

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Form 424B5

April 12, 2012

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-178599

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated April 12, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 12, 2012)

Shares

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

% Series A Cumulative Redeemable Perpetual Preferred Shares

(Liquidation Preference \$25.00 Per Share)

We are selling _____ of our _____ % Series A Cumulative Redeemable Perpetual Preferred Shares, which we refer to in this prospectus supplement as the Series A Preferred Shares. The Series A Preferred Shares will not be redeemable before April _____, 2017, except under circumstances intended to preserve our status as a real estate investment trust, or REIT, for federal and/or state income tax purposes and except as described below upon the occurrence of a Change of Control (as defined in this prospectus supplement). On and after April _____, 2017, we may, at our option, redeem any or all of the Series A Preferred Shares for cash at \$25.00 per share plus, subject to exceptions, any accrued and unpaid dividends to but excluding the date fixed for redemption. In addition, upon the occurrence of a Change of Control, we may, at our option, redeem any or all of the Series A Preferred Shares for cash within 120 days after the first date on which such Change of Control occurred at \$25.00 per share plus, subject to certain exceptions, any accrued and unpaid dividends to but excluding the date fixed for redemption. The Series A Preferred Shares have no stated maturity, are not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless we redeem or otherwise repurchase them or they become convertible and are converted as described in this prospectus supplement.

Upon the occurrence of a Change of Control, each holder of Series A Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date (as defined in this prospectus supplement), we have provided or provide notice of our election to redeem some or all of the Series A Preferred Shares held by such holder as described in this prospectus supplement, in which case such holder will have the right only with respect to Series A Preferred Shares that are not called for redemption) to convert some or all of the Series A Preferred Shares held by such

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holder into our common shares on the Change of Control Conversion Date into a number of our common shares per Series A Preferred Share equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series A Preferred Share plus the amount of any accrued and unpaid dividends thereon to the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Shares dividend payment and prior to the corresponding dividend payment date for the Series A Preferred Shares, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Common Share Price (as defined herein); and

, or the Share Cap, subject to adjustments for any splits, subdivisions or combinations of our common shares; subject, in each case, to provisions for the receipt of alternative consideration under specified circumstances as described in this prospectus supplement.

Currently, no market exists for the Series A Preferred Shares. We plan to file an application to list the Series A Preferred Shares on the New York Stock Exchange, or NYSE, under the symbol PEIPrA. If the application is approved, trading of the Series A Preferred Shares on the NYSE is expected to begin within 30 days after the date of initial issuance of the Series A Preferred Shares.

An investment in the Series A Preferred Shares involves various risks and prospective investors should carefully consider the matters discussed under Risk Factors beginning on page S-10 of this prospectus supplement and under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, as well as the other risks described in this prospectus supplement and the accompanying prospectus and the documents incorporated by reference in each, before making a decision to invest in Series A Preferred Shares.

	Per Share	Total
Public offering price (1)	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to Pennsylvania Real Estate Investment Trust	\$	\$

(1) Plus accrued dividends from April , 2012, if settlement occurs after that date.

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

We have granted the underwriters an option to purchase a maximum of additional Series A Preferred Shares, exercisable at any time until 30 days after the date of this prospectus supplement.

The Series A Preferred Shares will be ready for delivery through The Depository Trust Company on or about April , 2012.

Joint Book-Running Managers

Wells Fargo Securities

Citigroup
Prospectus Supplement dated April , 2012

BofA Merrill Lynch

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This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part is the accompanying prospectus, which gives more general information about the securities we may offer, some of which may not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information in this prospectus supplement will control. In addition, any statement in a filing we make with the Securities and Exchange Commission, or SEC, that adds to, updates or changes information contained in an earlier filing we made with the SEC or in this prospectus supplement or the accompanying prospectus shall be deemed to modify and supersede such previous information.

You should read this document together with additional information described under the heading *Where You Can Find More Information and Incorporation by Reference* in this prospectus supplement. You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free-writing prospectus we may file with the SEC. Neither we nor the underwriters have authorized anyone to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. You should assume that the information in this prospectus supplement, the accompanying prospectus and any free-writing prospectus, as well as the information we have previously filed with the SEC and incorporated by reference in this document, is accurate only as of its date or the date which is specified in such documents. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

Unless the context requires otherwise, references in this prospectus supplement to we, our, us, the Company, our Company and PREIT refer to Pennsylvania Real Estate Investment Trust and its subsidiaries, including our operating partnership, PREIT Associates, L.P. (the Operating Partnership). References in this prospectus supplement to PREIT Associates refer to PREIT Associates, L.P. References in this prospectus supplement to PRI refer to PREIT-RUBIN, Inc., which is a taxable REIT subsidiary of the Company. The term you refers to a prospective investor.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference into these documents contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange of 1934, as amended, or the Exchange Act. We caution investors that any forward-looking statements presented in this prospectus supplement, the accompanying prospectus and the documents that we incorporate by reference into these documents are based on management's beliefs and assumptions made by, and information currently available to, management. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, should, will, would, could, and other similar expressions, which do not relate solely to historical matters, are intended to identify forward-looking statements. These forward-looking statements reflect our current views about future events, achievements or results and are subject to risks, uncertainties and changes in circumstances that might cause future events, achievements or results to differ materially from those expressed or implied by the forward-looking statements.

In particular, we might be materially and adversely affected by uncertainties affecting real estate businesses generally, as well as the following, among other factors:

our substantial debt and our high leverage ratio;

constraining leverage, interest and tangible net worth covenants under our 2010 Credit Facility;

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our ability to refinance our existing indebtedness when it matures, on favorable terms or at all, due in part to the effects on us of dislocations and liquidity disruptions in the capital and credit markets;

our ability to raise capital, including through the issuance of equity, equity-related and/or debt securities if market conditions are favorable, through joint ventures or other partnerships, through sales of properties or interests in properties, or through other actions;

our short- and long-term liquidity position;

current economic conditions and their effect on employment, consumer confidence and spending and the corresponding effects on tenant business performance, prospects, solvency and leasing decisions and on our cash flows, and the value and potential impairment of our properties;

general economic, financial and political conditions, including credit market conditions, changes in interest rates or unemployment;

changes in the retail industry, including consolidation and store closings, particularly among anchor tenants;

our ability to maintain and increase property occupancy, sales and rental rates, in light of the relatively high number of leases that have expired or are expiring in the next two years;

increases in operating costs that cannot be passed on to tenants;

risks relating to development and redevelopment activities;

the effects of online shopping and other uses of technology on our retail tenants;

concentration of our properties in the Mid-Atlantic region;

changes in local market conditions, such as the supply of or demand for retail space, or other competitive factors;

potential dilution from any capital raising transactions;

possible environmental liabilities;

our ability to obtain insurance at a reasonable cost; and

existence of complex regulations, including those relating to our status as a REIT, and the adverse consequences if we were to fail to qualify as a REIT.

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Additional factors that might cause future events, achievements or results to differ materially from those expressed or implied by our forward-looking statements include those discussed in the section entitled "Risk Factors" in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including our Annual Report on Form 10-K for the year ended December 31, 2011. We do not intend to update or revise any forward-looking statements to reflect new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary description of us and our business highlights selected information about us contained elsewhere in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein or therein. This summary does not contain all of the information about us that you should consider before buying securities in this offering. You should carefully read this entire prospectus supplement and the accompanying prospectus, including each of the documents incorporated herein and therein by reference, before making an investment decision.

Our Company

Pennsylvania Real Estate Investment Trust, a Pennsylvania business trust founded in 1960 and one of the first equity REITs in the United States, has a primary investment focus on retail shopping malls and strip and power centers located in the eastern half of the United States, primarily in the Mid-Atlantic region. Our portfolio currently consists of a total of 49 properties in 13 states, including 38 enclosed malls, eight strip and power centers and three development properties. The operating retail properties have a total of 33.1 million square feet. The operating retail properties that we consolidate for financial reporting purposes have a total of 28.5 million square feet, of which we own 22.8 million square feet. The operating retail properties that are owned by unconsolidated partnerships with third parties have a total of 4.6 million square feet, of which 2.9 million square feet are owned by such partnerships. The development portion of our portfolio contains three properties in two states, with two classified as mixed use (a combination of retail and other uses) and one classified as other.

We are a fully integrated, self-managed and self-administered REIT that has elected to be treated as a REIT for federal income tax purposes. In general, we are required each year to distribute to our shareholders at least 90% of our net taxable income and to meet certain other requirements in order to maintain the favorable tax treatment associated with qualifying as a REIT.

We hold our interests in our portfolio of properties primarily through the Operating Partnership. We are the sole general partner of the Operating Partnership and, as of December 31, 2011, held a 96.0% controlling interest in the Operating Partnership. We consolidate the Operating Partnership for financial reporting purposes. We own our interests in our properties through various ownership structures, including partnerships and tenancy in common arrangements. PREIT owns interests in some of these properties directly and has pledged the entire economic benefit of such ownership to the Operating Partnership.

We provide management, leasing and real estate development services through PREIT Services, which generally develops and manages properties that we consolidate for financial reporting purposes, and PRI, which generally develops and manages properties that we do not consolidate for financial reporting purposes, including properties in which we own interests through partnerships with third parties and properties that are owned by third parties in which we do not have an interest. PRI is a taxable REIT subsidiary, as defined by federal tax laws, which means that it is able to offer additional services to tenants without jeopardizing our continuing qualification as a REIT under federal tax law.

Our primary objective is to maximize the long-term value of the Company for our shareholders. To that end, our business goals are to obtain the highest possible rental income, tenant sales and occupancy at our properties in order to maximize our cash flows, funds from operations, funds available for distribution to shareholders, and other operating measures and results, and ultimately to maximize the values of our properties.

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Recent Developments

Chief Executive Officer Succession

On March 21, 2012, we announced that Joseph F. Coradino will become our chief executive officer, succeeding Ronald Rubin. Mr. Coradino will assume the position of chief executive officer and Mr. Rubin will retire from that position effective as of the Company's Annual Meeting of Shareholders on June 7, 2012. Mr. Rubin will remain Executive Chairman.

Corporate Information

Our principal corporate offices are located at The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102-3803, and our telephone number is (215) 875-0700. We maintain a web site that contains information about us at <http://www.preit.com>. The information included on the web site is not, and should not be considered to be, a part of nor incorporated by reference into this prospectus supplement or the accompanying prospectus.

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The Offering

The following is a brief summary of the terms of this offering. For a description of some of the terms of the Series A Preferred Shares, see Description of Our Series A Preferred Shares in this prospectus supplement.

Issuer Pennsylvania Real Estate Investment Trust

Securities Offered % Series A Cumulative Redeemable Perpetual Preferred Shares, par value \$0.01 per share. We have granted the underwriters an option to purchase up to an additional Series A Preferred Shares. We reserve the right to reopen this series and issue additional Series A Preferred Shares either through public or private sales at any time.

Dividends Holders of Series A Preferred Shares will be entitled to receive cumulative cash dividends on the Series A Preferred Shares at the rate of % per annum of the \$25.00 per share liquidation preference, which is equivalent to \$ per annum per share. Dividends on the Series A Preferred Shares will be payable quarterly in arrears on or about the 15th day of March, June, September and December of each year (or, if the 15th day of any such month is not a business day, on the next business day), commencing June 15, 2012. Dividends will accrue and be cumulative from, and including, the date of original issuance, which is expected to be April , 2012. Because the first dividend payment date after the date of original issuance will be June 15, 2012, the dividend payable on each Series A Preferred Share on that date will be less than the full amount of a regular quarterly dividend per share. The dividend payable on June 15, 2012 will be paid to the persons who are the holders of record of the Series A Preferred Shares at the close of business on the corresponding record date, which will be June 1, 2012.

No Maturity Our Series A Preferred Shares have no maturity date and we are not required to repurchase or redeem our Series A Preferred Shares. Accordingly, our Series A Preferred Shares will remain outstanding indefinitely, unless we decide to repurchase or redeem them or unless, under circumstances where the holders of Series A Preferred Shares have a conversion right, such holders decide to convert their shares. We are not required to set aside funds to repurchase or redeem our Series A Preferred Shares.

Ranking Our Series A Preferred Shares will rank, with respect to the payment of dividends and distribution of assets upon our liquidation, dissolution or winding up: (i) senior to our common shares and any other junior equity securities that we may issue in the future, if any; (ii) equally with other parity equity securities that we may issue in the future, if any; and (iii) junior to all of our existing and future indebtedness and senior equity securities, if any, the issuance of which is approved by holders of the Series A Preferred Shares as described in this prospectus supplement.

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Optional Redemption

Except in circumstances intended to preserve our qualification as a REIT or pursuant to our special optional redemption right discussed below, our Series A Preferred Shares are not redeemable prior to April 1, 2017. On and after April 1, 2017, we may, at our option, redeem our Series A Preferred Shares, in whole, at any time, or in part, from time to time, for cash at a redemption price of \$25.00 per share, plus, subject to exceptions, any accrued and unpaid dividends (whether or not declared) to, but not including, the date of redemption. Any partial redemption will be selected by lot or pro rata or by any other equitable method we may choose.

Special Optional Redemption

Upon the occurrence of a Change of Control (as defined under Conversion Rights below), we will have the option to redeem our Series A Preferred Shares, in whole, at any time, or in part, from time to time, within 120 days after the first date on which such Change of Control occurred, for cash at a redemption price of \$25.00 per share, plus, subject to exceptions, any accrued and unpaid dividends (whether or not declared) to, but not including, the redemption date.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series A Preferred Shares will have the right (the Change of Control Conversion Right) (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem some or all of the Series A Preferred Shares held by such holder as described above under Optional Redemption or Special Optional Redemption, in which case such holder will have the right only with respect to Series A Preferred Shares that are not called for redemption) to convert some or all of the Series A Preferred Shares held by such holder on the Change of Control Conversion Date into a number of our common shares per Series A Preferred Share equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series A Preferred Share plus the amount of any accrued and unpaid dividends thereon to the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Shares dividend payment and prior to the corresponding dividend payment date for the Series A Preferred Shares, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Common Share Price; and

(referred to as the Share Cap), subject to adjustments for any splits, subdivisions or combinations of our common shares;

subject, in each case, to provisions for the receipt of alternative consideration under specified circumstances as described in this prospectus supplement.

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As a result of the Share Cap, subject to the immediately succeeding sentence, the number of our common shares (or corresponding alternative consideration, as applicable) issuable or deliverable, as applicable, upon conversion of Series A Preferred Shares in connection with a Change of Control will not exceed _____ common shares in total (or corresponding alternative consideration, as applicable), subject to proportionate increase to the extent the underwriters' option to purchase additional Series A Preferred Shares is exercised, not to exceed _____ common shares in total (or corresponding alternative consideration, as applicable) (referred to as the Exchange Cap). The Exchange Cap is subject to pro rata adjustments for any splits, subdivisions or combinations of our common shares on the same basis as corresponding adjustments to the Share Cap, and shall be increased on a pro rata basis for any additional Series A Preferred Shares that we may issue in the future.

If, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem some or all of the Series A Preferred Shares, whether pursuant to our special optional redemption right or our optional redemption right described above, holders of Series A Preferred Shares will not have the right to convert the Series A Preferred Shares called for redemption, and any Series A Preferred Shares called for redemption that have been tendered for conversion will be redeemed on the applicable redemption date instead of converted on the Change of Control Conversion Date.

For definitions of Change of Control, Change of Control Conversion Right, Change of Control Conversion Date and Common Share Price, and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see Description of the Series A Preferred Shares Conversion Rights.

Except as provided above in connection with a Change of Control, the Series A Preferred Shares are not convertible into or exchangeable for any other securities or property.

Liquidation Preference Amount

If we liquidate, dissolve or windup, holders of our Series A Preferred Shares will have the right to receive \$25.00 per share, plus an amount per share equal to accrued and unpaid dividends (whether or not earned or declared) to, but not including, the date of payment, before any payments are made to holders of our common shares or other junior equity securities.

Voting Rights

Holders of our Series A Preferred Shares will generally have no voting rights. However, if dividends on our Series A Preferred Shares are in arrears for six quarterly dividend periods (whether or not consecutive), the holders of our Series A Preferred Shares (voting separately as a class with the holders of any other series of parity equity securities upon which like voting rights have

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been conferred and are exercisable) will have the right to elect two additional members to serve on our Board of Trustees until we pay (or declare and set aside for payment) all dividends that are then in arrears. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding Series A Preferred Shares is required for us to authorize, create or increase the number of any class or series of equity securities ranking senior to the Series A Preferred Shares with respect to the payment of dividends or the distribution of assets on liquidation, to amend our Trust Agreement (including the Amendment to the Trust Agreement establishing the Series A Preferred Shares (the Preferred Shares Amendment)) in a manner that materially and adversely affects the rights of the holders of Series A Preferred Shares or to take certain other actions. See Description of Our Series A Preferred Shares Voting Rights in this prospectus supplement.

Among other things, we may, without any vote of the holders of Series A Preferred Shares, issue additional Series A Preferred Shares and we may authorize and issue additional classes or series of parity and junior equity securities.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act, and any of our Series A Preferred Shares are outstanding, we will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series A Preferred Shares, as their names and addresses appear in our record books and without cost to such holders, copies of the annual reports and quarterly reports that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series A Preferred Shares. We will mail (or otherwise provide) the information to the holders of Series A Preferred Shares within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act.

Listing

Currently, no market exists for the Series A Preferred Shares. We intend to file an application to list our Series A Preferred Shares on the NYSE under the symbol PEIPrA. We expect trading of the Series A Preferred Shares on the NYSE, if listing is approved, to commence within 30 days after the date of the initial delivery of the shares. The underwriters have advised us that they intend to make a market in the Series A Preferred Shares prior to the commencement of any trading on the NYSE. However, the underwriters have no obligation to do so, and we cannot assure you that a market for the Series A Preferred Shares will develop prior to commencement of trading on the NYSE or, if developed, will be maintained or will provide you with adequate liquidity.

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Use of Proceeds

We estimate that the net proceeds of this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise their option to purchase additional Series A Preferred Shares in full), after deducting the underwriting discount and other estimated offering expenses payable by us. We intend to use the net proceeds from this offering to repay amounts outstanding under our Revolving Facility and other indebtedness and for other general corporate purposes. Affiliates of certain of the underwriters in this offering are lenders under our 2010 Credit Facility and will receive their pro rata share of the net proceeds of this offering that are used to repay the Revolving Facility. See Use of Proceeds in this prospectus supplement.

Restrictions on Ownership and Transfer

To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code, our Trust Agreement and the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares contain ownership and transfer restrictions relating to our shares. For example, the terms of the Series A Preferred Shares will restrict any person from acquiring actual or constructive ownership of more than 9.9% (by number of shares or value, whichever is more restrictive) of the outstanding Series A Preferred Shares. See Description of Our Series A Preferred Shares Restrictions on Ownership and Transfer in this prospectus supplement and Description of Preferred Shares of Beneficial Interest Restrictions on Ownership in the accompanying prospectus for additional information about these restrictions.

Settlement Date

The underwriters expect to deliver the shares through The Depository Trust Company on or about April , 2012.

Form

Our Series A Preferred Shares will be maintained in book-entry form registered in the name of the nominee of The Depository Trust Company, except in limited circumstances.

Risk Factors

Investing in our Series A Preferred Shares involves a high degree of risk and the purchasers of our Series A Preferred Shares may lose their entire investment. See Risk Factors beginning on page S-10 and the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of risk factors you should carefully consider before deciding to invest in our Series A Preferred Shares.

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RISK FACTORS

Investing in our Series A Preferred Shares will provide you with an equity ownership in our Company. As one of our shareholders, you will be subject to risks inherent in our business. The trading price of our Series A Preferred Shares will be affected by the performance of our business relative to, among other things, competition, market conditions and general economic and industry conditions. The value of your investment may decrease, resulting in a loss. You should carefully consider the following factors as well as the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2011 (which is incorporated by reference into this prospectus supplement) before deciding to invest in our Series A Preferred Shares.

Risks Related to Our Operations

Our recently announced management changes could impact our business and our prospects.

On March 21, 2012, we announced that our chief executive officer, Ronald Rubin, will retire from that position and that Joseph F. Coradino will become our new chief executive officer, effective as of our annual meeting on June 7, 2012. Our future success depends upon the ability of our corporate management team to implement this management transition and to continue to execute our business strategies. If we fail to manage the transition successfully, it would have a negative impact on our business and our prospects.

Risks Relating to this Offering

Our Series A Preferred Shares are subordinate to our debt, and your interests could be diluted by the issuance of additional preferred shares, including additional Series A Preferred Shares, and by other transactions.

Our Series A Preferred Shares are subordinate to all of our and our subsidiaries' existing and future debt. Our existing debt restricts, and our future debt may include restrictions on, our ability to pay dividends to preferred shareholders. Our Trust Agreement currently authorizes the issuance of up to 25,000,000 preferred shares in one or more series. Subject to limitations prescribed by Pennsylvania law and our Trust Agreement, the Board of Trustees is authorized to issue, from our authorized but unissued capital shares, preferred shares in such classes or series as our Board of Trustees may determine and to establish from time to time the number of preferred shares to be included in any such class or series. We may not issue senior preferred shares without the affirmative vote of at least two-thirds of the outstanding Series A Preferred Shares; however, we may issue additional preferred shares that rank equally with the Series A Preferred Shares without the consent of any holder of the Series A Preferred Shares. The issuance of additional equity securities ranking equally with or senior to our Series A Preferred Shares would dilute the interests of the holders of our Series A Preferred Shares, and any issuance of equity securities senior to our Series A Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series A Preferred Shares. Other than the conversion right afforded to holders of Series A Preferred Shares that may become exercisable in connection with a Change of Control described under "Description of Our Series A Preferred Shares—Conversion Rights" in this prospectus supplement, none of the provisions relating to our Series A Preferred Shares contain any terms relating to or limiting our ability to incur indebtedness or affording the holders of our Series A Preferred Shares protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might materially and adversely affect the holders of our Series A Preferred Shares.

We have significant outstanding indebtedness that exposes us to the risk of default under our debt obligations, which could adversely affect our ability to meet our obligations under our Series A Preferred Shares.

As of December 31, 2011, we had an aggregate consolidated indebtedness outstanding (excluding debt premium and debt discount) of \$2,163.0 million, \$2,026.1 million of which was secured by

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substantially all of our properties and \$136.9 million of which was unsecured indebtedness. As of December 31, 2011, \$240.0 million was outstanding under the term loans (the 2010 Term Loan) under our credit facility, and \$95.0 million was outstanding under the revolving line of credit (the Revolving Facility) under our credit facility (the 2010 Term Loan and the Revolving Facility, together, the 2010 Credit Facility). In 2011, we obtained a new mortgage loan of \$27.7 million and we repaid \$79.3 million of existing mortgage loan debts. These debt amounts do not include our proportionate share of indebtedness of our partnership properties, which was \$204.5 million at December 31, 2011. Our consolidated debt represented 73.6% of our total market capitalization as of February 29, 2012. We may incur additional debt for various purposes, including, without limitation, to fund future asset acquisitions or ground-up development and operational needs. Our outstanding indebtedness, and the limitations imposed on us by our debt agreements, could have significant adverse consequences, including making it more difficult for us to satisfy our obligations with respect to our Series A Preferred Shares, including paying quarterly cash dividends.

Our outstanding debt obligations restrict our ability to pay dividends on our Series A Preferred Shares or to redeem our Series A Preferred Shares.

We, our Operating Partnership and our subsidiaries are, and may in the future become, parties to agreements and instruments, which, among other things, restrict or prevent the payment of dividends on our capital shares or our ability to redeem any of our capital shares. For example, under the terms of our 2010 Credit Facility, we are required to satisfy certain financial covenants, including among others, (1) consolidated liabilities to gross asset value of 0.70:1; (2) minimum ratio of EBITDA to interest expense of 1.60:1; and (3) minimum ratio of adjusted EBITDA to fixed charges of 1.35:1. We are also required to maintain our status as a REIT at all times. In addition, if an event of default exists under the documents governing our 2010 Credit Facility, we are restricted, in certain circumstances, from making any distributions in respect of our equity securities, including dividends on our Series A Preferred Shares or distributions to our shareholders necessary to maintain our qualification as a REIT, which could cause us to lose our REIT qualification and become subject to U.S. federal income tax. Our inability to meet the various financial and operating covenants contained in our debt instruments, including those discussed above, could result in us being limited in the amount of dividends we would be permitted to pay holders of our Series A Preferred Shares or in us being unable to redeem our Series A Preferred Shares.

Our Series A Preferred Shares have not been rated.

We have not sought to obtain a rating for our Series A Preferred Shares. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of our Series A Preferred Shares. In addition, we may elect in the future to obtain a rating of our Series A Preferred Shares, which could adversely affect the market price of our Series A Preferred Shares. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on a watch list or withdrawn entirely at the discretion of the issuing rating agency if, in its judgment, circumstances so warrant. Any such downward revision, placing on a watch list or withdrawal of a rating could have a material adverse effect on the market price of our Series A Preferred Shares.

As a holder of Series A Preferred Shares you will have extremely limited voting rights.

Your voting rights as a holder of Series A Preferred Shares will be extremely limited. Our common shares are the only class of our capital shares carrying full voting rights. Voting rights for holders of Series A Preferred Shares exist primarily with respect to the ability to appoint, together with holders of our parity equity securities having similar voting rights, if any, two additional trustees to our Board of Trustees in the event that six quarterly dividends (whether or not consecutive) payable on our Series A Preferred Shares are in arrears, and with respect to voting on amendments to our Trust Agreement or the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares that materially and adversely affect the

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rights of Series A Preferred Shares holders or create additional classes or series of preferred shares that are senior to our Series A Preferred Shares. See Description of Our Series A Preferred Shares Voting Rights below. Other than the limited circumstances described in this prospectus supplement, holders of Series A Preferred Shares will not have any voting rights.

You may not be permitted to exercise conversion rights upon a change of control. If exercisable, the change of control conversion feature of the Series A Preferred Shares may not adequately compensate you, and the change of control conversion and redemption features of the Series A Preferred Shares may make it more difficult for a party to take over our Company or discourage a party from taking over our Company.

Upon the occurrence of a Change of Control, as a result of which our common shares and the common securities of the acquiring or surviving entity (or ADRs representing such common securities) are not listed on the NYSE, the NYSE Amex or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ, holders of Series A Preferred Shares will have the right to convert some or all of their Series A Preferred Shares into our common shares (or equivalent value of alternative consideration). Notwithstanding that we generally may not redeem the Series A Preferred Shares prior to April 1, 2017, we have a special optional redemption right to redeem the Series A Preferred Shares in the event of a Change of Control, and holders of Series A Preferred Shares will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion Date. See Description of the Series A Preferred Shares Conversion Rights and Description of the Series A Preferred Shares Redemption. Upon such a conversion, the holders will be limited to a maximum number of common shares equal to the Share Cap multiplied by the number of Series A Preferred Shares converted. If the Common Share Price (as defined in Description of the Series A Preferred Shares Conversion Rights) is less than \$ (which is approximately % of the per-share closing sale price of our common shares on April 1, 2012), subject to adjustment, each holder will receive a maximum of of our common shares per Series A Preferred Share, which may result in a holder receiving value that is less than the liquidation preference of the holder's Series A Preferred Shares. In addition, those features of the Series A Preferred Shares may have the effect of inhibiting a third party from making an acquisition proposal for our Company or of delaying, deferring or preventing a change of control of our Company under circumstances that otherwise could provide the holders of our common shares and Series A Preferred Shares with the opportunity to realize a premium over the then-current market price or that shareholders may otherwise believe is in their best interests.

There is no established trading market for the Series A Preferred Shares and listing on the NYSE does not guarantee a market for the Series A Preferred Shares.

Our Series A Preferred Shares are a new issue of securities with no established trading market. We intend to file an application to list our Series A Preferred Shares on the NYSE, but there can be no assurance that the NYSE will approve the Series A Preferred Shares for listing. Even if the Series A Preferred Shares were to be listed, an active trading market on the NYSE for our Series A Preferred Shares may not develop or, if it does develop, may not last, in which case the trading price of our Series A Preferred Shares could be adversely affected. If an active trading market does develop on the NYSE, our Series A Preferred Shares may trade at prices lower than the initial offering price. In addition, we have been advised by the underwriters that they intend to make a market in our Series A Preferred Shares, but they are not obligated to do so and may discontinue market-making at any time without notice.

The market price and trading volume of the Series A Preferred Shares may fluctuate significantly and be volatile due to numerous factors beyond our control.

The Series A Preferred Shares are a new issue of securities with no established trading market, which may result in significant volatility in the market price and trading volume of the Series A Preferred Shares.

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In addition, the market price of our Series A Preferred Shares will depend on many factors (some of which are beyond our control), including:

prevailing interest rates;

the market for similar securities;

general economic and financial market conditions;

our issuance of additional preferred shares or debt securities; and

our financial condition, cash flows, results of operations and prospects.

The trading prices of common and preferred shares issued by REITs and other real estate companies historically have been affected by changes in market interest rates. One of the factors that may influence the market price of the Series A Preferred Shares is the annual yield from distributions on the Series A Preferred Shares as compared to yields on other financial instruments. An increase in market interest rates may lead prospective purchasers of the Series A Preferred Shares to demand a higher annual yield, which could reduce the market price of the Series A Preferred Shares.

Future offerings of debt or senior equity securities may adversely affect the market price of the Series A Preferred Shares.

If we decide to incur debt or issue equity securities in the future, it is possible that such debt or securities will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, any convertible or exchangeable securities that we issue in the future might have rights, preferences and privileges more favorable than those of the Series A Preferred Shares and might result in dilution to holders of the Series A Preferred Shares. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Because our decision to incur debt or issue equity securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future capital-raising efforts. Thus, holders of the Series A Preferred Shares will bear the risk that our future capital-raising efforts will reduce the market price of the Series A Preferred Shares and dilute the value of their holdings in us.

If our common shares are delisted, your ability to transfer or sell your Series A Preferred Shares may be limited and the market price of the Series A Preferred Shares will be materially adversely affected.

Other than in connection with certain change of control transactions, the Series A Preferred Shares will not contain provisions that protect you if our common shares are delisted from the NYSE. Since the Series A Preferred Shares have no stated maturity date, you may be forced to hold your Series A Preferred Shares indefinitely and receive dividends thereon only when, as and if authorized by our Board of Trustees and declared by us with no assurance as to ever receiving the liquidation preference. In addition, if our common shares are delisted, it is likely that the Series A Preferred Shares will be delisted, which will limit your ability to transfer or sell your Series A Preferred Shares and could have a material adverse effect on the market price of the Series A Preferred Shares.

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USE OF PROCEEDS

The net proceeds from this offering will be approximately \$ million (or approximately \$ million in the event that the underwriters exercise in full their option to purchase additional Series A Preferred Shares), after deducting the underwriting discount and our estimated offering expenses.

We intend to use the net proceeds from this offering to repay amounts outstanding under our Revolving Facility and other indebtedness and for other general corporate purposes. As of the date of this prospectus supplement, the interest rate payable on our 2010 Credit Facility is approximately 4.25% per annum, and the principal amount outstanding is approximately \$240.0 million under the 2010 Term Loan and \$30.0 million under the Revolving Facility.

Affiliates of certain of the underwriters in this offering are lenders under our 2010 Credit Facility and will receive their pro rata share of the net proceeds of this offering that are used to repay the 2010 Credit Facility. See **Underwriting** in this prospectus supplement.

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Table of Contents**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS**

Our ratio of earnings to combined fixed charges and preferred dividends for the fiscal years ended December 31, 2011, 2010, 2009, 2008 and 2007 was as follows:

	Year ended December 31, 2011	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Ratio of Earnings to Combined Fixed Charges and Preferred Dividends	0.33	0.53	0.26	0.76	0.95

The ratio of earnings to combined fixed charges and preferred dividends was computed by dividing our earnings by our combined fixed charges and preferred dividends. For this purpose, earnings have been calculated as (a) income (loss) from continuing operations before allocation to noncontrolling interest and income from investments in unconsolidated joint ventures, plus (b) fixed charges (as defined below), plus (c) amortization of capitalized interest, plus (d) distributed income of investments in unconsolidated joint ventures, less (a) capitalized interest, and less (b) preferred dividends on our previously outstanding 11% Non-Convertible Senior Preferred Shares, which were redeemed on July 31, 2007. Fixed charges are comprised of (a) interest, whether expensed or capitalized, (b) amortization of premiums, discounts and capitalized expenses related to our indebtedness, and (c) the estimated interest component of rental expense. Preferred dividends are the amount of earnings required to pay dividends on outstanding preferred shares.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of December 31, 2011 (1) on an actual basis, (2) on a pro forma basis to reflect certain transactions since December 31, 2011 and (3) as adjusted to reflect the offering of our Series A Preferred Shares, after deducting the underwriting discount and our estimated offering expenditures, and the application of the net proceeds as described under Use of Proceeds in this prospectus supplement. You should read this table in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K and our audited financial statements and related notes for the year ended December 31, 2011 included therein.

(In thousands, except per share data)	As of December 31, 2011		
	Actual	Pro Forma ⁽¹⁾ (unaudited)	As Adjusted ⁽²⁾ (unaudited)
Cash	\$ 21,798	\$ 22,548	\$
Debt:			
Mortgage notes payable (including debt premium of \$282)	\$ 1,691,381	\$ 1,757,131	\$ 1,757,131
Exchangeable Notes (net of debt discount of \$849)	136,051	136,051	136,051
2010 Credit Facility - Term Loans	240,000	240,000	240,000
2010 Credit Facility - Revolving Facility	95,000	30,000	0
Total debt	\$ 2,162,432	\$ 2,163,182	\$ 2,133,182
Equity:			
Preferred shares: 25,000 shares authorized; 0 shares issued and outstanding at December 31, 2011; ⁽²⁾ Series A Preferred Shares issued and outstanding as adjusted, \$0.01 par value per Series A Preferred Share	\$	\$	\$
Shares of beneficial interest, \$1.00 par value per share: 100,000 shares authorized; 55,677 shares issued and outstanding at December 31, 2011 and issued and outstanding as adjusted	55,677	55,677	55,677
Capital contributed in excess of par	1,047,487	1,047,487	
Accumulated other comprehensive loss	(34,099)	(34,099)	(34,099)
Distributions in excess of net income	(524,738)	(524,738)	(524,738)
Total Equity - Pennsylvania Real Estate Investment Trust	544,327	544,327	
Non controlling interest	43,711	43,711	43,711
Total Equity	\$ 588,038	\$ 588,038	\$
Total Capitalization	\$ 2,750,470	\$ 2,751,220	\$

(1) Reflects the new \$65,750 mortgage loan on Capital City Mall entered into in February 2012 and application of the net proceeds thereof.

(2) Excludes up to Series A Preferred Shares issuable upon exercise of the underwriters' option to purchase additional Series A Preferred Shares.

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DESCRIPTION OF OUR SERIES A PREFERRED SHARES

The description of certain terms and provisions of our Series A Preferred Shares contained in this prospectus supplement does not purport to be complete and is in all respects subject to, and qualified in its entirety by reference to, our Trust Agreement, including the Preferred Shares Amendment setting forth the terms of our Series A Preferred Shares, our By-Laws and Pennsylvania law. The following description of the terms of our Series A Preferred Shares supplements, and to the extent inconsistent with, replaces, the description of the general terms and provisions of our preferred shares set forth in the accompanying prospectus.

For purposes of this section, references to we, our and our Company refer only to Pennsylvania Real Estate Investment Trust and not to any of its subsidiaries.

General

Our Trust Agreement provides that we may issue up to 25,000,000 preferred shares. Our Trust Agreement authorizes our Board of Trustees to increase or decrease the number of authorized shares without shareholder approval.

Subject to the limitations prescribed by Pennsylvania law and our Trust Agreement and By-Laws, our Board of Trustees is authorized to establish the number of shares constituting each class or series of preferred shares and to fix the designations and powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof, including such provisions as may be desired concerning voting, redemption, dividends, dissolution or the distribution of assets, conversion or exchange, and such other subjects or matters as may be fixed by resolution of the Board of Trustees or a duly authorized committee thereof.

Prior to the closing of this offering, we will amend our Trust Agreement to classify _____ of our authorized preferred shares as _____ % Series A Cumulative Redeemable Perpetual Preferred Shares and authorize the issuance thereof. When issued, our Series A Preferred Shares will be validly issued, fully paid and nonassessable. The holders of Series A Preferred Shares will have no preemptive rights with respect to any of our shares or any of our other securities convertible into or carrying rights or options to purchase any shares of our shares.

Our Series A Preferred Shares will not be subject to any sinking fund and we will have no obligation to redeem or repurchase our Series A Preferred Shares. Unless converted by you in connection with a Change of Control or redeemed or repurchased by us, our Series A Preferred Shares will have a perpetual term, with no maturity.

The Preferred Shares Amendment setting forth the terms of our Series A Preferred Shares permits us to reopen this series, without the consent of the holders of our Series A Preferred Shares, in order to issue additional Series A Preferred Shares from time to time. Thus, we may in the future issue additional Series A Preferred Shares without your consent. Any additional Series A Preferred Shares will have the same terms as the Series A Preferred Shares being issued in this offering. These additional Series A Preferred Shares will, together with the Series A Preferred Shares being issued in this offering, constitute a single series of securities under the Trust Agreement.

Ranking

Our Series A Preferred Shares will rank senior to the Junior Shares (as defined under Dividends below), including our common shares, and equally with any other parity equity securities that we might issue in the future, with respect to payment of dividends and amounts upon liquidation, dissolution or winding up. While any Series A Preferred Shares are outstanding, we may not authorize or create any class or series of capital shares that ranks senior to our Series A Preferred Shares with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up without the consent of the holders of two-thirds of the outstanding Series A Preferred Shares voting as a single class. However, we may create additional classes or series of shares, amend our Trust Agreement to increase the authorized number of

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preferred shares or issue any class or series of equity securities ranking equally with our Series A Preferred Shares with respect, in each case, to the payment of dividends and amounts upon liquidation, dissolution or winding up (Parity Shares) without the consent of any holder of Series A Preferred Shares. See Voting Rights below for a discussion of the voting rights applicable if we seek to create any class or series of equity securities senior to our Series A Preferred Shares.

Dividends

Holders of Series A Preferred Shares will be entitled to receive, when, as and if authorized by our Board of Trustees, out of funds legally available for payment, and declared by us, cumulative cash dividends at the rate of % per annum per share of its liquidation preference (equivalent to \$ per annum per Series A Preferred Share).

Dividends on each Series A Preferred Share shall accrue daily and shall be cumulative from, and including, the date of original issue and are payable quarterly in arrears on or about the 15th day of each March, June, September and December (each, a dividend payment date), at the then applicable annual rate; provided, however, that if any dividend payment date falls on any day other than a business day, as defined in the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares, the dividend due on such dividend payment date shall be paid on the first business day immediately following such dividend payment date and no interest, additional dividends or other sum will accrue on the amount so payable for the period from and after that dividend payment date to that next succeeding business day. Each dividend is payable to holders of record as they appear on our share records at the close of business on the record date, not exceeding 30 days preceding the payment dates thereof as fixed by our Board of Trustees. The first dividend on the Series A Preferred Shares after the date of original issuance is scheduled to be paid on June 15, 2012 and will be less than the amount of a regular quarterly dividend, and that dividend will be paid to the persons who are the holders of record of the Series A Preferred Shares at the close of business on the corresponding record date, which will be June 1, 2012. Dividends are cumulative from, and including, the date of original issue or the most recent dividend payment date to which dividends have been paid, whether or not in any dividend period or periods there shall be funds of ours legally available for the payment of such dividends. Accumulations of dividends on our Series A Preferred Shares will not bear interest and holders of our Series A Preferred Shares will not be entitled to any dividends in excess of full cumulative dividends. Dividends payable on our Series A Preferred Shares for any period greater or less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. Dividends payable on our Series A Preferred Shares for each full dividend period will be computed by dividing the annual dividend rate by four.

No dividend will be declared or paid on any Parity Shares unless full cumulative dividends have been declared and paid or are contemporaneously declared and funds sufficient for payment set aside on our Series A Preferred Shares for all prior dividend periods; provided, however, that if accrued dividends on our Series A Preferred Shares for all prior dividend periods have not been paid in full or a sum sufficient for such payment is not set apart, then any dividend declared on our Series A Preferred Shares for any dividend period and on any Parity Shares will be declared ratably in proportion to accrued and unpaid dividends on our Series A Preferred Shares and such Parity Shares. All of our dividends on our Series A Preferred Shares will be credited first to the earliest accrued and unpaid dividend.

Our Board of Trustees will not authorize and we will not (i) declare, pay or set apart funds for the payment of any dividend or other distribution with respect to any Junior Shares (other than in the form of Junior Shares) or (ii) redeem, purchase or otherwise acquire for consideration any Junior Shares through a sinking fund or otherwise (other than a redemption or purchase or other acquisition of our common shares made for purposes of an employee incentive or benefit plan of our Company or any subsidiary, or a conversion into or exchange for Junior Shares or redemptions for the purpose of preserving our qualification as a REIT), unless all cumulative dividends with respect to our Series A Preferred Shares and any Parity Shares at the time such dividends are payable have been paid or funds have been set apart for payment of such dividends.

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As used herein, (i) the term **dividend** does not include dividends payable solely in Junior Shares on Junior Shares, or in options, warrants or rights to holders of Junior Shares to subscribe for or purchase any Junior Shares, and (ii) the term **Junior Shares** means our common shares, and any other class or series of our capital shares now or hereafter issued and outstanding that ranks junior as to the payment of dividends or amounts upon liquidation, dissolution and winding up to our Series A Preferred Shares.

Liquidation Preference

The holders of Series A Preferred Shares will be entitled to receive in the event of any liquidation, dissolution or winding up of our Company, whether voluntary or involuntary, \$25.00 per Series A Preferred Share, which we refer to in this prospectus supplement as the **Liquidation Preference**, plus an amount per share of Series A Preferred Shares equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to, but not including, the date of final distribution to such holders.

Until the holders of Series A Preferred Shares have been paid their entire Liquidation Preference per share, plus all accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date of final distribution to such holders, no payment will be made to any holder of Junior Shares upon the liquidation, dissolution or winding up of our Company. If, upon any liquidation, dissolution or winding up of our Company, our assets, or proceeds thereof, distributable among the holders of our Series A Preferred Shares are insufficient to pay in full the Liquidation Preference plus all accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date of final distribution to such holders, and the liquidation preference and all accrued and unpaid dividends with respect to any Parity Shares, then such assets, or the proceeds thereof, will be distributed among the holders of Series A Preferred Shares and any such Parity Shares ratably in accordance with the respective amounts which would be payable on such Series A Preferred Shares and any such Parity Shares if all amounts payable thereon were paid in full. None of (i) a consolidation or merger of our Company with one or more entities, (ii) a statutory share exchange by our Company or (iii) a sale or transfer of all or substantially all of our assets, individually or as part of a series of transactions, will be considered a liquidation, dissolution or winding up, voluntary or involuntary, of our Company.

Optional Redemption

We may not redeem our Series A Preferred Shares prior to April 1, 2017, except in certain limited circumstances relating to the ownership limitation necessary to preserve our qualification as a REIT or in connection with our special optional redemption right to redeem Series A Preferred Shares upon a Change of Control (as defined under **Conversion Rights Definitions** below). For further information regarding these exceptions, see **Special Optional Redemption** below and **Description of Preferred Shares of Beneficial Interest Restrictions on Ownership** in the accompanying prospectus. On or after April 1, 2017, we, at our option upon not less than 30 nor more than 60 days written notice, may redeem our Series A Preferred Shares, in whole, at any time, or in part, from time to time, for cash at a redemption price of \$25.00 per share, plus all accrued and unpaid dividends thereon (whether or not declared) to, but not including, the date fixed for redemption, which we refer to in this prospectus supplement as the **redemption price**.

A notice of optional redemption (which may be contingent on the occurrence of a future event) will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of our Series A Preferred Shares at their addresses as they appear on our share transfer records. A failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the redemption of any Series A Preferred Shares except as to the holder to whom notice was defective or not given. Each notice will state:

the redemption date;

the redemption price and whether or not accrued and unpaid dividends will be payable to holders surrendering Series A Preferred Shares or to the persons who were holders of record at the close of business on the relevant dividend record date;

the number of Series A Preferred Shares to be redeemed;

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the place or places where the certificates, if any, evidencing the Series A Preferred Shares are to be surrendered for payment;

the procedures that the holders of Series A Preferred Shares must follow to surrender the certificates, if any, for redemption, including whether the certificates, if any, shall be properly endorsed or assigned for transfer; and

that dividends on the shares to be redeemed will cease to accrue on such redemption date.

If fewer than all the Series A Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of Series A Preferred Shares to be redeemed from such holder. If fewer than all of the outstanding Series A Preferred Shares are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata or by any other equitable method we may choose. If any redemption date is not a business day, then the redemption price may be paid on the next business day and no interest, additional dividends or other sums will accrue on the amount payable for the period from and after that redemption date to that next business day.

Special Optional Redemption

Upon the occurrence of a Change of Control (as defined under **Conversion Rights** below), we will have the option to redeem our Series A Preferred Shares, in whole, at any time, or in part, from time to time, within 120 days after the date on which such Change of Control has occurred for cash at a redemption price of \$25.00 per share, plus any accrued and unpaid dividends (whether or not declared) to, but not including, the redemption date. If, prior to the Change of Control Conversion Date (as defined below), we have provided or provide notice of our election to redeem some or all of the Series A Preferred Shares (whether pursuant to our optional redemption right described above under **Optional Redemption** or this special optional redemption right), the holders of Series A Preferred Shares will not have the Change of Control Conversion Right (as defined below) with respect to the shares called for redemption. If we elect to redeem any Series A Preferred Shares as described in this paragraph, we may use any available cash to pay the redemption price, and we will not be required to pay the redemption price only out of the proceeds from the issuance of other classes and series of our capital shares or any other specific source.

A notice of special optional redemption will be mailed, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, addressed to the holders of record of our Series A Preferred Shares at their addresses as they appear on our share transfer records. A failure to give such notice or any defect in the notice or in its mailing will not affect the validity of the proceedings for the special optional redemption of the Series A Preferred Shares except as to the holder to whom notice was defective or not given. Each notice will state:

the redemption date;

the redemption price and whether or not accrued and unpaid dividends will be payable to holders surrendering Series A Preferred Shares or to the persons who were holders of record at the close of business on the relevant dividend record date;

the number of Series A Preferred Shares to be redeemed;

the place or places where the certificates, if any, evidencing the Series A Preferred Shares are to be surrendered for payment;

the procedures that the holders of Series A Preferred Shares must follow to surrender the certificates, if any, for redemption, including whether the certificates, if any, shall be properly endorsed or assigned for transfer;

that the Series A Preferred Shares are being redeemed pursuant to our special optional redemption right in connection with the occurrence of a Change of Control and a brief description of the transaction or transactions constituting such Change of Control;

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that the holders of Series A Preferred Shares to which the notice relates will not be able to tender such Series A Preferred Shares for conversion in connection with the Change of Control and each Series A Preferred Share tendered for conversion that is selected, prior to the Change of Control Conversion Date, for redemption will be redeemed on the related date of redemption instead of converted on the Change of Control Conversion Date; and

that dividends on the shares to be redeemed will cease to accrue on such redemption date.

If fewer than all the Series A Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of Series A Preferred Shares to be redeemed from such holder. If fewer than all of the outstanding Series A Preferred Shares are to be redeemed, the shares to be redeemed shall be selected by lot or pro rata or by any other equitable method we may choose (including by electing to exercise our special optional redemption right only with respect to our Series A Preferred Shares for which holders have exercised their Change of Control Conversion Right discussed below). If any redemption date is not a business day, then the redemption price may be paid on the next business day and no interest, additional dividends or other sums will accrue on the amount payable for the period from and after that redemption date to that next business day.

General Provisions Applicable to Redemptions

On the redemption date, we must pay on each share of Series A Preferred Shares to be redeemed any accrued and unpaid dividends, in arrears, for any dividend period ending on or prior to the redemption date. In the case of a redemption date falling after a dividend payment record date and prior to the related payment date, the holders of Series A Preferred Shares at the close of business on such record date will be entitled to receive the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the redemption of such shares prior to such dividend payment date. Except as provided for in the two preceding sentences, no payment or allowance will be made for unpaid dividends, whether or not in arrears, on any Series A Preferred Shares called for redemption.

If full cumulative dividends on our Series A Preferred Shares and any Parity Shares have not been paid or declared and set apart for payment, we may not purchase, redeem or otherwise acquire any Series A Preferred Shares or any Parity Shares other than in exchange for Junior Shares; provided, however, that the foregoing shall not prevent the purchase by us of shares held in excess of the limits in our Trust Agreement in order to ensure that we continue to meet the requirements for qualification as a REIT. See Description of Preferred Shares of Beneficial Interest Restrictions on Ownership in the accompanying prospectus.

On and after the date fixed for redemption, provided that we have made available at the office of the registrar and transfer agent a sufficient amount of cash to effect the redemption, dividends will cease to accrue on the Series A Preferred Shares called for redemption (except that, in the case of a redemption date after a dividend payment record date and prior to the related payment date, holders of Series A Preferred Shares on the dividend payment record date will be entitled on such dividend payment date to receive the dividend payable on such shares on the corresponding dividend payment date), such shares shall no longer be deemed to be outstanding and all rights of the holders of such shares as holders of Series A Preferred Shares shall cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

Conversion Rights

Definitions

As used in this prospectus supplement, the following terms shall have the following meanings:

A Change of Control will be deemed to have occurred at such time after the original issuance of the Series A Preferred Shares when the following has occurred:

the acquisition by any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a

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purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of shares of the Company entitling that person to exercise more than 50% of the total voting power of all shares of the Company entitled to vote generally in the election of our trustees (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition); and

following the closing of any transaction referred to in the bullet point above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts representing such securities) listed on the New York Stock Exchange (the NYSE), the NYSE Amex Equities (the NYSE Amex), or the NASDAQ Stock Market (NASDAQ), or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE Amex or NASDAQ.

The Common Share Price will be (i) if the consideration to be received in the Change of Control by the holders of our common shares is solely cash, the amount of cash consideration per common share or (ii) if the consideration to be received in the Change of Control by holders of our common shares is other than solely cash (x) the average of the closing sale prices per common share (or, if no closing sale price is reported, the average of the closing bid and ask prices per share or, if more than one in either case, the average of the average closing bid and the average closing ask prices per share) for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred as reported on the principal U.S. securities exchange on which our common shares are then traded, or (y) the average of the last quoted bid prices for our common shares in the over-the-counter market as reported by Pink OTC Markets Inc. or similar organization for the ten consecutive trading days immediately preceding, but not including, the date on which such Change of Control occurred, if our common shares are not then listed for trading on a U.S. securities exchange.

Conversion

Upon the occurrence of a Change of Control, each holder of Series A Preferred Shares will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem some or all of the Series A Preferred Shares held by such holder as described above under Optional Redemption or Special Optional Redemption, in which case such holder will have the right only with respect to Series A Preferred Shares that are not called for redemption) to convert some or all of the Series A Preferred Shares held by such holder (referred to as the Change of Control Conversion Right) on the Change of Control Conversion Date into a number of our common shares per Series A Preferred Share (referred to as the Common Shares Conversion Consideration) equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series A Preferred Share plus the amount of any accrued and unpaid dividends thereon to but excluding the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a Series A Preferred Shares dividend payment and prior to the corresponding dividend payment date for the Series A Preferred Shares, in which case no additional amount for such accrued and unpaid dividends will be included in this sum) by (ii) the Common Share Price, as defined above (such quotient is referred to as the Conversion Rate); and

(referred to as the Share Cap).

Anything in the Preferred Shares Amendment to the contrary notwithstanding and except as otherwise required by law, the persons who are the holders of record of Series A Preferred Shares at the close of business on a record date for the payment of dividends will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those shares after such record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend shall be paid on such dividend payment date to the persons who were the holders of record at the close of business on such record date.

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The Share Cap is subject to pro rata adjustments for any share splits (including those effected pursuant to a distribution of our common shares), subdivisions or combinations (in each case referred to as a Share Split) with respect to our common shares as follows: the adjusted Share Cap as the result of a Share Split will be the number of our common shares that is equivalent to the product obtained by multiplying (i) the Share Cap in effect immediately prior to such Share Split by (ii) a fraction, the numerator of which is the number of our common shares outstanding immediately after giving effect to such Share Split and the denominator of which is the number of our common shares outstanding immediately prior to such Share Split.

For the avoidance of doubt, subject to the immediately succeeding sentence, the number of our common shares (or equivalent Alternative Conversion Consideration (as defined below), as applicable) issuable or deliverable, as applicable, in connection with the exercise of the Change of Control Conversion Right will not exceed common shares in total (or equivalent Alternative Conversion Consideration, as applicable), subject to proportionate increase to the extent the underwriters' option to purchase additional Series A Preferred Shares is exercised, not to exceed common shares in total (or equivalent Alternative Conversion Consideration, as applicable) (referred to as the Exchange Cap). The Exchange Cap is subject to pro rata adjustments for any Share Splits on the same basis as the corresponding adjustment to the Share Cap, and shall be increased on a pro rata basis with respect to any additional Series A Preferred Shares designated and authorized for issuance pursuant to any subsequent amendments to our Trust Agreement.

In the case of a Change of Control as a result of which holders of our common shares are entitled to receive consideration in a form other than solely our common shares, including other securities, other property or assets (including cash or any combination thereof) with respect to or in exchange for our common shares (the Alternative Form Consideration), a holder of Series A Preferred Shares will be entitled thereafter to convert (subject to our special optional redemption right) such Series A Preferred Shares not into our common shares but solely into the kind and amount of Alternative Form Consideration which the holder of Series A Preferred Shares would have owned or been entitled to receive upon such Change of Control as if such holder of Series A Preferred Shares then held the Common Share Conversion Consideration immediately prior to the effective time of the Change of Control (the Alternative Conversion Consideration, and the Common Share Conversion Consideration or the Alternative Conversion Consideration, as may be applicable to a Change of Control, are referred to as the Conversion Consideration).

If the holders of our common shares have the opportunity to elect the form of consideration to be received in such Change of Control, the Conversion Consideration will be deemed to be the kind and amount of consideration actually received by holders of a majority of our common shares that voted for such an election (if electing between two types of consideration) or holders of a plurality of our common shares that voted for such an election (if electing between more than two types of consideration), as the case may be.

We will not issue fractional common shares upon the conversion of our Series A Preferred Shares. Instead, we will pay the cash value of such fractional shares.

Within 15 days following the occurrence of a Change of Control, we will provide to holders of Series A Preferred Shares a notice of occurrence of the Change of Control that describes the resulting Change of Control Conversion Right. This notice will state the following:

the events constituting the Change of Control;

the date of the Change of Control;

the last date on which the holders of Series A Preferred Shares may exercise their Change of Control Conversion Right;

the method and period for calculating the Common Share Price;

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the Change of Control Conversion Date, which will be a business day that is no less than 20 days nor more than 35 days following the date of the notice;

that if, prior to the Change of Control Conversion Date, we have provided or provide notice of our election to redeem all or any Series A Preferred Shares, holders will not be able to convert the Series A Preferred Shares called for redemption and such shares will be redeemed on the related redemption date, even if such shares have already been tendered for conversion pursuant to the Change of Control Conversion Right;

if applicable, the type and amount of Alternative Conversion Consideration entitled to be received per share of Series A Preferred Shares;

the name and address of the paying agent, transfer agent and the conversion agent;

the procedures that the holders of Series A Preferred Shares must follow to exercise the Change of Control Conversion Right (including procedures for surrendering shares for conversion through the facilities of a Depositary (as defined below)), including the form of conversion notice to be delivered by such holders as described below; and

the last date on which holders of Series A Preferred Shares may withdraw shares surrendered for conversion and the procedures that such holders must follow to effect such a withdrawal.

We will issue a press release for publication on Dow Jones & Company, Inc., Business Wire, PR Newswire or Bloomberg Business News (or, if such organizations are not in existence at the time of issuance of such press release, such other news or press organization as is reasonably calculated to broadly disseminate the relevant information to the public), or post notice on our website, in any event prior to the opening of business on the first business day following any date on which we provide the notice described above to the holders of Series A Preferred Shares.

In order to exercise the Change of Control Conversion Right, a holder of Series A Preferred Shares will be required to deliver, on or before the close of business on the Change of Control Conversion Date, the certificates (if any) evidencing Series A Preferred Shares to be converted, duly endorsed for transfer, together with a written conversion notice completed, to our transfer agent. The conversion notice must state:

the relevant Change of Control Conversion Date;

the number of Series A Preferred Shares to be converted; and

that the Series A Preferred Shares are to be converted pursuant to the applicable provisions of the Series A Preferred Shares. The Change of Control Conversion Date will be a business day that is no less than 20 days nor more than 35 days after the date on which we provide the notice described above to the holders of Series A Preferred Shares.

Holders of Series A Preferred Shares may withdraw any notice of exercise of a Change of Control Conversion Right (in whole or in part) by a written notice of withdrawal delivered to our transfer agent prior to the close of business on the business day prior to the Change of Control Conversion Date. The notice of withdrawal must state:

the number of withdrawn Series A Preferred Shares;

if certificated Series A Preferred Shares have been issued, the certificate numbers of the withdrawn Series A Preferred Shares; and

the number of Series A Preferred Shares, if any, which remain subject to the conversion notice.

Notwithstanding the foregoing, if the Series A Preferred Shares are held in global form, the conversion notice and/or the notice of withdrawal, as applicable, must comply with applicable procedures of The Depository Trust Company, or DTC.

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Series A Preferred Shares as to which the Change of Control Conversion Right has been properly exercised and for which the conversion notice has not been properly withdrawn will be converted into the applicable Conversion Consideration in accordance with the Change of Control Conversion Right on the Change of Control Conversion Date.

In connection with the exercise of any Change of Control Conversion Right, we will comply with all U.S. federal and state securities laws and stock exchange rules in connection with any conversion of Series A Preferred Shares into common shares. Notwithstanding any other provision of our Series A Preferred Shares, no holder of our Series A Preferred Shares will be entitled to convert such Series A Preferred Shares for our common shares to the extent that receipt of such common shares would cause such holder (or any other person) to exceed the share ownership limits contained in our Trust Agreement and the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares. See

Restrictions on Ownership and Transfer below and Description of Preferred Shares of Beneficial Interest Restrictions on Ownership in the accompanying prospectus.

These Change of Control conversion and redemption features may make it more difficult for or discourage a party from taking over our Company. See Risk Factors You may not be permitted to exercise conversion rights upon a change of control. We are not aware, however, of any specific effort to accumulate our shares with the intent to obtain control of our Company by means of a merger, tender offer, solicitation or otherwise. In addition, the Change of Control redemption feature is not part of a plan by us to adopt a series of anti-takeover provisions. Instead, the Change of Control conversion and redemption features are a result of negotiations between us and the underwriters.

Except as provided above in connection with a Change of Control, the Series A Preferred Shares are not convertible into or exchangeable for any other securities or property.

Voting Rights

Except as indicated below, the holders of Series A Preferred Shares will have no voting rights.

If and whenever six quarterly dividends (whether or not consecutive) payable on our Series A Preferred Shares are in arrears, whether or not earned or declared, the number of members then constituting our Board of Trustees will be increased by two and the holders of Series A Preferred Shares, voting together as a class with the holders of any other class or series of Parity Shares upon which like voting rights have been conferred and are exercisable (any such other series, the Voting Preferred Shares), will have the right to elect two additional trustees of the Company (the Preferred Share Trustees) at an annual meeting of shareholders or a properly called special meeting of the holders of our Series A Preferred Shares and such Voting Preferred Shares and at each subsequent annual meeting of shareholders until all such dividends and dividends for the then current quarterly period on our Series A Preferred Shares and such other Voting Preferred Shares have been paid or declared and set aside for payment. Whenever all arrears in dividends on our Series A Preferred Shares and the Voting Preferred Shares then outstanding have been paid and full dividends on our Series A Preferred Shares and the Voting Preferred Shares for the then current quarterly dividend period have been paid in full or declared and set apart for payment in full, then the right of the holders of our Series A Preferred Shares and the Voting Preferred Shares to elect the Preferred Share Trustees will cease, the terms of office of the Preferred Share Trustees will forthwith terminate and the number of members of the Board of Trustees will be reduced accordingly. However, the right of the holders of our Series A Preferred Shares and the Voting Preferred Shares to elect the Preferred Share Trustees will again vest if and whenever six quarterly dividends (whether or not consecutive) are in arrears, as described above. In no event shall the holders of Series A Preferred Shares be entitled pursuant to these voting rights to elect a trustee that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange on which any class or series of our shares is listed. In class votes with other Voting Preferred Shares, preferred shares of different series shall vote in proportion to the liquidation preference of the preferred shares.

In addition, the approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series A Preferred Shares, voting separately as a class, either at a meeting of shareholders or by written

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consent, is required (i) to amend, alter or repeal any provisions of our Trust Agreement or the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares, whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of our Series A Preferred Shares, (ii) to enter into any share exchange that affects the Series A Preferred Shares or to consolidate with or merge into any other entity, or to permit any other entity to consolidate with or merge into us, unless in each such case each Series A Preferred Share remains outstanding without a material adverse change to its terms and rights or is converted into or exchanged for preferred shares of the surviving or resulting entity having preferences, rights, dividends, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption substantially identical to and in any event without any material adverse change to those of the Series A Preferred Shares, or (iii) to authorize, create, or increase the authorized amount of any class or series of capital shares having rights senior to our Series A Preferred Shares with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up (provided that if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the other class or series of Voting Preferred Shares, the consent of the holders of at least two-thirds of the outstanding shares of each such class or series so affected is required). However, we may create additional classes of Parity Shares and Junior Shares, amend our Trust Agreement to increase the authorized number of shares of Parity Shares (including our Series A Preferred Shares) and Junior Shares and issue additional series of Parity Shares and Junior Shares without the consent of any holder of Series A Preferred Shares.

Information Rights

During any period in which we are not subject to Section 13 or 15(d) of the Exchange Act and any Series A Preferred Shares are outstanding, we will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series A Preferred Shares, as their names and addresses appear in our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) promptly, upon request, supply copies of such reports to any prospective holder of Series A Preferred Shares. We will mail (or otherwise provide) the information to the holders of Series A Preferred Shares within 15 days after the respective dates by which a periodic report on Form 10-K or Form 10-Q, as the case may be, in respect of such information would have been required to be filed with the SEC if we were subject to Section 13 or 15(d) of the Exchange Act, in each case, based on the dates on which we would be required to file such periodic reports if we were a non-accelerated filer within the meaning of the Exchange Act.

Restrictions on Ownership and Transfer

Holders of Series A Preferred Shares will be subject to the ownership and transfer restrictions of our Trust Agreement and the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares. See **Description of Preferred Shares of Beneficial Interest Restrictions on Ownership** in the accompanying prospectus.

As discussed in **Description of Preferred Shares of Beneficial Interest Restrictions on Ownership** in the accompanying prospectus, our Trust Agreement generally prohibits any person (other than a person who has been granted an exception) from beneficially or constructively owning more than 9.9% of the aggregate of our outstanding common shares, or 9.9% of the aggregate of the outstanding shares of a class or series of our preferred shares. In addition, pursuant to the Preferred Shares Amendment setting forth the terms of the Series A Preferred Shares, no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.9% (by value or number of shares, whichever is more restrictive) of our Series A Preferred Shares.

Our board of trustees, in its sole discretion, may exempt a person from the above ownership limits. However, our board of trustees may not grant an exemption to any person unless our board of trustees obtains such representations and undertakings as our board of trustees may deem appropriate in order to

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determine that granting the exemption would not result in our losing our qualification as a REIT. As a condition of granting the exemption, our board of trustees will require a ruling from the Internal Revenue Service or an opinion of counsel or PREIT's tax accountants to the effect that such exemption will not result in PREIT being "closely held" within the meaning of Section 856(h) of the Internal Revenue Code.

In addition to the 9.9% ownership limit discussed above, the Series A Preferred Shares are subject to the transfer restrictions set forth in our Trust Agreement, as amended by the Preferred Shares Amendment, setting forth the terms of the Series A Preferred Shares. Generally, the Trust Agreement, as amended by the Preferred Shares Amendment, prohibits the transfer of Series A Preferred Shares which, if effective, would result in any person beneficially or constructively owning Series A Preferred Shares in excess, or in violation, of the transfer or ownership limitations. In that event, that number of Series A Preferred Shares, the beneficial or constructive ownership of which otherwise would cause such person to violate the transfer or ownership limitations (rounded up to the nearest whole share), will be automatically exchanged for an equal number of Excess Shares (as defined in the Trust Agreement), which Excess Shares shall be deemed to have been transferred to the Company, as trustee of a Special Trust (as defined in the Trust Agreement) for the exclusive benefit of the beneficiaries thereof. The prohibited owner will not acquire any rights in such Series A Preferred Shares. This automatic transfer will be considered effective as of the close of business on the business day before the violative transfer.

Listing

We intend to file an application to list our Series A Preferred Shares on the NYSE under the symbol "PEIPrA." We expect trading of the Series A Preferred Shares on the NYSE, if listing is approved, to commence within 30 days after the date of initial delivery of the shares. See "Underwriting" in this prospectus supplement for a discussion of the expected trading of our Series A Preferred Shares on the NYSE.

Book-Entry Procedures

DTC will act as securities depository for our Series A Preferred Shares. We will issue one or more fully registered global securities certificates in the name of DTC's nominee, Cede & Co. These certificates will represent the total aggregate number of Series A Preferred Shares. We will deposit these certificates with DTC or a custodian appointed by DTC. We will not issue certificates to you for our Series A Preferred Shares that you purchase, unless DTC's services are discontinued as described below.

Title to book-entry interests in our Series A Preferred Shares will pass by book-entry registration of the transfer within the records of DTC in accordance with their respective procedures. Book-entry interests in the securities may be transferred within DTC in accordance with procedures established for these purposes by DTC.

Each person owning a beneficial interest in our Series A Preferred Shares must rely on the procedures of DTC and the participant through which such person owns its interest to exercise its rights as a holder of our Series A Preferred Shares.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants, referred to as Direct Participants, deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, and are referred to as Indirect Participants. The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC.

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When you purchase our Series A Preferred Shares within the DTC system, the purchase must be by or through a Direct Participant. The Direct Participant will receive a credit for our Series A Preferred Shares on DTC's records. You, as the actual owner of our Series A Preferred Shares, are the beneficial owner. Your beneficial ownership interest will be recorded on the Direct and Indirect Participants' records, but DTC will have no knowledge of your individual ownership. DTC's records reflect only the identity of the Direct Participants to whose accounts Series A Preferred Shares are credited.

You will not receive written confirmation from DTC of your purchase. The Direct or Indirect Participants through whom you purchased our Series A Preferred Shares should send you written confirmations providing details of your transactions, as well as periodic statements of your holdings. The Direct and Indirect Participants are responsible for keeping an accurate account of the holdings of their customers like you.

Transfers of ownership interests held through Direct and Indirect Participants will be accomplished by entries on the books of Direct and Indirect Participants acting on behalf of the beneficial owners.

The laws of some states may require that specified purchasers of securities take physical delivery of our Series A Preferred Shares in definitive form. These laws may impair the ability to transfer beneficial interests in the global certificates representing our Series A Preferred Shares.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

We understand that, under DTC's existing practices, in the event that we request any action of holders, or an owner of a beneficial interest in a global security such as you desires to take any action which a holder is entitled to take under our Trust Agreement, DTC would authorize the Direct Participants holding the relevant shares to take such action, and those Direct Participants and any Indirect Participants would authorize beneficial owners owning through those Direct and Indirect Participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them.

Redemption notices will be sent to Cede & Co. If less than all of the Series A Preferred Shares are being redeemed, DTC will reduce each Direct Participant's holdings of Series A Preferred Shares in accordance with its procedures. Notices regarding the occurrence of a Change of Control will also be sent to Cede & Co.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to our Series A Preferred Shares. Under its usual procedures, DTC would mail an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants whose accounts our Series A Preferred Shares are credited on the record date, which are identified in a listing attached to the omnibus proxy.

Dividend payments on our Series A Preferred Shares will be made directly to DTC (or its successor, if applicable). DTC's practice is to credit Direct and Indirect Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on that payment date.

Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name. These payments will be the responsibility of the participant and not of DTC, us or any agent of ours.

DTC may discontinue providing its services as securities depository with respect to our Series A Preferred Shares at any time by giving reasonable notice to us. Additionally, we might decide to discontinue the book-entry only system of transfers with respect to our Series A Preferred Shares. In that event, we will print and deliver certificates in fully registered form for our Series A Preferred Shares. If DTC notifies us that it is unwilling to continue as securities depository, or it is unable to continue or ceases to be

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a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days after receiving such notice or becoming aware that DTC is no longer so registered, we will issue our Series A Preferred Shares in definitive form, at our expense, upon registration or transfer of, or in exchange for, such global security.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Global Clearance and Settlement Procedures. Initial settlement for our Series A Preferred Shares will be made in immediately available funds. Secondary market trading between DTC's Participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

Transfer Agent, Registrar, Dividend Disbursing Agent and Redemption Agent

The transfer agent, registrar, dividend disbursing agent and redemption agent for our Series A Preferred Shares is Wells Fargo Bank, N.A., an affiliate of one of the underwriters in this offering.

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ADDITIONAL MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion supplements the discussion under the heading *Material U.S. Federal Income Tax Consequences* in the accompanying prospectus. All references to *common shares* in the discussion under the heading *Material U.S. Federal Income Tax Consequences* in the accompanying prospectus shall also include reference to the Series A Preferred Shares, and such discussion shall be equally applicable to the Series A Preferred Shares.

The U.S. federal income tax treatment of holders of any class or series of our capital shares depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular shareholder of holding our Shares will depend on the shareholder's particular tax circumstances. You are urged to consult your tax advisor regarding the U.S. federal, state, local, and foreign income and other tax consequences to you in light of your particular investment or tax circumstances of acquiring, holding, exchanging, or otherwise disposing of our Shares.

Taxation of United States Shareholders

Redemptions of Our Series A Preferred Shares. Whenever we redeem any Series A Preferred Shares, the treatment accorded to any redemption by us for cash (as distinguished from a sale, exchange or other disposition) of our Series A Preferred Shares to a holder of such Series A Preferred Shares can only be determined on the basis of the particular facts as to each holder at the time of redemption. In general, a holder of our Series A Preferred Shares will recognize capital gain or loss measured by the difference between the amount received by the holder of such Series A Preferred Shares upon the redemption and such holder's adjusted tax basis in the Series A Preferred Shares redeemed (provided the Series A Preferred Shares are held as a capital asset) if such redemption (i) is not essentially equivalent to a dividend with respect to the holder of the Series A Preferred Shares under Section 302(b)(1) of the Code, (ii) is a substantially disproportionate redemption with respect to the shareholder under Section 302(b)(2) of the Code, or (iii) results in a complete termination of the holder's interest in all classes of our shares under Section 302(b)(3) of the Code. In applying these tests, there must be taken into account not only any series or class of the preferred shares being redeemed, but also such holder's ownership of other classes of our shares and any options (including share purchase rights) to acquire any of the foregoing. The holder of our Series A Preferred Shares also must take into account any such securities (including options) which are considered to be owned by such holder by reason of the constructive ownership rules set forth in Sections 318 and 302(c) of the Code.

If the holder of Series A Preferred Shares owns (actually or constructively) none of our voting shares, or owns an insubstantial amount of our voting shares, based upon current law, it is probable that the redemption of Series A Preferred Shares from such a holder would be considered to be not essentially equivalent to a dividend. However, whether a distribution is not essentially equivalent to a dividend depends on all of the facts and circumstances, and a holder of our Series A Preferred Shares intending to rely on any of these tests at the time of redemption should consult its tax advisor to determine their application to its particular situation.

Satisfaction of the substantially disproportionate and complete termination exceptions is dependent upon compliance with the respective objective tests set forth in Section 302(b)(2) and Section 302(b)(3) of the Code. A distribution to a holder of Series A Preferred Shares will be substantially disproportionate if the percentage of our outstanding voting shares actually and constructively owned by the shareholder immediately following the redemption of the Series A Preferred Shares (treating Series A Preferred Shares redeemed as not outstanding) is less than 80% of the percentage of our outstanding voting shares actually and constructively owned by the shareholder immediately before the redemption, and immediately following the redemption the shareholder actually and constructively owns less than 50% of the

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total combined voting power of the Company. Because the Company's Series A Preferred Shares are nonvoting shares, a shareholder would also have to reduce such holder's holdings (if any) in our classes of voting shares to satisfy this test.

If the redemption does not meet any of the tests under Section 302 of the Code, then the redemption proceeds received from our Series A Preferred Shares will be treated as a distribution on our Series A Preferred Shares as described under "Taxation of United States Shareholders Distributions by the Company General," and "U.S. Taxation of Non-United States Shareholders Distributions" in the accompanying prospectus. If the redemption of a holder's Series A Preferred Shares is taxed as a dividend, the adjusted basis of such holder's redeemed Series A Preferred Shares will be transferred to any other capital shares of the Company held by the holder. If the holder owns no other capital shares of the Company, under certain circumstances, such basis may be transferred to a related person, or it may be lost entirely.

With respect to a redemption of our Series A Preferred Shares that is treated as a distribution with respect to our shares, which is not otherwise taxable as a dividend, the IRS has proposed Treasury regulations that would require any basis reduction associated with such a redemption to be applied on a share-by-share basis which could result in taxable gain with respect to some shares, even though the holder's aggregate basis for the shares would be sufficient to absorb the entire amount of the redemption distribution (in excess of any amount of such distribution treated as a dividend). Additionally, these proposed Treasury regulations would not permit the transfer of basis in the redeemed shares of the Series A Preferred Shares to the remaining shares held (directly or indirectly) by the redeemed holder. Instead, the unrecovered basis in our Series A Preferred Shares would be treated as a deferred loss to be recognized when certain conditions are satisfied. These proposed Treasury regulations would be effective for transactions that occur after the date the regulations are published as final Treasury regulations. There can, however, be no assurance as to whether, when, and in what particular form such proposed Treasury regulations will ultimately be finalized.

Conversion of Our Series A Preferred Shares into Common Shares. Except as provided below, a U.S. shareholder generally will not recognize gain or loss upon the conversion of our Series A Preferred Shares into our common shares. Except as provided below, a U.S. shareholder's basis and holding period in the common shares received upon conversion generally will be the same as those of the converted Series A Preferred Shares (but the basis will be reduced by the portion of adjusted tax basis allocated to any fractional common share exchanged for cash). Any common shares received in a conversion that is attributable to accumulated and unpaid dividends on the converted Series A Preferred Shares will be treated as a distribution on our shares as described in "Taxation of United States Shareholders Distributions by the Company General" in the accompanying prospectus. Cash received upon conversion in lieu of a fractional common share generally will be treated as a payment in a taxable exchange for such fractional common share, and gain or loss will be recognized on the receipt of cash in an amount equal to the difference between the amount of cash received and the adjusted tax basis allocable to the fractional common share deemed exchanged. This gain or loss will be long-term capital gain or loss if the U.S. shareholder has held the Series A Preferred Shares for more than one year. See "Taxation of United States Shareholders Sales of Shares" in the accompanying prospectus. U.S. shareholders should consult with their tax advisor regarding the U.S. federal income tax consequences of any transaction by which such holder converts its Series A Preferred Shares into our common shares or the Alternative Conversion Consideration.

Taxation of Non-United States Shareholders

Distributions. Long-term capital gain that a non-United States shareholder is deemed to receive from a capital gain dividend and that is not attributable to the sale of U.S. real property interests ("USRPIs") generally will not be subject to U.S. federal income tax in the hands of the non-United States shareholder unless:

the non-United States shareholder's investment in our common shares is effectively connected with a U.S. trade or business of the non-United States shareholder, in which case the

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non-U.S. shareholder will be subject to the same treatment as United States shareholders with respect to any gain, except that a non-United States shareholder that is a corporation also may be subject to the 30% branch profits tax; or

the non-United States shareholder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% U.S. federal income tax on his capital gains.

Conversion of Our Series A Preferred Shares into Common Shares. Except as provided below, a non-U.S. shareholder generally will not recognize gain or loss upon the conversion of our Series A Preferred Shares into our common shares, provided our Series A Preferred Shares do not constitute a USRPI. Even if our Series A Preferred Shares do constitute a USRPI, provided our common shares also constitute a USRPI, a non-U.S. shareholder generally will not recognize gain or loss upon a conversion of our Series A Preferred Shares into our common shares provided certain reporting requirements are satisfied. Except as provided below, a non-U.S. shareholder's basis and holding period in the common shares received upon conversion will be the same as those of the converted Series A Preferred Shares (but the basis will be reduced by the portion of adjusted tax basis allocated to any fractional common share exchanged for cash). Any common shares received in a conversion that are attributable to accumulated and unpaid dividends on the converted Series A Preferred Shares will be treated as a distribution on our shares as described under *Taxation of Non-United States Shareholders Distributions* in the accompanying prospectus. Cash received upon conversion in lieu of a fractional common share generally will be treated as a payment in a taxable exchange for such fractional common share as described under *Taxation of Non-United States Shareholders Sale of Our Shares* in the accompanying prospectus. Non-U.S. shareholders should consult with their tax advisor regarding the U.S. federal income tax consequences of any transaction by which such holder converts its Series A Preferred Shares into our common shares or the Alternative Conversion Consideration.

Information Reporting and Backup Withholding Tax Applicable to Shareholders

United States Shareholders Legislation Relating to Foreign Accounts. Certain future payments made to foreign financial institutions and non-financial foreign entities may be subject to withholding at a rate of 30%. U.S. shareholders should consult their tax advisors regarding the effect, if any, of this withholding provision on their ownership and disposition of our Series A Preferred Shares (and any common shares received upon a conversion of our Series A Preferred Shares). See *Non-United States Shareholders Withholding on Payments to Certain Foreign Entities* below.

Non-United States Shareholders Withholding on Payments to Certain Foreign Entities. On February 8, 2012, the Treasury Department issued proposed regulations relating to the Foreign Account Tax Compliance Act (FATCA) which was enacted in March of 2010. As a general matter, FATCA imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our Series A Preferred Shares (and any common shares received upon a conversion of our Series A Preferred Shares) if paid to a foreign entity unless (i) if the foreign entity is a foreign financial institution, the foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a foreign financial institution, the foreign entity identifies certain of its U.S. investors, or (iii) the foreign entity is otherwise excepted under FATCA. Under the proposed regulations, withholding is required (i) with respect to dividends on our Series A Preferred Shares (and any common shares received upon a conversion of our Series A Preferred Shares) beginning on January 1, 2014, and (ii) with respect to gross proceeds from a sale or other disposition of our Series A Preferred Shares (and any common shares received upon a conversion of our Series A Preferred Shares) that occurs on or after January 1, 2015.

Notwithstanding the foregoing, the proposed regulations will not be effective until issued in final form. There can be no assurance either as to when final regulations relating to FATCA will be issued or as to the particular form that those final regulations might take. If withholding is required under FATCA on a payment related to our Series A Preferred Shares, investors that otherwise would not be subject to

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withholding (or that otherwise would be entitled to a reduced rate of withholding) on such payment generally will be required to seek a refund or credit from the IRS to obtain the benefit of such exemption or reduction (provided that such benefit is available). We will not pay any additional amounts in respect of amounts withheld under FATCA. Prospective investors should consult their tax advisors regarding the effect of FATCA in their particular circumstances.

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UNDERWRITING

Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters named below, for whom Wells Fargo Securities, LLC, Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, we have agreed to sell to the underwriters, and the underwriters have agreed, severally and not jointly, to purchase from us, the respective number of Series A Preferred Shares shown opposite their names below:

Underwriter	Number of Shares
Wells Fargo Securities, LLC	
Citigroup Global Markets Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	

The underwriters have agreed, severally and not jointly, to purchase all of the Series A Preferred Shares sold under the underwriting agreement if any of those Series A Preferred Shares are purchased.

We have agreed to indemnify the underwriters and their respective controlling persons against specified liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Series A Preferred Shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by counsel and other conditions such as the receipt by the underwriters of officers' certificates, comfort letters and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The representatives have advised us that they propose initially to offer the Series A Preferred Shares to the public at the public offering price appearing on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of \$ _____ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of \$ _____ per share to other dealers. After the initial offering, the public offering price and other selling terms may be changed.

The following table shows the per share and total public offering price, the underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional Series A Preferred Shares.

	Per Share	Without Option	With Option
Public offering price (1)	\$ _____	\$ _____	\$ _____
Underwriting discount	\$ _____	\$ _____	\$ _____
Proceeds, before expenses, to us	\$ _____	\$ _____	\$ _____

(1) Plus accrued dividends from April _____, 2012, if settlement occurs after that date.

The expenses of the offering, exclusive of the underwriting discount, are estimated at approximately \$ _____ and are payable by us.

Option to Purchase Additional Series A Preferred Shares

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We have granted an option to the underwriters to purchase up to _____ additional Series A Preferred Shares at the public offering price on the cover page of this prospectus supplement less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this prospectus supplement.

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If the underwriters exercise this option, each underwriter will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Series A Preferred Shares

We have agreed that, for a period of 45 days after the date of this prospectus supplement and subject to certain exceptions, we will not, without the prior written consent of the representatives, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Series A Preferred Shares or any securities convertible into or exercisable or exchangeable for Series A Preferred Shares or file any registration statement under the Securities Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Series A Preferred Shares, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Series A Preferred Shares or such other securities, in cash or otherwise.

New York Stock Exchange Listing

We plan to file an application to list the Series A Preferred Shares on the NYSE. If the application is approved, trading of the Series A Preferred Shares on the NYSE is expected to begin within 30 days after the date of initial issuance of the Series A Preferred Shares.

Price Stabilization and Short Positions

Until the distribution of the Series A Preferred Shares is completed, SEC rules may limit the ability of the underwriters to bid for or purchase Series A Preferred Shares. However, the representatives may engage in transactions that stabilize the price of the Series A Preferred Shares, such as bids or purchases to peg, fix or maintain that price.

If the underwriters create a short position in the Series A Preferred Shares in connection with this offering, i.e., if they sell more Series A Preferred Shares than are listed on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing Series A Preferred Shares in the open market. The underwriters may also elect to reduce any short position by exercising all or a part of the option to purchase additional Series A Preferred Shares described above. Purchases of Series A Preferred Shares to stabilize the per share price or to reduce a short position may cause the price of Series A Preferred Shares to be higher than it might be in the absence of those purchases.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of Series A Preferred Shares. In addition, neither we nor the underwriters make any representation that the underwriters will engage in those transactions or that those transactions, once commenced, will not be discontinued without notice.

Delayed Settlement

We expect that the delivery of the Series A Preferred Shares will be made against payment therefor on or about the closing date specified on the cover page of this prospectus supplement, which will be the fifth business day following the date of this prospectus supplement. Under rules of the SEC, trades in the secondary market generally are required to settle in three business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Series A Preferred Shares before the third business day prior to the closing date specified on the cover page of this prospectus supplement will be required, by virtue of the fact that the normal settlement date for that trade would occur prior to the closing date for the issuance of the Series A Preferred Shares, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement, and should consult their own advisors with respect to these matters.

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United Kingdom

Each underwriter shall be deemed to have represented, warranted and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the Series A Preferred Shares in circumstances in which Section 21(1) of the FSMA does not apply to our company; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Series A Preferred Shares in, from or otherwise involving the United Kingdom.

This prospectus supplement is only being distributed to, and is only directed at, (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth companies, unincorporated associations and other persons, falling within Article 49(2)(a) of the Order or (iv) other persons to whom it may be lawfully communicated in accordance with the Order (all such persons together being referred to as relevant persons). The Series A Preferred Shares are only available to, and investment activity will only be engaged in with, relevant persons. Any person that is not a relevant person should not act or rely on this prospectus supplement or any of its contents.

European Economic Area

In relation to each Member State of the European Economic Area (the EEA) that has implemented the Prospectus Directive (each, a Relevant Member State), an offer to the public of any Series A Preferred Shares that are the subject of the offering contemplated in this prospectus supplement may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Series A Preferred Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Series A Preferred Shares shall result in a requirement for us or the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of the Series A Preferred Shares to the public in relation to the Series A Preferred Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Series A Preferred Shares to be offered so as to enable an investor to decide to purchase the Series A Preferred Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

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Other Relationships

In the ordinary course of their business, the underwriters and their respective affiliates have engaged in, and may in the future engage in, commercial banking and investment banking transactions with us for which they have received or will receive customary fees and expense reimbursements.

Affiliates of certain of the underwriters are lenders under our 2010 Credit Facility. Since we intend to use a portion of the net proceeds from this offering to repay amounts outstanding under our Revolving Facility, these lenders will receive a portion of the net proceeds from this offering through the repayment of such borrowings. The aggregate amount received by the underwriters and their affiliates, as applicable, from the repayment of those borrowings may exceed 5% of the proceeds of this offering (not including the underwriting discount). Nonetheless, in accordance with Rule 5121 of the Financial Industry Regulatory Authority Inc., or FINRA, the appointment of a qualified independent underwriter is not necessary in connection with this offering because REITs are excluded from that requirement.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions to such securities and instrument.

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LEGAL MATTERS

Hogan Lovells US LLP has passed upon the validity of the issuance of our Series A Preferred Shares offered by this prospectus supplement on behalf of the issuer and certain federal income tax matters related to this offering. Sidley Austin LLP, New York, New York, has represented the underwriters in connection with the offering.

EXPERTS

The consolidated financial statements and schedule of Pennsylvania Real Estate Investment Trust and subsidiaries as of December 31, 2011 and 2010, and for each of the years in the three-year period ended December 31, 2011, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

We have filed a registration statement on Form S-3 with the SEC in connection with this offering. In addition, we file annual, quarterly, and current reports, proxy statements and other information with the SEC. You may read and copy the registration statement and any other documents filed by us at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public at the SEC's Internet site at <http://www.sec.gov>. Our reference to the SEC's Internet site is intended to be an inactive textual reference only. In addition, you can inspect reports and other information we file with the SEC at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference in this prospectus supplement certain information we file with the SEC, which means that we may disclose important information in this prospectus by referring you to the document that contains the information. The information incorporated by reference is considered to be a part of this prospectus, and the information we file later with the SEC will automatically update and supersede the information filed earlier. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of the shares covered by this prospectus is completed, including all filings made after the date of the initial filing of the registration statement of which this prospectus is a part and prior to the effectiveness of the registration statement; *provided, however*, that we are not incorporating any information furnished under either Item 2.02 or Item 7.01 of any Current Report on Form 8-K. These documents may include, among others, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

This prospectus supplement and the accompanying prospectus do not contain all of the information included in the registration statement. If a reference is made in this prospectus supplement or the accompanying prospectus to any of our contracts or other documents filed or incorporated by reference as an exhibit to the registration statement, the reference may not be complete and you should refer to the filed copy of the contract or document.

This prospectus supplement incorporates by reference the documents listed below, all of which have been previously filed with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 29, 2012;

our Definitive Proxy Statement filed with the SEC on April 27, 2011 (but only with respect to information required by Part III of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010); and

our Current Reports on Form 8-K filed on March 23, 2012 and April 12, 2012.

You may obtain copies of any of these filings by contacting us at the address and phone number indicated below or by contacting the SEC or NYSE as described above. You may request a copy of these filings, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus supplement or the accompanying prospectus, at no cost, by writing or telephoning our General Counsel at:

Pennsylvania Real Estate Investment Trust

200 South Broad Street

Philadelphia, PA 19102-3803

(215) 875-0700

Attention: General Counsel

THE INFORMATION CONTAINED ON OUR WEBSITE IS NOT A PART OF THIS PROSPECTUS SUPPLEMENT.

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PROSPECTUS

\$1,000,000,000

Pennsylvania Real Estate Investment Trust

Common Shares of Beneficial Interest

Preferred Shares of Beneficial Interest

Senior Debt Securities

Senior Subordinated Debt Securities

Subordinated Debt Securities

Warrants

Shareholder Rights

Depository Shares

Units

We may use this prospectus to offer and sell securities from time to time. The types of securities we may sell include:

common shares of beneficial interest, \$1.00 par value per share;

preferred shares of beneficial interest;

debt securities, which may be senior debt securities, senior subordinated debt securities or subordinated debt securities;

warrants exercisable for shares, preferred shares, debt securities, depository shares or other securities or rights;

shareholder rights;

depository shares; and

units consisting of two or more classes of securities.

The form in which we are to issue the securities, their specific designation, aggregate principal amount or aggregate initial offering price, maturity, if any, rate and times of payment of interest or dividends, if any, redemption, conversion, and sinking fund terms, if any, voting or other rights, if any, and other specific terms will be described in a supplement to this prospectus, together with the terms of the offering of such securities.

Our common shares of beneficial interest are traded on the New York Stock Exchange under the symbol PEI. On December 16, 2011, the last reported sale price of our shares of beneficial interest on the New York Stock Exchange was \$10.13 per share.

Any prospectus supplement will contain information, where applicable, as to any other listing on a securities exchange of the securities covered by such prospectus supplement. The prospectus supplement may add to, update or change the information in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest in our securities. This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

You should consider the risks that we have described in Risk Factors on page 3 of this prospectus and included in documents that we file with the Securities and Exchange Commission that are incorporated by reference into this prospectus before investing in our securities.

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

The date of this prospectus is January 12, 2012.

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References in this prospectus to we, our, us and the Company refer to Pennsylvania Real Estate Investment Trust, a Pennsylvania business trust, PREIT Associates, L.P., and any of our other subsidiaries. PREIT Associates, L.P., is a Delaware limited partnership of which we are the sole general partner and to which we refer in this prospectus as our operating partnership. All references to common shares refer to Pennsylvania Real Estate Investment Trust's common shares of beneficial interest, par value \$1.00 per share.

You should rely only on the information contained in this prospectus, in an accompanying prospectus supplement or incorporated by reference herein or therein. We have not authorized anyone to provide you with information or make any representation that is not contained or incorporated by reference in this prospectus or an accompanying prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or a solicitation of an offer to buy any securities other than the registered securities to which they relate, and this prospectus and any accompanying prospectus supplement do not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where, or to any person to whom, it is unlawful to make such an offer or solicitation. You should not assume that the information contained in this prospectus and any accompanying prospectus supplement is correct on any date after the respective dates of the prospectus and such prospectus supplement or supplements, as applicable, even though this prospectus and such prospectus supplement or supplements are delivered or securities are sold pursuant to the prospectus and such prospectus supplement or supplements at a later date. Since the respective dates of the prospectus contained in this registration statement and any accompanying prospectus supplement, our business, financial condition, results of operations and prospects might have changed.

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SUMMARY

The Company

We are a Pennsylvania business trust founded in 1960 and one of the first equity real estate investment trusts (REITs) in the United States, and we have a primary investment focus on retail shopping malls located in the eastern half of the United States, primarily in the Mid-Atlantic region. Our portfolio currently consists of a total of 49 properties in 13 states, including 38 enclosed malls, eight strip and power centers and three development properties. The operating retail properties have a total of approximately 33.0 million square feet. The operating retail properties that we consolidate for financial reporting purposes have a total of approximately 28.5 million square feet, of which we own approximately 22.8 million square feet. The operating retail properties that are owned by unconsolidated partnerships with third parties have a total of approximately 4.5 million square feet, of which 2.9 million square feet are owned by such partnerships. The development portion of our portfolio contains three properties in two states, with two classified as mixed use (a combination of retail and other uses) and one classified as other.

We are a fully integrated, self-managed and self-administered REIT that has elected to be treated as a REIT for federal income tax purposes. In general, we are required each year to distribute to our shareholders at least 90% of our net taxable income and to meet certain other requirements in order to maintain the favorable tax treatment associated with qualifying as a REIT.

We hold our interests in our portfolio of properties primarily through our operating partnership, PREIT Associates, L.P. (PREIT Associates). We are the sole general partner of PREIT Associates and, as of September 30, 2011, held a 96.0% controlling interest in PREIT Associates. We consolidate PREIT Associates for financial reporting purposes. We own our interests in our properties through various ownership structures, including partnerships and tenancy in common arrangements. PREIT owns interests in some of these properties directly and has pledged the entire economic benefit of such ownership to PREIT Associates.

We provide management, leasing and real estate development services through PREIT Services, LLC (PREIT Services), which generally develops and manages properties that we consolidate for financial reporting purposes, and PREIT-RUBIN, Inc. (PRI), which generally develops and manages properties that we do not consolidate for financial reporting purposes, including properties we own interests in through partnerships with third parties and properties that are owned by third parties in which we do not have an interest. PRI is a taxable REIT subsidiary, as defined by federal tax laws, which means that it is able to offer additional services to tenants without jeopardizing our continuing qualification as a REIT under federal tax law.

Our primary objective is to maximize the long-term value of the Company for our shareholders. To that end, our business goals are to obtain the highest possible rental income, tenant sales and occupancy at our properties in order to maximize our cash flows, funds from operations, funds available for distribution to shareholders, and other operating measures and results, and ultimately to maximize the values of our properties.

Our principal corporate offices are located at The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102-3803, and our telephone number is (215) 875-0700. We maintain a web site that contains information about us at www.preit.com. The information included on the web site is not, and should not be considered to be, a part of this prospectus.

About this Prospectus

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. Under the shelf registration process, using this prospectus, together with a prospectus supplement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus in a dollar amount that does not exceed \$1,000,000,000, in the aggregate.

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This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus, the applicable prospectus supplement and the information incorporated by reference in this prospectus before making an investment in our securities. See [Where You Can Find More Information](#). If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement.

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RISK FACTORS

Investment in the securities offered pursuant to this prospectus involves risks. You should carefully consider the risk factors incorporated into this prospectus by reference to our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and the other information contained in this prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the risk factors and other information contained in any applicable prospectus supplement before acquiring any of such securities. The occurrence of any of the events described in these risks might cause you to lose all or part of your investment in the offered securities. Please also refer to the section below entitled Forward-Looking Statements.

FORWARD LOOKING STATEMENTS

This prospectus and the information incorporated by reference herein contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act. Such statements are based on assumptions and expectations that may not be realized and are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, should, will and similar expressions that do not relate solely to historical matters are intended to identify forward-looking statements. Future events and actual results, performance, transactions or achievements, financial and otherwise, may differ materially from the results, performance, transactions or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

our substantial debt and our high leverage ratio;

constraining leverage, interest and fixed charge and tangible net worth covenants under our Amended, Restated and Consolidated Senior Secured Credit Agreement dated March 11, 2010, as amended;

our ability to refinance our existing indebtedness when it matures, on favorable terms, or at all;

our ability to raise capital, including through the issuance of equity or equity-related securities if market conditions are favorable, through joint ventures or other partnerships, through sales of properties or interests in properties, or through other actions;

our short- and long-term liquidity position;

the effects on us of dislocations and liquidity disruptions in the capital and credit markets;

current economic conditions and their effect on employment, consumer confidence and spending; tenant business performance, prospects, solvency and leasing decisions; and the value and potential impairment of our properties;

general economic, financial and political conditions, including credit market conditions, changes in interest rates or unemployment;

increases in operating costs that cannot be passed on to tenants;

our ability to maintain and increase property occupancy, sales and rental rates, including at our redeveloped properties;

risks relating to development and redevelopment activities;

changes in the retail industry, including consolidation and store closings;

the effects of online shopping and other uses of technology on our retail tenants;

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concentration of our properties in the Mid-Atlantic region;

changes in local market conditions, such as the supply of or demand for retail space, or other competitive factors;

potential dilution from any capital raising transactions;

possible environmental liabilities;

our ability to obtain insurance at a reasonable cost; and

existence of complex regulations, including those relating to our status as a REIT, and the adverse consequences if we were to fail to qualify as a REIT.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We do not intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section above entitled "Risk Factors," including the risks incorporated therein from our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, as updated by our future filings, including any applicable prospectus supplement.

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WHERE TO FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-3, of which this prospectus is a part. This prospectus and any accompanying prospectus supplement do not contain all of the information set forth in the registration statement and exhibits and schedules to the registration statement. For further information with respect to our Company and the securities registered hereby, reference is made to the registration statement, including the exhibits and schedules to the registration statement. Statements contained in this prospectus and any accompanying prospectus supplement as to the contents of any contract or other document referred to in, or incorporated by reference in, this prospectus and any accompanying prospectus supplement are not necessarily complete and, where that contract or other document is an exhibit to the registration statement or a document incorporated in the registration statement by reference, each statement is qualified in all respects by the exhibit to which the reference relates.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Copies of the registration statement and other documents we file with the SEC may be examined without charge at the public reference room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. Information about the operation of the public reference room may be obtained by calling the SEC at 1-800-SEC-0330. Copies of all or a portion of the documents we file with the SEC can be obtained from the public reference room of the SEC upon payment of prescribed fees. Our SEC filings are also available to you on the SEC's website at <http://www.sec.gov>. In addition, you can inspect reports and other information we file with the SEC at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

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INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference in this prospectus certain information we file with the SEC, which means that we may disclose important information in this prospectus by referring you to the document that contains the information. The information incorporated by reference is considered to be a part of this prospectus, and the information we file later with the SEC will automatically update and supersede the information filed earlier. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the offering of the shares covered by this prospectus is completed, including all filings made after the date of the initial filing of the registration statement of which this prospectus is a part and prior to the effectiveness of the registration statement; *provided, however*, that we are not incorporating by reference any additional documents or information furnished and not filed with the SEC:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2010;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011;

our Current Reports on Form 8-K, filed with the SEC on March 16, 2011, March 16, 2011, June 3, 2011, June 30, 2011 and July 26, 2011; and

the description of our common shares contained in our Registration Statement on Form 8-A dated December 17, 1997, and all amendments or reports filed with the SEC for the purpose of updating such description.

You may obtain copies of any of these filings by contacting us at the address and phone number indicated below or by contacting the SEC or NYSE as described above. You may request a copy of these filings, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus, at no cost, by writing or telephoning our General Counsel at:

Pennsylvania Real Estate Investment Trust

200 South Broad Street

Philadelphia, PA 19102-3803

(215) 875-0700

Attention: General Counsel

Readers should only rely on the information provided or incorporated by reference in this prospectus or in any applicable supplement to this prospectus. Readers should not assume that the information in this prospectus or any applicable supplement is accurate as of any date other than the date on the front cover of the applicable document.

USE OF PROCEEDS

We do not currently know either the number or type of securities that will be ultimately sold pursuant to this prospectus or the prices at which such securities will be sold. Unless otherwise specified in the applicable prospectus supplement accompanying this prospectus, we intend to use the net proceeds of any sale of securities for the acquisition, development and improvement of properties, repayment of indebtedness, capital expenditures, working capital, and other general corporate purposes. Pending such use, we may temporarily invest the net proceeds of any offering.

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES AND****RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS**

Our ratio of earnings to fixed charges for the fiscal years ended December 31, 2010, 2009, 2008, 2007 and 2006 and for the nine-month period ended September 30, 2011 was as follows:

	Nine months ended September 30, 2011	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
Ratio of Earnings to Fixed Charges	0.10	0.53	0.26	0.76	1.02	1.23

The ratio of earnings to fixed charges was computed by dividing our earnings by our fixed charges. For this purpose, earnings have been calculated as (a) income (loss) from continuing operations before allocation to noncontrolling interest and income from investments in unconsolidated joint ventures, plus (b) fixed charges (as defined below), plus (c) amortization of capitalized interest, plus (d) distributed income of investments in unconsolidated joint ventures, less (a) capitalized interest, and less (b) preferred dividends on our previously outstanding 11% Non-Convertible Senior Preferred Shares, which were redeemed on July 31, 2007. Fixed charges are comprised of (a) interest, whether expensed or capitalized, (b) amortization of premiums, discounts and capitalized expenses related to our indebtedness, and (c) the estimated interest component of rental expense.

Our ratio of earnings to combined fixed charges and preferred dividends for the fiscal years ended December 31, 2010, 2009, 2008, 2007 and 2006 and for the nine-month period ended September 30, 2011 was as follows:

	Nine months ended September 30, 2011	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007	Year ended December 31, 2006
Ratio of Earnings to Combined Fixed Charges and Preferred Dividends	0.10	0.53	0.26	0.76	0.95	1.09

The ratio of earnings to combined fixed charges and preferred dividends was computed by dividing our earnings by our combined fixed charges and preferred dividends. For this purpose, earnings have been calculated as (a) income (loss) from continuing operations before allocation to noncontrolling interest and income from investments in unconsolidated joint ventures, plus (b) fixed charges (as defined below), plus (c) amortization of capitalized interest, plus (d) distributed income of investments in unconsolidated joint ventures, less (a) capitalized interest, and less (b) preferred dividends on our previously outstanding 11% Non-Convertible Senior Preferred Shares, which were redeemed on July 31, 2007. Fixed charges are comprised of (a) interest, whether expensed or capitalized, (b) amortization of premiums, discounts and capitalized expenses related to our indebtedness, and (c) the estimated interest component of rental expense. Preferred dividends are the amount of earnings required to pay dividends on outstanding preferred securities.

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GENERAL DESCRIPTION OF SECURITIES

The descriptions of the securities contained in this prospectus, together with the applicable prospectus supplements, summarize the material terms and provisions of the various types of securities that we may offer. We will describe in the applicable prospectus supplement relating to any securities the particular terms of the securities offered by that prospectus supplement. We will also include in the prospectus supplement information, when applicable, about material U.S. federal income tax considerations relating to the securities, and the securities exchange, if any, on which the securities will be listed.

We may sell from time to time, in one or more offerings, any one or more of the following:

common shares of beneficial interest, par value \$1.00 per share;

preferred shares of beneficial interest;

debt securities, including senior debt securities, senior subordinated debt securities and subordinated debt securities;

warrants to purchase shares, preferred shares, debt securities, depositary shares and/or any combination thereof;

shareholder rights;

depositary shares;

units consisting of shares, preferred shares, debt securities, warrants and/or depositary shares in any combination; or

any combination of the foregoing securities.

In this prospectus, we refer to the common shares, preferred shares, debt securities, warrants, depositary shares, shareholder rights and units collectively as securities. The total dollar amount of all securities that we may issue under this prospectus will not exceed \$1,000,000,000. If we issue debt securities at a discount from their original stated principal amount, then, for purposes of calculating the total dollar amount of all securities issued under this prospectus, we will treat the initial offering price of the debt securities as the total original principal amount of the debt securities.

This prospectus may not be used to consummate a sale of securities unless it is accompanied by a prospectus supplement.

DESCRIPTION OF COMMON SHARES

The following summary of the material terms of our common shares of beneficial interest does not include all of the terms of the common shares and should be read together with our Trust Agreement and By-laws and with applicable Pennsylvania law. Our Trust Agreement and By-laws are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. See Where to Find Additional Information.

Authorized Common and Preferred Shares

Under our Trust Agreement, we have the authority to issue up to 100,000,000 shares of beneficial interest, \$1.00 par value per share, and up to 25,000,000 preferred shares.

Common Shares

Voting, Dividend and Other Rights. Subject to the provisions of our Trust Agreement regarding excess shares, (1) the holders of our common shares are entitled to one vote per share on all matters voted on by

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shareholders, including elections of trustees, and (2) subject to the rights of holders of any preferred shares, the holders of our common shares are entitled to a pro rata portion of any distributions declared from time to time by our board of trustees from funds available for those distributions, and upon liquidation are entitled to receive pro rata all of the assets available for distribution to those holders. The majority of common shares voting on a matter at a meeting at which at least a majority of the outstanding shares are present in person or by proxy constitutes the act of the shareholders, except with respect to the election of trustees (see below). Our Trust Agreement permits the holders of securities of our affiliates to vote with our shareholders on specified matters, and the partnership agreement of our operating partnership grants that right to certain holders of currently outstanding partnership units of our operating partnership, with respect to fundamental changes in us (i.e., mergers, consolidations and sales of substantially all of our assets). Shareholders do not have any pre-emptive rights to purchase our securities.

Our Trust Agreement provides that our board of trustees may authorize the issuance of multiple classes and series of shares of beneficial interest and classes and series of preferred shares having preferences to the existing shares in any matter, including rights in liquidation or to dividends and conversion rights (including shareholder rights plans), and other securities having conversion rights, and may authorize the creation and issuance by our subsidiaries and affiliates of securities having conversion rights in respect of our shares. Accordingly, the rights of holders of our existing common shares are subject and junior to preferred rights, as to dividends and in liquidation (and other such matters) and to the extent set forth in any subsequently authorized preferred shares or class of preferred shares.

Board of Trustees. Our board of trustees has 12 members. Trustees are elected at our annual meeting of shareholders and serve until the subsequent annual meeting of shareholders and until their respective successors have been duly elected and have qualified. Our Trust Agreement does not provide for cumulative voting in the election of trustees, and the candidates receiving the highest number of votes are elected to the office of trustee, subject to the majority voting provisions contained in our corporate governance guidelines.

Trustee Nomination Process. Our Trust Agreement provides that nominations for election to the office of trustee at any annual or special meeting of shareholders shall be made by the trustees or by shareholders. Shareholder notice of a nomination of a trustee candidate for election at an annual meeting must generally be delivered not less than 90 days nor more than 120 days prior to the anniversary date of the prior year's meeting, and for election at an annual meeting that is not within 30 days of such anniversary date or for a special meeting, not later than 10 days following the date on which notice of the meeting is mailed or disclosed publicly, whichever comes first. Shareholders making nominations of trustee candidates must hold at least two percent (2%) of the outstanding common shares. Nominations not made in accordance with the procedures in the Trust Agreement will not be considered.

Limited Liability of Shareholders

Our Trust Agreement provides that shareholders, to the fullest extent permitted by applicable law, are not liable for any act, omission or liability of a trustee and that the trustees have no power to bind shareholders personally. Nevertheless, there may be liability in some jurisdictions that may decline to recognize a business trust as a valid organization. With respect to all types of claims in any such jurisdiction, and with respect to tort claims, certain contract claims and possible tax claims in jurisdictions where the business trust is treated as a partnership for certain purposes, shareholders may be personally liable for such obligations to the extent that we do not satisfy those claims. In jurisdictions other than the Commonwealth of Pennsylvania, we conduct substantially all of our business through entities recognized in the relevant jurisdiction to limit the liability of equity owners. We carry insurance in amounts that we deem adequate to cover foreseeable tort claims.

Restrictions on Ownership

Among the requirements for qualification as a REIT under the Internal Revenue Code, or the Code, are (1) not more than 50% in value of our outstanding shares, including the common shares (after taking into account

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options to acquire shares), may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year, (2) the shares must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year, and (3) certain percentages of our gross income must be from particular activities. In order to continue to qualify as a REIT under the Code, our board of trustees has adopted, and our shareholders have approved, provisions of our Trust Agreement that restrict the ownership and transfer of shares, or the Ownership Limit Provisions.

The Ownership Limit Provisions provide that no person may beneficially own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.9% of any separate class of our shares. The trustees may exempt a person from the Ownership Limit Provisions with a ruling from the Internal Revenue Service or an opinion of counsel or our tax accountants to the effect that such ownership will not jeopardize our status as a REIT.

Issuance or transfers of shares in violation of the Ownership Limit Provisions or which would cause us to be beneficially owned by fewer than 100 persons are void ab initio and the intended transferee acquires no rights to the shares.

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 Provisions, such transfer or other event with respect to that number of shares that would be owned by the transferee in excess of the Ownership Limit Provisions are automatically exchanged for an equal number of excess shares, or the Excess Shares, authorized by our Trust Agreement, according to the rules set forth therein, to the extent necessary to insure that the purported tra