss intentionally and materially breaches any of its obligations under the no solicitation covenant; or
  - Prentiss enters into a definitive agreement with respect to a Superior Proposal;

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- Brandywine terminates the merger agreement because there is a breach of any representation, warranty, covenant or agreement by Prentiss which prevents the satisfaction of the conditions to Brandywine's obligation to consummate the REIT Merger and such breach is not reasonably likely to have been able to be cured or shall not have been cured within 20 days following notice of breach or by April 1, 2006; or
- Brandywine or Prentiss terminates the merger agreement because it has not been consummated by April 1, 2006 and Prentiss' breach of any obligation under the merger agreement is the primary cause of the failure of the REIT Merger to occur on or before that date.

***Payments to Prentiss***

Brandywine has agreed to pay Prentiss an alternate termination fee of \$12.5 million if any of the following events occur:

- Brandywine or Prentiss terminates the merger agreement because approval for the issuance of the Brandywine common shares is not have obtained by the required vote of the Brandywine common shareholders and approval for the merger agreement, the REIT Merger and the related transactions is obtained by the required vote of the Prentiss common shareholders; or
- Prentiss terminates the merger agreement because Brandywine fails to call or hold the special meeting of its shareholders to vote on issuance of the Brandywine common shares to be issued under and as contemplated by the merger agreement;
- Brandywine or Prentiss terminates the merger agreement because it has not been consummated by April 1, 2006 and Brandywine's breach of any obligation under the merger agreement is the primary cause of the failure of the REIT Merger to occur on or before that date.

In addition to the alternate termination fee, Brandywine has agreed to pay Prentiss' out-of-pocket expenses up to \$6,000,000 (including all fees and expenses of counsel, accountants, investment bankers, experts and consultants but excluding an identified amount incurred by Prentiss in connection with a specified loan deposit discussed below and which shall be payable in addition to the \$6,000,000 in the circumstance provided below) incurred in connection with the merger agreement and the transactions contemplated thereby if any of the following events occur:

- Prentiss terminates the merger agreement because there is a breach of any representation, warranty, covenant or agreement by Brandywine prevents satisfaction of the conditions to Prentiss' obligation to close the REIT Merger and such breach was not reasonably likely to have been able to be cured or shall not have been cured within 20 days following notice of breach or by April 1, 2006;

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- Prentiss terminates the merger agreement because Brandywine fails to call or hold the special meeting of its shareholders to vote on issuance of the Brandywine common shares to be issued under and as contemplated by the merger agreement; or
- Brandywine or Prentiss terminates the merger agreement because approval for the issuance of the Brandywine common shares is not obtained by the required vote of the Brandywine; or
- Brandywine or Prentiss terminates the merger agreement because it has not been consummated by April 1, 2006 and Prentiss' breach of any obligation under the merger agreement is the primary cause of the failure of the REIT Merger to occur on or before that date.
- Brandywine would be required to reimburse Prentiss for unrecoverable out-of-pocket expenses and any lost deposits related to Prentiss' termination of a proposed loan related to its Barton Skyway property if the merger agreement is terminated for any reason *other than* the following:
- Brandywine terminates the merger agreement because:
  - the Prentiss board of trustees withdraws or materially modifies its recommendation of the merger agreement or the REIT Merger in a manner adverse to Brandywine or shall have resolved to do so;
  - Prentiss fails to call or hold the special meeting of its shareholders to vote on the REIT Merger and the merger agreement;
  - Prentiss intentionally and materially breaches any of its obligations under the no solicitation covenant; or
  - Prentiss enters into a definitive agreement with respect to a Superior Proposal; or
- Brandywine terminates the merger agreement because there is a breach of any representation, warranty, covenant or agreement by Prentiss which prevents satisfaction of the conditions to Brandywine's obligation to close the REIT Merger and, in the case of a breach of a covenant that is reasonably likely to be able to be cured, such breach is not cured within 20 days following notice of breach or by April 1, 2006; or
- Prentiss terminates the merger agreement because, prior to the approval of the merger agreement, the REIT Merger and the related transactions by the Prentiss common shareholders, the Prentiss board of trustees approves, and Prentiss concurrently enters into, a definitive agreement providing for the implementation of a Superior Proposal.



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Except as provided above or as otherwise provided in the merger agreement, all costs and expenses incurred in connection with the merger agreement will be paid by the party incurring such cost. However, each of Prentiss and Brandywine will pay 50% of any fees and expenses (other than attorneys' and accounting fees and expenses) incurred in connection with the printing, filing and mailing of the registration statement, this joint proxy statement/prospectus and the Prentiss Operating Partnership common unitholder election materials.

**Maximum Fee Amount**

The termination fee or alternate termination fee shall not exceed the sum of (A) the maximum amount that can be paid to the party receiving the termination payment without causing the party receiving the termination payment to fail to meet the requirements of Sections 856(c)(2) and (3) of the Internal Revenue Code determined as if the payment of such amount did not constitute income described in Sections 856(c)(2)(A)-(H) and 856(c)(3)(A)-(I) of the Internal Revenue Code ("Qualifying Income"), as determined by independent accountants to the party receiving the termination payment, and (B) in the event the party receiving the termination payment receives and, prior to the date the termination fee is due to be paid to the party receiving the termination payment, provides a copy to the other party of, an opinion or a letter from outside counsel (the "Termination Fee Tax Opinion") indicating that the party receiving the termination payment has received an opinion of counsel or a ruling from the Internal Revenue Service holding that such party's receipt of the termination fee or alternate termination fee would either constitute Qualifying Income or would be excluded from gross income of Brandywine within the meaning of Sections 856(c)(2) and (3) of the Internal Revenue Code (the "REIT Requirements"), the termination fee or alternate terminate fee less the amount payable under clause (A) above.

In the event that the party receiving the termination payment is not able to receive the full payment on the date the termination fee is due, the other party shall place the amount by which the termination fee or alternate termination fee exceeds the amount paid under clause (y)(A) of the preceding sentence above (the "Unpaid Amount") in escrow and shall not release any portion thereof to the party receiving the termination payment unless and until such party provides the other with either one of the following: (A) a letter from the party receiving the termination payment independent accountants indicating the maximum portion of the Unpaid Amount that can be paid at that time to the party receiving the termination payment without causing such party to fail to meet the REIT Requirements or (B) a Termination Fee Tax Opinion, in either of which events Prentiss shall pay to Brandywine from the escrow the lesser of the Unpaid Amount and, if applicable, the maximum amount stated in the accountants' letter referred to in clause (A) of this sentence. Prentiss' obligation to pay any portion of the Unpaid Amount shall terminate three years from the date of the merger agreement. Amounts remaining in escrow after such obligation terminates shall be released to Prentiss.

**Amendments; Waivers**

Any provision of the merger agreement may be amended before the effective time of the REIT Merger if, but only if, the amendment or waiver is in writing and signed by each party to the merger agreement. However, no amendment may be made after the Prentiss common shareholders have approved the merger agreement, the REIT Merger and the related transactions that requires the approval of the Prentiss common shareholders unless such required approval is obtained.

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At any time prior to the effective time of the REIT Merger, the parties to the merger agreement, by action taken or authorized by their respective boards of trustees (or other similar entity, as the case may be), may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties, (ii) waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant thereto and (iii) waive compliance with any of the agreements or conditions contained in the merger agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. The failure of any party to assert any of its rights under the merger agreement or otherwise shall not constitute a waiver of those rights.

#### **Michael V. Prentiss and Thomas F. August Voting Agreements**

Each of Michael V. Prentiss, Chairman of the Prentiss board of trustees, and Thomas F. August, President and Chief Executive Officer of Prentiss, have entered into a voting agreement with Brandywine and Brandywine Operating Partnership pursuant to which each of Messrs. Prentiss and August has agreed to vote all Prentiss common shares beneficially owned by such Prentiss common shareholder in favor of:

- approval of the merger agreement, the REIT Merger and the related transactions; and
- any incidental matter reasonably determined by Brandywine and Brandywine Operating Partnership to be necessary in order to facilitate consummation of the REIT Merger.

At any meeting of the Prentiss common shareholders, or at any adjournment thereof, or in any other circumstances upon which their vote, consent or other approval is sought, Messrs. Prentiss and August have each agreed to vote (or cause to be voted) all Prentiss common shares that such Prentiss common shareholder beneficially owns against:

- any Takeover Proposal or any action which is a component of any Takeover Proposal;
- any merger agreement or merger (other than the merger agreement with Brandywine or the Mergers), reorganization, recapitalization, dissolution, liquidation or winding up of or by Prentiss;
- any amendment of the Prentiss organizational documents, which amendment would result in a breach of a representation, warranty or covenant of Prentiss under the merger agreement or would in any manner prevent or materially impede, interfere with or delay the merger agreement, the REIT Merger or any of the other transactions contemplated thereby; or
- any other matter that is inconsistent with the prompt consummation of the REIT Merger, the Partnership Merger and the other transactions contemplated by the merger agreement.

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Each of Messrs. Prentiss and August granted and appointed Gerard H. Sweeney and Walter D'Alessio as each holder's sole and exclusive attorneys and proxies, with full power of substitution and re-substitution to vote the Prentiss common shares beneficially owned by Messrs. Prentiss and August at every respective annual, special or adjourned meeting of the Prentiss common shareholders and in every written consent in lieu of such meeting, as to the matters described in the immediately preceding two paragraphs.

Each of Messrs. Prentiss and August has agreed that, other than by operation of law as part of the REIT Merger or the Partnership Merger or in any offer to exchange Prentiss common units, such holder shall not cause or permit any Transfer (as defined below) of any of Prentiss common shares or common units in the Prentiss Operating Partnership to be effected without Brandywine's prior written consent to such Transfer and unless each person to which any of such Prentiss common shares or common units in the Prentiss Operating Partnership, or any interest in any of such Prentiss common shares or common units in the Prentiss Operating Partnership, is or may be Transferred shall have: (a) executed a counterpart of the voting agreement and (b) agreed in writing to hold such Prentiss common shares or common units in the Prentiss Operating Partnership (or interest in such Prentiss common shares or common units in the Prentiss Operating Partnership) subject to all of the terms and provisions of the voting agreement, except that the consent of Brandywine shall not be required for a Transfer to an immediate family member (or trust for the benefit of an immediate family member). A person shall be deemed to have effected a "Transfer" of a security for purposes of the voting agreements if such person directly or indirectly: (i) sells, pledges, encumbers, grants an option with respect to, transfers or disposes of such security or any interest in such security; or (ii) enters into an agreement or commitment providing for the sale of, pledge of, encumbrance of, grant of an option with respect to, transfer of or disposition of such security or any interest therein.

Each of Messrs. Prentiss and August has agreed that such holder shall not, and shall use its reasonable best efforts to cause its affiliates or representatives not to, directly or indirectly (i) solicit, initiate, encourage or take any other action to facilitate (including by the furnishing of information) the submission of any inquiry, proposal or offer from any person (other than Brandywine or its affiliates) relating to, or that could reasonably be expected to lead to, any Takeover Proposal, (ii) agree to, approve or recommend any Takeover Proposal or enter into any agreement with respect to any Takeover Proposal or (iii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any Takeover Proposal; provided, however, that the foregoing prohibitions shall not restrict any holder that is a member of the Prentiss board of trustees or an officer of Prentiss from taking any actions in such capacity to the extent permitted by the merger agreement. Each such holder also agreed to notify Brandywine promptly (but in any event within 24 hours) after receipt or occurrence of (i) any Takeover Proposal, (ii) any request for information with respect to any Takeover Proposal, (iii) any inquiry, proposal, discussions or negotiation with respect to any Takeover Proposal and (iv) the material terms and conditions of any such Takeover Proposal, request for information, inquiry, proposal, discussion or negotiation and the identity of the Person making any such Takeover Proposal, request for information, inquiry or proposal or with whom discussions or negotiations are taking place.

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The voting agreements also contain provisions relating to, among other things, representations and warranties by each unitholder a party thereto and specific enforcement of the voting agreements. The voting agreements terminate upon termination of the merger agreement in accordance with its terms.

#### **Michael V. Prentiss Registration Rights Agreement**

Brandywine, Brandywine Operating Partnership and Michael V. Prentiss entered into a registration rights agreement, effective at the effective time of the REIT Merger, which provides Mr. Prentiss with certain specified rights with respect to the registration under the Securities Act of the securities acquired by him in connection with the Mergers and the transactions contemplated by the merger agreement. Under the terms of the registration rights agreement:

At any time after the closing date of the REIT Merger, Mr. Prentiss may require Brandywine to file a registration statement on Form S-1 or Form S-3 (including a shelf registration statement under Rule 415), and use its reasonable best efforts to cause to become effective as soon thereafter as practicable, with respect to the registrable securities held by Mr. Prentiss or a permitted assignee.

Brandywine also has agreed to use good faith commercially reasonable efforts to file, on or within thirty days following the closing date of the REIT Merger, a shelf registration statement pursuant to Rule 415 under the Securities Act to enable the resale of the registrable securities by Mr. Prentiss or a permitted assignee from time to time on a delayed or continuous basis.

The shelf registration statement shall be filed on Form S-3 and, if Brandywine is eligible, the shelf registration statement shall utilize the newly adopted automatic shelf registration process. Brandywine has agreed to use its reasonable best efforts to maintain its status as a "well known seasoned issuer" as defined in the recent release describing the newly adopted automatic shelf registration process. If Brandywine is not a "well known seasoned issuer" or is otherwise ineligible to utilize the automatic shelf registration process, then Parent shall use its reasonable best efforts to have the Shelf Registration Statement declared effective under the Securities Act as expeditiously as practicable. Brandywine will use its reasonable best efforts to maintain the effectiveness of the Shelf Registration Statement, including by filing any necessary post-effective amendments and prospectus supplements, or, alternatively, by filing new registration statements relating to the registrable Prentiss common shares as required by Rule 415 under the Securities Act to permit the disposition of all registrable Prentiss common shares pursuant hereto until the earliest date on which (i) all registrable Prentiss common shares registered pursuant to the shelf registration statement or any successors thereto have been sold or (ii) all registrable Prentiss common shares may be sold pursuant to Rule 144(k) under the Securities Act ("Effectiveness Period"). If Brandywine registers all of the registrable Prentiss common shares on a shelf registration statement and maintains the effectiveness of the shelf registration, and otherwise satisfies its obligations under registration rights agreement in all material respects, neither Mr. Prentiss nor any permitted assignee will be permitted to exercise any demand registration rights provided in the registration rights agreement. All of these registration rights are subject to customary conditions and limitations.

[Back to Contents](#)**THE PRUDENTIAL ACQUISITION AND RELATED AGREEMENTS**

The merger agreement and related Prudential Acquisition transaction documents (which includes a master agreement by and between Brandywine Operating Partnership and Prudential and a Prudential asset purchase agreement by and among Prentiss, Prentiss Operating Partnership and Prudential which are summarized below) provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of the Prudential Properties. The Prudential Properties contain an aggregate of approximately 4.32 million net rentable square feet for total consideration, payable in cash and through assumption of debt, of approximately \$747.7 million.

Whether Prudential acquires the Prudential Properties on the closing date of the REIT Merger or on the day prior to the closing date depends on whether Brandywine has received a private letter ruling from the IRS, on or before the business day which is ten business days prior to the special meetings, that confirms that the REIT Merger will (i) be treated for Federal income taxes as a taxable sale of assets by Prentiss, immediately followed by a taxable liquidation of Prentiss under Section 331 of the Internal Revenue Code or (ii) that the REIT Merger and the related transactions do not constitute a reorganization as defined in Section 368(a) of the Internal Revenue Code.

If the private letter ruling described above is not obtained, Prudential will acquire the Prudential Properties on the day prior to the closing of the REIT Merger, Prentiss will cause Prentiss Operating Partnership to authorize a distribution payable to holders of Prentiss Operating Partnership common units on such date and the Prentiss board of trustees would, on such date, declare the Special Dividend that would be payable to holders of Prentiss common shares of record on such date and the cash portion of the per share REIT Merger consideration would be reduced by the per share amount of the Special Dividend and the conversion ratio applicable to the Partnership Merger would be reduced. The amount of the Prentiss Operating Partnership distribution, if authorized, and the Special Dividend, if declared, will be funded from net cash proceeds of the Prudential Acquisition.

If the private letter ruling described above is obtained, Prudential will acquire the Prudential Properties on the closing date of the REIT Merger, no Special Dividend will be declared and the cash portion of the per share REIT Merger consideration will not be reduced and the conversion ratio applicable to the Partnership Merger will not be reduced. Under this scenario, prior to the closing date, Prudential will contribute approximately \$747.7 million to Brandywine Cognac I, LLC in exchange for an interest in such entity. This cash will be used to fund a portion of the cash consideration payable in the REIT Merger. After the Mergers are consummated, Prudential's interest in Brandywine Cognac I, LLC will be exchanged for the Prudential Properties.

The table below identifies the Prudential Properties.

**Washington, D.C.**

<b>Prudential Property</b>	<b>Location</b>	<b>Net Rentable Square Feet</b>
AMS BUILDING	12601 Fair Lakes Circle Fairfax, VA	263,990
WILLOW OAKS I-II	8260 & 8280 Willow Oaks Corp Drive Fairfax, VA	387,469
WILLOW OAKS III	8270 Willow Oaks Corp Drive Fairfax, VA	182,605
<b>Total</b>		<b>834,066</b>

**Southern California**

<b>Prudential Property</b>	<b>Location</b>	<b>Net Rentable Square Feet</b>
PLAZA I	Palomar Oaks Way Carlsbad, CA	43,389
PLAZA II	Palomar Oaks Way Carlsbad, CA	45,645
LA INDUSTRIAL	Torrance, CA	1,252,708
DEL MAR GATEWAY	11988 El Camino Real San Diego, CA	163,969

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EXECUTIVE CENTER DEL MAR	El Camino Real San Diego, CA	113,102
HIGH BLUFF RIDGE AT DEL MAR	High Bluff Drive Del Mar, CA	157,859
CARLSBAD PACIFICA	5050 Avinida Encinas Carlsbad, CA	49,080
CARLSBAD I-III	701, 703 & 705 Palomar Airport Road Carlsbad, CA	129,997
CAMPUS OFFICE	La Place Court Carlsbad, CA	45,173
CAMPUS INDUSTRIAL	La Place Court Carlsbad, CA	112,713
DEL CAMPO	16868 Via del Campo Court Rancho Bernardo, CA	86,952
PACIFIC CORPORATE CENTER	5993 Avenida Encinas Carlsbad, CA	68,177
<b>Total</b>		<b>2,268,762</b>

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<b>Prudential Property</b>	<b>Location</b>	<b>Net Rentable Square Feet</b>
LAKE MERRIT TOWER	Lake Merritt Tower I Oakland, CA	204,277
5500 GREAT AMERICA PARKWAY	5500 Great America Parkway Santa Clara, CA	219,721
5480 GREAT AMERICA PARKWAY	5480 Great America Parkway Santa Clara, CA	87,329
<b>Total</b>		<b>511,327</b>

**Denver**

<b>Prudential Property</b>	<b>Location</b>	<b>Net Rentable Square Feet</b>
HIGHLAND COURT	9000 East Nichols Engelwood, CO	92,866
PACIFICARE	6455 South Yosemite St. Engelwood, CO	198,365
CARRARA PL	6200 South Syracuse Way Engelwood, CO	234,222
ORCHARD I & II	Greenwood Plaza Blvd Engelwood, CO	105,779
PANORAMA	9200 East Mineral Avenue Engelwood, CO	79,175
<b>Total</b>		<b>710,407</b>

**Land**

<b>Prudential Property</b>	<b>Location</b>	<b>Buildable Square Feet</b>
GATEWAY AT TORREY HILLS	Located in Del Mar Heights San Diego, CA	200,000
GREAT AMERICAN PARKWAY	Adjacent to 5500 Great America Parkway Santa Clara, CA	230,000
<b>Total</b>		<b>430,000</b>

**Total Square Feet**

<b>Total</b>	<b>4,754,562</b>
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Neither Brandywine or Prentiss is affiliated with Prudential and the terms of the respective agreements with Prudential were determined by arm's-length negotiation.

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### **The Master Agreement and the Prudential Purchase Agreement**

The following is a summary description of the material provisions of the master agreement and the Prudential purchase agreement. This summary is qualified in its entirety by reference to the complete text of the master agreement and the Prudential purchase agreement which are attached as Annex B and Annex C, respectively, to this joint proxy statement/prospectus which are incorporated by reference herein.

Concurrently with the execution and delivery of the merger agreement, Brandywine entered into the master agreement with Prudential and Prentiss entered into the Prudential purchase agreement with Prudential. The master agreement provides for the acquisition by Prudential of the Prudential Properties if Brandywine receives the private letter ruling, and the Prudential purchase agreement provides for the acquisition by Prudential of the Prudential Properties if Brandywine does not receive the private letter ruling. Prudential will pay the same purchase price, and will acquire the same assets, whether Prudential's acquisition occurs pursuant to the master agreement or the Prudential purchase agreement

The master agreement also provides for:

- Prudential's payment of state and local transfer taxes associated with the transfer of the Prudential Properties up to the amount that Prudential would have paid if it acquired the Prudential Properties from Prentiss pursuant to the Prudential purchase agreement;
- Prudential's engagement of Brandywine to lease and manage all of the Prudential Properties (other than Denver) after the Mergers;
- Prudential's payment to Brandywine of \$5 million on account of transaction costs of the Mergers;
- Prudential's approval rights over waivers under the merger agreement pending consummation of the closings of the Mergers;
- supplemental title, survey and other property-level due diligence on the Prentiss portfolio and the sharing by Brandywine and Prudential of eligible remediation costs relating to matters identified through this diligence; and
- the sharing by Brandywine and Prudential of termination fees and expenses pursuant to the merger agreement.

The master agreement also provides Prudential with a limited right to change the composition of the portfolio of Prudential Properties. Generally, Prudential's right to change the composition of the portfolio, either by electing not to purchase a property, or to substitute a property for another Prentiss property, is subject to the occurrence of an uncured adverse change at a property and is limited to properties that have, in aggregate, an agreed upon value of \$150 million.

The master agreement also provides for representations and warranties in favor of Prudential regarding the Prudential Properties and closing pro rations.

The Prudential purchase agreement will become effective only if the private letter ruling is not obtained and all conditions to the REIT Merger have been satisfied or waived. If the Prudential purchase agreement becomes effective then Prentiss will transfer the Prudential Properties to Prudential on the day prior to the closing of the REIT Merger, with the rights and obligations otherwise applicable to Prudential in the master agreement continuing to be applicable.



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## **MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGERS**

The following is a general discussion of certain material U.S. federal income tax consequences of the REIT Merger and the Partnership Merger. The portion of this discussion pertaining to the REIT Merger is limited to “U.S. Shareholders” and “Non-U.S. Shareholders” who hold their Prentiss common shares and Prentiss Series D Cumulative Convertible Redeemable Preferred Shares, and who will hold their Brandywine common shares and Brandywine Series E Cumulative Convertible Redeemable Preferred Shares received in the REIT Merger, as capital assets for U.S. federal income tax purposes (in general, as an asset held for investment). The portion of this discussion pertaining to the Partnership Merger is limited to “U.S. Unitholders.”

For the purpose of this discussion, a “U.S. Shareholder” is a Prentiss shareholder that participates in the REIT Merger and that is (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. fiduciaries have the authority to control all substantial decisions relating to the trust or a trust that has a valid election in effect under application U.S. federal income tax law to be treated as a United States person. A “Non-U.S. Shareholder” is a Prentiss shareholder that participates in the REIT Merger other than a U.S. Shareholder. A “U.S. Unitholder” is a holder of common units in the Prentiss Operating Partnership that participates in the Partnership Merger and that is described in one of the categories of persons set forth above in clauses (i), (ii), (iii) or (iv) of the definition of U.S. Shareholder.

This discussion considers neither the specific facts and circumstances that may be relevant to a particular shareholder or unitholder nor any U.S. state and local or non-U.S. tax consequences of the REIT Merger or the Partnership Merger. Moreover, except as provided herein, this discussion does not address special situations, such as the following:

- tax consequences to shareholders or unitholders who may be subject to special tax treatment, such as tax-exempt entities, dealers in securities or currencies, banks, other financial institutions or “financial services entities,” insurance companies, regulated investment companies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, certain expatriates or former long-term residents of the United States or corporations that accumulate earnings to avoid U.S. federal income tax;
- tax consequences to persons holding Prentiss common shares, Prentiss Series D Cumulative Convertible Redeemable Preferred Shares or common units in the Prentiss Operating Partnership as part of a hedging, integrated, constructive sale or conversion transaction or a straddle or other risk reduction transaction; and

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- tax consequences to partnerships or similar pass-through entities or to persons who hold Prentiss common shares, Prentiss Series D Cumulative Convertible Redeemable Preferred Shares or common units in the Prentiss Operating Partnership through a partnership or similar pass-through entity.

If a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holds Prentiss common shares, Prentiss Series D Cumulative Convertible Redeemable Preferred Shares or common units in the Prentiss Operating Partnership, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Such partners are urged to consult their tax advisors. This discussion is based upon current provisions of the Internal Revenue Code, existing and proposed regulations thereunder and current administrative rulings and court decisions, all as in effect on the date hereof. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

ALL SHAREHOLDERS AND UNITHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE REIT MERGER AND THE PARTNERSHIP MERGER INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS TO THEIR PARTICULAR CIRCUMSTANCES.

### **Tax Consequences of the REIT Merger □ General**

#### ***The Private Letter Ruling***

Pursuant to the merger agreement, Brandywine agreed to apply for, and use its reasonable best efforts to obtain, a private letter ruling from the IRS that (i) confirms that the REIT Merger in the form of the Forward REIT Merger will not be treated as a tax-free reorganization under Section 368 of the Code and (ii) confirms that the REIT Merger in the form of the Forward REIT Merger will be treated for Federal income tax purposes as (x) a taxable sale of assets by Prentiss, immediately followed by (y) a taxable liquidation of Prentiss under Section 331 of the Code.

Brandywine is requesting the ruling in order to provide certainty that the Forward REIT Merger and sale of Prudential Properties to Prudential does not result in multiple layers of tax on the transaction and does not jeopardize the REIT status of Brandywine. If the private letter ruling is received, then the REIT Merger will take the form of the Forward REIT Merger. If the private letter ruling is not received, then the REIT Merger will take the form of the Reverse REIT Merger, and Prentiss will declare the Special Dividend to Prentiss common shareholders on the day prior to the Reverse REIT Merger.

Whether the REIT Merger takes the form of the Forward REIT Merger or the Reverse REIT Merger, the REIT Merger will be a fully taxable transaction. The tax consequences of each alternative are set forth below.

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### ***The Forward REIT Merger***

The Forward REIT Merger will be treated for Federal income tax purposes as (x) a taxable sale of assets by Prentiss in exchange for the Merger Consideration, immediately followed by (y) a taxable liquidation of Prentiss under Section 331 of the Code. Prentiss will recognize gain or loss on the taxable sale of its assets. Prentiss will be deemed to liquidate and to distribute the REIT Merger consideration to Prentiss shareholders in liquidation. The liquidating distribution will satisfy Prentiss' requirement to distribute 90% of its REIT taxable income. Brandywine will have a basis in the assets acquired from Prentiss equal to their fair market value and will not recognize gain or loss as a result of the sale of assets to Prudential.

For U.S. Federal income tax purposes, the Forward REIT Merger will be a fully taxable transaction for Prentiss shareholders. U.S. Shareholders of Prentiss will recognize capital gain or loss on the deemed liquidation of Prentiss as described below in "Consequences to U.S. Shareholders of Prentiss of the REIT Merger." Non-U.S. Shareholders of Prentiss will be treated as described below in "Consequences to Non-U.S. Shareholders of Prentiss of the REIT Merger."

### ***The Reverse REIT Merger***

For U.S. Federal income tax purposes, the Reverse REIT Merger will be treated as a fully taxable exchange by Prentiss shareholders of Prentiss shares for the REIT Merger consideration. U.S. Shareholders of Prentiss will recognize capital gain or loss on the taxable exchange of their Prentiss shares as described below in "Consequences to U.S. Shareholders of Prentiss of the REIT Merger." Non-U.S. Shareholders will be treated as described below in "Consequences to Non-U.S. Shareholders of Prentiss of the REIT Merger."

In the Reverse REIT Merger, Prentiss will sell the Prudential Properties to Prudential on the day prior to the closing of the Reverse REIT Merger, and Prentiss will declare the Special Dividend to holders of record of Prentiss common shares on such date. The cash portion of the REIT Merger consideration will be reduced by the per share amount of the Special Dividend. The Special Dividend will be includible in the U.S. Shareholder's taxable income in accordance with the normal rules applicable to dividends received from REITs.

Brandywine will have a basis in the Prentiss shares acquired from Prentiss shareholders equal to their fair market value. The basis of Prentiss in its assets will be the same as the basis prior to the Reverse REIT Merger (i.e., the basis of Prentiss assets will not be stepped up to fair market value). The lack of a basis step up in the Reverse REIT Merger may result in Prentiss recognizing additional taxable gain with respect to a subsequent sale of the Prentiss assets, which would likely increase the amount of taxable distributions paid to Brandywine shareholders. The lack of a basis step up will also reduce the amount of depreciation deductions available to Brandywine following the Mergers, which will likely increase the amount of taxable distributions to shareholders.

In the Reverse REIT Merger, Prentiss will remain in existence. In order to maintain the qualification of Prentiss and Brandywine as REITs, the Brandywine Operating Partnership will be required to cause Prentiss to issue additional shares to satisfy the requirement that shares of a REIT be held by 100 or more persons. The Brandywine Operating Partnership will have a period of 30 days following the REIT Merger to cause Prentiss to issue the shares necessary to meet the 100 shareholder requirement.

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## **Consequences to U.S. Shareholders of Prentiss of the REIT Merger**

### ***General***

In the REIT Merger, which is a fully taxable event for U.S. federal income tax purposes, U.S. Shareholders who own Prentiss common shares will exchange their shares for cash and Brandywine common shares, and U.S. Shareholders who own Prentiss Series D Cumulative Convertible Redeemable Preferred Shares will exchange their shares solely for Brandywine Series E Cumulative Convertible Redeemable Preferred Shares. As a result, each such shareholder will recognize capital gain or loss in the REIT Merger equal to the difference between the fair market value of the consideration received in the REIT Merger and the tax basis in their surrendered Prentiss shares. In general, capital gains and losses arising from the REIT Merger will be long-term if the Prentiss shares surrendered had been held for more than one year as of the effective time of the REIT Merger. U.S. Shareholders who are individuals will generally be subject to a maximum rate of 15% on long-term capital gain arising in the REIT Merger, unless they are subject to the alternative minimum tax, in which case, they may be taxed at a rate of 25% on some or all of their long-term capital gain. A U.S. Shareholder who has held his or her Prentiss common shares for six months or less at the effective time of the REIT Merger, taking into account the holding period rules of Section 246(c)(3) and (4) of the Internal Revenue Code, and who recognizes a capital loss with respect to those shares will be treated as recognizing a long-term, rather than short-term, capital loss to the extent of any capital gain dividends received from Prentiss with respect to those shares. The deductibility of capital losses, in general, is subject to limitations. In the case of shareholders who hold multiple blocks of Prentiss common shares (i.e., the shares were acquired separately at different times and/or different prices), gain or loss must be calculated and accounted for separately for each block of shares.

### ***Basis and Holding Period in Brandywine Shares Received in the REIT Merger***

A Prentiss shareholder's tax basis in the shares of Brandywine received in the REIT Merger (Brandywine common shares or Brandywine Series E Cumulative Convertible Redeemable Preferred Shares, as the case may be) will be equal, for U.S. federal income tax purposes, to the fair market value of such shares on the effective date of the REIT Merger. The holding period with respect to such shares shall commence on the day after the effective date of the REIT Merger. For a discussion of certain material U.S. federal income tax consequences of owning and disposing of shares of such Brandywine common shares, please see "Material Federal Income Tax Consequences Related to the Ownership and Disposition of Brandywine's Common Shares and Series E Cumulative Convertible Redeemable Preferred Shares."

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***Tax Consequences of the Special Dividend***

If the private letter ruling is not obtained, the REIT Merger will take the form of the Reverse REIT Merger. In such event, Prentiss will sell the Prudential Properties to Prudential on the day prior to the closing of the REIT Merger, and Prentiss will declare the Special Dividend to holders of record of Prentiss common shares on such date. The cash portion of the REIT Merger consideration will be reduced by the per share amount of the Special Dividend. The Special Dividend will be includible in the U.S. Shareholder's taxable income in accordance with the normal rules applicable to dividends received from REITs. Prentiss expects that the Special Dividend will be designated in part as a long-term capital gain dividend, and in part as a return of capital dividend. The portion of the Special Dividend that is designated as a long-term capital gain dividend will be taxable to the U.S. Shareholder in part at the rate of 15% and in part at a rate of 25%. The portion of the Special Dividend that is treated as a return of capital dividend will not be taxable but will reduce the U.S. Shareholder's basis in the Prentiss common shares (and to the extent in excess of such basis will be taxable as capital gain). The amount of the basis reduction will increase the amount of capital gain (or reduce the amount of capital loss) recognized by the U.S. shareholder in the Reverse REIT Merger. See "Material Federal Income Tax Consequences Related to the Ownership and Disposition of Brandywine's Common Shares and Series E Cumulative Convertible Redeemable Preferred Shares" Taxation of Taxable U.S. Shareholders."

***A Portion of the Merger Consideration Consists of Common Shares in Brandywine, Which is a REIT***

Brandywine, like Prentiss, has elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code. As a condition to the consummation of the REIT Merger, Pepper Hamilton LLP will deliver an opinion to Prentiss that Brandywine qualifies as a REIT as of the effective time of the REIT Merger. This opinion, however, will not be binding on the Internal Revenue Service or the courts. This opinion will rely on customary representations. If Brandywine did not qualify as a REIT in any of its prior taxable years, Brandywine would be subject to U.S. federal income tax at regular corporate rates and to potentially significant tax liabilities. For a description of the U.S. federal income tax requirements for qualification as a REIT and a summary of certain material consequences of losing REIT status, please see "Material Federal Income Tax Consequences Relating to Brandywine's Taxation as a REIT."

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## **Consequences to Non-U.S. Shareholders of Prentiss of the REIT Merger**

### *Tax Consequences of the REIT Merger*

Non-U.S. Shareholders are generally not subject to U.S. federal income tax on gains from disposition of their Prentiss common shares and Prentiss Series D Cumulative Convertible Redeemable Preferred Shares unless such shares are a "U.S. real property interest" in the hands of such shareholder under the Foreign Investment in Real Property Tax Act of 1980, as amended, which Brandywine refer to in this joint proxy statement/prospectus as FIRPTA. Neither Prentiss common shares nor Prentiss Series D Cumulative Convertible Redeemable Preferred Shares constitute U.S. real property interests subject to tax under FIRPTA if Prentiss is a domestically-controlled REIT, that is, if at all times during the five-year period preceding the consummation of the REIT Merger less than 50% in value of the shares of Prentiss has been held directly or indirectly by Non-U.S. Shareholders. Prentiss believes, based on the available public information, that it is a domestically-controlled REIT. Since Prentiss common shares are publicly traded, however, no assurance can be given that Prentiss is a domestically-controlled REIT. Even if Prentiss is not a domestically-controlled REIT, since Prentiss common shares are regularly traded on an established securities exchange, Prentiss common shares are not a U.S. real property interest subject to tax under FIRPTA to a Non-U.S. Shareholder, unless such shareholder owns, actually or constructively under the attribution rules provided in the Internal Revenue Code, more than 5% of all of the shares of Prentiss common shares outstanding at any time during the shorter of the five-year period preceding the consummation of the transactions contemplated by the REIT Merger or such Non-U.S. Shareholder's holding period. However, as the Prentiss Series D Cumulative Convertible Redeemable Preferred Shares are not regularly traded on an established securities exchange, in the event that Prentiss is not a domestically-controlled REIT, each Non-U.S. Shareholder of Prentiss Series D Cumulative Convertible Redeemable Preferred Shares may be subject to tax under FIRPTA. If Brandywine or the exchange agent subsequently determined that Prentiss may, in fact, not be a domestically-controlled REIT, they may withhold 10% of any consideration to be received in the REIT Merger.

Notwithstanding the foregoing, capital gain not subject to FIRPTA will be taxable to a Non-U.S. Shareholder if, among other conditions, the Non-U.S. Shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year or is a former citizen or long-term resident of the United States subject to special rules that apply to expatriates. Gain from selling the shares may also be taxable to foreign corporations if such gain is effectively connected with their U.S. trade or business. The branch profits tax may also apply to such a foreign corporation's effectively connected income under certain circumstances.

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### *Tax Consequences of the Special Dividend*

If the private letter ruling is not obtained, the REIT Merger will take the form of the Reverse REIT Merger. In such event, Prentiss will sell the Prudential Properties to Prudential on the day prior to the closing of the REIT Merger, and Prentiss will declare the Special Dividend to holders of record of Prentiss common shares on such date. The cash portion of the REIT Merger consideration will be reduced by the per share amount of the Special Dividend. The Special Dividend will be includible in the Non-U.S. Shareholder's taxable income in accordance with the normal rules applicable to dividends received from REITs. Accordingly, the Special Dividend will be subject to a 30% U.S. withholding tax (subject to reduction under applicable treaty). See "Material Federal Income Tax Consequences Related to the Ownership and Disposition of Brandywine's Common Shares and Series E Cumulative Convertible Redeemable Preferred Shares" Taxation of Non-U.S. Shareholders."

### **Backup Withholding**

Under U.S. federal income tax laws, consideration to be received in the REIT Merger may be subject to a 28% backup withholding tax. Backup withholding generally will not apply to payments made to certain exempt recipients, such as a corporation or financial institution or to a shareholder who certifies such shareholder's taxpayer identification number and certain other required information or provides a certificate of foreign status. Backup withholding is not an additional tax. If backup withholding applies, the amount withheld will be allowed as a refund or a credit against such shareholder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service on a timely basis.

### **Consequences to U.S. Unitholders of the Partnership Merger**

#### **General**

Generally, gain or loss is not recognized for U.S. federal income tax purposes upon the contribution of property to a partnership in exchange for interests in the partnership. It is intended, and this discussion assumes, that the Partnership Merger will be treated for U.S. federal income tax purposes as a contribution by the U.S. Unitholders of their common units in the Prentiss Operating Partnership to the Brandywine Operating Partnership in exchange for Class A units in the Brandywine Operating Partnership. Accordingly, U.S. Unitholders that receive Class A units in the Brandywine Operating Partnership pursuant to the Partnership Merger should not recognize gain or loss for U.S. federal income tax purposes upon the consummation of the Partnership Merger.

If and to the extent a U.S. Unitholder chooses to exchange its common units in the Prentiss Operating Partnership for Prentiss common shares (the "Prentiss OP Unit Conversion"), such U.S. Unitholder will recognize gain or loss for U.S. federal income tax purposes equal to the excess of the value of the Prentiss common shares received (increased by such U.S. Unitholder's "share" of liabilities of the Prentiss Operating Partnership, which is discussed below) over its tax basis in the common units exchanged therefor. Such gain or loss generally will constitute long-term capital gain or loss if the holder has held such common units for more than one year, but in certain circumstances (e.g., to the extent of recapture) a portion of any such gain may constitute ordinary income or be taxed at a 25% rate instead of the 15% rate generally applicable to long-term capital gain. Such U.S. Unitholder's initial tax basis in the Prentiss common shares received in the Prentiss OP Unit Conversion will be equal to the fair market value of such shares on the effective date of the Prentiss OP Unit Conversion and such U.S. Unitholder's holding period in those Prentiss common shares shall commence the day after the Prentiss OP Unit Conversion. U.S. Unitholders who choose to convert their common units in the Prentiss Operating Partnership for Prentiss common shares may participate in the REIT Merger like the other Prentiss shareholders, the U.S. federal income tax consequences of which are described above.

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***Basis in Brandywine Operating Partnership Class A Units***

Each U.S. Unitholder will have an initial basis in the Brandywine Operating Partnership Class A units it receives in the Partnership Merger equal to its basis in the Prentiss Operating Partnership common units it contributed to the Brandywine Operating Partnership in exchange therefor. Such basis shall be increased by the U.S. Unitholder's allocable share of income of, and any additional capital contributions of money made (or deemed made) by the U.S. Unitholder to, the Brandywine Operating Partnership, and decreased by the U.S. Unitholder's allocable share of losses of and distributions made (or deemed made) to the U.S. Unitholder by the Brandywine Operating Partnership. For purposes of determining the amount of any contributions to or distributions from the Brandywine Operating Partnership, an increase in a U.S. Unitholder's "share" of liabilities of the Brandywine Operating Partnership or the amount of any liabilities which are treated as assumed by a U.S. Unitholder will be treated as a contribution by such U.S. Unitholder of money to the Brandywine Operating Partnership and a reduction in a U.S. Unitholder's "share" of liabilities and the amount of direct or indirect liabilities to which property (including the Prentiss Operating Partnership common units) contributed by a U.S. Unitholder is subject will be treated as a distribution of money to such U.S. Unitholder. A U.S. Unitholder's "share" of liabilities is determined based on the nature of the liabilities and, in certain cases, the application of a three-tier allocation scheme set forth in applicable Treasury Regulations. Certain potentially adverse tax consequences to a U.S. Unitholder resulting from the application of these rules are described in the next paragraph.

***Potential for Taxable Gain Resulting from Contributions of Prentiss Operating Partnership Common Units and the Reduction of a U.S. Unitholder's Share of Liabilities***

If cash is distributed (including in certain circumstances, distributions of certain "marketable securities" treated as cash distributions) to a partner in any year, including for this purpose any reduction in that partner's share of the liabilities of the partnership, and the distribution exceeds that partner's share of the taxable income of the partnership for that year, the excess will reduce the partner's tax basis in its partnership interests and any distribution, or reduction in liabilities, in excess of such basis will result in taxable gain. To the extent a U.S. Unitholder's net "share" of liabilities is reduced in connection with its contribution of Prentiss Operating Partnership common units to the Brandywine Operating Partnership or is subsequently reduced, such net reductions in liabilities can, depending on the amount of the U.S. Unitholder's other income allocations and remaining tax basis, result in taxable gain to the U.S. Unitholder. Pursuant to a tax protection agreement, Brandywine and the Brandywine Operating Partnership will make available to U.S. Unitholders the opportunity to guaranty indebtedness or enter into similar arrangements providing limited protection from the recognition of such taxable gain. Each U.S. Unitholder is urged to consult with its own tax advisors regarding the potential for recognizing taxable gain as a result of decreases in such U.S. Unitholder's share of liabilities.

***Holding Period in Brandywine Operating Partnership Class A Units***

Each U.S. Unitholder will have an initial holding period in the Brandywine Operating Partnership Class A units it receives in the Partnership Merger equal to the holding period in the Prentiss Operating Partnership common units it contributed to the Brandywine Operating Partnership in exchange therefor.



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***Tax Allocations with Respect to Contributed Prentiss Operating Partnership Common Units***

Pursuant to Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner such that the contributing partner is charged with, or benefits from, the unrealized gain or unrealized loss inherent in such property at the time of the contribution. Because the U.S. Unitholders will have contributed appreciated property (i.e., their Prentiss Operating Partnership common units) to the Brandywine Operating Partnership, allocations with respect to the contributed Prentiss Operating Partnership common units must be made in a manner consistent with Section 704(c) of the Code.

The special allocation rules under Section 704(c) may cause a U.S. Unitholder to recognize taxable income in excess of the cash distributed to such U.S. Unitholder. Pursuant to a tax protection agreement, Brandywine and the Brandywine Operating Partnership have agreed to take (or refrain from taking) certain designated actions that will ameliorate the potential adverse effects to the U.S. Unitholders of the above described allocations under Section 704(c).

***Disposition of Brandywine Operating Partnership Class A Units***

A U.S. Unitholder will recognize gain or loss upon a disposition of its Brandywine Operating Partnership Class A units, including a redemption of such interests or exchange of such interests for common shares of Brandywine, equal to the excess of any cash and the value of any Brandywine common shares or other property received (increased by such U.S. Unitholder's "share" of the liabilities of the Brandywine Operating Partnership) over its tax basis in the interests exchanged or otherwise disposed. Such gain or loss generally will constitute long-term capital gain or loss if the holder has held such Brandywine Operating Partnership Class A units for more than one year, but in certain circumstances (e.g., to the extent of recapture) a portion of any such gain may constitute ordinary income or be taxed at a 25% rate instead of the 15% rate generally applicable to long-term capital gain. A U.S. Unitholder's initial tax basis in any Brandywine common shares received in exchange for Brandywine Operating Partnership Class A units will be equal to the fair market value of such shares on the day received and such U.S. Unitholder's holding period in such shares shall commence on the following day.

***Backup Withholding***

Under U.S. federal income tax laws, consideration to be received in the Partnership Merger and/or the Prentiss OP Unit Conversion may be subject to a backup withholding tax (currently at a rate of 28%). Backup withholding generally will not apply to payments made to certain exempt recipients, such as a corporation or financial institution or to a person who certifies such person's taxpayer identification number and certain other required information or provides a certificate of foreign status. Backup withholding is not an additional tax. If backup withholding applies, the amount withheld will be allowed as a refund or a credit against the U.S. federal income tax liability of the party whose consideration was subject to the backup withholding, provided the required information is furnished to the Internal Revenue Service on a timely basis.

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## **MATERIAL FEDERAL INCOME TAX CONSEQUENCES RELATING TO BRANDYWINE'S TAXATION AS A REIT**

The following discussion describes the material U.S. federal income tax consequences relating to the taxation of Brandywine as a REIT.

The information in this summary is based on the Code, current, temporary and proposed Treasury regulations, the legislative history of the Code, current administrative interpretations and practices of the Internal Revenue Service, including its practices and policies as endorsed in private letter rulings, which are not binding on the Internal Revenue Service, and existing court decisions. Future legislation, regulations, administrative interpretations and court decisions could change current law or adversely affect existing interpretations of current law. Any change could apply retroactively. Brandywine has not obtained any rulings from the Internal Revenue Service concerning the tax treatment of the matters discussed in this summary. Therefore, it is possible that the Internal Revenue Service could challenge the statements in this summary, which do not bind the Internal Revenue Service or the courts, and that a court could agree with the Internal Revenue Service.

On October 22, 2004, President Bush signed into law the American Jobs Creation Act of 2004 (the "Act"). The Act makes a number of changes to the REIT rules in the Code, generally taking effect in the taxable year beginning January 1, 2005. The following summary includes a discussion of the material changes made by the Act.

**ALL SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE CONSEQUENCES OF BRANDYWINE'S TAXATION AS A REIT AND THE POTENTIAL CONSEQUENCES OF BRANDYWINE'S FAILURE TO MEET REIT QUALIFICATION REQUIREMENTS, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS.**

### **Taxation of Brandywine as a REIT**

Brandywine first elected to be taxed as a REIT for the taxable year ended December 31, 1986, and has operated and expects to continue to operate in such a manner so as to remain qualified as a REIT for Federal income tax purposes. An entity that qualifies for taxation as a REIT and distributes to its shareholders an amount at least equal to 90% of its REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain) plus 90% of its income from foreclosure property (less the tax imposed on such income) is generally not subject to Federal corporate income taxes on net income that it currently distributes to shareholders. This treatment substantially eliminates the "double taxation" (at the corporate and shareholder levels) that generally results from investment in a corporation. However, Brandywine will be subject to Federal income tax as follows:

1. Brandywine will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains.
2. Under certain circumstances, Brandywine may be subject to the "alternative minimum tax" on its items of tax preference, if any.

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3. If Brandywine has net income from prohibited transactions (which are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business) such income will be subject to a 100% tax. See "Sale of Partnership Property."
4. If Brandywine should fail to satisfy the 75% gross income test or the 95% gross income test (as discussed below), and nonetheless has maintained its qualification as a REIT because certain other requirements have been met, Brandywine will be subject to a 100% tax on the net income attributable to the greater of the amount by which Brandywine fails the 75% or 95% test, multiplied by a fraction intended to reflect its profitability.
5. If Brandywine should fail to distribute during each calendar year at least the sum of (1) 85% of its REIT ordinary income for such year, (2) 95% of its REIT capital gain net income for such year, and (3) any undistributed taxable income from prior years, Brandywine would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.
6. If Brandywine has (1) net income from the sale or other disposition of "foreclosure property" (which is, in general, property acquired by Brandywine by foreclosure or otherwise or default on a loan secured by the property) which is held primarily for sale to customers in the ordinary course of business or (2) other nonqualifying income from foreclosure property, Brandywine will be subject to tax on such income at the highest corporate rate.
7. If Brandywine were to acquire any asset from a taxable "C" corporation in a carry-over basis transaction, Brandywine could be liable for specified tax liability inherited from that "C" corporation with respect to that corporation's "built-in gain" in its assets. Built-in gain is the amount by which an asset's fair market value exceeds its adjusted tax basis. Brandywine would not be subject to tax on the built in gain, however, if Brandywine does not dispose of the acquired property within the 10-year period following acquisition of such property.

**Qualification of Brandywine as a REIT**

The Code defines a REIT as a corporation, trust or association:

1. that is managed by one or more trustees or directors;
2. the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
3. that would be taxable as a domestic corporation but for Sections 856 through 859 of the Code;
4. that is neither a financial institution nor an insurance company subject to certain provisions of the Code;
5. the beneficial ownership of which is held by 100 or more persons;
6. during the last half of each taxable year not more than 50% in value of the outstanding shares of which is owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include specified entities);

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7. that makes an election to be taxable as a REIT, or has made this election for a previous taxable year which has not been revoked or terminated, and satisfies all relevant filing and other administrative requirements established by the Internal Revenue Service that must be met to elect and maintain REIT status;
8. that uses a calendar year for federal income tax purposes and complies with the record keeping requirements of the Code and the Treasury Regulations; and
9. that meets other applicable tests, described below, regarding the nature of its income and assets and the amount of its distributions.

Conditions (1) through (4) must be satisfied during the entire taxable year, and condition (5) must be satisfied during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Brandywine has previously issued Common Shares in sufficient proportions to allow Brandywine to satisfy requirements (5) and (6) (the "100 Shareholder" and "five-or-fewer" requirements). In addition, its Declaration of Trust provides restrictions regarding the transfer of its shares that are intended to assist Brandywine in continuing to satisfy the requirements described in conditions (5) and (6) above. See "Description of Shares of Beneficial Interest" Restrictions on Transfer." However, these restrictions may not ensure that Brandywine will, in all cases, be able to satisfy the requirements described in conditions (5) and (6) above. In addition, Brandywine has not obtained a ruling from the Internal Revenue Service as to whether the provisions of its Declaration of Trust concerning restrictions on transfer and conversion of Common Shares to "Excess Shares" will allow Brandywine to satisfy conditions (5) and (6). If Brandywine fails to satisfy such share ownership requirements, its status as a REIT will terminate. However, for taxable years beginning on or after January 1, 2005, the Act provides that if the failure to meet the share ownership requirements is due to reasonable cause and not due to willful neglect, Brandywine may avoid termination of its REIT status by paying a penalty of \$50,000.

To monitor compliance with condition (6) above, a REIT is required to send annual letters to its shareholders requesting information regarding the actual ownership of its shares. If Brandywine complies with the annual letters requirement and do not know or, exercising reasonable diligence, would not have known of its failure to meet condition (6) above, then Brandywine will be treated as having met condition (6) above.

#### **Qualified REIT Subsidiaries**

Brandywine currently has several wholly-owned subsidiaries which are "qualified REIT subsidiaries" and Brandywine may have additional wholly-owned "qualified REIT subsidiaries" in the future. The Code provides that a corporation that is a "qualified REIT subsidiary" shall not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a "qualified REIT subsidiary" shall be treated as assets, liabilities and items of income, deduction and credit of the REIT. A "qualified REIT subsidiary" is a corporation, other than a taxable REIT subsidiary (discussed below), all of the capital stock of which is owned by the REIT and that has not elected to be a "Taxable REIT Subsidiary." In applying the requirements described herein, all of its "qualified REIT subsidiaries" will be ignored, and all assets, liabilities and items of income, deduction and credit of such subsidiaries will be treated as Brandywine's assets, liabilities and items of income, deduction and credit. These subsidiaries, therefore, will not be subject to federal corporate income taxation, although they may be subject to state and local taxation.

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### **Taxable REIT Subsidiaries**

Brandywine currently has several “taxable REIT subsidiaries,” and may have additional taxable REIT subsidiaries in the future. A REIT may hold any direct or indirect interest in a corporation that qualifies as a “taxable REIT subsidiary” as long as the value of the REIT's holdings of taxable REIT subsidiary securities do not exceed 20% of the value of the REIT's total assets. To qualify as a taxable REIT subsidiary, the subsidiary and the REIT must make a joint election to treat the subsidiary as a taxable REIT subsidiary. A taxable REIT subsidiary also includes any corporation (other than a REIT or a qualified REIT subsidiary) in which a taxable REIT subsidiary directly or indirectly owns more than 35% of the total voting power or value. See “Asset Tests” below. A taxable REIT subsidiary will pay tax at regular corporate income rates on any taxable income it earns.

A taxable REIT subsidiary can perform tenant services without causing the REIT to receive impermissible tenant services income under the REIT income tests. However, several provisions regarding the arrangements between a REIT and its taxable REIT subsidiaries ensure that a taxable REIT subsidiary will be subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to a REIT. In addition, a REIT will be obligated to pay a 100% penalty tax on some payments that it receives or on certain expenses deducted by the taxable REIT subsidiary if the economic arrangements between the REIT, the REIT's tenants and the taxable REIT subsidiary are not comparable to similar arrangements among unrelated parties.

### **Ownership of Partnership Interests by a REIT**

A REIT that is a partner in a partnership is deemed to own its proportionate share of the assets of the partnership and is deemed to receive the income of the partnership attributable to such share. In addition, the character of the assets and gross income of the partnership retains the same character in the hands of the REIT. Accordingly, Brandywine's proportionate share of the assets, liabilities and items of income of the Brandywine Operating Partnership are treated as assets, liabilities and items of income of Brandywine for purposes of applying the requirements described herein. Brandywine has control over the Brandywine Operating Partnership and most of the partnership and limited liability company subsidiaries of the Brandywine Operating Partnership and intends to operate them in a manner that is consistent with the requirements for qualification of Brandywine as a REIT.

### **Income Tests**

In order to qualify as a REIT, Brandywine must generally satisfy two gross income requirements on an annual basis. First, at least 75% of Brandywine's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property (including “rents from real property” and, in certain circumstances, interest) or from certain types of temporary investments. Second, at least 95% of Brandywine's gross income (excluding gross income from prohibited transactions) for each taxable year must be derived from the same items which qualify under the 75% gross income test, and from dividends, interest and gain from the sale or disposition of securities.

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Rents received by a REIT will qualify as “rents from real property” in satisfying the gross income requirements described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term “rents from real property” solely by reason of being based on a fixed percentage or percentages of gross receipts or sales. Second, subject to certain limited exceptions, rents received from a tenant will not qualify as “rents from real property” in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant (a “Related Party Tenant”). Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as “rents from real property.” Finally, in order for rents received with respect to a property to qualify as “rents from real property,” the REIT generally must not operate or manage the property or furnish or render services to tenants, except through an “independent contractor” who is adequately compensated and from whom the REIT derives no income, or through a taxable REIT subsidiary. The “independent contractor” requirement, however, does not apply to the extent the services provided by the REIT are “usually or customarily rendered” in connection with the rental of space for occupancy only, and are not otherwise considered “rendered to the occupant.” In addition, a de minimis rule applies with respect to non-customary services. Specifically, if the value of the non-customary service income with respect to a property (valued at no less than 150% of the direct costs of performing such services) is 1% or less of the total income derived from the property, then all rental income except the non-customary service income will qualify as “rents from real property.” A taxable REIT subsidiary may provide services (including noncustomary services) to a REIT's tenants without “tainting” any of the rental income received by the REIT, and will be able to manage or operate properties for third parties and generally engage in other activities unrelated to real estate.

Brandywine does not anticipate receiving rent that is based in whole or in part on the income or profits of any person (except by reason of being based on a fixed percentage or percentages of gross receipts or sales consistent with the rules described above). Brandywine also does not anticipate receiving more than a de minimis amount of rents from any related party tenant or rents attributable to personal property leased in connection with real property that will exceed 15% of the total rents received with respect to such real property.

Brandywine provides services to the properties that Brandywine owns through the Brandywine Operating Partnership, and Brandywine believes that all of such services will be considered “usually or customarily rendered” in connection with the rental of space for occupancy only so that the provision of such services will not jeopardize the qualification of rent from the properties as “rents from real property.” In the case of any services that are not “usual and customary” under the foregoing rules, Brandywine will employ an “independent contractor” or a taxable REIT subsidiary to provide such services.

The Brandywine Operating Partnership may receive certain types of income that will not qualify under the 75% or 95% gross income tests. In particular, dividends received from a taxable REIT subsidiary will not qualify under the 75% test. Brandywine believes, however, that the aggregate amount of such items and other non-qualifying income in any taxable year will not cause Brandywine to exceed the limits on non-qualifying income under either the 75% or 95% gross income tests.

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If Brandywine fails to satisfy one or both of the 75% of 95% gross income tests for any taxable year, Brandywine may nevertheless qualify as a REIT for such year if it is entitled to relief under certain provisions of the Code. These relief provisions will be generally available if (1) the failure to meet such tests was due to reasonable cause and not due to willful neglect, (2) Brandywine has attached a schedule of the sources of its income to its return, and (3) any incorrect information on the schedule was not due to fraud with intent to evade tax. In addition, for taxable years beginning on or after January 1, 2005, the Act provides that Brandywine must also file a disclosure schedule with the IRS after Brandywine determines that Brandywine has not satisfied one of the gross income tests. It is not possible, however, to state whether in all circumstances Brandywine would be entitled to the benefit of these relief provisions. As discussed above in "Taxation of Brandywine as a REIT," even if these relief provisions apply, a tax would be imposed based on the excess net income.

Any gain realized by Brandywine on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business, including Brandywine's share of this type of gain realized by the Brandywine Operating Partnership, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Under existing law, whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances of a particular transaction. Brandywine intends to hold properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning and operating properties, and to make occasional sales of properties as are consistent with its investment objectives. Brandywine cannot provide any assurance, however, that the Internal Revenue Service might not contend that one or more of these sales are subject to the 100% penalty tax.

#### **Asset Tests**

At the close of each quarter of each taxable year, Brandywine must satisfy the following tests relating to the nature of its assets:

First, at least 75% of the value of its total assets must be represented by cash or cash items (which generally include receivables), government securities, "real estate assets" (which generally include interests in real property, interests in mortgages on real property and shares of other REITs), or, in cases where Brandywine receives proceeds from shares of beneficial interest or publicly offered long-term (at least five-year) debt, temporary investments in stock or debt instruments during the one-year period following its receipt of such proceeds.

Second, of the investments not included in the 75% asset class, the value of any one issuer's securities Brandywine owns may not exceed 5% of the value of its total assets ("5% test"); and Brandywine may not own more than 10% of the vote or value of any one issuer's outstanding securities ("10% test"), except for its interests in the Brandywine Operating Partnership, noncorporate subsidiaries, taxable REIT subsidiaries and any qualified REIT subsidiaries, and except (with respect to the 10% value test) certain "straight debt" securities.

Effective for taxable years beginning after December 31, 2000, the Act expands the safe harbor under which certain types of securities are disregarded for purposes of the 10% value limitation to include (i) straight debt securities (including straight debt securities that provides for certain contingent payments); (ii) any loan to an individual or an estate; (iii) any rental agreement described in Section 467 of the Code, other than with a "related person"; (iv) any obligation to pay rents from real property; (v) certain securities issued by a State or any political subdivision thereof, or the Commonwealth of Puerto Rico; (vi) any security issued by a REIT; and (vii) any other arrangement that, as determined by the Secretary of the Treasury, is excepted from the definition of a security. In addition, for purposes of applying the 10% value limitation, (a) a REIT's interest as a partner in a partnership is not considered a security; (b) any debt instrument issued by a partnership is not treated as a security if at least 75% of the partnership's gross income is from sources that would qualify for the 75% REIT gross income test, and (c) any debt instrument issued by a partnership is not treated as a security to the extent of the REIT's interest as a partner in the partnership.

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Third, not more than 20% of the value of its assets may be represented by securities of one or more taxable REIT subsidiaries.

For purposes of the 75% asset test, the term “interest in real property” includes an interest in land and improvements thereon, such as buildings or other inherently permanent structures, including items that are structural components of such buildings or structures, a leasehold of real property, and an option to acquire real property, or a leasehold of real property.

For purposes of the asset tests, Brandywine is deemed to own its proportionate share of the assets of the Brandywine Operating Partnership, any qualified REIT subsidiary, and each noncorporate subsidiary, rather than its interests in those entities. At least 75% of the value of its total assets have been and will be represented by real estate assets, cash and cash items, including receivables and government securities. In addition, except for its interests in the Brandywine Operating Partnership, the noncorporate subsidiaries, another REIT, any taxable REIT subsidiary and any qualified REIT subsidiary, Brandywine has not owned, and will not own (1) securities of any one issuer the value of which exceeds 5% of the value of its total assets, or (2) more than 10% of the vote or value of any one issuer's outstanding securities. Brandywine has not owned, and will not own, securities of taxable REIT subsidiaries with an aggregate value in excess of 20% of the value of its assets.

As noted above, one of the requirements for qualification as a REIT is that a REIT not own more than 10% of the vote or value of any corporation other than the stock of a qualified REIT subsidiary (of which the REIT is required to own all of such stock), a taxable REIT subsidiary and stock in another REIT. The Brandywine Operating Partnership owns all or substantially all of the voting securities of several entities that have elected to be taxed as corporations and are taxable REIT subsidiaries. Brandywine and each taxable REIT subsidiary have jointly made a taxable REIT subsidiary election and, therefore, ownership of such subsidiaries will not violate the 10% test.

Brandywine owns 100% of the common shares of Atlantic American Properties Trust, a Maryland business trust that has elected to be treated as a real estate investment trust (“AAPT”). Provided that AAPT continues to qualify as a REIT (including satisfaction of the ownership, income, asset and distribution tests discussed herein) the common shares of AAPT will qualify as real estate assets under the 75% test. However, if AAPT fails to qualify as a REIT in any year, then the common shares of AAPT will not qualify as real estate assets under the 75% test. In addition, because Brandywine owns more than 10% of the common shares of AAPT, Brandywine would not satisfy the 10% test if AAPT were to fail to qualify as a REIT. Accordingly, Brandywine's qualification as a REIT depends upon the ability of AAPT to continue to qualify as a REIT.

After initially meeting the asset tests at the close of any quarter, Brandywine will not lose its status as a REIT for failure to satisfy the asset tests at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset tests results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter. Brandywine intends to maintain adequate records of the value of its assets to ensure compliance with the asset tests, and to take such other action within 30 days after the close of any quarter as may be required to cure any noncompliance. However, there can be no assurance that such other action will always be successful. If Brandywine fails to cure any noncompliance with the asset tests within such time period, its status as a REIT would be lost.



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For taxable years beginning on or after January 1, 2005, the Act provides relief from certain failures to satisfy the REIT asset tests. If the failure relates to the 5% test or 10% test, and if the failure is de minimis (does not exceed the lesser of \$10 million or 1% of its assets as of the end of the quarter), Brandywine may avoid the loss of its REIT status by disposing of sufficient assets to cure the failure within 6 months after the end of the quarter in which the failure was identified. For failures to meet the asset tests that are more than a de minimis amount, Brandywine may avoid the loss of its REIT status if: the failure was due to reasonable cause, Brandywine files a disclosure schedule at the end of the quarter in which the failure was identified, Brandywine disposes of sufficient assets to cure the failure within 6 months after the end of the quarter, and Brandywine pays a tax equal to the greater of \$50,000 or the highest corporate tax rate multiplied by the net income generated by the non-qualifying assets.

### **Annual Distribution Requirements**

In order to qualify as a REIT, Brandywine is required to distribute dividends (other than capital gain dividends) to its shareholders in an amount at least equal to (1) the sum of (a) 90% of its "REIT taxable income" (computed without regard to the dividends paid deduction and the REIT's net capital gain) and (b) 90% of the net income (after tax), if any, from foreclosure property, minus (2) certain "excess" non-cash income. In addition, if Brandywine disposes of a built-in gain asset during the 10 year period following its acquisition, Brandywine will be required to distribute at least 90% of the built-in gain (after tax), if any, recognized on the disposition of such asset. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before Brandywine timely files its tax return for such year and if paid on or before the first regular dividend payment after such declaration. To the extent that Brandywine does not distribute all of its net capital gain or Brandywine distributes at least 95%, but less than 100%, of its "REIT taxable income," as adjusted, Brandywine will be subject to tax on the undistributed amount at regular corporate tax rates. Furthermore, if Brandywine should fail to distribute during each calendar year at least the sum of (1) 85% of its REIT ordinary income for such year, (2) 95% of its REIT net capital gain income for such year and (3) any undistributed taxable income from prior periods, Brandywine would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

Brandywine intends to make timely distributions sufficient to satisfy the annual distribution requirements. In this regard, the limited partnership agreement of the Brandywine Operating Partnership authorizes Brandywine, as general partner, to operate the partnership in a manner that will enable it to satisfy the REIT requirements and avoid the imposition of any federal income or excise tax liability. It is possible that Brandywine, from time to time, may not have sufficient cash or other liquid assets to meet the 90% distribution requirement due primarily to the expenditure of cash for nondeductible items such as principal amortization or capital expenditures. In order to meet the 90% distribution requirement, Brandywine may borrow or may cause the Brandywine Operating Partnership to arrange for short-term or other borrowing to permit the payment of required distributions or declare a consent dividend, which is a hypothetical distribution to shareholders out of its earnings and profits. The effect of such a consent dividend (which, in conjunction with distributions actually paid, must not be preferential to those shareholders who agree to such treatment) would be that such shareholders would be treated for federal income tax purposes as if they had received such amount in cash, and they then had immediately contributed such amount back to Brandywine as additional paid-in capital. This would result in taxable income to those shareholders without the receipt of any actual cash distribution but would also increase their tax basis in their shares by the amount of the taxable income recognized.

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Under certain circumstances, Brandywine may be able to rectify a failure to meet the distribution requirement for a given year by paying “deficiency dividends” to shareholders in a later year that may be included in Brandywine’s deduction for distributions paid for the earlier year. Thus, Brandywine may be able to avoid being taxed on amounts distributed as deficiency dividends; however, Brandywine will be required to pay to the Internal Revenue Service interest based upon the amount of any deduction taken for deficiency dividends.

### **Failure to Qualify**

For taxable years beginning on or after January 1, 2005, the Act provides relief for many failures to satisfy the REIT requirements. In addition to the relief provisions for failures to satisfy the income and asset tests (discussed above), the Act provides additional relief for other failures to satisfy REIT requirements. If the failure is due to reasonable cause and not due to willful neglect, and Brandywine elects to pay a penalty of \$50,000 for each failure, Brandywine can avoid the loss of its REIT status.

If Brandywine fails to qualify for taxation as a REIT in any taxable year and the relief provisions do not apply, it will be subject to tax (including any applicable corporate alternative minimum tax) on its taxable income at regular corporate rates. Distributions to shareholders in any year in which Brandywine fails to qualify will not be deductible to Brandywine. In such event, to the extent of Brandywine’s current and accumulated earnings and profits, all distributions to shareholders will be taxable to them generally as dividends, and, subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction. Under current law, such dividends should be taxable to individual shareholders at the 15% rate for qualified dividends provided that applicable holding period requirements are met. Unless entitled to relief under specific statutory provisions, Brandywine also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances Brandywine would be entitled to such statutory relief.

### **Income Taxation of the Brandywine Operating Partnership, Subsidiary Partnerships and Their Partners**

The following discussion summarizes certain Federal income tax considerations applicable to Brandywine’s investment in the Brandywine Operating Partnership and the Brandywine Operating Partnership’s subsidiary partnerships and limited liability companies (referred to as the “Subsidiary Partnerships”).

### **Classification of the Brandywine Operating Partnership and Subsidiary Partnerships as Partnerships**

Brandywine owns all of its Properties or the economic interests therein through the Brandywine Operating Partnership. Brandywine will be entitled to include in its income its distributive share of the income and to deduct its distributive share of the losses of the Brandywine Operating Partnership (including the Brandywine Operating Partnership’s share of the income or losses of the Subsidiary Partnerships) only if the Brandywine Operating Partnership and the Subsidiary Partnerships (collectively, the “Partnerships”) are classified for Federal income tax purposes as partnerships rather than as associations taxable as corporations. For taxable periods prior to January 1, 1997, an organization formed as a partnership was treated as a partnership for Federal income tax purposes rather than as a corporation only if it had no more than two of the four corporate characteristics that the Treasury Regulations used to distinguish a partnership from a corporation for tax purposes. These four characteristics were continuity of life, centralization of management, limited liability and free transferability of interests.

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Neither the Brandywine Operating Partnership nor any of the Subsidiary Partnerships requested a ruling from the Internal Revenue Service that it would be treated as a partnership for Federal income tax purposes.

Effective January 1, 1997, Treasury Regulations eliminated the four-factor test described above and, instead, permit partnerships and other non-corporate entities to be taxed as partnerships for federal income tax purposes without regard to the number of corporate characteristics possessed by such entity. Under those Treasury Regulations, both the Brandywine Operating Partnership and each of the Subsidiary Partnerships will be classified as partnerships for federal income tax purposes except for any entity for which an affirmative election is made by the entity to be taxed as a corporation. Under a special transitional rule in the Treasury Regulations, the Internal Revenue Service will not challenge the classification of an existing entity such as the Brandywine Operating Partnership or a Subsidiary Partnership for periods prior to January 1, 1997 if: (1) the entity has a "reasonable basis" for its classification; (2) the entity and each of its members recognized the federal income tax consequences of any change in classification of the entity made within the 60 months prior to January 1, 1997; and (3) neither the entity nor any of its members had been notified in writing on or before May 8, 1996 that its classification was under examination by the Internal Revenue Service. Neither the Brandywine Operating Partnership nor any of the Subsidiary Partnerships changed its classification within the 60 month period preceding May 8, 1996, nor was any one of them notified that its classification as a partnership for federal income tax purposes was under examination by the Internal Revenue Service.

If for any reason the Brandywine Operating Partnership or a Subsidiary Partnership were classified as an association taxable as a corporation rather than as a partnership for Federal income tax purposes, Brandywine would not be able to satisfy the income and asset requirements for REIT status. See "Income Tests" and "Asset Tests." In addition, any change in any such Partnership's status for tax purposes might be treated as a taxable event, in which case Brandywine might incur a tax liability without any related cash distribution. See "Annual Distribution Requirements." Further, items of income and deduction of any such Partnership would not pass through to its partner (e.g., Brandywine), and its partners would be treated as shareholders for tax purposes. Any such Partnership would be required to pay income tax at corporate tax rates on its net income and distributions to its partners would constitute dividends that would not be deductible in computing such Partnership's taxable income.

### **Partnership Allocations**

Although a partnership agreement will generally determine the allocation of income and losses among partners, such allocations will be disregarded for tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder, which require that partnership allocations respect the economic arrangement of the partners.

If an allocation is not recognized for Federal income tax purposes, the item subject to the allocation will be reallocated in accordance with the partners' interests in the partnership, which will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. The Brandywine Operating Partnership's allocations of taxable income and loss are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

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### **Tax Allocations With Respect to Contributed Properties**

Brandywine believes that the fair market values of the properties contributed directly or indirectly to the Brandywine Operating Partnership in various transactions were different than the tax basis of such Properties. Pursuant to Section 704(c) of the Code, items of income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership in exchange for an interest in the partnership must be allocated for Federal income tax purposes in a manner such that the contributor is charged with or benefits from the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of such unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution (the "Pre-Contribution Gain or Loss"). The partnership agreement of the Brandywine Operating Partnership requires allocations of income, gain, loss and deduction attributable to such contributed property to be made in a manner that is consistent with Section 704(c) of the Code. Thus, if the Brandywine Operating Partnership sells contributed property at a gain or loss, such gain or loss will be allocated to the contributing partners, and away from Brandywine, generally to the extent of the Pre-Contribution Gain or Loss.

The Treasury Department has issued final regulations under Section 704(c) of the Code which give partnerships flexibility in ensuring that a partner contributing property to a partnership receives the tax benefits and burdens of any Pre-Contribution Gain or Loss attributable to the contributed property. These regulations permit partnerships to use any "reasonable method" of accounting for Pre-Contribution Gain or Loss. These regulations specifically describe three reasonable methods, including (1) the "traditional method" under current law, (2) the traditional method with the use of "curative allocations" which would permit distortions caused by Pre-Contribution Gain or Loss to be rectified on an annual basis and (3) the "remedial allocation method" which is similar to the traditional method with "curative allocations." The partnership agreement of the Brandywine Operating Partnership permits Brandywine, as general partner, to select one of these methods to account for Pre-Contribution Gain or Loss.

### **Depreciation**

The Brandywine Operating Partnership's assets other than cash consist largely of appreciated property contributed by its partners. Assets contributed to a partnership in a tax-free transaction generally retain the same depreciation method and recovery period as they had in the hands of the partner who contributed them to the partnership. Accordingly, the Brandywine Operating Partnership's depreciation deductions for its real property are based largely on the historic tax depreciation schedules for the properties prior to their contribution to the Brandywine Operating Partnership. The properties are being depreciated over a range of 15 to 40 years using various methods of depreciation which were determined at the time that each item of depreciable property was placed in service. Any depreciable real property purchased by the Partnerships is currently depreciated over 40 years. In certain instances where a partnership interest rather than real property is contributed to the Partnership, the real property may not carry over its recovery period but rather may, similarly, be subject to the lengthier recovery period.

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Section 704(c) of the Code requires that depreciation as well as gain and loss be allocated in a manner so as to take into account the variation between the fair market value and tax basis of the property contributed. Thus, because most of the property contributed to the Brandywine Operating Partnership is appreciated, Brandywine will generally receive allocations of tax depreciation in excess of its percentage interest in the Brandywine Operating Partnership. Depreciation with respect to any property purchased by the Brandywine Operating Partnership subsequent to the admission of its partners, however, will be allocated among the partners in accordance with their respective percentage interests in the Brandywine Operating Partnership.

As described previously, Brandywine, as a general partner of the Brandywine Operating Partnership, may select any permissible method to account for Pre-Contribution Gain or Loss. The use of certain of these methods may result in Brandywine being allocated lower depreciation deductions than if a different method were used. The resulting higher taxable income and earnings and profits, as determined for federal income tax purposes, should decrease the portion of distributions which may be treated as a return of capital. See "□Taxation of Taxable Domestic Shareholders."

### **Basis in Brandywine Operating Partnership Interest**

Our adjusted tax basis in each of the partnerships in which Brandywine has an interest generally (1) will be equal to the amount of cash and the basis of any other property contributed to such partnership by Brandywine, (2) will be increased by (a) its allocable share of such partnership's income and (b) its allocable share of any indebtedness of such partnership, and (3) will be reduced, but not below zero, by its allocable share of (a) such partnership's loss and (b) the amount of cash and the tax basis of any property distributed to Brandywine and by constructive distributions resulting from a reduction in its share of indebtedness of such partnership.

If its allocable share of the loss (or portion thereof) of any partnership in which Brandywine has an interest would reduce the adjusted tax basis of its partnership interest in such partnership below zero, the recognition of such loss will be deferred until such time as the recognition of such loss (or portion thereof) would not reduce its adjusted tax basis below zero. To the extent that distributions to Brandywine from a partnership, or any decrease in its share of the nonrecourse indebtedness of a partnership (each such decrease being considered a constructive cash distribution to the partners), would reduce its adjusted tax basis below zero, such distributions (including such constructive distributions) would constitute taxable income to Brandywine. Such distributions and constructive distributions normally would be characterized as long-term capital gain if its interest in such partnership has been held for longer than the long-term capital gain holding period (currently 12 months).

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### ***Sale of Partnership Property***

Generally, any gain realized by a partnership on the sale of property held by the partnership for more than 12 months will be long-term capital gain, except for any portion of such gain that is treated as depreciation or cost recovery recapture. However, under requirements applicable to REITs under the Code, its share as a partner of any gain realized by the Brandywine Operating Partnership on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of a trade or business will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. See "Taxation of Brandywine as a REIT." Such prohibited transaction income will also have an adverse effect upon its ability to satisfy the income tests for REIT status. See "Income Tests." Whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business is a question of fact that depends on all the facts and circumstances with respect to the particular transaction. A safe harbor to avoid classification as a prohibited transaction exists as to real estate assets held for the production of rental income by a REIT if the following requirements are satisfied: (1) the REIT has held the property for at least four years, (2) aggregate expenditures of the REIT during the four-year period preceding the sale which are includible in basis do not exceed 30% of the net selling price of the property, (3) (a) during the taxable year the REIT has made no more than seven sales of property or, in the alternative, (b) the aggregate of the adjusted bases of all properties sold during the year does not exceed 10% of the adjusted bases of all of the REIT's properties during the year, (4) in the case of property, not acquired through foreclosure or lease termination, the REIT has held the property for not less than four years for the production of rental income, and (5) if the requirement of clause (3) (a) is not satisfied, substantially all of the marketing and development expenditures were made through an independent contractor. Brandywine, as general partner of the Brandywine Operating Partnership, believes that the Brandywine Operating Partnership intends to hold its properties for investment with a view to long-term appreciation, to engage in the business of acquiring, developing, owning, operating and leasing properties and to make such occasional sales of the properties as are consistent with its and the Brandywine Operating Partnership's investment objectives. No assurance can be given, however, that every property sale by the Partnerships will constitute a sale of property held for investment.

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**MATERIAL FEDERAL INCOME TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF BRANDYWINE'S COMMON SHARES AND SERIES E CUMULATIVE CONVERTIBLE REDEEMABLE PREFERRED SHARES**

The following discussion describes the material U.S. federal income tax consequences relating to the ownership and disposition of Brandywine's common shares and Series E Cumulative Convertible Redeemable Preferred Shares.

For the purpose of the following discussion, a "U.S. Shareholder" is a Brandywine shareholder that is (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. fiduciaries have the authority to control all substantial decisions relating to the trust or a trust that has a valid election in effect under application U.S. federal income tax law to be treated as a United States person. A "Non-U.S. Shareholder" is a shareholder of Brandywine other than a U.S. Shareholder.

This discussion considers neither the specific facts and circumstances that may be relevant to a particular shareholder or unitholder nor any U.S. state and local or non-U.S. tax consequences of the REIT Merger or the Partnership Merger. Moreover, except as provided herein, this discussion does not address special situations, such as the following:

- tax consequences to shareholders or unitholders who may be subject to special tax treatment, such as tax-exempt entities, dealers in securities or currencies, banks, other financial institutions or "financial services entities," insurance companies, regulated investment companies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, certain expatriates or former long-term residents of the United States or corporations that accumulate earnings to avoid U.S. federal income tax;
- tax consequences to persons holding Prentiss common shares, Prentiss Series D Cumulative Convertible Redeemable Preferred Shares or common units in the Prentiss Operating Partnership as part of a hedging, integrated, constructive sale or conversion transaction or a straddle or other risk reduction transaction; and
- tax consequences to partnerships or similar pass-through entities or to persons who hold Prentiss common shares, Prentiss Series D Cumulative Convertible Redeemable Preferred Shares or common units in the Prentiss Operating Partnership through a partnership or similar pass-through entity.

If a partnership or other entity taxable as a partnership for U.S. federal income tax purposes holds Prentiss common shares, Prentiss Series D Cumulative Convertible Redeemable Preferred Shares or common units in the Prentiss Operating Partnership, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Such partners are urged to consult their tax advisors. This discussion is based upon current provisions of the Internal Revenue Code, existing and proposed regulations thereunder and current administrative rulings and court decisions, all as in effect on the date hereof. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

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ALL SHAREHOLDERS AND UNITHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE REIT MERGER AND THE PARTNERSHIP MERGER INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX LAWS TO THEIR PARTICULAR CIRCUMSTANCES.

## **Taxation of Taxable U.S. Shareholders**

### ***Taxation of Distributions***

As long as Brandywine qualifies as a REIT, distributions made to Brandywine's taxable U.S. Shareholders out of current or accumulated earnings and profits (and not designated as capital gain dividends or qualified dividend income) will be dividends taxable to such U.S. Shareholders as ordinary income and will not be eligible for the dividends received deduction for corporations. Distributions that are designated as long-term capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed Brandywine's actual net capital gain for the taxable year) without regard to the period for which the U.S. Shareholder has held its shares of beneficial interest. However, corporate shareholders may be required to treat up to 20% of certain capital gain dividends as ordinary income. For calendar years 2003 through 2008, distributions that are designated as qualified dividend income will be taxed at the same rate as long-term capital gains. Brandywine may designate a distribution as qualified dividend income to the extent of (1) qualified dividend income Brandywine receives during the current year (for example, dividends received from a taxable REIT subsidiary), and (2) income on which Brandywine has been subject to corporate level tax during the prior year (for example, undistributed REIT taxable income) less the tax paid on that income. Brandywine expects that ordinary dividends paid by Brandywine generally will not be eligible for treatment as qualified dividend income to any significant extent. Distributions in excess of current and accumulated earnings and profits will not be taxable to a U.S. Shareholder to the extent that they do not exceed the adjusted basis of the shareholder's shares, but rather will reduce the adjusted basis of such shares. To the extent that distributions in excess of current and accumulated earnings and profits exceed the adjusted basis of a U.S. Shareholder's shares, such distributions will be included in income as long-term capital gain (or short-term capital gain if the shares have been held for 12 months or less) assuming the shares are a capital asset in the hands of the shareholder. In addition, any distribution declared by Brandywine in October, November or December of any year payable to a shareholder of record on a specified date in any such month shall be treated as both paid by Brandywine and received by the shareholder on December 31 of such year, provided that the distribution is actually paid by Brandywine not later than the end of January of the following calendar year. Shareholders may not include in their individual income tax returns any of Brandywine's losses.



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### ***Disposition of Shares***

In general, a U.S. Shareholder will recognize capital gain or loss on the disposition of common shares or Series E Cumulative Convertible Redeemable Preferred Shares equal to the difference between the sales price for such shares and the adjusted tax basis for such shares. Gain or loss recognized upon a sale or exchange of common shares or Series E Cumulative Convertible Redeemable Preferred Shares by a U.S. Shareholder who has held such shares for more than one year will be treated as long-term capital gain or loss, respectively, and otherwise will be treated as short-term capital gain or loss. However, any loss upon a sale or exchange of shares by a U.S. Shareholder who has held such shares for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent such shareholder has received distributions from Brandywine required to be treated as long-term capital gain. U.S. Shareholders who realize a loss on the sale or exchange of shares may be required to file IRS Form 8886, Reportable Transaction Disclosure Statement, if the loss exceeds certain thresholds (for individual taxpayers, the threshold is \$2,000,000 for a loss in a single taxable year). U.S. Shareholders should consult with their tax advisors regarding Form 8886 filing requirements.

### ***Application of Passive Activity Rules***

Distributions from Brandywine and gain from the disposition of shares will not be treated as passive activity income and, therefore, U.S. Shareholders will not be able to apply any "passive losses" against such income. Distributions from Brandywine (to the extent they do not constitute a return of capital or capital gain dividends) and, on an elective basis, capital gain dividends and gain from the disposition of shares will generally be treated as investment income for purposes of the investment income limitation.

### **Tax Considerations With Respect to Ownership and Disposition of Brandywine Series E Cumulative Convertible Redeemable Preferred Shares.**

#### ***Constructive Dividends With Respect To Brandywine Series E Cumulative Convertible Redeemable Preferred Shares***

Any increase in the conversion rate of the Brandywine Series E Cumulative Convertible Redeemable Preferred Shares may, depending upon the circumstances, be deemed to be a distribution to holders of such shares. Any deemed distribution will be taxed in the same manner as an actual distribution, as described in "□Taxation of Taxable U.S. Shareholders □ Taxation of Distributions."

#### ***Redemption of Brandywine Series E Cumulative Convertible Redeemable Preferred Shares***

Redemption of all or a portion of a shareholder's Brandywine Series E Cumulative Convertible Redeemable Preferred Shares for cash will, in general, result in the recognition of capital gain or loss. Except as provided below, the rules set forth above with respect to the taxation of capital gains or losses will apply. See "□Taxation of Taxable U.S. Shareholders-Taxation of Distributions □ Disposition of Shares."

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The general rule above applies provided that the redemption (i) is not essentially equivalent to a dividend, (ii) results in a complete termination of such shareholder's interest in Brandywine's common shares (preferred and common) or (iii) is substantially disproportionate with respect to such shareholder (in each case, as determined under U.S. federal income tax principles). In determining whether this requirement is satisfied, Brandywine common shares considered to be owned by a shareholder by reason of certain attribution rules must be taken into account. A redemption is not essentially equivalent to a dividend if the redemption results in a "meaningful reduction" in the shareholders' proportionate interest in the corporation. It may be more difficult for a person who owns, actually or constructively by operation of the attribution rules, any shares of Brandywine common shares to satisfy any of the above requirements, including the requirements that there be a meaningful reduction in the holder's proportionate interest in Brandywine.

If the redemption does not satisfy the above requirements, then the entire amount received (without offset for such shareholder's tax basis in his or her preferred shares redeemed) will be treated as a distribution taxable as described in the subsection titled "[Taxation of Taxable U.S. Shareholders] Taxation of Distributions. In such case, such shareholder's tax basis in his or her redeemed preferred shares will be allocated to his or her remaining common shares in Brandywine, if any.

### ***Conversion of Brandywine Series E Cumulative Convertible Redeemable Preferred Shares***

The conversion of Brandywine Series E Cumulative Convertible Redeemable Preferred Shares into Brandywine common shares is generally a tax-free exchange for U.S. federal income tax purposes. A shareholder's aggregate tax basis in the Brandywine common shares received in the conversion will equal his or her aggregate tax basis in the shares of Brandywine Series E Cumulative Convertible Redeemable Preferred Shares. Also, such shareholder's holding period in the Brandywine common shares received in the conversion will include the holding period such holder had in his or her shares of Brandywine Series E Cumulative Convertible Redeemable Preferred Shares.

### **Backup Withholding and Information Reporting**

In general, Brandywine will report to its U.S. Shareholders and the Internal Revenue Service the amount of distributions paid (unless the U.S. Shareholder is an exempt recipient such as a corporation) during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a shareholder may be subject to backup withholding at the rate of 28% with respect to distributions paid unless such shareholder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules. A shareholder that does not provide Brandywine with his correct taxpayer identification number may also be subject to penalties imposed by the Internal Revenue Service. Any amount paid as backup withholding may be credited against the shareholder's income tax liability. In addition, Brandywine may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to Brandywine. See "[Taxation of Foreign Shareholders."

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### **Taxation of Tax-Exempt Shareholders**

Distributions by Brandywine to a shareholder that is a tax-exempt entity should not constitute “unrelated business taxable income” (“UBTI”), as defined in Section 512(a) of the Code provided that the tax-exempt entity has not financed the acquisition of its shares with “acquisition indebtedness” within the meaning of the Code and the shares are not otherwise used in an unrelated trade or business of the tax-exempt entity.

In the case of a “qualified trust” (generally, a pension or profit-sharing trust) holding shares in a REIT, the beneficiaries of the trust are treated as holding shares in the REIT in proportion to their actuarial interests in the qualified trust, instead of treating the qualified trust as a single individual (the “look-through exception”). A qualified trust that holds more than 10% of the shares of a REIT is required to treat a percentage of REIT dividends as UBTI if the REIT incurs debt to acquire or improve real property. This rule applies, however, only if (1) the qualification of the REIT depends upon the application of the “look through” exception (described above) to the restriction on REIT shareholdings by five or fewer individuals, including qualified trusts (please see “Description of Shares of Beneficial Interest” Restrictions on Transfer”) and (2) the REIT is “predominantly held” by qualified trusts, i.e., if either (a) a single qualified trust holds more than 25% by value of the interests in the REIT or (b) one or more qualified trusts, each owning more than 10% by value, holds in the aggregate more than 50% of the interests in the REIT. The percentage of any dividend paid (or treated as paid) to such a qualified trust that is treated as UBTI is equal to the amount of modified gross income (gross income less directly connected expenses) from the unrelated trade or business of the REIT (treating the REIT as if it were a qualified trust), divided by the total modified gross income of the REIT. A de minimis exception applies where the percentage is less than 5%.

### **Taxation of Non-U.S. Shareholders**

The rules governing United States Federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other shareholders that are not U.S. Shareholders (collectively, “Non-U.S. Shareholders”) are complex and no attempt will be made herein to provide more than a summary of such rules. Prospective Non-U.S. Shareholders should consult with their own tax advisors to determine the impact of Federal, state and local income tax laws with regard to an investment in Brandywine shares, including any reporting requirements.

Distributions made by Brandywine that are not attributable to gain from sales or exchanges by Brandywine of United States real property interests and not designated by Brandywine as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of current or accumulated earnings and profits of Brandywine. Such distributions will ordinarily be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates that tax. However, if income from the investment in Brandywine shares is treated as effectively connected with the Non-U.S. Shareholder's conduct of a United States trade or business, the Non-U.S. Shareholder generally will be subject to a tax at graduated rates, in the same manner as U.S. Shareholders are taxed with respect to such distributions (and may also be subject to the 30% branch profits tax in the case of a shareholder that is a foreign corporation). Brandywine expects to withhold United States income tax at the rate of 30% on the gross amount of any such distributions made to a Non-U.S. Shareholder unless (1) a lower treaty rate applies and the Non-U.S. Shareholder files a W-8BEN (or applicable substitute form) or (2) the Non-U.S. Shareholder files an IRS Form W-8ECI with Brandywine claiming that the distribution is effectively connected income. Distributions in excess of Brandywine's current and accumulated earnings and profits will not be taxable to a shareholder to the extent that such distributions do not exceed the adjusted basis of the shareholder's shares, but rather will reduce the adjusted basis of the shareholder in such shares. To the extent that distributions in excess of current and accumulated earnings and profits exceed the adjusted basis of a Non-Shareholder's shares, such distributions will give rise to tax liability if the Non-U.S. Shareholder would otherwise be subject to tax on any gain from the sale or disposition of its shares, as described below. If it cannot be determined at the time a distribution is made whether or not such distribution will be in excess of current and accumulated earnings and profits, the distributions will be subject to withholding at the same rate as dividends. However, amounts thus withheld are refundable to the shareholder if it is subsequently determined that such distribution was, in fact, in excess of current and accumulated earnings and profits.

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For any year in which Brandywine qualifies as a REIT, except as provided below for certain distributions after January 1, 2005, distributions that are attributable to gain from sales or exchanges by Brandywine of United States real property interests will be taxed to a Non-U.S. Shareholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA"). Under FIRPTA, distributions attributable to gain from sales of United States real property interests are taxed to a Non-U.S. Shareholder as if such gain were effectively connected with a United States business. Individuals who are Non-U.S. Shareholders will be required to report such gain on a U.S. federal income tax return and such gain will be taxed at the normal capital gain rates applicable to U.S. individual shareholders (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals). Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a foreign corporate shareholder not entitled to treaty relief. Brandywine is required by applicable Treasury Regulations to withhold 35% of any distribution that could be designated by Brandywine as a capital gains dividend. The amount is creditable against the Non-U.S. Shareholder's U.S. tax liability.

For distributions after January 1, 2005, the Act provides that distributions attributable to gain from sales or exchanges by Brandywine of United States real property interests are treated as ordinary dividends (not subject to FIRPTA) if the distribution is made to a Non-U.S. Shareholder with respect to any class of stock which is "regularly traded" on an established securities market located in the United States and if the Non-U.S. Shareholder did not own more than 5% of such class of stock at any time during the taxable year. Accordingly, such distributions will generally be subject to a 30% U.S. withholding tax (subject to reduction under applicable treaty) and a Non-U.S. Shareholder will not be required to report the distribution on a U.S. tax return. In addition, the branch profits tax will not apply to such distributions.

Gain recognized by a Non-U.S. Shareholder upon a sale of shares generally will not be taxed under FIRPTA if Brandywine is a "domestically controlled REIT," defined generally as a REIT in which at all times during a specified testing period less than 50% in value of the shares of beneficial interest was held directly or indirectly by foreign persons. It is currently anticipated that Brandywine will be a "domestically controlled REIT," and therefore the sale of shares by a Non-U.S. Shareholder will not be subject to taxation under FIRPTA. However, because the shares may be traded, Brandywine cannot be sure that Brandywine will continue to be a "domestically controlled REIT." Gain not subject to FIRPTA will be taxable to a Non-U.S. Shareholder if (1) investment in the shares is effectively connected with the Non-U.S. Shareholder's United States trade or business, in which case the Non-U.S. Shareholder will be subject to the same treatment as U.S. Shareholders with respect to such gain or (2) the Non-U.S. Shareholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains. If the gain on the sale of shares were to be subject to taxation under FIRPTA, the Non-U.S. Shareholder would be subject to the same treatment as U.S. Shareholders with respect to such gain (subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals).

If Brandywine were not a domestically controlled REIT, a sale of common shares by a Non-U.S. Shareholder would not be subject to taxation under FIRPTA as a sale of a U.S. real property interest if (1) Brandywine's preferred shares or common shares were "regularly traded" on an established securities market within the meaning of applicable Treasury regulations and (2) the Non-U.S. Shareholder did not actually, or constructively under specified attribution rules under the Code, own more than 5% of Brandywine's preferred shares or common shares at any time during the shorter of the five-year period preceding the disposition or the holder's holding period.

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Even if Brandywine's common shares were not regularly traded on an established securities market, a Non-U.S. Shareholder would not be subject to taxation under FIRPTA as a sale of a U.S. real property interest if such Non-U.S. Shareholder's common shares had a fair market value on the date of acquisition that was equal to or less than 5% of Brandywine's regularly traded class of shares with the lowest fair market value. For purposes of this test, if a Non-U.S. Shareholder acquired shares of common shares and subsequently acquired additional shares at a later date, then all such shares would be aggregated and valued as of the date of the subsequent acquisition.

### **Statement of Share Ownership**

Brandywine is required to demand annual written statements from the record holders of designated percentages of Brandywine's shares disclosing the actual owners of the shares. Brandywine must also maintain, within the Internal Revenue District in which it is required to file its federal income tax return, permanent records showing the information Brandywine has received as to the actual ownership of such shares and a list of those persons failing or refusing to comply with such demand.

### **Other Tax Consequences**

Brandywine, the Brandywine Operating Partnership, the Subsidiary Partnerships and Brandywine's shareholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of Brandywine, the Brandywine Operating Partnership, the Subsidiary Partnerships and Brandywine's shareholders may not conform to the Federal income tax consequences discussed above. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in Brandywine's securities.

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## DESCRIPTION OF BRANDYWINE SHARES OF BENEFICIAL INTEREST

*The following paragraphs summarize provisions of Brandywine's shares of beneficial interest. This summary does not completely describe Brandywine's shares of beneficial interest. For a complete description of Brandywine's shares of beneficial interest, we refer you to Brandywine's Declaration of Trust and Bylaws, each of which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 5.*

### General

Brandywine's Declaration of Trust provides that it is authorized to issue up to 220,000,000 shares of beneficial interest (which we refer to as shares) consisting of 200,000,000 common shares, par value \$.01 per share, which are referred to in this joint proxy statement/prospectus as Brandywine's "common shares," and 20,000,000 preferred shares, par value \$.01 per share, which are referred to in this joint proxy statement/prospectus as Brandywine's "preferred shares." Of the preferred shares, 2,000,000 preferred shares, designated as 7.50% Series C Cumulative Redeemable Preferred Shares, are issued and outstanding and are referred to in this joint proxy statement/prospectus as the Series C Preferred Shares, and an additional 2,300,000 preferred shares, designated as 7.375% Series D Cumulative Redeemable Preferred Shares, are issued and outstanding and are referred to in this joint proxy statement/prospectus as the Series D Preferred Shares.

In addition, if any Prentiss Series D preferred shares remain outstanding at the effective time of the REIT Merger, Brandywine intends to designate a class of preferred shares as Series E Cumulative Redeemable Preferred Shares (referred to as Brandywine Series E preferred shares) into which each such Prentiss Series D Preferred Share shall be converted. The Brandywine Series E preferred shares will have preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption thereof identical to those of the Prentiss Series D Preferred Shares in all material respects. It is currently anticipated that Series E preferred shares will only be designated by Brandywine if the REIT Merger closing date is after December 26, 2005, the date on which Prentiss may redeem the Series D Preferred Shares.

As of the date of this joint proxy statement/prospectus, 56,179,075 common shares, 2,000,000 Series C Preferred Shares and 2,300,000 Series D Preferred Shares are issued and outstanding.

Brandywine's Declaration of Trust generally may be amended by its board of trustees, without shareholder approval, to increase or decrease the aggregate number of authorized shares or the number of shares of any class. The authorized common shares and undesignated preferred shares are generally available for future issuance without further action by Brandywine's shareholders, unless such action is required by applicable law, the rules of any stock exchange or automated quotation system on which Brandywine's securities may be listed or traded or pursuant to the preferential rights of the Series C Preferred Shares or the Series D Preferred Shares. Holders of Series C Preferred Shares and Series D Preferred Shares have the right to approve certain additional issuances of preferred shares, such as shares that would rank senior to the Series C Preferred Shares or the Series D Preferred Shares as to distributions or upon liquidation.

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Both Maryland statutory law governing real estate investment trusts formed under Maryland law (the “Maryland REIT Law”) and Brandywine’s Declaration of Trust provide that none of its shareholders will be personally liable, by reason of status as a shareholder, for any of its obligations. Brandywine’s Bylaws further provide that it will indemnify any shareholder or former shareholder against any claim or liability to which such shareholder may become subject by reason of being or having been a shareholder, and that Brandywine shall reimburse each shareholder who has been successful, on the merits or otherwise, in the defense of a proceeding to which the shareholder has been made a party by reason of status as such for all reasonable expenses incurred by the shareholder in connection with any such claim or liability.

Brandywine’s Declaration of Trust provides that, subject to the provisions of any class or series of preferred shares then outstanding and to the mandatory provisions of applicable law, its shareholders are entitled to vote only on the following matters:

- election or removal of trustees;
- amendment of the Declaration of Trust (other than an amendment to increase or decrease the number of authorized shares or the number of shares of any class);
- a determination by the board of trustees to cause Brandywine to invest in commodities contracts (other than interest rate futures intended to hedge against interest rate risk), engage in securities trading (as compared to investment) activities or hold properties primarily for sale to customers in the ordinary course of business; and
- Brandywine’s merger with another entity.

Except with respect to these matters, no action taken by Brandywine’s shareholders at any meeting binds the board of trustees.

## Shares

### ***Common Shares of Beneficial Interest***

Each outstanding Brandywine common share entitles the holder to one vote on all matters submitted to a vote of shareholders, including the election of trustees. There is no cumulative voting in the election of trustees. The Brandywine common shareholders vote as single class. In the future, Brandywine may issue a series of preferred shares that votes together with the Brandywine common shares as a single class. Holders of Brandywine’s outstanding preferred shares have voting rights only under limited circumstances and, in such circumstances, vote in a class separate from the Brandywine common shareholders. See “Preferred Shares of Beneficial Interest.” Subject to (1) the preferential rights of the Series C Preferred Shares and the Series D Preferred Shares and (2) such preferential rights as may be granted by the Brandywine board of trustees in future issuances of additional series of preferred shares, holders of Brandywine common shares are entitled to such distributions as may be authorized from time to time by the Brandywine board of trustees and declared by Brandywine out of funds legally available therefor.

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Holders of Brandywine common shares have no conversion, exchange or redemption rights or preemptive rights to subscribe to any Brandywine securities. All outstanding Brandywine common shares are fully paid and nonassessable. In the event of any liquidation, dissolution or winding-up of Brandywine's affairs, subject to (1) the preferential rights of the Brandywine Series C Preferred Shares and the Brandywine Series D Preferred Shares and (2) such preferential rights as may be granted by the board of trustees in future issuances of additional series of preferred shares, holders of Brandywine common shares will be entitled to share ratably in any of Brandywine's assets remaining after provision for payment of liabilities to creditors. All Brandywine common shares have equal dividend, distribution, liquidation and other rights.

Brandywine's common shares are listed on the New York Stock Exchange under the symbol "BDN." The transfer agent and registrar for the common shares is currently Computershare Limited.

### ***Preferred Shares of Beneficial Interest***

Brandywine's Declaration of Trust authorizes it to issue up to 20,000,000 preferred shares, par value \$0.01 per share. The Declaration of Trust generally may be amended by the board of trustees, without shareholder approval, to increase or decrease the aggregate number of authorized shares or the number of shares of any class.

The holders of the Series C Preferred Shares and Series D Preferred Shares do not have voting rights, except (1) with respect to actions which would have a material adverse effect on holders of such shares, or (2) in the event that Brandywine fails to pay quarterly distributions for six or more quarters to the holders of Series C Preferred Shares or Series D Preferred Shares. If the conditions specified in clause (2) exist, then those holders will have the right, voting together as a single class with any other series of Brandywine's preferred shares ranking on a parity with the Series C Preferred Shares and Series D Preferred Shares and upon which like voting rights have been conferred, to elect two additional members to Brandywine's board of trustees.

If Brandywine issues preferred shares, the shares will be fully paid and non-assessable. Prior to the issuance of a new series of preferred shares, Brandywine will file, with the State Department of Assessments and Taxation of Maryland, Articles Supplementary that will become part of Brandywine's Declaration of Trust and that will set forth the terms of the new series.

### ***Restrictions on Transfer***

In order for Brandywine to qualify as a REIT under the Internal Revenue Code, not more than 50% in value of its outstanding shares may be owned, directly or indirectly, by five or fewer individuals (defined in the Internal Revenue Code to include certain entities such as qualified pension plans) during the last half of a taxable year and shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of twelve months (or during a proportionate part of a shorter taxable year).

Because Brandywine's board of trustees believes it is at present important for it to continue to qualify as a REIT, the Declaration of Trust, subject to certain exceptions, contains provisions that restrict the number of shares that a person may own and that are designed to safeguard Brandywine against an inadvertent loss of REIT status. In order to prevent any shareholder from owning shares in an amount that would cause more than 50% in value of the outstanding shares to be held by five or fewer individuals, the board of trustees, pursuant to authority granted in Brandywine's Declaration of Trust, has passed a resolution that, subject to certain exceptions, provides that no person may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% in value of the outstanding shares. This limitation is referred to in this joint proxy statement/prospectus as the "ownership limit." Brandywine's board of trustees, subject to limitations, retains the authority to effect additional increases to, or establish exemptions from, the ownership limit.



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In addition, pursuant to Brandywine's Declaration of Trust, no purported transfer of shares may be given effect if it would result in ownership of all of the outstanding shares by fewer than 100 persons (determined without any reference to the rules of attribution) or result in Brandywine being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code. These restrictions are referred to in this joint proxy statement/prospectus as the "ownership restrictions." In the event of a purported transfer or other event that would, if effective, result in the ownership of shares in violation of the ownership limit or the ownership restrictions, such transfer would be deemed void and such shares automatically would be exchanged for "excess shares" authorized by the Declaration of Trust, according to rules set forth in the Declaration of Trust, to the extent necessary to ensure that the purported transfer or other event does not result in the ownership of shares in violation of the ownership limit or the ownership restrictions.

Holders of excess shares are not entitled to voting rights (except to the extent required by law), dividends or distributions. If, after the purported transfer or other event resulting in an exchange of shares for excess shares and prior to the discovery by Brandywine of such exchange, dividends or distributions are paid with respect to shares that were exchanged for excess shares, then such dividends or distributions would be repayable to Brandywine upon demand. While outstanding, excess shares would be held in trust by Brandywine for the benefit of the ultimate transferee of an interest in such trust, as described below. While excess shares are held in trust, an interest in that trust may be transferred by the purported transferee or other purported holder with respect to such excess shares only to a person whose ownership of the shares would not violate the ownership limit or the ownership restrictions, at which time the excess shares would be exchanged automatically for shares of the same type and class as the shares for which the excess shares were originally exchanged. Brandywine's Declaration of Trust contains provisions that are designed to ensure that the purported transferee or other purported holder of the excess shares may not receive in return for such a transfer an amount that reflects any appreciation in the shares for which such excess shares were exchanged during the period that such excess shares were outstanding. Any amount received by a purported transferee or other purported holder in excess of the amount permitted to be received would be required to be turned over to Brandywine.

Brandywine's Declaration of Trust also provides that excess shares shall be deemed to have been offered for sale to Brandywine, or its designee, which shall have the right to accept such offer for a period of 90 days after the later of: (1) the date of the purported transfer or event which resulted in an exchange of shares for such excess shares; and (2) the date the board of trustees determines that a purported transfer or other event resulting in an exchange of shares for such excess shares has occurred if Brandywine does not receive notice of any such transfer. The price at which Brandywine may purchase such excess shares would be equal to the lesser of: (1) in the case of excess shares resulting from a purported transfer for value, the price per share in the purported transfer that caused the automatic exchange for such excess shares or, in the case of excess shares resulting from some other event, the market price of such shares on the date of the automatic exchange for excess shares; or (2) the market price of such shares on the date that Brandywine accepts the excess shares. Any dividend or distribution paid to a proposed transferee on excess shares prior to the discovery by Brandywine that such shares have been transferred in violation of the provisions of the Declaration of Trust shall be repaid to Brandywine upon its demand. If the foregoing restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee or holder of any excess shares may be deemed, at Brandywine's option, to have acted as Brandywine's agent and on Brandywine's behalf in acquiring or holding such excess shares and to hold such excess shares on Brandywine's behalf.

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Brandywine's trustees may waive the ownership restrictions if evidence satisfactory to the trustees and its tax counsel or tax accountants is presented showing that such waiver will not jeopardize Brandywine's status as a REIT under the Internal Revenue Code. As a condition of such waiver, Brandywine's trustees may require that an intended transferee give written notice to Brandywine, furnish such undertakings, agreements and information as may be required by Brandywine's trustees and/or an undertaking from the applicant with respect to preserving Brandywine's status. Any transfer of shares or any security convertible into shares that would create a direct or indirect ownership of shares in excess of the ownership limit or result in the violation of the ownership restrictions will be void with respect to the intended transferee and will result in excess shares as described above.

Neither the ownership restrictions nor the ownership limit will be removed automatically even if the REIT provisions of the Internal Revenue Code are changed so as no longer to contain any ownership concentration limitation or if the ownership concentration limitation is increased. Except as described above, any change in the ownership restrictions would require an amendment to Brandywine's Declaration of the Trust. Amendments to Brandywine's Declaration of Trust generally require the affirmative vote of holders owning not less than a majority of the outstanding shares entitled to vote thereon. In addition to preserving Brandywine's status as a REIT, the ownership restrictions and the ownership limit may have the effect of precluding an acquisition of control of Brandywine without the approval of its board of trustees.

All persons who own, directly or by virtue of the applicable attribution provisions of the Internal Revenue Code, more than 4.0% of the value of any class of outstanding shares, must file an affidavit with Brandywine containing the information specified in the Declaration of Trust by January 31 of each year. In addition, each shareholder shall upon demand be required to disclose to Brandywine in writing such information with respect to the direct, indirect and constructive ownership of shares as Brandywine's trustees deem necessary to comply with the provisions of the Internal Revenue Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

The ownership limit could have the effect of delaying, deferring or preventing a transaction or a change in control of Brandywine that might involve a premium price for the common shares or otherwise be in the best interest of Brandywine's shareholders.

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## **COMPARISON OF THE RIGHTS OF BRANDYWINE COMMON SHAREHOLDERS AND PRENTISS COMMON SHAREHOLDERS**

Upon the completion of the REIT Merger, the shareholders of Prentiss will become shareholders of Brandywine. The rights of Prentiss common shareholders are currently governed by Title 8 of the Corporations and Associations Article of the Annotated Code of Maryland, the Prentiss Declaration of Trust and the Prentiss Bylaws. The rights of Brandywine's shareholders are presently governed by Title 8, the Brandywine Declaration of Trust and the Brandywine Bylaws. After the REIT Merger, the rights of former Prentiss common shareholders will be governed by Title 8, the Brandywine Declaration of Trust and the Brandywine Bylaws.

The following discussion summarizes certain significant differences between the rights of Prentiss common shareholders and the rights of Brandywine common shareholders. It is not a complete summary of the provisions affecting, and the differences between, the rights of Prentiss common shareholders and Brandywine common shareholders and is subject to and qualified in its entirety by reference to Title 8, the Brandywine Declaration of Trust and Bylaws and the Prentiss Declaration of Trust and Bylaws.

### **Authorized and Issued Shares of Beneficial Interest**

#### ***Brandywine***

Brandywine's Declaration of Trust provides that it is authorized to issue up to 220,000,000 shares of beneficial interest, consisting of 200,000,000 common shares, par value \$.01 per share, and 20,000,000 preferred shares, par value \$.01 per share. Of the preferred shares, 2,000,000 preferred shares, designated as 7.50% Series C Cumulative Redeemable Preferred Shares, and an additional 2,300,000 preferred shares, designated as 7.375% Series D Cumulative Redeemable Preferred Shares, are issued and outstanding.

In addition, if any Prentiss Series D preferred shares remain outstanding at effective time of the REIT Merger, Brandywine will designate a new class of preferred shares as Series E Cumulative Redeemable Preferred Shares into which each such Prentiss Series D preferred share shall be converted. The Brandywine Series E preferred shares will have preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption thereof identical in all material respects to those of the Prentiss Series D Preferred Shares.

#### ***Prentiss***

Prentiss is authorized to issue 120,000,000 shares of beneficial interest, consisting of 100,000,000 Company Common Shares and 20,000,000 preferred shares of beneficial interest, par value of \$.01 per share, of which 1,000,000 have been designated Junior Participating Cumulative Preferred Shares of Beneficial Interest and 3,773,585 shares have been designated as Series D Cumulative Convertible Redeemable Preferred Shares of Beneficial Interest.

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### Size of Board of Trustees

#### ***Brandywine***

The Brandywine board of trustees currently consists of eight members. It is anticipated that the board will be increased to 10 members at the effective time of the REIT Merger. Brandywine's Declaration of Trust provides that the number of its trustees shall not be less than three nor more than 15, and that the actual number of trustees may be changed from time to time by vote of the board of trustees.

#### ***Prentiss***

The Prentiss board of trustees currently has seven members. Prentiss' Bylaws provide that the number of its trustees shall not be less than three nor more than nine, and that the actual number of trustees may be changed from time to time by vote of at least 80% the board of trustees.

### Classes of Trustees

#### ***Brandywine***

Brandywine does not have separate classes for members of its board of trustees.

#### ***Prentiss***

The Prentiss board of trustees is divided into three classes. Trustees of each class are chosen for three-year terms upon the expiration of their current terms and each year one class of trustees will be elected by the shareholders.

### Removal of Trustees

#### ***Brandywine***

Brandywine's Declaration of Trust provides that a trustee may be removed by the affirmative vote of the holders of not less than a majority of all of the shares entitled to vote in an election of trustees, provided that a trustee elected solely by a series of preferred shares may be removed solely by vote of a majority of the preferred shares of such series.

#### ***Prentiss***

The Prentiss Declaration of Trust provides that a trustee may be removed, with or without cause, by the affirmative vote of the holders of not less than two-thirds of all of the shares entitled to vote in an election of trustees.

### Shareholder Action by Written Consent

#### ***Brandywine***

Brandywine's Bylaws provide that any action required or permitted to be taken at a meeting of shareholders must be effected at an annual or special meeting of shareholders and may not be affected by consent in writing by such shareholders.

#### ***Prentiss***

The Prentiss Bylaws provide that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if there is filed with the records of shareholders' meetings a unanimous written consent that sets forth the action and is signed by each shareholder entitled to vote on the matter and a written waiver of any rights to dissent signed by each shareholder entitled to notice of the meeting but not entitled to vote at that meeting.

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### **Amendments to Declaration of Trust**

#### ***Brandywine***

Brandywine's Declaration of Trust may be amended only by the affirmative vote of the holders of not less than a majority of the shares then outstanding and entitled to vote thereon, except for the provisions of Brandywine's Declaration of Trust relating to (1) increases or decreases in the aggregate number of shares of any class, which may generally be made by the board of trustees without shareholder approval subject to approval rights of holders of Series C Preferred Shares and Series D Preferred Shares with respect to issuances of preferred shares that would rank senior as to distributions or in liquidation and (2) the removal of the inclusion by reference in the Brandywine Declaration of Trust of the provisions of the Maryland Business Combination Statute as in effect on June 4, 1986, amendment of which requires the affirmative vote of the holders of not less than 80% of the shares then outstanding and entitled to vote. In addition, if Brandywine's board of trustees determines, with the advice of counsel, that any one or more of the provisions of its Declaration of Trust conflict with the Maryland REIT Law, the Code or other applicable Federal or state law(s), the conflicting provisions of Brandywine's Declaration of Trust shall be deemed never to have constituted a part of its Declaration of Trust, even without any amendment thereof.

#### ***Prentiss***

Prentiss reserves the right from time to time to make any amendment to the Declaration of Trust, including any amendment altering the terms or contract rights, as expressly set forth in the Declaration of Trust, of any Prentiss shares of beneficial interest. All rights and powers conferred by the Declaration of Trust on shareholders, trustees and officers are granted subject to this reservation.

The trustees may amend the Declaration of Trust by a two-thirds vote, in the manner provided by Title 8, without any action by the shareholders, to qualify as a REIT under the Code or under Title 8. The Prentiss board of trustees may amend the Declaration of Trust to increase or decrease the aggregate number of shares of any class which Prentiss may issue.

Other than amendments pursuant to the paragraph above, any amendment to the Declaration of Trust shall be valid only if approved by the affirmative vote of at least a majority of all the votes entitled to be cast on the matter, except that any amendment to articles relating the board of trustees, restrictions on transfer and shares-in-trust, amendments by trustees and shareholders and termination of Prentiss shall be valid only if approved by the affirmative vote of two-thirds of all the votes entitled to be cast on the matter.

### **Special Meetings of Shareholders**

#### ***Brandywine***

Brandywine's Bylaws provide that special meetings of shareholders may be called by the board of trustees, the president, or by the chairman of Brandywine and shall be called by the secretary upon written request of shareholders holding in the aggregate not less than 10% of the outstanding shares of Brandywine entitled to vote on the matter to be considered at the special meeting. Any written requests of shareholders for special meetings must state the purpose of the special meeting and the matters proposed to be acted on at the special meeting.

#### ***Prentiss***

The Prentiss Bylaws provide that special meetings of shareholders may be called by the one-third of the board trustees, the president, or by the chairman of Prentiss and shall be called by the secretary upon written request of shareholders holding in the aggregate not less than a majority of the outstanding shares of Prentiss entitled to cast votes at such meeting. Any written requests of shareholders for special meetings must state the purpose of the special meeting and the matters proposed to be acted on at the special meeting.

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## **Business Combinations**

### ***Brandywine***

Under Maryland law, as applicable to Maryland real estate investment trusts, certain “business combinations” (including certain mergers, consolidations, share exchanges, or, in certain circumstances, asset transfers or issuances or reclassifications of equity securities) between a Maryland real estate investment trust and an “interested shareholder” or an affiliate of the interested shareholder are prohibited for five years after the most recent date on which the interested shareholder becomes an interested shareholder. Thereafter, any such business combination must be recommended by the trustees of such trust and approved by the affirmative vote of at least: (1) 80% of the votes entitled to be cast by holders of outstanding voting shares of beneficial interest of the trust, voting together as a single voting group; and (2) two-thirds of the votes entitled to be cast by holders of outstanding voting shares of beneficial interest other than shares held by the interested shareholder with whom or with whose affiliate the business combination is to be effected or by the interested shareholder’s affiliates or associates, voting together as a single voting group. The Maryland business combination statute permits various exemptions from its provisions, including business combinations that are exempted by a trust’s board of trustees before an interested shareholder becomes an interested shareholder.

Brandywine remains subject to the Maryland business combination statute except that the Brandywine board of trustees, pursuant to provisions of the Maryland business combination statute, exempted business combinations involving a number of entities prior to their becoming interested shareholders. As such, the provisions of the Maryland business combinations statute do not apply to those entities.

### ***Prentiss***

The Prentiss board of trustees resolved to opt out of the provisions of the Maryland business combination statute in October 1996. As a result, the provisions of the Maryland business combinations statute do not apply to any Prentiss interested shareholder who became an interested shareholder after October 1996. The Prentiss board of trustees also resolved that the board of trustees shall not resolve to opt back in to the Maryland business combination statute unless the opt in resolution is conditioned upon Prentiss shareholder approval by a majority of the votes entitled to be cast.

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### **Independent Trustees**

#### ***Brandywine***

The Brandywine Declaration of Trust has no requirements relating to the independence of the members of the board of trustees.

#### ***Prentiss***

The Prentiss Declaration of Trust provides that a majority of the board of trustees must be composed of persons who are not affiliated with any member of the Prentiss family or officers or employees of Prentiss or affiliates of Prentiss or its subsidiaries.

### **Termination of Trust**

#### ***Brandywine***

Subject to the rights of any outstanding Brandywine preferred shares and the provisions of Maryland REIT law, Brandywine's Declaration of Trust permits its board of trustees to terminate Brandywine's existence and to discontinue its election to be taxed as a REIT.

#### ***Prentiss***

Subject to the provision of any class or series of shares at the time outstanding, the Prentiss Declaration of Trust provides that the dissolution of Prentiss must be approved by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

### **Restrictions on the Ownership, Transfer or Issuance of Shares**

#### ***Brandywine***

Pursuant to Brandywine's Declaration of Trust, the board of trustees has passed a resolution that, subject to certain exceptions, provides that no person may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than 9.8% in value of the outstanding Brandywine shares (the "Brandywine ownership limit"). Brandywine's board of trustees, subject to limitations, retains the authority to effect additional increases to, or establish exemptions from, the Brandywine ownership limit. In addition, no purported transfer of shares may be given effect if it would result in ownership of all of the outstanding Brandywine shares by fewer than 100 persons (determined without any reference to the rules of attribution) or result in Brandywine being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code. These restrictions are referred to in this joint proxy statement/prospectus as the "Brandywine ownership restrictions." In the event of a purported transfer or other event that would, if effective, result in the ownership of Brandywine shares in violation of the Brandywine ownership limit or the Brandywine ownership restrictions, such transfer would be deemed void and such shares automatically would be exchanged for "excess shares" authorized by the Declaration of Trust, to the extent necessary to ensure that the purported transfer or other event does not result in the ownership of Brandywine shares in violation of the Brandywine ownership limit or the Brandywine ownership restrictions. Holders of excess shares are not entitled to voting rights (except to the extent required by law), dividends or distributions. If, after the purported transfer or other event resulting in an exchange of shares for excess shares and prior to the discovery by Brandywine of such exchange, dividends or distributions are paid with respect to shares that were exchanged for excess shares, then such dividends or distributions would be

#### ***Prentiss***

The Prentiss Declaration of Trust contains an ownership limitation that provides that no person may own more than 8.5% of the number of outstanding Prentiss common shares, other than Michael V. Prentiss, who currently may own up to 15% of the number of outstanding Prentiss common shares, or more than 9.8% of the number of outstanding Prentiss preferred shares of any series, other than Security Capital, which may own all of the Prentiss Series D Preferred Shares (the "Prentiss ownership limitation"). As long as the Prentiss board of trustees receives evidence that Prentiss' REIT status will not be lost, the board of trustees may exempt a recipient of common shares from the Prentiss ownership limitation upon receipt of the following: (1) a ruling from the Internal Revenue Service, or (2) an opinion of counsel. The Prentiss board of trustees has exempted Security Capital from the Prentiss ownership limitation on the condition that Security Capital not own more than 11% of the number of outstanding Prentiss common shares. The Prentiss board of trustees may monitor, modify, suspend or revoke Security Capital's 11% Prentiss ownership limitation as may be required to maintain Prentiss' REIT status. The board of trustees may not grant an exemption from the Prentiss ownership limitation to any proposed transferee if such exemption would result in the termination of Prentiss' status as a REIT. Any transfer of Prentiss common shares or Prentiss preferred shares that causes any one of the following conditions to exist will be null and void, and the intended transferee will acquire no rights in such Prentiss common shares or Prentiss preferred shares: (1) any person owning, directly or indirectly, Prentiss common shares or Prentiss preferred shares in excess of the Prentiss ownership limitation; (2) Prentiss' outstanding shares being owned by fewer than 100

repayable to Brandywine upon demand. While outstanding, excess shares would be held in trust by Brandywine for the benefit of the ultimate transferee of an interest in such trust, as described below. While excess shares are held in trust, an interest in that trust may be transferred by the purported transferee or other purported holder with respect to such excess shares only to a person whose ownership of the shares would not violate the Brandywine ownership limit or the Brandywine ownership restrictions, at which time the excess shares would be exchanged automatically for shares of the same type and class as the shares for which the excess shares were originally exchanged. Brandywine's Declaration of Trust contains provisions that are designed to ensure that the purported transferee or other purported holder of the excess shares may not receive in return for such a transfer an amount that reflects any appreciation in the shares for which such excess shares were exchanged during the period that such excess shares were outstanding. Any amount received by a purported transferee or other purported holder in excess of the amount permitted to be received would be required to be turned over to Brandywine.

Brandywine's Declaration of Trust also provides that excess shares shall be deemed to have been offered for sale to Brandywine, or its designee, which shall have the right to accept such offer for a period of 90 days after the later of: (1) the date of the purported transfer or event which resulted in an exchange of shares for such excess shares; and (2) the date the Brandywine board of trustees determines that a purported transfer or other event resulting in an exchange of shares for such excess shares has occurred if Brandywine does not receive notice of any such transfer. Any dividend or distribution paid to a proposed transferee on excess shares prior to the discovery by Brandywine that such shares have been transferred in violation of the provisions of the Declaration of Trust shall be repaid to Brandywine upon its demand. If the foregoing restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulation, then the intended transferee or holder of any excess shares may be deemed, at Brandywine's option, to have acted as Brandywine's agent and on Brandywine's behalf in acquiring or holding such excess shares and to hold such excess shares on Brandywine's behalf.

Brandywine's trustees may waive the Brandywine ownership restrictions if evidence satisfactory to the trustees and its tax counsel or tax accountants is presented showing that such waiver will not jeopardize Brandywine's status as a REIT under the Internal Revenue Code. Any transfer of shares or any security convertible into shares that would create a direct or indirect ownership of shares in excess of the Brandywine ownership limit or result in the violation of the Brandywine ownership restrictions will be void with respect to the intended transferee and will result in excess shares as described above.

persons, as determined without reference to any rules of attribution; (3) Prentiss' being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code; or (4) Prentiss' owning, directly or constructively, 10% or more of the ownership interests in one of Prentiss' tenants or the operating partnership's real property within the meaning of Section 856(d)(2)(B) of the Internal Revenue Code.

If any purported transfer of Prentiss common shares or Prentiss preferred shares results in any of the four above conditions, the Prentiss common shares or Prentiss preferred shares in excess of the applicable Prentiss ownership limitation will be designated as "shares-in-trust" and transferred automatically to a share trust effective on the day before the purported transfer of such Prentiss common shares or Prentiss preferred shares. The record holder of the Prentiss common shares or Prentiss preferred shares that are designated as shares-in-trust will be required to submit such number of Prentiss common shares or Prentiss preferred shares to Prentiss for registration in the name of the share trust. Prentiss will designate the trustee of the share trust, but the trustee of the share trust will not be affiliated with Prentiss. Prentiss will name one or more charitable organizations as the share trust's beneficiary.

Shares-in-trust will remain issued and outstanding Prentiss common shares or Prentiss preferred shares and will be entitled to the same rights and privileges as all other shares of the same class or series. The share trust will receive all dividends and distributions on the shares-in-trust and will hold such dividends and distributions in trust for the benefit of the share trust's beneficiary. The share trustee will vote all shares-in-trust. The trustee of the share trust may transfer the shares-in-trust, provided the transferee: (1) purchases such shares-in-trust for valuable consideration, and (2) acquires such shares-in-trust without such acquisition resulting in a transfer to another share trust and resulting in the redesignation of such Prentiss common shares or Prentiss preferred shares as shares-in-trust.

The prohibited owner with respect to shares-in-trust: (1) will be required to repay to the share trust the amount of any dividends or distributions received by the prohibited owner that are attributable to any shares-in-trust, and (2) will generally receive from the share trustee the lower of (a) the amount paid by the prohibited owner for the common shares designated as shares-in-trust, or, in the case of a gift or devise, the "market price," as defined in the Prentiss Declaration of Trust, per share on the date of such transfer, or (b) the amount received by the share trustee from the sale of such shares-in-trust. Any amounts received by the trustee of the share trust in excess of the amounts to be paid to the prohibited owner will be distributed to the share trust's beneficiary.

The shares-in-trust will be deemed to have been offered for sale to Prentiss, or Prentiss' designee, at a price per share equal to the lesser of the following: (1) the price per share in the transaction that created such



shares-in-trust, or, in the case of a gift or devise, the market price per share on the date of such transfer, or (2) the market price per share on the date that Prentiss, or Prentiss' designee, accepts such offer. Any person who acquires or attempts to acquire Prentiss common shares or Prentiss preferred shares in violation of the above restrictions, or any person who owned Prentiss common shares or Prentiss preferred shares that were transferred to a share trust, is required to immediately give written notice to Prentiss and to provide such other information to Prentiss as may be requested in order to determine the effect, if any, of such transfer on Prentiss' status as a REIT.

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**Disclosure by Shareholders**

***Brandywine***

The Brandywine Declaration of Trust requires all persons who own, directly or by virtue of the applicable attribution provisions of the Internal Revenue Code, more than 4.0% of the value of any class of outstanding Brandywine shares, must file an affidavit with Brandywine containing the information specified in the Declaration of Trust by January 31 of each year.

***Prentiss***

The Prentiss Declaration of Trust requires all persons who own, directly or indirectly, more than 5.0%, or such lower percentages as required pursuant to regulations under the Internal Revenue Code, of the outstanding Prentiss common shares and preferred shares, within 30 days after January 1 of each year, to provide a written statement or affidavit to Prentiss containing the information specified in the Prentiss Declaration of Trust.

**Shareholder Rights Plan**

***Brandywine***

Brandywine does not have a shareholder rights plan

***Prentiss***

Prentiss has a shareholder rights plan.

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### **DEADLINE FOR FUTURE SHAREHOLDER PROPOSALS**

Whether or not the REIT Merger is completed, Brandywine will hold an annual meeting of its shareholders in 2006. The deadline for receipt by Brandywine's Secretary of shareholder proposals for inclusion in Brandywine's proxy materials for the Brandywine 2006 annual shareholder meeting will be no later than the close of business on December 2, 2005. If a shareholder intends to timely submit a proposal at the Brandywine 2006 annual meeting, which is not required to be included by Brandywine in the proxy statement and form of proxy relating to that meeting, the shareholder must provide Brandywine with notice of the proposal no later than February 15, 2006. If such shareholder fails to do so, or if such shareholder fails to give timely notice of his intention to solicit proxies, the proxy holders will be allowed to use their discretionary voting authority when the proposal is raised at the Brandywine 2006 annual meeting. Shareholder proposals should be addressed to Brad A. Molotsky, Secretary, Brandywine Realty Trust, 401 Plymouth Road, Suite 500, Plymouth Meeting, Pennsylvania 19462.

Prentiss will hold a 2006 annual meeting of its shareholders only if the REIT Merger is not completed. The deadline for receipt by Prentiss's Secretary of shareholder proposals for inclusion in Prentiss's proxy materials for the Prentiss 2006 annual shareholder meeting (if it is held) will be no earlier than the close of business on November 5, 2005 and no later than the close of business on December 6, 2005. Trustee nominations and shareholder proposals intended to be submitted for presentation at Prentiss's 2006 annual meeting of shareholders but not included in Prentiss's proxy statement must be in writing and must be received by Prentiss at its executive offices no earlier than November 5, 2005 and no later than December 6, 2005. Such proposals or nominations must also comply with the requirements of Prentiss's bylaws, a copy of which will be provided upon request. Shareholder proposals should be addressed to Gregory S. Imhoff, Secretary, Prentiss Properties Trust, 3840 W. Northwest Hwy., Suite 400, Dallas, Texas 75220.

### **LEGAL MATTERS**

The validity of the Brandywine common shares to be issued in the REIT Merger will be passed upon for Brandywine by Pepper Hamilton LLP. Akin Gump Strauss Hauer & Feld LLP, counsel to Prentiss, will deliver its opinion to Prentiss as to certain federal income tax matters regarding the status of Prentiss as a REIT. Pepper Hamilton LLP, counsel to Brandywine, will deliver its opinion to Brandywine as to certain federal income tax matters regarding the status of Brandywine as a REIT.

### **EXPERTS**

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this registration statement by reference to Brandywine Realty Trust's Annual Report on Form 10-K for the year ended December 31, 2004 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this registration statement by reference to Prentiss Properties Trust's Annual Report on Form 10-K for the year ended December 31, 2004 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

#### **OTHER MATTERS**

As of the date of this joint proxy statement/prospectus, neither the Brandywine nor the Prentiss board of trustees knows of any matters that will be presented for consideration at either special meeting other than those described in this joint proxy statement/prospectus. If any other matters properly come before either of the special meetings or any adjournments or postponements of either of the special meetings, and are voted upon, the enclosed proxies will confer discretionary authority on the individuals named as proxies to vote the shares represented by those proxies as to any other matters. Those individuals named in the Brandywine proxies intend to vote or not vote consistent with the recommendation of the management of Brandywine. Those individuals named as proxies in the Prentiss proxies intend to vote or not vote consistent with the recommendation of the management of Prentiss.

#### **WHERE YOU CAN FIND MORE INFORMATION**

Brandywine has filed with the Securities and Exchange Commission a registration statement under the Securities Act that registers the Brandywine common shares to be issued under and as contemplated by the merger agreement. That registration statement, including the attached exhibits and schedules, contains additional relevant information about Brandywine and Brandywine common shares. The rules and regulations of the Securities and Exchange Commission allow Brandywine to omit some of the information included in the registration statement from this joint proxy statement/prospectus.

In addition, Brandywine and Prentiss file reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy that information at the Securities and Exchange Commission's public reference room at the following location:

**Public Reference Room  
100 F Street, N.E., Room 1580  
Washington, D.C. 20549  
1-800-732-0330**

You may also obtain copies of this information by mail from the Public Reference Section of the Securities and Exchange Commission, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the Securities and Exchange Commission at 1-800-732-0330 for information on the operation of the public reference room.

The Securities and Exchange Commission also maintains an Internet world wide website that contains reports, proxy statements and other information about issuers, including Brandywine and Prentiss, that file electronically with the Securities and Exchange Commission. The address of that site is <http://www.sec.gov>.

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The Securities and Exchange Commission allows Brandywine and Prentiss to “incorporate by reference” information into this joint proxy statement/prospectus. This means that Brandywine and Prentiss can disclose important information by referring you to another document filed separately with the Securities and Exchange Commission. The information incorporated by reference is considered to be part of this joint proxy statement/prospectus, except for any information that is superseded by information that is included directly in this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the documents listed below that Brandywine and Prentiss have previously filed with the Securities and Exchange Commission (other than those furnished pursuant to Item 2.02 or Item 7.01 on Current Report on Form 8-K). These filings contain important information about Brandywine and Prentiss and their respective financial conditions.

### **Brandywine Filings (File No. 001-09106)**

Annual Report on Form 10-K

Quarterly Reports on Form 10-Q

Current Reports on Form 8-K

### **Period**

Year ended December 31, 2004

Quarter ended March 31, 2005

Quarter ended June 30, 2005, as amended by Amendment No. 1 thereto filed on Form 10-Q/A on August 19, 2005

Filed on:

- October 4, 2005
- June 21, 2005
- May 26, 2005
- May 6, 2005
- April 25, 2005
- February 15, 2005

The description of Brandywine shares of beneficial interest set forth in registration statements on Form 8-A filed by Brandywine with the Securities and Exchange Commission on February 5, 2004, December 29, 2003 and October 14, 1997, respectively, including any amendment or report filed with the Securities and Exchange Commission for the purpose of updating those descriptions.

### **Prentiss Filings (File No. 001-14516)**

Annual Report on Form 10-K

Quarterly Reports on Form 10-Q

Current Reports on Form 8-K

### **Period**

Year ended December 31, 2004

Quarter ended March 31, 2005

Quarter ended June 30, 2005

Filed on:

- October 19, 2005
- October 4, 2005
- October 3, 2005
- September 22, 2005
- August 31, 2005 as amended by Amendment No. 1 thereto filed on Form 8-K/A on August 31, 2005
- August 17, 2005 as amended by Amendment No. 1 thereto filed on Form 8-K/A on October 24, 2005
- August 4, 2005
- August 1, 2005
- July 20, 2005
- June 2, 2005
- April 19, 2005, as amended by Amendment No. 1 thereto filed on Form 8-K/A on April 20, 2005
- February 2, 2005

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The description of Prentiss capital stock set forth in the registration statements on Form 8-A/A and Form 8-A filed by Prentiss with the Securities and Exchange Commission on October 6, 2005, February 16, 2005 and October 17, 1996, respectively, including any amendment or report filed with the Securities and Exchange Commission for the purpose of updating those descriptions.

Brandywine and Prentiss also incorporate by reference additional documents that either company may file with the Securities and Exchange Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 between the date of this joint proxy statement/prospectus and the date of the Prentiss and Brandywine special meetings (excluding any information furnished pursuant to any Current Report on Form 8-K). Those documents include periodic reports such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

You may obtain any of the documents incorporated by reference into this joint proxy statement/prospectus through Brandywine or Prentiss, as the case may be, or from the Securities and Exchange Commission's website at <http://www.sec.gov>. Documents incorporated by reference are available from Brandywine and Prentiss without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference into this joint proxy statement/prospectus. You may also obtain documents incorporated by reference into this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company as follows:

Brandywine Realty Trust  
Attention: Investor Relations  
401 Plymouth Road

Plymouth Meeting, Pennsylvania 19462  
Telephone: (610) 832-4907

Prentiss Properties Trust  
Attention: Investor Relations  
3890 W. Northwest Hwy., Suite 400

Dallas, Texas 75220  
Telephone: (214) 654-0886

If you would like to request documents incorporated by reference, please do so by \_\_\_\_\_, 2005, to receive them before the special meeting. Please be sure to include your complete name and address in your request. If you request any documents, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

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### **WARNING ABOUT FORWARD LOOKING STATEMENTS**

Brandywine and Prentiss have made forward-looking statements in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus, which are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of Brandywine and Prentiss, as the case may be, and on the information currently available to them.

When used or referred to in this joint proxy statement/prospectus or the documents incorporated by reference into this joint proxy statement/prospectus, these forward-looking statements may be preceded by, followed by or otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “projects” or similar expressions, or statements that certain events or conditions “will” or “may” occur. Forward-looking statements in this joint proxy statement/prospectus also include:

- statements relating to the cost savings that Brandywine anticipates will result from the Mergers;
- statement relating to the accretion to funds from operations per share that Brandywine expects from the Mergers;
- statements regarding other perceived benefits expected to result from the Mergers;
- statements with respect to various actions to be taken or requirements to be met in connection with completing the Mergers or integrating Brandywine and Prentiss; and
- statements relating to revenue, income and operations of the combined company after the Mergers are completed.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The following factors, among others, including those discussed in the section of this joint proxy statement/prospectus entitled “Risk Factors,” could cause actual results to differ materially from those described in the forward-looking statements:

- cost savings expected from the Mergers may not be fully realized;
- revenue of the combined company following the Mergers may be lower than expected;
- costs or difficulties related to the integration of the businesses of Brandywine and Prentiss following the Mergers may be greater than expected;
- the combined company may not be able to contribute, or time the contribution of, certain of Prentiss’ development properties into property funds managed by the combined company on terms favorable to the combined company, or at all;
- general economic conditions, either internationally or nationally or in the jurisdictions in which Brandywine or Prentiss is doing business, may be less favorable than expected;

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- legislative or regulatory changes, including changes in environmental regulation, may adversely affect the businesses in which Brandywine and Prentiss are engaged;
- there may be environmental risks and liability under federal, state and foreign environmental laws and regulations;
- costs to develop existing and future properties may be higher than expected; and
- changes may occur in the securities or capital markets.

Except for its ongoing obligations to disclose material information as required by the federal securities laws, neither Brandywine nor Prentiss has any intention or obligation to update these forward-looking statements after it distributes this joint proxy statement/prospectus.

#### **WHAT INFORMATION YOU SHOULD RELY ON**

No person has been authorized to give any information or to make any representation that differs from, or adds to, the information discussed in this joint proxy statement/prospectus or in the annexes attached hereto which are specifically incorporated by reference. Therefore, if anyone gives you different or additional information, you should not rely on it.

This joint proxy statement/prospectus is dated \_\_\_\_\_, 200\_. The information contained in this joint proxy statement/prospectus speaks only as of its date unless the information specifically indicates that another date applies. This joint proxy statement/prospectus does not constitute an offer to exchange or sell, or a solicitation of an offer to exchange or purchase, Brandywine common shares or Prentiss common shares or to ask for proxies, to or from any person to whom it is unlawful to direct these activities.



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**BRANDYWINE REALTY TRUST**

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

On October 3, 2005, Brandywine Realty Trust ( Brandywine ) and Prentiss Properties Trust ( Prentiss ) agreed to combine their businesses by merging Prentiss and a subsidiary of Brandywine under the terms of the merger agreement described in this joint proxy statement/prospectus and attached as Annex A. We encourage you to read the merger agreement carefully and in its entirety.

Upon completion of the REIT Merger, each Prentiss common share will be converted into the right to receive \$21.50 in cash, subject to reduction by the amount of a special pre-closing cash dividend if the special pre-closing cash dividend is paid, and 0.69 of a Brandywine common share. Cash will be paid in lieu of fractional shares. Because the portion of the merger consideration to be received in Brandywine common shares is fixed, the value of the consideration to be received by Prentiss common shareholders in the merger will depend upon the market price of Brandywine common shares at the time of the REIT Merger. The REIT Merger will be accounted for using the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141, Business Combinations.

As part of the merger transaction, Brandywine and Prentiss have entered into agreements with The Prudential Insurance Company of America ( Prudential ). These agreements provide for the acquisition by Prudential (either on the day prior to, or the day of, the closing of the REIT Merger) of Prentiss properties that contain up to an aggregate of approximately 4.32 million net rentable square feet for total consideration of up to approximately \$747.7 million (including assumption of certain related secured debt obligations) (the Prudential Acquisition ). Consummation of the Prudential Acquisition is contingent upon the approval of the REIT Merger.

The accompanying unaudited pro forma consolidated financial statements have been prepared based on certain pro forma adjustments to the historical consolidated financial statements of Brandywine and Prentiss as of June 30, 2005 and for the six months then ended and for the year ended December 31, 2004 to give effect for certain material transactions already completed or contemplated by Brandywine and Prentiss separately or as part of the REIT Merger/Prudential Acquisition including the following:

**Brandywine**

Impact of material acquisitions completed in 2004 the acquisition of the Rubenstein portfolio in September of 2004  
Financing and capital transactions (including equity offerings) completed in connection with financing these acquisitions  
Redemption of Brandywine preferred securities in 2004

**Prentiss**

Impact of material acquisitions completed in 2004/2005  
Completed or planned dispositions of properties including those properties in Chicago and Detroit to which Prentiss had committed to a plan to sell in September 2005  
Financing and capital transactions completed in connection with financing these acquisitions or the use of proceeds from sales  
Certain reclassifications to Prentiss s historical financial statement presentations to conform with Brandywine s financial statement presentation  
Redemption of Prentiss preferred securities in 2004

**REIT Merger/Prudential Acquisition**

Impact of Prudential Acquisition  
Effects of REIT Merger including financing transactions, issuance of shares by Brandywine, issuance of Class A units by Brandywine Operating Partnership, assumption of debt and application of purchase accounting.

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The historical consolidated financial statements of Brandywine and Prentiss are contained in each company's respective annual reports on Form 10-K and/or Form 10-K/A, quarterly reports on Form 10-Q and/or Form 10-Q/A, current reports on Form 8-K and other information on file with the Securities and Exchange Commission and incorporated by reference into this document. The unaudited pro forma consolidated financial statements should be read in conjunction with, and are qualified in their entirety by, the notes thereto and the historical consolidated financial statements of both Brandywine and Prentiss, including the respective notes thereto, which are incorporated by reference in this document.

The accompanying unaudited pro forma consolidated balance sheet as of June 30, 2005 has been prepared as if the completed or proposed transactions described above occurred as of that date. The accompanying unaudited pro forma consolidated statements of operations for the six months ended June 30, 2005 and for the year ended December 31, 2004 have been prepared as if the completed or proposed transactions described above had occurred as of January 1, 2004. The unaudited pro forma consolidated financial statements do not purport to be indicative of the financial position or results of operations that would actually have been achieved had the completed or proposed transactions described above occurred on the dates indicated or which may be achieved in the future.

In the opinion of Brandywine's management, all significant adjustments necessary to reflect the effects of the completed or proposed transactions described above that can be factually supported within the Securities and Exchange Commission regulations covering the preparation of pro forma financial statements have been made. The pro forma adjustments and the purchase price allocation as presented are based on estimates and certain information that is currently available to Brandywine's management. Such pro forma adjustments and the purchase price allocation could change as additional information becomes available, as estimates are refined or as additional events occur. Brandywine's management does not anticipate that there will be any significant changes in the total purchase price as presented in these unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements do not give effect to (i) any transaction other than those described above, (ii) the results of operations of Brandywine or Prentiss since June 30, 2005, (iii) certain cost savings and one-time charges expected to result from the transactions described above which have not already been completed and whose effects are not reflected in the historical financial statements of Brandywine or Prentiss and (iv) the results of final valuations of the assets and liabilities of Prentiss, including property and intangible assets. We are currently developing plans to integrate the operations of the companies, which may involve various costs and other charges that may be material. We will also revise the allocation of the purchase price when additional information becomes available. Accordingly, the pro forma consolidated financial information does not purport to be indicative of the financial position or results of operations as of the date of this joint proxy statement/prospectus, as of the effective date of the Mergers and the Prudential Acquisition, any period ending at the effective date of the Mergers and the Prudential Acquisition or as of any other future date or period. The foregoing matters could cause both Brandywine's pro forma financial position and results of operations, and Brandywine's actual future financial position and results of operations, to differ materially from those presented in the following unaudited pro forma consolidated financial statements.

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## BRANDYWINE REALTY TRUST

## UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

As of June 30, 2005

(in thousands)

## Prentiss

	Brandywine Historical	Prentiss Historical	Reclassifica- tions (A)	Subsequent Acquisitions (B)	Dispositions/ Sale Properties (B)	Prentiss as Adjusted	Prudential Acquisition (C)	Pro Forma Adjustments (C)	Brandywine Pro Forma
<b>ASSETS</b>									
Real estate investments:									
Operating properties	\$ 2,515,399	\$ 2,285,043	\$ 259,663	\$ 98,577	\$ (481,260)	\$ 2,162,023	\$ (525,246)	\$ 486,791	\$ 4,638,967
Accumulated depreciation	(356,416)	(257,923)	(87,500)		76,193	(269,230)	74,386	194,844	(356,416)
Operating real estate investments, net	2,158,983	2,027,120	172,163	98,577	(405,067)	1,892,793	(450,860)	681,635	4,282,551
Properties and related assets held for sale, net					315,094	315,094		76,887	391,981
Construction-in-progress	213,246	34,955				34,955	(34,955)		213,246
Land held for development	85,708	61,948				61,948	(24,200)	25,184	148,640
Total real estate investments, net	2,457,937	2,124,023	172,163	98,577	(89,973)	2,304,790	(510,015)	783,706	5,036,418
Cash and cash equivalents	9,321	10,570				10,570	679,831	(645,839)	53,883
Escrowed cash	18,090	8,830			36,306	45,136			63,226
Accounts receivable, net	8,736	61,272	(52,534)		(1,270)	7,468			16,204
Accrued rent receivable, net	38,687		52,534		(18,821)	33,713	(10,983)	(22,730)	38,687
Marketable securities	661	5,014				5,014			5,675
Investment in real estate ventures, at equity	13,308	6,842				6,842		43,835	63,985
Deferred costs, net	34,447	287,405	(217,181)	2,044	(10,807)	61,461	(13,439)	(42,255)	40,214
Intangible assets, net	85,634		37,176	10,444	(2,998)	44,622		278,561	408,817
Other assets	39,088	4,286	7,842		(90)	12,038			51,126
Total assets	\$ 2,705,909	\$ 2,508,242	\$	\$ 111,065	\$ (87,653)	\$ 2,531,654	\$ 145,394	\$ 395,278	\$ 5,778,235
<b>LIABILITIES AND BENEFICIARIES</b>									
<b>EQUITY</b>									
Mortgage notes payable	\$ 508,189	\$ 1,393,100	\$ (522,230)	\$ 68,340	\$ (204,271)	\$ 734,939	\$ (73,169)	\$ (42,194)	\$ 1,127,765
Unsecured notes	636,534								636,534
Unsecured credit facility	265,000		522,230	12,589	56,050	590,869		620,033	1,475,902
Accounts payable and accrued expenses	43,877	100,395	(33,928)		(15,622)	50,845			94,722
Distributions payable	27,583	28,224				28,224		(28,224)	27,583
Tenant security deposits and deferred rents	18,417		20,424		(4,042)	16,382			34,799
Acquired below market leases, net	36,520		11,156	1,581	(618)	12,119	(1,371)	25,703	72,971
Liabilities related to properties held for sale					12,535	12,535			12,535
Other liabilities	3,825	1,254	2,348			3,602			7,427

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Total liabilities	1,539,945	1,522,973	82,510	(155,968)	1,449,515	(74,540)	575,318	3,490,238	
Minority Interest	41,336	68,330	28,555		96,885	(3,669)	24,077	158,629	
Beneficiaries equity:									
Preferred shares	43	100,000			100,000		(100,000)	43	
Common shares	558	484			484		(144)	898	
Additional paid in capital	1,358,758	938,629			938,629		65,771	2,363,158	
Cumulative earnings	388,859		583,536	68,315	651,851	223,603	(875,454)	388,859	
Accumulated other comprehensive income (loss)	(2,666)	2,599			2,599		(2,599)	(2,666)	
Cumulative distributions	(620,924)	(124,773)	(583,536)		(708,309)		708,309	(620,924)	
<b>Total beneficiaries equity</b>	<b>1,124,628</b>	<b>916,939</b>		<b>68,315</b>	<b>985,254</b>	<b>223,603</b>	<b>(204,117)</b>	<b>2,129,368</b>	
<b>Total liabilities and beneficiaries equity</b>	<b>\$ 2,705,909</b>	<b>\$ 2,508,242</b>	<b>\$</b>	<b>\$ 111,065</b>	<b>\$ (87,653)</b>	<b>\$ 2,531,654</b>	<b>\$ 145,394</b>	<b>\$ 395,278</b>	<b>\$ 5,778,235</b>

The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.

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## BRANDYWINE REALTY TRUST

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

For the year ended December 31, 2004  
(in thousands, except per share data)

	Brandywine			Prentiss							
	Brandywine Historical	Preferred Redemption / Acquisitions (D)	Brandywine as Adjusted	Prentiss Historical	Reclassifica tions (A)	Acquisitions (E)	Discontinued Operations (F)	Prentiss as Adjusted	Prudential Acquisition (C)	Pro Forma Adjustments (C)	Brandywine Pro Forma
<b>Revenue:</b>											
Rents	\$ 275,631	\$ 45,864	\$ 321,495	\$ 356,825	\$ (56,593)	\$ 46,220	\$ (45,528)	\$ 300,924	\$ (59,830)	\$ 2,798 (I)	\$ 565,387
Tenant Reimbursements	37,572	9,725	47,297		49,465	4,985	(18,835)	35,615	(6,956)		75,956
Other	10,389		10,389	13,909	6,322	17	28	20,276	(26)		30,639
Total revenue	323,592	55,589	379,181	370,734	(806)	51,222	(64,335)	356,815	(66,812)	2,798	671,982
<b>Operating Expenses</b>											
Property operating expenses	89,857	19,445	109,302	91,681	9,998	16,102	(15,596)	102,185	(16,115)		195,372
Real estate taxes	31,062	7,247	38,309	39,406		4,792	(12,600)	31,598	(6,602)		63,305
Depreciation and amortization	79,904	30,371	110,275	92,315		19,829	(19,370)	92,774	(17,614)	22,555 (J)	207,990
Administrative expenses	15,100		15,100	21,801	(9,998)			11,803			(K) 26,903
Total operating expenses	215,923	57,063	272,986	245,203		40,723	(47,566)	238,360	(40,331)	22,555	493,570
<b>Operating income (loss)</b>	107,669	(1,474)	106,195	125,531	(806)	10,499	(16,769)	118,455	(26,481)	(19,757)	178,412
<b>Other Income (Expense):</b>											
Interest Income	2,469		2,469		806		(42)	764	(5)		3,228
Interest Expense	(55,061)	(15,440)	(70,501)	(70,380)		(16,545)	20,010	(66,915)	4,755	(23,860)(L)	(156,521)
Loss on investment in securities				(420)				(420)			(420)
Loss from impairment of mortgage loan				(2,900)				(2,900)			(2,900)
Equity in income of real estate ventures	2,024		2,024	2,429		100		2,529			4,553
Net gain on sale of real estate	2,975		2,975	1,222				1,222			4,197
Income (loss) before minority interest	60,076	(16,914)	43,162	55,482		(5,946)	3,199	52,735	(21,731)	(43,617)	30,549
Minority Interest attributable to continuing operations	(2,472)	520	(1,952)	(2,744)		(8)	18	(2,734)	923	2,563 (M)	(1,200)
Income (loss) from continuing operations	57,604	(16,394)	41,210	52,738		(5,954)	3,217	50,001	(20,808)	(41,054)	29,349
Income allocated to Preferred Shares	(9,720)		(9,720)	(10,052)				(10,052)		10,052 (N)	(9,720)
Preferred Share redemption/conversion benefit (charge)	4,500	(4,500)									

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Income (loss) allocated to Common Shares	\$ 52,384	\$ (20,894)	\$ 31,490	\$ 42,686	\$ (5,954)	\$ 3,217	\$ 39,949	\$ (20,808)	\$ (31,002)	\$ 19,629
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**Per share data (O):**

Basic earnings per Common Share from continuing operations	\$ 1.10									\$ 0.22
Diluted earnings per Common Share from continuing operations	\$ 1.09									\$ 0.22
Weighted average number of Common Shares outstanding	47,782								(O)	87,300
Weighted average number of common and dilutive common equivalent shares outstanding	48,019								(O)	87,537

The accompanying notes are an integral part of the unaudited pro forma condensed consolidated financial statements.

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## BRANDYWINE REALTY TRUST

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

For the six months ended June 30, 2005

(in thousands, except per share data)

	Brandywine		Prentiss					Prudential Acquisition (C)	Pro Forma Adjustments (C)	Brandywine Pro Forma
	Brandywine Historical	Prentiss Historical	Reclassifications (A)	Acquisitions (G)	Discontinued Operations (H)	Prentiss as Adjusted				
<b>Revenue:</b>										
Rents	\$ 163,016	\$ 191,746	\$ (29,380)	\$ 10,831	\$ (23,482)	\$ 149,715	\$ (30,023)	\$ 1,340 (I)	\$ 284,048	
Tenant Reimbursements	23,160		25,843	1,371	(9,991)	17,223	(3,038)		37,345	
Other	7,991	6,556	3,330		(158)	9,728	(199)		17,520	
Total revenue	194,167	198,302	(207)	12,202	(33,631)	176,666	(33,260)	1,340	338,913	
<b>Operating Expenses</b>										
Property operating expenses	57,680	51,275	5,547	3,285	(8,538)	51,569	(8,309)		100,940	
Real estate taxes	19,340	21,715		1,038	(6,251)	16,502	(2,799)		33,043	
Depreciation and amortization	56,383	50,782		4,585	(9,670)	45,697	(9,044)	12,205 (J)	105,241	
Administrative expenses	9,130	12,619	(5,547)			7,072			16,202	
Total operating expenses	142,533	136,391		8,908	(24,459)	120,840	(20,152)	12,205 (K)	255,426	
Operating income (loss)	51,634	61,911	(207)	3,294	(9,172)	55,826	(13,108)	(10,865)	83,487	
<b>Other Income (Expense):</b>										
Interest Income	1,467		207		(32)	175	(18)		1,624	
Interest Expense	(35,604)	(38,885)		(4,133)	10,313	(32,705)	2,021	(11,930)(L)	(78,218)	
Equity in income of real estate ventures	1,551	(845)		2,216		1,371			2,922	
Net gain on sale of real estate										
Income (loss) before minority interest	19,048	22,181		1,377	1,109	24,667	(11,105)	(22,795)	9,815	
Minority Interest attributable to continuing operations	(703)	(677)		61	17	(599)	442	460 (M)	(400)	
Income (loss) from continuing operations	18,345	21,504		1,438	1,126	24,068	(10,663)	(22,335)	9,415	
Income allocated to Preferred Shares	(3,996)	(4,226)				(4,226)		4,226 (N)	(3,996)	
Preferred Share redemption/conversion benefit										
Income (loss) allocated to Common Shares	\$ 14,349	\$ 17,278	\$	\$ 1,438	\$ 1,126	\$ 19,842	\$ (10,663)	\$ (18,109)	\$ 5,419	

Per share data (O):



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Basic earnings per Common Share from continuing operations	\$	0.26		\$	0.06
Diluted earnings per Common Share from continuing operations	\$	0.26		\$	0.06
Weighted average number of Common Shares outstanding		55,562		(O)	89,575
Weighted average number of common and dilutive common equivalent shares outstanding		55,786		(O)	89,799

The accompanying notes are an integral part of the unaudited pro forma condensed consolidated financial statements.

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**BRANDYWINE REALTY TRUST**

**NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(A) Represents the reclassification of certain Prentiss balances as described below:

Balance Sheet:

Tenant improvements and associated accumulated depreciation balances were classified by Prentiss as a component of Deferred charges and other assets, net . These balances have been reclassified to Operating properties to conform to Brandywine s financial statement presentation.

Accrued rents receivable were classified by Prentiss as a component of Accounts Receivable, net . This balance has been reclassified to Accrued rent receivable, net to conform to Brandywine s financial statement presentation.

Above market leases and other intangible assets were classified by Prentiss as a component of Deferred charges and other assets, net . These balances have been reclassified to Intangible assets, net to conform to Brandywine s financial statement presentation.

Other assets were classified by Prentiss as a component of Deferred charges and other assets, net . These balances have been reclassified to Other assets to conform to Brandywine s financial statement presentation.

Unsecured debt obligations were classified by Prentiss as a component of Mortgages and notes payable . These balances have been reclassified to Unsecured credit facility to conform to Brandywine s financial statement presentation.

Tenant security deposits and deferred rents were classified by Prentiss as a component of Accounts payable and other liabilities . This balance has been reclassified to Tenant security deposits and deferred rents to conform to Brandywine s financial statement presentation.

Acquired below market leases, net of accumulated amortization, were classified by Prentiss as a component of Accounts payable and other liabilities . This balance has been reclassified to

Acquired below market leases, net to conform to Brandywine s financial statement presentation.

A negative cash balance was classified by Prentiss as a component of Accounts payable and other liabilities . This balance has been reclassified to Other liabilities to conform to Brandywine s financial statement presentation.

Cumulative earnings were classified by Prentiss as a component of Distributions in excess of earnings . This balance has been reclassified to Cumulative earnings to conform to Brandywine s financial statement presentation.

Statements of Operations:

Prentiss includes lease termination fees as a component of Rental income. These amounts have been reclassified to Other revenue to conform to Brandywine s financial statement presentation. Tenant reimbursements were included by Prentiss as a component of Rental income . These amounts have been reclassified to Tenant reimbursements to conform to Brandywine s financial statement presentation.

Interest income was included by Prentiss as a component of Service business and other income . These amounts have been reclassified to Interest income to conform to Brandywine s financial statement presentation.

Administrative expenses related to the management services business were included by Prentiss in Expenses of service business . These amounts have been reclassified to Property operating expenses to conform to Brandywine s financial statement presentation.

[Back to Contents](#)**(B) Subsequent Acquisitions and Dispositions / Sale Properties****Subsequent Acquisitions**

The following properties which are referred to herein as the Subsequent Acquisitions were acquired by Prentiss subsequent to June 30, 2005, and thus are not included in the June 30, 2005 Prentiss historical consolidated balance sheet. 1333 Broadway was acquired by Prentiss through a subsidiary, Prentiss Office Investors, L.P. which is owned 51% by Prentiss's Operating Partnership and its affiliates and 49% by Stichting Pensioenfond ABP. Aggregate consideration for the Subsequent Acquisitions was paid with borrowings under Prentiss's revolving credit facility of approximately \$12.6 million, debt assumed of approximately \$68.3 million, the issuance of Prentiss operating partnership units valued at \$21.2 million and a capital contribution of \$7.4 million from a joint venture partner. The value of the debt assumed was based on prevailing market rates at the time of acquisition. The value of the operating partnership units was based on the closing price of Prentiss common shares on the acquisition date. The Subsequent Acquisitions are comprised of three office buildings containing approximately 588,000 net rentable square feet as further detailed below:

Subsequent Acquisitions	Market	Month of Acquisition	Number of Buildings	Net Rentable Square Feet (in thousands)	Acquisition Price (in thousands)
1333 Broadway	Oakland, California	Jul-05	1	238	\$ 40,027
Concord Airport Plaza	Concord, California	Aug-05	2	350	69,457
			3	588	\$ 109,484

Prentiss allocated the purchase price of the Subsequent Acquisitions to the estimated fair value of the net assets acquired and liabilities assumed as follows:

(dollars in thousands) Description	Allocation			Est. Useful Lives
	1333 Broadway	Concord Airport Plaza	Total	
Land	\$ 4,359	\$ 14,063	\$ 18,422	
Building	28,019	46,470	74,489	40 years
Tenant improvements	2,375	3,291	5,666	1 9 years
Leasing commissions & legal	1,397	647	2,044	1 9 years
Below market leases, net	(1,581)		(1,581)	1 9 years
Above market leases, net		58	58	1 9 years
In-place leases / customer relationships	5,458	4,928	10,386	1 9 years
	\$ 40,027	\$ 69,457	\$ 109,484	

**Dispositions / Sale Properties**

Subsequent to June 30, 2005, Prentiss sold five properties (the Dispositions) with a June 30, 2005 net book value of \$117.1 million as detailed below. Prentiss recorded gains from the sale of the Dispositions totaling approximately \$80.5 million. A portion of the sale proceeds totaling \$160.4 million along with additional borrowings of \$56.1 million from Prentiss's revolving credit facility were used to defease two separate mortgage loans with a combined principal balance of \$204.2 million and to fund \$12.2 million of debt extinguishment costs. Proceeds totaling \$37.2 million from the sale of 123 North Wacker were placed in escrow pending the completion of a Sec. 1030 like-kind asset exchange.

Dispositions	Market	Month of Disposition	Number of Buildings	Net Rentable Square Feet (in thousands)	Net Book Value (in thousands)	Net Proceeds (in thousands)
123 North Wacker	Chicago, Illinois	Sep-05	1	541	\$ 101,576	\$ 167,332
	Chicago, Illinois	Oct-05	4	682	15,526	30,300

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Chicago  
Industrial  
Properties

	<u>5</u>	<u>1,223</u>	<u>\$</u>	<u>117,102</u>	<u>\$</u>	<u>197,632</u>
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Additionally, Prentiss reclassified the following 17 office buildings as assets held for sale (collectively, the Sale Properties ) and the related assets and liabilities into the line items properties and related assets held for sale, net and liabilities related to properties held for sale. The following table presents net book value (assets, net of liabilities) for each of Sale Properties.

<u>Sale Properties</u>	<u>Market</u>	<u>Number of Buildings</u>	<u>Net Rentable Square Feet</u>	<u>Asset</u>	<u>Liability</u>	<u>Net</u>
			(in thousands)	(in thousands)	(in thousands)	(in thousands)
1717 Deerfield Road	Chicago, Illinois	1	141	\$ 22,207	\$ 359	\$ 21,848
Lakeside Point I&II 701	Waukegan, Illinois	2	101	31,417	1,218	\$ 30,199
Warrenville Road	Chicago, Illinois	1	67	9,544	354	\$ 9,190
Bannockburn Centre	Chicago, Illinois	1	257	37,335	1,126	\$ 36,209
Corporetum Office Campus	Chicago, Illinois	5	322	52,739	1,954	\$ 50,785
O Hare Plaza II	Chicago, Illinois	1	236	23,454	1,949	\$ 21,505
One O Hare Centre	Chicago, Illinois	1	380	63,124	2,890	\$ 60,234
410 Warrenville Corporate	Chicago, Illinois	1	60	8,135	171	\$ 7,964
Lakes III 1955 West	Chicago, Illinois	1	63	21,541	1,395	\$ 20,146
Field Road One	Chicago, Illinois	1	59	8,897	147	\$ 8,750
Northwestern Plaza	Southfield, Michigan	1	242	28,275	811	\$ 27,464
Lakeview Center	Dallas, Texas	1	101	8,426	161	\$ 8,265
		<u>17</u>	<u>2,029</u>	<u>\$ 315,094</u>	<u>\$ 12,535</u>	<u>\$ 302,559</u>

The pro forma consolidated balance sheet is presented as if each of the Subsequent Acquisitions, Dispositions and Sale Properties were acquired, sold or classified as held for sale, respectively, as of June 30, 2005. The properties related to the Prudential Acquisition have not been reclassified because the Prudential Acquisition is contingent upon the approval of the REIT Merger.

(C) In the merger, each Prentiss common share (including shares held by Prentiss in trust or otherwise designated for participants in and beneficiaries of the Prentiss deferred compensation plan, but excluding any other shares owned by Prentiss, Brandywine or their direct or indirect wholly owned subsidiaries) shall be converted into the right to receive:

\$21.50 in cash, subject to reduction by the amount of a Special Dividend if the Special Dividend is declared prior to the merger, as discussed below; and

0.69 of a Brandywine common share.

No change will be made to the 0.69 exchange ratio for the exchange of Prentiss common shares for Brandywine common shares in the REIT Merger. Because the market value of Brandywine common shares will fluctuate before and after the closing of the REIT Merger, the value of the consideration that holders of Prentiss common shares will receive in the REIT Merger will fluctuate as well.

For purposes of the unaudited pro forma consolidated balance sheet presentation, the total purchase price is based on the number of outstanding Prentiss common shares, Prentiss Operating Partnership common units, restricted shares and share options outstanding at June 30,

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2005, as adjusted below, and an average trading price per Brandywine common share of \$29.54. The average trading price is based on the average of the high and low trading prices for each of the two trading days before, the day, and the two trading days after the merger was announced (September 29, September 30, October 3, October 4, and October 5, 2005).

The calculation of the pro forma outstanding Prentiss common shares and Prentiss Operating Partnership units included in the calculation of the merger consideration is as follows:

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	Shares	Units
Issued and outstanding common Prentiss shares and operating partnership units at June 30, 2005 (excluding treasury)	45,174,605	1,297,198
Common shares in treasury at June 30, 2005 to be issued as part of Prentiss's deferred compensation plan	63,439	
Series D Convertible Preferred Shares converted to common on July 20, 2005	950,000	
Remaining Series D Convertible Preferred Shares assumed to convert prior to closing of merger	2,824,000	
Units converted to shares by Unitholders subsequent to June 30, 2005	46,981	(46,981)
Shares expected to be issued prior to the merger relating to Prentiss's employee share ownership plan, incentive share grants and Trustee share grants	234,986	
Units issued as partial consideration for the acquisition of Concord Airport Plaza		547,262
<b>Total shares/units to be outstanding as of merger date expected to participate in merger</b>	<b>49,294,011</b>	<b>1,797,479</b>

Prentiss has outstanding options that had been granted to its employees and trustees. The terms of the REIT Merger provide for a cash settlement or exchange of these options for Brandywine options. It is anticipated that the majority of holders will elect cash settlement and, accordingly, these pro forma financial statements reflect assume the cash settlement is elected for all options and such amounts are financed with additional borrowings. As such neither shares nor related options are reflected relating to these grants in the outstanding basic or diluted shares.

Prentiss currently has outstanding 2,824,000 shares of Series D preferred shares which are convertible into Prentiss common shares at a rate of \$26.50 per share. Prentiss may redeem these securities at \$26.50 per share plus accrued and unpaid dividends anytime after December 29, 2005. Based on the implied transaction value, it is anticipated that these securities would either be converted prior to or shortly after the consummation of the REIT Merger upon call for redemption. Accordingly, for purposes of these pro forma financial statements, this conversion has been assumed.

**Scenario 1-**

**Prudential Acquisition closes after completion of merger and no Special Dividend/distribution is made**

If the Private Letter Ruling ( PLR ) is obtained, the Prudential Acquisition will close immediately after the merger and no Special Dividend would be declared. Accordingly, the Prentiss shareholders/unitholders would receive their respective transaction consideration as follows:

**Cash to be received per share/unit**

	Special Dividend	Merger Cash Consideration	Cash Total	Implied Share Value	Total
Prentiss Shareholders	\$	\$ 21.50	\$ 21.50	\$ 21.50(a)	\$ 43.00
Prentiss Unitholders	\$	\$	\$	\$ 43.00(b)	\$ 43.00

	Shares	Units	Total
Prentiss shares/units to be outstanding	49,294,011	1,797,479	
Exchange ratio	0.690	1.380(c)	
<b>Brandywine shares/units to be issued</b>	<b>34,012,868</b>	<b>2,480,522</b>	
(in thousands)			
Value (e)	\$ 1,004,740	\$ 73,275	\$ 1,078,015
Cash merger consideration	1,059,821		1,059,821
<b>Total issued to holders</b>	<b>\$ 2,064,561</b>	<b>\$ 73,275</b>	<b>\$ 2,137,836</b>

**Scenario 2-**

**Prudential Acquisition closes day before merger and Special Dividend/distribution is made**

If the PLR is not obtained, the Prudential Acquisition will close the business day prior to the REIT Merger and a Special Dividend/distribution will be declared and the appropriate adjustments made to total transaction consideration to be received by the Prentiss shareholders/unitholders as follows:

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Total proceeds from Prudential Acquisition potentially to be distributed	\$ 679,831
Ratio to be distributed	95.0%
<hr/>	
Proceeds to be distributed	\$ 645,839
<hr/>	
Total Prentiss Shares expected to participate	49,294,011
Total Prentiss Units expected to participate	1,797,479
<hr/>	
Total securities to participate in special dividend	51,091,490
<hr/>	
Estimated Special Dividend/distribution per share/unit	\$ 12.64

**Cash to be received per share/unit**

	<b>Special Dividend</b>	<b>Merger Cash Consideration</b>	<b>Cash Total</b>	<b>Implied Share Value</b>	<b>Total</b>
Prentiss Shareholders	\$ 12.64	\$ 8.86	\$ 21.50	\$ 21.50 (a)	\$ 43.00
Prentiss Unitholders	\$ 12.64	\$	\$ 12.64	\$ 30.36 (b)	\$ 43.00

	<b>Shares</b>	<b>Units</b>	<b>Total</b>
Prentiss shares/units to be outstanding	49,294,011	1,797,479	
Exchange ratio	0.690	0.974(d)	
Brandywine shares/units to be issued	34,012,868	1,751,315	

**(in thousands)**

Value (e)	\$ 1,004,740	\$ 51,734	\$ 1,056,474
Cash merger consideration	436,703		436,703
Total issued to holders	\$ 1,441,443	\$ 51,734	\$ 1,493,177

(a) using implied conversion value of \$31.1594 per Brandywine share

(b) using 0.69 shares per unit plus merger cash consideration to shareholders using an implied conversion value of \$31.1594

(c) Represents the exchange ratio for Prentiss units to Brandywine units if no Special Dividend

(d) Represents the adjusted conversion amount of (i) 0.69 plus (ii) the quotient obtained from dividing the per share amount of the cash consideration payable to the shareholders by \$31.1594 per share

(e) Valued at \$29.54 per Brandywine share/unit for accounting purposes, representing the average trading price based on average of the high and low trading prices for each of the two trading days before, the day of, and the two trading days after the merger was announced (October 3, 2005).

For purposes of the pro forma financial statements, it was considered more conservative to show the effects of the merger as if the PLR is not obtained, the Prudential Acquisition is closed on the day prior to the completion of the REIT Merger, and the required 95% portion of the net cash proceeds distributed as a Special Dividend/distribution to the then outstanding Prentiss shareholders/unitholders (i.e., Scenario 2 above).

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The effect of this assumption on the pro forma balance sheet is to increase borrowings to consummate the transaction by the amount of the additional cash distribution to the unit holders and reduce the number of units outstanding subsequent to the transaction. The common shareholders are unaffected as they receive the same total cash and same number of Brandywine common shares under either scenario. The impact of this assumption on the pro forma statement of operations would be to increase interest expense and lower minority interest allocation. The net impact is not considered material to the pro forma earnings per common share.

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Under Scenario 2, total purchase consideration is as follows (in thousands):

Total value of Brandywine shares/units issued and cash merger consideration	\$ 1,493,177
Assumed cash settlement for Prentiss options outstanding	9,404
Assumption of Prentiss, as adjusted for acquisitions and dispositions, mortgage notes payable at book value	734,939
Assumption of Prentiss, as adjusted for acquisitions and dispositions, unsecured credit facilities at book value	590,869
Adjustment to reflect the mortgage notes payable assumed in the Prudential Acquisition	(73,169)
Reversal of Prentiss' s historical fair value adjustments to notes payable	(3,910)
Adjustment to record Prentiss mortgages and unsecured notes payable at fair value	11,572
Assumption of Prentiss' s accounts payable and other liabilities at book value	111,588
Adjustment to record the fair value of acquired below market leases	36,451
Fair value of Prentiss' s other minority interests	65,559
Estimated fees and other expenses related to the merger	95,846
<b>Total purchase price of assets acquired</b>	<b>\$ 3,072,326</b>

The calculation of the estimated fees and other expenses related to the merger is as follows (in thousands):

Advisory fees	\$ 14,250
Legal, accounting and other fees and costs	4,750
Share registration and issuance costs	1,000
Debt issuance, debt prepayment and debt assumption fees	21,198
Real estate transfer taxes	14,248
Termination, severance, change in control and other employee related costs	40,400
<b>Total</b>	<b>\$ 95,846</b>