

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Form 424B5

October 01, 2012

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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 OCTOBER 1, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 12, 2012)

Shares

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

% Series B Cumulative Redeemable Perpetual Preferred Shares

(Liquidation Preference \$25.00 Per Share)

We are selling _____ of our _____ % Series B Cumulative Redeemable Perpetual Preferred Shares, which we refer to in this prospectus supplement as the Series B Preferred Shares. The Series B Preferred Shares will not be redeemable before October _____, 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 October _____, 2017, we may, at our option, redeem any or all of the Series B 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 B 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 B 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 B 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 B Preferred Shares held by such holder as described in this prospectus supplement, in which case such holder will have the right only with

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respect to Series B Preferred Shares that are not called for redemption) to convert some or all of the Series B Preferred Shares held by such holder on the Change of Control Conversion Date into a number of our common shares per Series B Preferred Share equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series B 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 B Preferred Shares dividend payment and prior to the corresponding dividend payment date for the Series B 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 B Preferred Shares. We plan to file an application to list the Series B Preferred Shares on the New York Stock Exchange, or NYSE, under the symbol PEIPrB. If the application is approved, trading of the Series B Preferred Shares on the NYSE is expected to begin within 30 days after the date of initial issuance of the Series B Preferred Shares.

An investment in the Series B Preferred Shares involves various risks, and prospective investors should carefully consider the matters discussed under Risk Factors beginning on page S-11 of this prospectus supplement and under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, 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 B Preferred Shares.

| | Per Share | Total(2) |
|---|-----------|----------|
| Public offering price(1) | \$ | \$ |
| Underwriting discount | \$ | \$ |
| Proceeds, before expenses, to Pennsylvania Real Estate Investment Trust | \$ | \$ |

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

(2) Assumes no exercise of the underwriters option to purchase additional shares described below.

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 B Preferred Shares, exercisable at any time until 30 days after the date of this prospectus supplement.

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

Joint Book-Running Managers

Wells Fargo Securities

Citigroup
Prospectus Supplement dated October , 2012

BofA Merrill Lynch

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potential operating losses on impairment of certain long-lived assets, such as real estate, or of intangible assets, such as goodwill;

potential losses on impairment of assets that we might be required to record in connection with any dispositions of assets;

recent changes to our corporate management team and any resulting modifications to our business strategies;

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.

The risks included here are non-exhaustive, and there are additional factors that might cause future events, achievements or results to differ materially from those expressed or implied by our forward-looking statements, including 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 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012. 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 deciding to buy 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 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. Our 46 operating retail properties have a total of approximately 33.1 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 4.6 million square feet, of which approximately 2.9 million square feet are owned by such partnerships. Our three development properties are located in two states, with two classified as mixed use (a combination of retail and other uses) and one classified as other. We are currently undertaking efforts to sell certain shopping malls and power centers that are not consistent with our current strategic objectives.

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 June 30, 2012, 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

Management Changes

On August 15, 2012, we announced that Edward A. Glickman left his position as the Company's President and Chief Operating Officer effective August 31, 2012. Under the terms of Mr. Glickman's employment agreement with the Company, he will receive a payment of approximately \$2.7 million in connection with his departure, which amount is in addition to the payment of the amounts accrued under Mr. Glickman's supplemental retirement plan. All of Mr. Glickman's outstanding unvested restricted shares also vested and he remains eligible to receive shares under our Restricted Share Unit Programs based on the achievement of the performance metrics established by those programs as if his employment had not terminated.

Potential Dispositions

In order to reduce our leverage and improve the quality of our portfolio, we are undertaking efforts to sell certain shopping malls and power centers that are not consistent with our current strategic objectives. If we dispose of one or more of these properties, we might be required to record losses on impairment of assets in connection with any such sale or sales.

Property-Level Financings

In August 2012, we closed on three non-recourse loans for an aggregate of \$402.0 million at an average interest rate of 4.06%. The new loans replaced mortgage loan balances of an aggregate of \$316.7 million carrying an average interest rate of 5.30%, generating excess proceeds of an aggregate of approximately \$85.3 million before closing costs. The loans, which are for \$300.0 million, \$52.0 million and \$50.0 million, respectively, are secured by Cherry Hill Mall, Cumberland Mall and Christiana Center. Each of the loans has a 10-year term. Each of Cherry Hill Mall, Cumberland Mall and Christiana Center is wholly owned by the Company.

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 B Preferred Shares, see Description of Our Series B Preferred Shares in this prospectus supplement.

Issuer Pennsylvania Real Estate Investment Trust

Securities Offered % Series B 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 B Preferred Shares. We reserve the right to reopen this series and issue additional Series B Preferred Shares either through public or private sales at any time.

Dividends Holders of Series B Preferred Shares will be entitled to receive cumulative cash dividends on the Series B 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 B Preferred Shares are 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 December 17, 2012 (because December 15, 2012 is not a business day). Dividends will accrue and be cumulative from, and including, the date of original issuance, which is expected to be October , 2012. Because the first date on which dividends are payable after the date of original issuance will be December 17, 2012, the dividend payable on each Series B Preferred Share on that date will be less than the full amount of a regular quarterly dividend per share. The dividend payable on December 17, 2012 will be paid to the persons who are the holders of record of the Series B Preferred Shares at the close of business on the corresponding record date, which will be November 30, 2012.

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

Ranking Our Series B 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 our 8.25% Series A Cumulative Redeemable Perpetual Preferred Shares (the Series A Preferred Shares) and any other parity equity securities that we may issue in the future, if any; and (iii) junior to all of our existing and

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future indebtedness and senior equity securities, if any, the issuance of which is approved by holders of the Series B Preferred Shares voting together as a single class with all other classes or series of parity equity securities upon which like voting rights have been conferred and are exercisable, as described in this prospectus supplement.

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 B Preferred Shares are not redeemable prior to October 1, 2017. To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code, we may, at our option, redeem our Series B Preferred Shares, in whole, at any time, or in part, from time to time, for cash at \$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. On and after October 1, 2017, we may, at our option, redeem our Series B 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 B 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 B 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 B 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 B Preferred Shares that are not called for redemption) to convert some or all of the Series B Preferred Shares held by such holder on the Change of Control Conversion Date into a number of our common shares per Series B Preferred Share equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference per Series B Preferred Share plus the amount of any accrued and unpaid dividends thereon to the Change of Control Conversion Date (unless the Change of

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Control Conversion Date is after a record date for a Series B Preferred Shares dividend payment and prior to the corresponding dividend payment date for the Series B 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.

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 B 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 B 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 B 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 B Preferred Shares, whether pursuant to our special optional redemption right or our optional redemption right described above, holders of Series B Preferred Shares will not have the right to convert the Series B Preferred Shares called for redemption, and any Series B 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 B Preferred Shares Conversion Rights.

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

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Liquidation Preference Amount

If we liquidate, dissolve or wind-up, holders of our Series B 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 B Preferred Shares will generally have no voting rights. However, if dividends on our Series B Preferred Shares are in arrears for six quarterly dividend periods (whether or not consecutive), the holders of our Series B Preferred Shares (voting together as a single class with the holders of our Series A Preferred Shares and all other classes or series of parity equity securities upon which like voting rights have 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 on our Series B Preferred Shares and any such parity equity securities. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding Series B 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 B 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 B Preferred Shares (the Preferred Shares Amendment)) in a manner that materially and adversely affects the rights of the holders of Series B Preferred Shares or to take certain other actions. See Description of Our Series B Preferred Shares Voting Rights in this prospectus supplement.

Among other things, we may, without any vote of the holders of Series B Preferred Shares, issue additional Series B 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 B Preferred Shares are outstanding, we will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series B 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 B Preferred Shares. We will mail (or otherwise provide) the information to the holders of Series B Preferred Shares within 15 days after the respective dates by which a periodic report on

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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 B Preferred Shares. We intend to file an application to list our Series B Preferred Shares on the NYSE under the symbol PEIPrB. We expect trading of the Series B 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 B Preferred Shares on the NYSE. The underwriters have advised us that they intend to make a market in the Series B 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 B 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.

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 B 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 2010 Credit Facility 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 amounts outstanding under our 2010 Credit 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 B Preferred Shares contain ownership and transfer restrictions relating to our shares. For example, the terms of the Series B Preferred Shares 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 B Preferred Shares. See Description of Our Series B 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 October , 2012.

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|---------------------|--|
| Form | Our Series B 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 B Preferred Shares involves a high degree of risk and the purchasers of our Series B Preferred Shares may lose their entire investment. See Risk Factors beginning on page S-11 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 B Preferred Shares. |

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RISK FACTORS

Investing in our Series B 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 B 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 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012 (which are incorporated by reference into this prospectus supplement) before deciding to invest in our Series B Preferred Shares.

Risks Related to Our Operations

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

On June 7, 2012, Joseph F. Coradino, formerly President of PREIT Services, LLC and PREIT-Rubin, Inc., became our Chief Executive Officer, replacing Ronald Rubin, who retired from that position, but remains our Executive Chairman. On August 31, 2012, Edward A. Glickman, the Company's President and Chief Operating Officer, left his position as an officer of the Company. We continue to evaluate our needs and may make additional management changes or hires in the future. Our future success depends upon the ability of our corporate management team to implement these management changes and to continue to execute our business strategies. If we fail to implement these management changes successfully or if our management team is unable to execute the Company's business strategies, there would be a negative impact on our business and our prospects.

Risks Relating to this Offering

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

Our Series B 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, including holders of the Series B Preferred Shares. Our Trust Agreement currently authorizes the issuance of up to 25,000,000 preferred shares in one or more series. In April 2012, we issued 4,600,000 8.25% Series A Preferred Shares with a liquidation preference of \$25.00 per share. 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, additional 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 B Preferred Shares and any parity equity securities; however, we may issue additional preferred shares that rank equally with the Series B Preferred Shares and any parity equity securities without the consent of any holder of the Series B Preferred Shares or such parity equity securities. The issuance of additional equity securities ranking equally with or senior to our Series B Preferred Shares would dilute the interests of the holders of our Series B Preferred Shares, and any issuance of equity securities senior to our Series B Preferred Shares or of additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares. Other than the conversion right afforded to holders of Series B Preferred Shares that may become exercisable in connection with a Change of Control described under "Description of Our Series B Preferred Shares - Conversion Rights" in this prospectus supplement, none of the provisions relating to our Series B Preferred Shares contain any terms relating to or limiting our ability to incur indebtedness or affording the holders of our Series B 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 B Preferred Shares.

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

As of June 30, 2012, we had an aggregate consolidated indebtedness outstanding (excluding debt premium) of \$2,046.7 million, which was secured by substantially all of our properties. As of June 30, 2012, \$240.0 million was outstanding under the 2010 Term Loan and \$65.0 million was outstanding under the Revolving Facility. This indebtedness does not include our proportionate share of indebtedness of our partnership properties, which was \$203.2 million at June 30, 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 pay quarterly cash dividends on the Series B Preferred Shares.

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

We, our Operating Partnership and our subsidiaries are, and may in the future become, parties to debt 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 not to exceed 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 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 B 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 agreements and instruments, including those discussed above, would prevent us from paying dividends to holders of our Series B Preferred Shares or redeeming our Series B Preferred Shares.

Our Series B Preferred Shares have not been rated.

We have not sought to obtain a rating for our Series B 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 B Preferred Shares. In addition, we may elect in the future to obtain a rating of our Series B Preferred Shares, which could adversely affect the market price of our Series B 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 B Preferred Shares.

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

Your voting rights as a holder of Series B 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 B Preferred Shares exist primarily with respect to the ability to appoint, together with holders of our parity equity securities having like voting rights (including holders of our Series A Preferred Shares), two additional trustees to our Board of Trustees in the event that six quarterly dividends (whether or not consecutive) payable on our Series B Preferred Shares (and such parity equity securities) 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 B Preferred Shares that materially and adversely affect the rights of Series B

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

The change of control feature of our Series B Preferred Shares may not allow you to recover the liquidation preference of the Series B Preferred Shares, and the change of control conversion and redemption features of the Series B Preferred Shares may make it more difficult for, 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 B Preferred Shares will have the right to convert some or all of their Series B Preferred Shares into our common shares (or equivalent value of alternative consideration). Notwithstanding that we generally may not redeem the Series B Preferred Shares prior to October 1, 2017, we have a special optional redemption right to redeem the Series B Preferred Shares at any time in the event of a Change of Control, and holders of Series B 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 B Preferred Shares Conversion Rights and Description of the Series B 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 B Preferred Shares converted. If the Common Share Price (as defined in Description of the Series B Preferred Shares Conversion Rights) is less than \$ 10.00 (which is 100% of the per-share closing sale price of our common shares on October 1, 2012), subject to adjustment, each holder will receive a maximum of 100% of our common shares per Series B Preferred Share, which may result in a holder receiving value that is less than the liquidation preference of the holder's Series B Preferred Shares. In addition, those features of the Series B 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 B 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 B Preferred Shares and listing on the NYSE does not guarantee a market for the Series B Preferred Shares.

Our Series B Preferred Shares are a new issue of securities with no established trading market. We intend to file an application to list our Series B Preferred Shares on the NYSE, but there can be no assurance that the NYSE will approve the Series B Preferred Shares for listing. Even if the Series B Preferred Shares were to be listed, an active trading market on the NYSE for our Series B Preferred Shares may not develop or, if it does develop, may not last, in which case the trading price of our Series B Preferred Shares could be adversely affected. If an active trading market does develop on the NYSE, our Series B 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 B 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 B Preferred Shares may fluctuate significantly and be volatile due to numerous factors beyond our control.

The Series B 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 B Preferred Shares.

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In addition, the market price of our Series B 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 B Preferred Shares is the annual yield from distributions on the Series B Preferred Shares as compared to yields on other financial instruments. An increase in market interest rates may lead prospective purchasers of the Series B Preferred Shares to demand a higher annual yield, which could reduce the market price of the Series B Preferred Shares.

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

If we decide to incur debt or issue senior equity securities in the future, it is possible that such debt or senior equity 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 B Preferred Shares and might result in dilution to holders of the Series B 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 B Preferred Shares will bear the risk that our future capital-raising efforts will reduce the market price of the Series B 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 B Preferred Shares may be limited and the market price of the Series B Preferred Shares will be materially adversely affected.

Other than in connection with certain change of control transactions, the Series B Preferred Shares will not contain provisions that protect you if our common shares are delisted from the NYSE. Since the Series B Preferred Shares have no stated maturity date, you may be forced to hold your Series B 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 B Preferred Shares will be delisted, which will limit your ability to transfer or sell your Series B Preferred Shares and would have a material adverse effect on the market price of the Series B Preferred Shares.

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USE OF PROCEEDS

The net proceeds from this offering will be approximately \$ million (or approximately \$ million if the underwriters exercise in full their option to purchase additional Series B 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 2010 Credit Facility 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 3.75% per annum, and the principal amount outstanding is approximately \$240.0 million under the 2010 Term Loan and \$15.0 million under the Revolving Facility. The maturity date of the 2010 Credit Facility is March 10, 2014.

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.

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 six months ended June 30, 2012 and for the fiscal years ended December 31, 2011, 2010, 2009, 2008 and 2007 was as follows:

| | Six months ended June 30, 2012 | 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 | (A) | (A) | (A) | (A) | (A) | (A) |

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, and, with respect to the six months ended June 30, 2012, preferred dividends on our Series A Preferred Shares. 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.

(A) The ratio is less than 1.0. The amount of the coverage deficiency for the respective periods is as follows:

| (in thousands) | Six months ended June 30, 2012 | 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 |
|---------------------|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Coverage deficiency | \$ 23,189 | \$ 91,065 | \$ 68,991 | \$ 102,843 | \$ 31,946 | \$ 6,129 |

The calculation of earnings for the respective periods includes the following non-cash items:

| (in thousands) | Six months ended June 30, 2012 | 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 |
|-----------------------------------|--------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Depreciation/amortization expense | \$ 67,118 | \$ 140,430 | \$ 165,499 | \$ 167,745 | \$ 151,611 | \$ 132,401 |
| Impairment | | 52,336 | | 74,254 | | |

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The following table sets forth our capitalization as of June 30, 2012 (1) on an actual basis, (2) on a pro forma basis to reflect certain transactions since June 30, 2012 and (3) as adjusted to reflect this offering of our Series B Preferred Shares, after deducting the underwriting discount and our estimated offering expenses, 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 Quarterly Report on Form 10-Q and our unaudited financial statements and related notes for the six months ended June 30, 2012 included therein.

| (In thousands, except per share data) | Actual | As of June 30, 2012 | |
|---|--------------|-----------------------------|-------------------------------|
| | | Pro Forma(1) (unaudited) | As Adjusted(2) (unaudited) |
| Cash | \$ 14,582 | \$ 34,305 | \$ |
| Debt: | | | |
| Mortgage loans payable (including debt premium of \$112) | \$ 1,741,841 | \$ 1,826,564 | \$ 1,826,564 |
| 2010 Credit Facility 2010 Term Loan | 240,000 | 240,000 | 240,000 |
| 2010 Credit Facility Revolving Facility | 65,000 | 15,000 | |
| Total debt | \$ 2,046,841 | \$ 2,081,564 | \$ |
| Equity: | | | |
| Series A Preferred Shares: 25,000 shares authorized; 4,600 shares issued and outstanding at June 30, 2012, \$0.01 par value per share; 4,600 shares issued and outstanding pro forma, \$0.01 par value per share; 4,600 shares issued and outstanding as adjusted, \$0.01 par value per share | \$ 46 | \$ 46 | \$ 46 |
| Series B Preferred Shares: (2) shares issued and outstanding as adjusted, \$0.01 par value per share | | | |
| Shares of beneficial interest, \$1.00 par value per share: 200,000 shares authorized; 56,001 shares issued and outstanding at June 30, 2012 and issued and outstanding as adjusted | 56,001 | 56,001 | 56,001 |
| Capital contributed in excess of par | 1,160,858 | 1,160,858 | |
| Accumulated other comprehensive loss | (29,508) | (29,508) | (29,508) |
| Distributions in excess of net income | (565,348) | (565,348) | (565,348) |
| Total Equity Pennsylvania Real Estate Investment Trust | 622,049 | 622,049 | |
| Non controlling interest | 41,676 | 41,676 | 41,676 |
| Total Equity | \$ 663,725 | \$ 663,725 | \$ |
| Total Capitalization | \$ 2,710,566 | \$ 2,745,289 | \$ |

(1) Reflects (a) the new \$50,000 mortgage loan on Christiana Center entered into in July 2012 and application of the net proceeds thereof, (b) the new \$52,000 mortgage loan on Cumberland Mall entered into in August 2012 and application of the net proceeds thereof, (c) the new \$300,000 mortgage loan on Cherry Hill Mall entered into in August 2012 and application of the net proceeds thereof, and (d) the borrowing of \$15,000 under the Revolving Facility as of September 14, 2012.

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

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DESCRIPTION OF OUR SERIES B PREFERRED SHARES

The description of certain terms and provisions of our Series B 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 B Preferred Shares, our By-Laws and Pennsylvania law. The following description of the terms of our Series B 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. In April 2012, we issued 4,600,000 8.25% Series A Preferred Shares with a liquidation preference of \$25.00 per share.

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 _____ shares of our authorized preferred shares as _____ % Series B Cumulative Redeemable Perpetual Preferred Shares and authorize the issuance thereof. When issued, our Series B Preferred Shares will be validly issued, fully paid and nonassessable. The holders of Series B Preferred Shares 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 B Preferred Shares will not be subject to any sinking fund and we will have no obligation to redeem or repurchase our Series B Preferred Shares. Unless converted by you in connection with a Change of Control or redeemed or repurchased by us, our Series B Preferred Shares will have a perpetual term, with no maturity.

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

Ranking

Our Series B Preferred Shares will rank senior to the Junior Shares (as defined under Dividends below), including our common shares, and equally with our Series A Preferred Shares and 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 B Preferred Shares are outstanding, we may not authorize or create any class or series of capital shares that ranks senior to our Series B Preferred Shares

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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 B 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 preferred shares or issue any class or series of equity securities ranking equally with our Series B 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 B 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 B Preferred Shares.

Dividends

Holders of Series B 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 B Preferred Share).

Dividends on each Series B 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 B 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 B Preferred Shares after the date of original issuance is scheduled to be paid on December 17, 2012 (because December 15, 2012 is not a business day) and will be less than the amount of a regular quarterly dividend, and that dividend will be paid to the persons who are holders of record of the Series B Preferred Shares at the close of business on the corresponding record date, which will be November 30, 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 B Preferred Shares will not bear interest and holders of our Series B Preferred Shares will not be entitled to any dividends in excess of full cumulative dividends. Dividends payable on our Series B 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 B 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 B Preferred Shares for all prior dividend periods; provided, however, that if accrued dividends on our Series B 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 B 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 B Preferred Shares and such Parity Shares. All of our dividends on our Series B 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

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qualification as a REIT), unless all cumulative dividends with respect to our Series B 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.

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 B Preferred Shares.

Liquidation Preference

The holders of Series B 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 B Preferred Share, which we refer to in this prospectus supplement as the **Liquidation Preference**, plus an amount per share of Series B 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 B 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 B 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 our Series A Preferred Shares and any Parity Shares, then such assets, or the proceeds thereof, will be distributed among the holders of Series B Preferred Shares and our Series A Preferred Shares and any such other Parity Shares ratably in accordance with the respective amounts which would be payable on such Series B Preferred Shares and Series A Preferred Shares and any such other 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 B Preferred Shares prior to October 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 B 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. To assist us in complying with the limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code, we may, at our option, redeem our Series B Preferred Shares, in whole, at any time, or in part, from time to time, for cash at \$25.00 per share, plus, subject to exceptions, any accrued and unpaid dividends (whether or not declared) to, but not including, the date fixed for redemption. On or after October 1, 2017, we, at our option upon not less than 30 nor more than 60 days written notice, may redeem our Series B 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 collectively as the **redemption price**.

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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 B 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 B 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 B 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 B Preferred Shares to be redeemed;

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

the procedures that the holders of Series B 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 B Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of Series B Preferred Shares to be redeemed from such holder. If fewer than all of the outstanding Series B 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 B 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 B Preferred Shares (whether pursuant to our optional redemption right described above under **Optional Redemption** or this special optional redemption right), the holders of Series B 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 B 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 B 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 B 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 B Preferred Shares or to the persons who were holders of record at the close of business on the relevant dividend record date;

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the number of Series B Preferred Shares to be redeemed;

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

the procedures that the holders of Series B 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 B 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;

that the holders of Series B Preferred Shares to which the notice relates will not be able to tender such Series B Preferred Shares for conversion in connection with the Change of Control and each Series B 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 B Preferred Shares held by any holder are to be redeemed, the notice mailed to such holder will also specify the number of Series B Preferred Shares to be redeemed from such holder. If fewer than all of the outstanding Series B 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 B 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 Series B Preferred Share 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 on or prior to the related payment date, the holders of Series B 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 on or 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 B Preferred Shares called for redemption.

If full cumulative dividends on our Series B 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 B 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 B Preferred Shares called for redemption (except that, in the case of a redemption date after a dividend payment record date and on or prior to the related payment date, holders of Series B Preferred Shares on the dividend payment record date will be entitled 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 B Preferred Shares shall cease except the right to receive the cash payable upon such redemption, without interest from the date of such redemption.

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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 B 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 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 B 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 B 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 B Preferred Shares that are not called for redemption) to convert some or all of the Series B 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 B 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 B 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 B Preferred Shares dividend payment and prior to the corresponding dividend payment date for the Series B 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**).

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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 B 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.

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 B 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 B 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 B Preferred Shares will be entitled thereafter to convert (subject to our redemption rights as described above) such Series B Preferred Shares not into our common shares but solely into the kind and amount of Alternative Form Consideration which the holder of Series B Preferred Shares would have owned or been entitled to receive upon such Change of Control as if such holder of Series B Preferred Shares then held the Common Shares Conversion Consideration immediately prior to the effective time of the Change of Control (the Alternative Conversion Consideration, and the Common Shares 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 B 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 B 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;

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

the method and period for calculating the Common Share Price;

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 B Preferred Shares, holders will not be able to convert the Series B 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 Series B Preferred Share;

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

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

the last date on which holders of Series B 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 B Preferred Shares.

In order to exercise the Change of Control Conversion Right, a holder of Series B 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 B 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 B Preferred Shares to be converted; and

that the Series B Preferred Shares are to be converted pursuant to the applicable provisions of the Series B 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 B Preferred Shares.

Holders of Series B 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 B Preferred Shares;

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

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

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Notwithstanding the foregoing, if the Series B 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.

Subject to the exercise of our redemption rights, Series B 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 B Preferred Shares into common shares. Notwithstanding any other provision of our Series B Preferred Shares, no holder of our Series B Preferred Shares will be entitled to convert such Series B 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 B 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 The change of control feature of our Series B Preferred Shares may not allow you to recover the liquidation preference of the Series B Preferred Shares, and the change of control conversion and redemption features of the Series B Preferred Shares may make it more difficult for, or discourage, a party from taking over our Company. 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 B Preferred Shares are not convertible into or exchangeable for any other securities or property.

Voting Rights

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

If and whenever six quarterly dividends (whether or not consecutive) payable on our Series B 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 B Preferred Shares, voting together as a single class with the holders of our Series A Preferred Shares and 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 B 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 B 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 B Preferred Shares and the Voting Preferred Shares then outstanding have been paid and full dividends on our Series B 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 B 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 B 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 B Preferred

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Shares are 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 classes or series shall vote in proportion to the liquidation preference of the respective preferred shares.

In addition, the approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series B Preferred Shares, voting separately as a class, either at a meeting of shareholders or by written 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 B 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 B Preferred Shares, (ii) to enter into any share exchange that affects the Series B 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 B 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 B 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 B 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 Series B Preferred Shares, Parity Shares and Junior Shares and issue additional classes or series of Parity Shares and Junior Shares without the consent of any holder of Series B 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 B Preferred Shares are outstanding, we will (i) transmit by mail (or other permissible means under the Exchange Act) to all holders of Series B 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 B Preferred Shares. We will mail (or otherwise provide) the information to the holders of Series B 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 B 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 B 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

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terms of the Series B 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 B 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 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 B 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 B Preferred Shares. Generally, the Trust Agreement, as amended by the Preferred Shares Amendment, prohibits the transfer of Series B Preferred Shares which, if effective, would result in any person beneficially or constructively owning Series B Preferred Shares in excess, or in violation, of the transfer or ownership limitations. In that event, that number of Series B 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 B 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 B Preferred Shares on the NYSE under the symbol PEIPrB. We expect trading of the Series B 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 B Preferred Shares on the NYSE.

Book-Entry Procedures

DTC will act as securities depository for our Series B 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 B 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 B Preferred Shares that you purchase, unless DTC's services are discontinued as described below.

Title to book-entry interests in our Series B 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 B 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 B 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

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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.

When you purchase our Series B 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 B Preferred Shares on DTC's records. You, as the actual owner of our Series B 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 B 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 B 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 B Preferred Shares in definitive form. These laws may impair the ability to transfer beneficial interests in the global certificates representing our Series B 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 B Preferred Shares are being redeemed, DTC will reduce each Direct Participant's holdings of Series B Preferred Shares in accordance with its procedures. Notices regarding the occurrence of a Change of Control will also be sent to Cede & Co. Holders of Series B Preferred Shares must follow the procedures of DTC to exercise a Change of Control Conversion Right.

In those instances where a vote is required, neither DTC nor Cede & Co. itself will consent or vote with respect to our Series B 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 B Preferred Shares are credited on the record date, which are identified in a listing attached to the omnibus proxy.

Dividend payments on our Series B 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.