PENNSYLVANIA REAL ESTATE INVESTMENT TRUST
Form 424B2
July 11, 2001

Prospectus Supplement
(to Prospectus dated July 10, 2001)

Filed Pursuant to Rule 424(b)(5)
Registration No. 033-61115

2,000,000 Shares

[GRAPHIC OMITTED]

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Shares of Beneficial Interest

We are offering 2,000,000 of our shares of beneficial interest and the associated rights which we refer to in this prospectus supplement as the "shares." The shares will be listed on the New York Stock Exchange under the symbol "PEI." The last reported sale price of the shares on July 10, 2001 was $24.80 per share.

Investing in our shares involves risks. See "Risk Factors" beginning on page 1 in the accompanying prospectus.

	Per Share	Total
Public offering price	$23.00	$46,000,000
Underwriting discount	$ 0.75	$ 1,500,000
Proceeds to us (before expenses)	$22.25	$44,500,000

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

Lehman Brothers may also purchase up to an additional 300,000 shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments.

Lehman Brothers expects to deliver the shares against payment in New York, New York on July 16, 2001.

LEHMAN BROTHERS

July 10, 2001

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone else to provide you with different information. You should not rely on any other representations. Our affairs may change after this prospectus supplement is distributed. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of the document. The shares are not being offered in any jurisdiction where the offer is not permitted.

No dealer, sales person or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the securities specifically offered by it, but only under circumstances and in jurisdictions where it is lawful to do so.

FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements reflect our management's current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. Certain factors that could cause actual results to differ materially from expected results include uncertainties affecting real estate businesses generally, the effects of complex regulations relating to our status as a REIT, environmental risks and others, many of which are outside of our control. For more information regarding the risks and uncertainties we face, please see "Risk Factors" beginning on page 1 in the accompanying prospectus. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference to reflect new information, future events or otherwise.

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Pennsylvania Real Estate Investment Trust, which is organized as a business trust under Pennsylvania law, is a fully integrated, self-administered and self-managed real estate investment trust, founded in 1960, that acquires, develops, redevelops and operates retail and multifamily properties. We conduct substantially all of our operations through PREIT Associates, L.P., a Delaware limited partnership.

We own interests in 22 shopping centers containing an aggregate of approximately 10.6 million square feet, 19 multifamily properties containing 7,242 units and four industrial properties with an aggregate of approximately 300,000 square feet. We also own interests in six shopping centers currently under development, which we currently expect to contain an aggregate of approximately 1.6 million square feet upon completion. We cannot assure you that any of the six development properties will be completed successfully.

We provide management, leasing and development services to 18 retail properties containing approximately 7.5 million square feet, seven office buildings containing approximately 1.9 million square feet and two multifamily properties with approximately 100,000 square feet for affiliated and third-party owners.

Our principal executive offices are located at The Bellevue, 200 S. Broad

Street, Philadelphia, Pennsylvania 19102, telephone: (215) 875-0700.

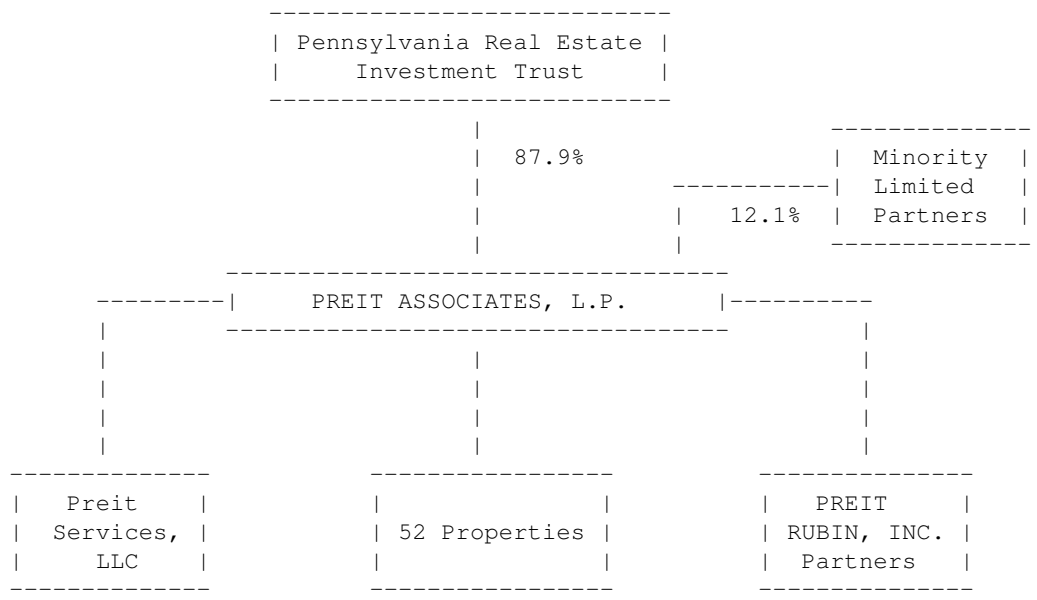
RECENT DEVELOPMENTS

In January 2001, we created PREIT Services, LLC to develop, manage and lease properties wholly-owned by us. We consolidate the results of PREIT Services and therefore do not incur any management, development or leasing fees for any of our wholly-owned properties that PREIT Services manages or leases.

On January 1, 2001, we acquired the remaining 5% minority interest in PREIT-RUBIN, Inc. that we did not own, representing all of the voting common stock of PREIT-RUBIN, in exchange for 26,842 of our shares.

Effective January 1, 2001, we consolidate the results of PREIT-RUBIN which is wholly-owned by PREIT Associates. We also converted PREIT-RUBIN to a taxable REIT subsidiary as defined by federal tax laws, which enables us to offer an expanded menu of services to tenants without jeopardizing our continued qualification as a real estate investment trust. Prior to January 1, 2001, we accounted for PREIT-RUBIN's results using the equity method of accounting. PREIT-RUBIN is responsible for various activities, including management, leasing and real estate development for certain properties in which we are a joint venture partner, for properties owned by third parties and, prior to January 1, 2001, for certain of our properties. PREIT-RUBIN also provides management, leasing and development services for partnerships and other ventures in which certain of our officers and officers of PREIT-RUBIN have either direct or indirect ownership interests.

The following is a diagram of our structure as of January 1, 2001, which reflects the acquisition by PREIT Associates of the minority interest in PREIT-RUBIN:



In January 2001, we refinanced a mortgage secured by our Eagles Nest multifamily property located in Coral Springs, FL. The new mortgage amount is $15 million, has a 10 year term and bears interest at the rate of 7.52% per annum.

In March 2001, we sold our interest in the Ingleside Center, located in Thorndale, PA, for $5.1 million, of which $0.9 million was used to pay off the mortgage on the property. Our proportionate share of the gain on the sale of the property was approximately $1.8 million.

In May 2001, we sold a parcel of land at Paxton Towne Center in Harrisburg, PA for $6.3 million. Proceeds from the sale were used to pay down debt. We expect to record a nominal gain on the sale.

In May 2001, the mortgage on Countrywood Apartments, located in Tampa, FL, in which we own a 50% interest, was refinanced. Our $4.3 million share of the net proceeds was used to pay down debt.

In June 2001, we entered into agreements to take over the management and leasing operations at two retail properties and one apartment complex. The management and leasing fees under these arrangements will vary based upon the performance of each property; however, we currently expect these fees to aggregate approximately $0.2 million for the remainder of 2001, and approximately $0.7 million in 2002. Starting on July 15, 2001, we will manage, under a three-year agreement, the 837,000 square-foot Harrisburg East Mall, located in Harrisburg, PA and owned by The Prudential Insurance Company of America. Starting on January 1, 2002, we will also manage, under a five-year agreement, the 250,000 square foot Home Depot Plaza, located in Clifton Heights, PA. The Home Depot Plaza is owned by a partnership between Mainard, Inc. and another entity. Two of our trustees are also the principals of Mainard, Inc. In addition, beginning on January 1, 2002, we will manage and lease, pursuant to a five-year agreement, a 233-unit apartment complex located in West Chester, PA, which is owned by a partnership between another entity and us.

In June 2001, we completed a transaction with the Target Corporation for the sale of eight acres of land at its Florence Commons Shopping Center in Florence, SC, which yielded net proceeds of $2.5 million. We are currently working with Target to support the opening of a Target Store in the second half of 2002, anchoring the redevelopment and expansion of this center.

We are being impacted by the recent bankruptcies of retail tenants under multi-year lease agreements, including tenants expected to occupy space yet to be constructed, such as Bradlees, Inc. (scheduled to begin occupancy on February 1, 2001 at Northeast Tower Center in Philadelphia, PA) and Lechter's, Inc. (scheduled to begin occupancy on July 1, 2001 at Creekview Shopping Center in Warrington, PA), and existing tenants such as Homeplace, Inc. (ceased paying rent on July 1, 2001 at The Court at Oxford Valley in Langhorne, PA). In addition, confronting the recent challenges of the retail leasing environment, the Company entered into an agreement with JC Penney Company, Inc. to induce them to keep their store open at Prince Georges Plaza in Hyattsville, MD beyond the scheduled expiration of their lease in July 2001.

The amount of rent and expense reimbursements that we would have received under the four lease agreements as well as the cost of the inducement that we agreed to pay totals approximately $2.2 million in 2001. Although we are actively seeking to re-lease three of these properties as well as pursuing bankruptcy claims, we have not yet secured replacement tenants at any of these properties. For the yet to be constructed spaces, until replacement tenants are secured, we will capitalize certain costs, including interest, and will

not incur certain expenses and required capital expenditures in connection with their completion. Because of likely additional development requirements at Creekview Shopping Center and Northeast Tower Center, we currently do not anticipate that, upon re-leasing the available space, replacement tenants will begin occupancy before the beginning of 2002.

USE OF PROCEEDS

After deducting the underwriting discount and commissions and other expenses associated with this offering, we estimate that the net proceeds from the sale of the shares will be approximately $44.2 million. We expect to use these net proceeds to fund our existing development projects and other land and property acquisitions, and to repay up to approximately $28 million of construction loans outstanding, which bear interest at a variable rate based on LIBOR, currently fixed at 5.77%, and mature on September 30, 2001. We expect to use the balance of the net proceeds for other working capital purposes. We may also use some of the net proceeds to repay outstanding indebtedness under our $250 million credit facility, which matures in December 28, 2003, subject to extension in accordance with the terms of the credit agreement. We entered into this credit facility to provide financing of acquisitions and for operations and general business purposes. As of June 30, 2001, our credit facility had an aggregate of $103 million outstanding, bearing interest at a weighted average rate of 7.8% per year.

CAPITALIZATION

Our capitalization is set forth as of March 31, 2001 in the following table and is shown as adjusted to give effect to the issuance of 2,000,000 shares which we are selling in this offering and the application of the net proceeds from that sale. Unless we specifically state otherwise, the information in this prospectus supplement does not take into account the issuance of up to 300,000 shares which Lehman Brothers has the option to purchase solely to cover over-allotments.

	March 31, 2001	
	Historical	As Adjusted
	(in thousands)	
Debt:		
Mortgage Loans Payable	$261,368	$261,368
Credit Facility	100,500	84,469
Construction Loans Payable	28,119	-
Total debt	389,987	345,837
Minority Interest	41,133	41,133
Shareholders' equity:		
Shares of Beneficial Interest ($1 Par)	13,688	15,688
Additional Paid in Capital	152,211	194,361
Restricted Stock	(1,893)	(1,893)
Accumulated Other Comprehensive Loss	(2,316)	(2,316)
Distributions in Excess of Net Income	(20,812)	(20,812)

Total shareholders' equity.....	140,878	185,028
Total capitalization.....	$571,998	$571,998

PRICE RANGE OF SHARES AND DISTRIBUTIONS

Our shares began trading on the New York Stock Exchange on November 14, 1997 (ticker symbol: PEI). Before then, our shares were traded on the American Stock Exchange. The following table presents the high and low sales prices for our shares, as reported by the New York Stock Exchange, and cash distributions paid for the periods indicated:

1999	High	Low	Distributions Paid
Quarter ended March 31, 1999	$20.25	$18.56	$0.47
Quarter ended June 30, 1999	$21.69	$18.56	0.47
Quarter ended September 30, 1999	$21.00	$18.56	0.47
Quarter ended December 31, 1999	$18.88	$14.00	0.47
			$1.88

2000	High	Low	Distributions Paid
Quarter ended March 31, 2000	$17.25	$14.63	$0.47
Quarter ended June 30, 2000	$18.50	$16.00	0.47
Quarter ended September 30, 2000	$18.06	$16.88	0.47
Quarter ended December 31, 2000	$19.75	$16.81	0.51
			$1.92

2001	High	Low	Distributions Paid

Quarter ended March 31, 2001	$22.36	$18.94	$0.51
Quarter ended June 30, 2001	$24.70	$20.50	$0.51
Quarter ended September 30, 2001 (through July 10, 2001)	$25.05	$24.50	$ --

The last reported sale price of the shares on July 10, 2001 was $24.80 per share. As of June 30, 2001, there were approximately 1,201 holders of record of our shares.

We currently anticipate that we will continue to make cash distributions in the future in March, June, September and December of each year; however, our future payment of distributions will be at the discretion of our Board of Trustees and will depend on numerous factors, including our cash flow, financial condition, capital requirements, annual distribution requirements under the real estate investment trust provisions of the Internal Revenue Code and other factors that our Board of Trustees deem relevant.

UNDERWRITING

Pennsylvania Real Estate Investment Trust has agreed to sell to Lehman Brothers Inc., the underwriter, all 2,000,000 of our shares.

The underwriting agreement provides that the underwriter's obligation to purchase shares depends on the satisfaction of the conditions contained in the underwriting agreement. The conditions contained in the underwriting agreement include the requirement that the representations and warranties made by us to the underwriter are true, that there is no material change in the financial markets and that we deliver to the underwriter customary closing documents.

The following table shows the per share and total underwriting discount and commissions that we are required to pay to the underwriter:

	Paid By Us
Per share	$ 0.75
Total (before expenses)	$1,500,000

The underwriter has advised us that it proposes to offer the shares directly to the public at the public offering price shown on the cover page of this prospectus supplement, and to dealers, who may include the underwriter, at the public offering price less a selling concession not in excess of $0.75 per share. After the offering, the underwriter may change the offering price and other selling terms.

We have agreed that, for a period of 90 days after the date of this prospectus supplement, we will not, without the prior written consent of Lehman Brothers Inc., offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any additional shares or securities convertible into or exchangeable or exercisable for any shares. Lehman Brothers Inc. has allowed certain exceptions to these restrictions.

Our executive officers have agreed that for a period of 90 days from the date of this prospectus supplement they will not, without, in each case, the prior written consent of Lehman Brothers Inc.:

- offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares or securities convertible into or exchangeable or exercisable for any shares;

- enter into a transaction that would have the same effect; or

- enter into any swap or other derivatives transaction that transfers, in whole or in part, any of the economic consequences of ownership of shares, whether any such aforementioned transaction is to be settled by delivery of those shares or other securities, in cash or otherwise.

The underwriter may engage in over-allotment covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934. These financial terms have the following meanings:

- Over-allotment involves sales in excess of the offering size, which creates a short position for the underwriter.

- Covering transactions involve purchases of our shares in the open market after the distribution has been completed in order to cover short positions.

- Penalty bids permit the underwriter to reclaim a selling concession from a broker/dealer when our shares originally sold by such broker/dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions.

The covering transactions and penalty bids may cause the price of our shares to be higher than it would otherwise be in the absence of these transactions. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

Lehman Brothers Inc. or its affiliates have engaged, are engaging in and may in the future engage in providing banking, investment banking and/or financial advisory services to us and our affiliates for which they receive customary compensation and expense reimbursement.

We have agreed to indemnify the underwriter against certain liabilities under the Securities Act of 1933.

We estimate the expenses associated with this offering to be approximately $350,000.

Our shares are traded on the NYSE under the symbol "PEI."

LEGAL MATTERS

Drinker Biddle & Reath LLP, Philadelphia, Pennsylvania, will pass upon the validity of the shares offered by this prospectus supplement and the statements in the accompanying prospectus under "Federal Income Tax Considerations." Sylvan M. Cohen, Chairman of our Board of Trustees and one of our principal shareholders, is of counsel to Drinker Biddle & Reath LLP. Certain legal matters will be passed upon for the underwriter by Hogan & Hartson L.L.P., Washington, D.C.

EXPERTS

The financial statements and financial statement schedules incorporated by reference in this prospectus supplement, to the extent and for the periods indicated in their report, have been audited by Arthur Andersen LLP, independent public accountants, and are incorporated by reference herein in reliance upon the authority of said firm as experts in giving said reports.

PROSPECTUS

$200,000,000

[GRAPHIC OMITTED]

Pennsylvania Real Estate Investment Trust

Debt Securities, Preferred Shares, Shares,
Share Warrants and Shareholder Rights

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

- unsecured debt securities;
- preferred shares of beneficial interest;
- shares of beneficial interest, $1.00 par value per share, and associated shareholder rights;
- warrants exercisable for shares; and
- shareholder rights exercisable for shares.

The aggregate public offering price of the securities may be up to $200,000,000, or its equivalent based on the exchange rate at the time of sale, in amounts, at prices and on terms to be determined at the time of offering. The debt securities, preferred shares, shares, share warrants and shareholder rights may be offered, separately or together, in separate series, in amounts, at prices and on terms to be described in one or more supplements to this prospectus.

The specific terms of the securities offered will be provided in the applicable prospectus supplement and will include, where applicable:

- for debt securities, the specific title, aggregate principal amount, currency, form -- which may be registered or bearer, or certificated or global -- authorized denominations, maturity, rate -- or manner of calculation thereof -- and time of payment of interest, any terms for redemption at our option or repayment at the holder's option, any terms for any sinking fund payments, any terms for conversion into preferred shares or shares, covenants and any initial public offering price;

- for preferred shares, the specific title and stated value, any dividend, liquidation, redemption, conversion, voting and other rights, and any initial public offering price;

- for shares, any initial public offering price;

- for share warrants, the specific title and aggregate number, and the issue and exercise price; and

- for shareholder rights, the date for determining the shareholders entitled to the distribution, aggregate number of shares purchasable, exercise price and date of expiration.

Consider carefully the Risk Factors beginning on page 1 before deciding to invest in the securities.

These securities have not been approved or disapproved by the Securities and Exchange Commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 10, 2001.

RISK FACTORS

Before you decide to invest in any of our securities, you should consider carefully the risks described below, together with the information provided in the other parts of this prospectus. Our ability to make expected distributions to shareholders and debt service payments to lenders, as well as our prospects as a whole, could be affected by any or all of these factors or others not mentioned below.

Real Estate Industry

We face risks associated with local real estate conditions in areas where we own properties

We may be affected adversely by general economic conditions and local real estate conditions. For example, an oversupply of retail space or apartments in a local area or a decline in the attractiveness of our properties to shoppers, residents or tenants would have a negative effect on us.

Other factors that may affect general economic conditions or local real estate conditions include:

- population trends
- income tax laws
- availability and costs of financing
- construction costs
- weather conditions that may increase or decrease energy costs

We may be unable to compete with our larger competitors and other alternatives to our portfolio of properties

The real estate business is highly competitive. We compete for interests in properties with other real estate investors and purchasers, many of whom have greater financial resources, revenues and geographical diversity than we have. Furthermore, we compete for tenants with other property owners. Our apartment

properties portfolio competes with providers of other forms of housing, such as single family housing. Competition from single family housing increases when lower interest rates make mortgages more affordable. All of our shopping center and apartment properties are subject to significant local competition. Further, our portfolio of retail properties faces competition from interest-based operations that may be capable of providing lower-cost alternatives to customers.

We are subject to significant regulation that inhibits our activities

Local zoning and use laws, environmental statutes and other governmental requirements restrict our expansion, rehabilitation and reconstruction activities. These regulations may prevent us from taking advantage of economic opportunities.

Legislation such as the Americans with Disabilities Act may require us to modify our properties. Future legislation may impose additional requirements. We cannot predict what requirements may be enacted.

Our Properties

We face risks that may restrict our ability to develop properties

There are risks associated with our development activities in addition to those generally associated with the ownership and operation of established shopping centers and multifamily properties. These risks include:

- o expenditure of money and time on projects that may never be completed
- o higher than estimated construction costs
- o late completion because of unexpected delays in zoning approvals, other land use approvals, construction or other factors outside of our control
- o failure to obtain zoning, occupancy or other governmental approvals

The risks described above are compounded by the fact that we must distribute 90% of our taxable income in order to maintain our qualification as a REIT. As a result of these distribution requirements, new developments

are financed primarily through lines of credit or other forms of construction financing. Because we incur debt to finance the developments, our loss could exceed our equity investment in these developments.

Furthermore, we must acquire and develop suitable high traffic retail sites at costs consistent with the overall economics of the project. Because retail development is extremely competitive, we cannot assure you that we can contract for appropriate sites within our geographic markets.

Some of our properties are old and in need of maintenance and/or renovation

Some of the properties in which we have an interest were constructed or last renovated more than 10 years ago. Older properties may generate lower rentals or may require significant capital expense for renovations. More than forty percent of our apartment communities have not been renovated in the last ten years. Some of our apartments lack amenities that are customarily included in modern construction, such as dishwashers, central air conditioning and microwave ovens. Some of our facilities are difficult to lease because they are too large, too small or inappropriately proportioned for today's market. We generally consider renovation of properties when renovation will enhance or maintain the long-term value of our properties.

We may be unable to successfully integrate and effectively manage the properties we acquire

Subject to the availability of financing and other considerations, we intend to continue to acquire interests in properties that we believe will be profitable or will enhance the value of our portfolios. Some of these properties may have unknown characteristics or deficiencies. Therefore, it is possible that some properties will be worth less or will generate less revenue than we believe at the time of acquisition. It is also possible that the operating performance of some of our properties will decline.

To manage our growth effectively, we must successfully integrate new acquisitions. We cannot assure you that we will be able to successfully integrate or effectively manage additional properties.

When we acquire properties, we also take on other risks, including:

- financing risks (some of which are described below)
- the risk that we will not meet anticipated occupancy or rent levels
- the risk that we will not obtain required zoning, occupancy and other governmental approvals
- the risk that there will be changes in applicable zoning and land use laws that affect adversely the operation or development of our properties

We may be unable to renew leases or relet space as leases expire

When a lease expires, a tenant may refuse to renew it. We may not be able to relet the property on similar terms, if we are able to relet the property at all. We have established an annual budget for renovation and reletting expenses that we believe is reasonable in light of each property's operating history and local market characteristics. This budget, however, may not be sufficient to cover these expenses.

We have been and may continue to be affected negatively by tenant bankruptcies and leasing delays

At any time, a tenant may experience a downturn in its business that may weaken its financial condition. As a result, our tenants may delay lease commencement, fail to make rental payments when due, or declare bankruptcy. Any such event could result in the termination of that tenant's lease and material losses to us.

We receive a substantial portion of our shopping center income as rents under long-term leases. If retail tenants are unable to comply with the terms of their leases because of rising costs or falling sales, we may modify lease terms to allow tenants to pay a lower rental or a smaller share of operating costs and taxes.

For example, we are being impacted by the recent bankruptcies of retail tenants under multi-year lease agreements, including tenants expected to occupy space yet to be contstructed, such as Bradlees, Inc., which was scheduled to begin occupancy on February 1, 2001 at Northeast Tower Center in Pennsylvania and Lechter's, Inc., which was scheduled to begin occupancy on July 1, 2001 at Creekview Shopping Center in Warrington, Pennsylvania and existing tenants such as Homeplace, Inc., which ceased paying rent on July 1, 2001 at The Court at Oxford Valley in Langhorne, Pennsylvania. In addition, as a result of the weakening economy, we entered into an agreement, which included payment of inducements with JC Penney Company, Inc., to induce

them to keep their store open at Prince George's Plaza in Hyattsville, Maryland beyond the scheduled expiration of their lease in July 2001.

The amount of rent and expense reimbursements that we would have received under the four lease agreements, as well as the cost of the inducement that we agreed to pay, totals approximately $2.2 million in 2001. We have not yet secured replacement tenants at the three vacant properties and do not anticipate that, upon releasing the available space, replacement tenants will begin occupancy at two of these properties before the beginning of 2002. Any additional financial problems encountered by existing or prospective retail tenants at our properties may continue to substantially harm our business.

We face risks associated with PREIT-RUBIN's management of properties owned by third parties

PREIT-RUBIN manages a substantial number of properties owned by third parties. Risks associated with the management of properties owned by third parties include:

- the property owner's termination of the management contract
- loss of the management contract in connection with a property sale
- non-renewal of the management contract after expiration
- renewal of the management contract on terms less favorable than current terms
- decline in management fees as a result of general real estate market conditions or local market factors

Coverage under our existing insurance policies may be inadequate to cover losses

We generally maintain insurance policies related to our business, including casualty, general liability and other policies covering our business operations, employees and assets. However, we would be required to bear all losses that are not adequately covered by insurance. Although we believe that our insurance programs are adequate, we cannot assure you that we will not incur losses in excess of our insurance coverage, or that we will be able to obtain insurance in the future at acceptable levels and reasonable cost.

We face risks due to lack of geographic diversity

Most of our properties are located in the eastern United States. A majority of the properties are located either in Pennsylvania or Florida. General economic conditions and local real estate conditions in these geographic regions have a particularly strong effect on us. Other REITs may have a more geographically diverse portfolio and thus may be less susceptible to downturns in one or more regions.

We face possible environmental liabilities

Current and former real estate owners and operators may be required by law to investigate and clean up hazardous substances released at the properties they own or operate. They may also be liable to the government or to third parties for substantial property damage, investigation costs and cleanup costs. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs the government incurs in connection with the contamination. Contamination may affect adversely the owner's ability to sell or lease real estate or to borrow with the real estate as collateral.

From time to time, we respond to inquiries from environmental authorities

with respect to properties both currently and formerly owned by us. We cannot assure you of the results of pending investigations, but we do not believe that resolution of these matters will have a material adverse effect on our financial condition or results of operations.

We have no way of determining at this time the magnitude of any potential liability to which we may be subject arising out of unknown environmental conditions or violations with respect to the properties we formerly owned. Environmental laws today can impose liability on a previous owner or operator of a property that owned or operated the property at a time when hazardous or toxic substances were disposed of, or released from, the property. A conveyance of the property, therefore, does not relieve the owner or operator from liability.

We are aware of certain environmental matters at some of our properties, including ground water contamination, above-normal radon levels and the presence of asbestos containing materials and lead-based paint. We have, in the past, performed remediation of such environmental matters, and, at December 31, 2000, we are not aware of any significant remaining potential liability relating to these environmental matters. We may be

required in the future to perform testing relating to these matters. We have reserved approximately $100,000 to cover such costs if they are necessary. We cannot assure you that these amounts will be adequate to cover future environmental costs.

At five properties in which we currently have an interest, and at two properties in which we formerly had an interest, the environmental conditions have been or continue to be investigated and have not been remediated fully. At five of these properties, groundwater contamination has been found. At two of the properties with groundwater contamination, the former owners of the properties are remediating the groundwater contamination. Dry cleaning operations were performed at three of the properties in which we currently or formerly had an interest. At two of the dry cleaning properties, soil contamination has been identified and groundwater contamination was found at the other dry cleaning property. Although the properties with contamination arising from dry cleaning operations may be eligible under a state law for remediation with state funds, we cannot assure you that sufficient funds will be available under the legislation to pay the full costs of any such remediation.

There are asbestos-containing materials in a number of our properties, primarily in the form of floor tiles and adhesives. The floor tiles and adhesives are generally in good condition. Fire-proofing material containing asbestos is present at some of our properties in limited concentrations or in limited areas. At properties where radon has been identified as a potential concern, we have remediated or are performing additional testing. Lead-based paint has been identified at certain of our multifamily properties and we have notified tenants under applicable disclosure requirements. Based on our current knowledge, we do not believe that the future liabilities associated with asbestos, radon and lead-based paint at the foregoing properties will be material.

We have limited environmental liability coverage for the types of environmental liabilities described above. The policy covers liability for pollution and on-site remediation limited to $2 million for any single claim and further limited to $4 million in the aggregate. The policy expires on December 1, 2002.

We are aware of environmental concerns at two of our development properties. Our present view is that our share of any remediation costs necessary in connection with the development of these properties will be within the budgets for development of these properties (or, in the case of one of these properties, our prospective partner, who also is the current owner of such property, will address the environmental concerns prior to the commencement of the development process), but the final costs and necessary remediation are not known and may cause us to decide not to develop one or more of these properties.

Financing Risks

We face risks generally associated with our debt

We finance parts of our operations and acquisitions through debt. This debt creates risks, including:

- rising interest rates on our floating rate debt
- failure to prepay or refinance existing debt, which may result in forced disposition of properties on disadvantageous terms
- refinancing terms less favorable than the terms of existing debt
- failure to meet required payments of principal and interest

We may not be able to comply with leverage ratios imposed by our credit facility or to use our credit facility when credit markets are tight

We currently use a three year secured credit facility for working capital, acquisitions, construction of our development pipeline, renovations and capital improvements to our properties. The credit facility is secured by ten properties and currently requires our operating partnership, PREIT Associates, to maintain certain asset and income to debt ratios and minimum income and net worth levels. As of March 31, 2001, we were in compliance with all debt covenants. If, in the future, PREIT Associates fails to meet any one or more of these requirements, we would be in default. The lenders, in their sole discretion, may waive a default. We might secure alternative or substitute financing. We cannot assure you, however, that we can obtain waivers or alternative financing. Any default may have a materially adverse effect on our operations and financial condition.

When the credit markets are tight, we may encounter resistance from lenders when we seek financing or refinancing for some of our properties. If our credit facility is reduced significantly or withdrawn, our operations

would be affected adversely. If we are unable to increase our borrowing capacity under the credit facility, our ability to make acquisitions and grow would be affected adversely. We cannot assure you as to the availability or terms of financing for any particular property.

We have entered into agreements limiting the interest rate on portions of our credit facility. If other parties to these agreements fail to perform as required by the agreements, we may suffer credit loss.

We may be unable to obtain long-term financing required to finance our partnerships and joint ventures

The profitability of each partnership or joint venture in which we are a partner or co-venturer that has short-term financing or debt requiring a balloon payment is dependent on the availability of long-term financing on

satisfactory terms. If satisfactory long-term financing is not available, we may have to rely on other sources of short-term financing, equity contributions or the proceeds of refinancing the existing properties to satisfy debt obligations. Although we do not own the entire interest in connection with many of the properties held by such partnerships or joint ventures, we may be required to pay the full amount of any obligation of the partnership or joint venture that we have guaranteed in whole or in part to protect our equity interest in the property owned by the partnership or joint venture. Additionally, we may determine to pay a partnership's or joint venture's obligation to protect our equity interest in its assets.

Governance

We may be unable to effectively manage our partnerships and joint ventures due to disagreements with our partners and joint venturers

Generally, we hold interests in our portfolio properties through PREIT Associates. In many cases we hold properties through joint ventures or partnerships with third-party partners and joint venturers and, thus, we hold less than 100% of the ownership interests in these properties. Of the properties with respect to which our ownership is partial, most are owned by partnerships in which we are a general partner. The remaining properties are owned by joint ventures in which we have substantially the same powers as a general partner. Under the terms of the partnership and joint venture agreements, major decisions, such as a sale, lease, refinancing, expansion or rehabilitation of a property, or a change of property manager, require the consent of all partners or co-venturers. Because decisions must be unanimous, necessary actions may be delayed significantly. It may be difficult or even impossible to change a property manager if a partner or co-venturer is serving as property manager.

Business disagreements with partners may arise. We may incur substantial expenses in resolving these disputes. To preserve our investment, we may be required to make commitments to or on behalf of a partnership or joint venture during a dispute. Moreover, we cannot assure you that our resolution of a dispute with a partner will be on terms that are favorable to us.

Other risks of investments in partnerships and joint ventures include:

- o partners or co-venturers might become bankrupt or fail to fund their share of required capital contributions
- o partners or co-venturers might have business interests or goals that are inconsistent with our business interests or goals
- o partners or co-venturers may be in a position to take action contrary to our policies or objectives
- o potential liability for the actions of our partners or co-venturers

We are subject to restrictions that may impede our ability to effect a change in control

Our Trust Agreement restricts the possibility of our sale or change in control, even if a sale or change in control were in our shareholders' interest. These restrictions include the ownership limit designed to ensure qualification as a REIT, the staggered terms of our Trustees and our ability to issue preferred shares. Additionally, we have adopted a rights plan that may deter a potential acquiror from attempting to acquire us.

We have entered into agreements restricting our ability to sell some of our properties

Because some limited partners of PREIT Associates may suffer adverse tax consequences if certain properties owned by PREIT Associates are sold, we, as

the general partner of PREIT Associates, have agreed from time to time, subject to certain exceptions, that the consent of the holders of a majority (or all) of certain limited partner interests issued by PREIT Associates in exchange for a property is required before that property

may be sold. These agreements may result in our being unable to sell one or more properties, even in circumstances in which it would be advantageous to do so.

We may issue preferred shares with greater rights than your shares

Our Board of Trustees may issue up to 25,000,000 preferred shares without shareholder approval. Our Board of Trustees may determine the relative rights, preferences and privileges of each class or series of preferred shares. Because our Board of Trustees has the power to establish the preferences and rights of the preferred shares, preferred shares may have preferences, distributions, powers and rights senior to your rights as a shareholder.

We may amend our business policies without your approval

Our Board of Trustees determines our growth, investment, financing, capitalization, borrowing, REIT status, operating and distribution policies. Although the Board of Trustees has no present intention to amend or revise any of these policies, these policies may be amended or revised without notice to shareholders. Accordingly, shareholders may not have control over changes in our policies. We cannot assure you that changes in our policies will serve fully the interests of all shareholders.

Limited partners of PREIT Associates may vote on fundamental changes we propose

Our assets are generally held through PREIT Associates, a Delaware limited partnership of which we are the sole general partner. We currently hold a majority of the limited partner interests in PREIT Associates. However, PREIT Associates may from time to time issue additional limited partner interests in PREIT Associates to third parties in exchange for contributions of property to PREIT Associates. These issuances will dilute our percentage ownership of PREIT Associates. Limited partner interests in PREIT Associates generally do not carry a right to vote on any matter voted on by our shareholders, although limited partner interests may, under certain circumstances, be redeemed for our shares. However, before the date on which at least half of the partnership interests issued on September 30, 1997 have been redeemed, the holders of partnership interests issued on September 30, 1997 are entitled to vote, along with our shareholders, on any proposal to merge, consolidate or sell substantially all of our assets. Our partnership interests are not included for purposes of determining when half of the partnership interests have been redeemed, nor are they counted as votes. We cannot assure you that we will not agree to extend comparable rights to other limited partners in PREIT Associates.

Our success depends in part on Ronald Rubin

We are dependent on the efforts of Ronald Rubin, our Chief Executive Officer. The loss of his services could have an adverse effect on our operations. If Mr. Rubin were to terminate his employment, his current employment agreement with us would prevent him from becoming an employee of one of our competitors for one year.

Our employees who work both for us and for PREIT-RUBIN may have conflicts of interest

There are numerous potential conflicts of interest relating to our ownership of PREIT-RUBIN. PREIT-RUBIN renders management, development, leasing and related services to a substantial number of properties in which affiliates of PREIT-RUBIN retain equity interests. In such instances the interests of our management who are also PREIT-RUBIN affiliates may differ from your own. We believe that PREIT-RUBIN's management arrangements with these entities are on terms at least as favorable to PREIT-RUBIN as the average of management arrangements with parties unrelated to PREIT-RUBIN. In addition, PREIT-RUBIN leases substantial office space from entities in which our affiliates have an interest.

Other Risks

We may fail to qualify as a REIT and you may incur tax liabilities as a result

If we fail to qualify as a REIT, we will be subject to Federal income tax at regular corporate rates. In addition, we might be barred from qualification as a REIT for the four years following disqualification. The additional tax incurred at regular corporate rates would reduce significantly the cash flow available for distribution to shareholders and for debt service.

To qualify as a REIT, we must comply with certain highly technical and complex requirements. We cannot be certain we have complied because there are few judicial and administrative interpretations of these provisions. In addition, facts and circumstances that may be beyond our control may affect our ability to qualify as a REIT. We cannot assure you that new legislation, regulations, administrative interpretations or court decisions will not change the tax laws significantly with respect to our qualification as a REIT or with respect to the federal income tax consequences of qualification. We believe that we have qualified as a REIT since our inception and intend to continue to qualify as a REIT. However, we cannot assure you that we have been qualified or will remain qualified.

We may be unable to comply with the strict income distribution requirements applicable to REITs

To obtain the favorable tax treatment associated with qualifying as a REIT, we are required each year to distribute to our shareholders at least 90% of our net taxable income. We could be required to borrow funds on a short-term basis to meet the distribution requirements that are necessary to achieve the tax benefits associated with qualifying as a REIT, even if conditions were not favorable for borrowing.

FORWARD LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities and Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. These forward-looking statements reflect our management's current views about future events and are subject to

risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. Certain factors that could cause actual results to differ materially from expected results include uncertainties affecting real estate businesses generally, the effects of complex regulations relating to our status as a REIT, environmental risks and others, many of which are outside of our control. For more information regarding the risks and uncertainties we face, please see "Risk Factors" beginning on page 1. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this prospectus or the documents incorporated by reference to reflect new information, future events or otherwise.

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Pennsylvania Real Estate Investment Trust, which is organized as a business trust under Pennsylvania law, is a fully integrated, self-administered and self-managed real estate investment trust, founded in 1960, that acquires, develops, redevelops and operates retail and multifamily properties. We conduct substantially all of our operations through PREIT Associates, L.P., a Delaware limited partnership.

Our principal executive offices are located at The Bellevue, 200 S. Broad Street, Philadelphia, Pennsylvania 19102, telephone: (215) 875-0700.

USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement accompanying this prospectus, we intend to use the net proceeds of any sale of securities for general business purposes, including the development and acquisition of additional properties and other acquisition transactions as suitable opportunities arise, the payment of certain outstanding secured or other indebtedness and improvements to certain properties in our portfolio.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for each of the last five full fiscal years are presented below:

2000	1999	1998	1997	1996
1.55	1.55	1.93	1.55	1.66

In 1997, we changed our fiscal year. Information in the table above is given with respect to the fiscal years ended December 31, 1998, 1999 and 2000, and the fiscal years ended August 31, 1996 and 1997. For the period from September 1, 1997 through December 31, 1997, the ratio was 1.53. The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of income before gains from sales of property, plus fixed charges reduced by the amounts of capitalized interest, plus income allocable to minority interests in consolidated entities that have incurred

fixed charges. Fixed charges consist of interest expense (including interest costs capitalized), amortization of capitalized expenses related to indebtedness. Earnings and fixed charges are based on both wholly owned properties and our share of partnership and joint venture properties. To date, we have not issued any preferred shares; therefore, the ratios of earnings to combined fixed charges and preferred share dividends are not presented.

DESCRIPTION OF DEBT SECURITIES

The following description provides the general terms and provisions of the debt securities to which this prospectus and any applicable prospectus supplement may relate. The particular terms of the debt securities being offered and the extent to which the general provisions may apply will be provided in the applicable Indenture or in one or more indentures supplemental to the Indenture and described in a prospectus supplement relating to the debt securities. The forms of the Senior Indenture (as defined herein) and the Subordinated Indenture (as defined herein) have been filed as exhibits to the registration statement of which this prospectus is a part.

General

The debt securities will be our direct, unsecured obligations and may be either senior debt securities ("Senior Securities") or subordinated debt securities ("Subordinated Securities"). The debt securities will be issued under one or more indentures (the "Indentures"). Senior Securities and Subordinated Securities will be issued pursuant to separate indentures (respectively, a "Senior Indenture" and a "Subordinated Indenture"), in each case between us and a trustee (a "Trustee"). The Indentures will be subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). The statements made under this heading relating to the debt securities and the Indentures are summaries of the anticipated provisions thereof, do not purport to be complete and are qualified in their entirety by reference to the Indentures and such debt securities. All section references appearing herein are to sections of each Indenture unless otherwise indicated, and capitalized terms used but not defined below shall have the respective meanings set forth in each Indenture.

The indebtedness represented by Subordinated Securities will be subordinated in right of payment to the prior payment in full of our Senior Debt (as defined below) as described under "--Subordination."

Except as set forth in the applicable Indenture or in one or more indentures supplemental thereto and described in a prospectus supplement relating thereto, the debt securities may be issued without limit as to aggregate principal amount, in one or more series, in each case as established from time to time in or pursuant to authority granted by a resolution of Board of Trustees or as established in the applicable Indenture or in one or more indentures supplemental to such Indenture. All debt securities of one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the holders of the debt securities of such series, for issuances of additional debt securities of such series.

It is anticipated that each Indenture will provide that there may be more than one Trustee thereunder, each with respect to one or more series of debt securities. Any Trustee under an Indenture may resign or be removed with respect to one or more series of debt securities, and a successor Trustee may be appointed to act with respect to such series. In the event that two or more persons are acting as Trustee with respect to different series of debt securities, each such Trustee shall be a trustee of a trust under the applicable Indenture separate and apart from

the trust administered by any other Trustee, and, except as otherwise indicated herein, any action described herein to be taken by each Trustee may be taken by each such Trustee with respect to, and only with respect to, the one or more series of debt securities for which it is Trustee under the applicable Indenture.

The prospectus supplement relating to any series of debt securities being offered will contain the specific terms thereof, including, without limitation:

(1) The title of such debt securities and whether such debt securities are Senior Securities or Subordinated Securities;

(2) The aggregate principal amount of such debt securities and any limit on such aggregate principal amount;

(3) The percentage of the principal amount at which such debt securities will be issued and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof;

(4) If convertible in whole or in part into shares or preferred shares, the terms on which such debt securities are convertible, including the initial conversion price or rate (or method for determining the same), the portion that is convertible and the conversion period, and any applicable limitations on the ownership or transferability of the shares or preferred shares receivable on conversion;

(5) The date or dates, or the method for determining such date or dates, on which the principal of such debt securities will be payable;

(6) The rate or rates (which may be fixed or variable), or the method by which such rate or rates shall be determined, at which such debt securities will bear interest, if any;

(7) The date or dates, or the method for determining such date or dates, from which any such interest will accrue, the dates on which any such interest will be payable, the regular record dates for such interest payment dates, or the method by which such dates shall be determined, the persons to whom such interest shall be payable, and the basis upon which interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(8) The place or places where the principal of (and premium, if any) and interest, if any, on such debt securities will be payable, where such debt securities may be surrendered for conversion or registration of transfer or exchange and where notices or demands to or upon us in respect of such debt securities and the applicable Indenture may be served;

(9) The period or periods within which, the price or prices at which and the other terms and conditions upon which such debt securities may be redeemed, in whole or in part, at our option, if we are to have such an option;

(10) Our obligation, if any, to redeem, repay or purchase such debt securities pursuant to any sinking fund or analogous provision or at the option of a holder thereof, and the period or periods within which or the date and dates on which, the price or prices at which and the other terms and conditions upon which such debt securities will be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(11) If other than U.S. dollars, the currency or currencies in which such debt securities are denominated and payable, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto;

(12) Whether the amount of payments of principal of (and premium, if any) or interest, if any, on such debt securities may be determined with reference to an index, formula or other method (which index, formula or method may, but need not be, based on a currency, currencies, currency unit or units or composite currency or currencies) and the manner in which such amounts shall be determined;

(13) Any additions to, modifications of or deletions from the terms of such debt securities with respect to Events of Default or covenants set forth in the applicable Indenture;

(14) Whether such debt securities will be issued in certificate or book-entry form;

(15) Whether such debt securities will be in registered or bearer form and, if in registered form, the denominations thereof if other than $1,000 and any integral multiple thereof and, if in bearer form, the denominations thereof and terms and conditions relating thereto;

(16) The applicability, if any, of the defeasance and covenant defeasance provisions of Article Fourteen of the applicable Indenture;

(17) Whether and under what circumstances we will pay any additional amounts on such debt securities in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such debt securities in lieu of making such payment; and

(18) Any other terms of such debt securities not inconsistent with the provisions of the applicable Indenture (Section 301).

The debt securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof or bear interest at a rate which at the time of issuance is below market rates ("Original Issue Discount Securities"). All material federal income tax, accounting and other considerations applicable to Original Issue Discount Securities will be described in the applicable prospectus supplement.

Except as set forth in the applicable Indenture or in one or more indentures supplemental thereto, the applicable Indenture will not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us or in the event of a change of control. However, restrictions on ownership and transfers of our shares and preferred shares are designed to preserve our status as a REIT and, therefore, may act to prevent or hinder a change of control. See "Description of Preferred Shares of Beneficial Interest -- Restrictions on Ownership" and "Description of Shares of Beneficial Interest -- Restrictions on Transfer." We refer you to the applicable prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Interest, Registration and Transfer

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issuable in denominations of $1,000 and integral multiples thereof (Section 302).

Unless otherwise specified in the applicable prospectus supplement, the principal of (and applicable premium, if any) and interest on any series of debt securities will be payable at the corporate trust office of the Trustee, the address of which will be stated in the applicable prospectus supplement; provided that, at our option, payment of interest may be made by check mailed to the address of the person entitled thereto as it appears in the applicable register for such debt securities or by wire transfer of funds to such person at an account maintained within the United States (Sections 301, 305, 306, 307 and 1002).

Any interest not punctually paid or duly provided for on any Interest Payment Date with respect to a debt security ("Defaulted Interest") will forthwith cease to be payable to the holder on the applicable regular record date and may either be paid to the person in whose name such debt security is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by us, notice whereof shall be given to the holder of such debt security not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more completely described in the Indenture (Section 307).

Subject to certain limitations imposed upon debt securities issued in book-entry form, the debt securities of any series will be exchangeable for other debt securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations upon surrender of such debt securities at the corporate trust office of the applicable Trustee referred to above. In addition, subject to certain limitations imposed upon debt securities issued in book-entry form, the debt securities of any series may be surrendered for conversion or registration of transfer or exchange thereof at the corporate trust office of the applicable Trustee. Every debt security surrendered for conversion, registration of transfer or exchange must be duly endorsed or accompanied

by a written instrument of transfer. No service charge will be made for any registration of transfer or exchange of any debt securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. If the applicable prospectus supplement refers to any transfer agent (in addition to the applicable Trustee) initially designated by us with respect to any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents with respect to any series of debt securities (Section 1002).

Neither we nor any Trustee shall be required to: (i) issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on the day of mailing of the relevant notice of redemption; (ii) register the transfer of or exchange any debt security, or portion thereof, called for redemption, except the unredeemed portion of any debt security being redeemed in part; or (iii) issue, register the transfer of or exchange any debt

security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be so repaid (Section 305).

Merger, Consolidation or Sale

We will be permitted to consolidate with, or sell, lease or convey all or substantially all of our assets to, or merge with or into, any other entity provided that (a) either we shall be the continuing entity, or the successor entity (if other than us) formed by or resulting from any such consolidation or merger or which shall have received the transfer of such assets shall expressly assume payment of the principal of (and premium, if any) and interest on all of the debt securities and the due and punctual performance and observance of all of the covenants and conditions contained in each Indenture; (b) immediately after giving effect to such transaction and treating any indebtedness that becomes our obligation or that of our Subsidiary as a result thereof as having been incurred by us or by our Subsidiary at the time of such transaction, no Event of Default under the Indentures, and no event which, after notice by the lapse of time, or both, would become such an Event of Default, shall have occurred and be continuing; and (c) an officer's certificate and legal opinion covering such conditions shall be delivered to each company (Sections 801 and 803).

Certain Covenants

Existence. Except as described above under "Merger, Consolidation or Sale," we will be required to do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights (by declaration of trust, by-laws and statute) and franchises; provided, however, that we shall not be required to preserve any right or franchise if it determines that the preservation thereof is no longer desirable in the conduct of our business and that the loss thereof is not disadvantageous in any material respect to the holders of the debt securities.

Maintenance of Properties. We will be required to cause all of our material properties used or useful in the conduct of our business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and will cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in our judgment may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times (Section 1007).

Insurance. We will be required to, and will be required to cause each of our Subsidiaries to, keep all of our insurable properties insured against loss or damage at least equal to their then full insurable value with insurers of recognized responsibility and, if described in the applicable prospectus supplement, having a specified rating from a recognized insurance rating service (Section 1008).

Payment of Taxes and Other Claims. We will be required to pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all taxes, assessments and governmental charges levied or imposed upon it or any Subsidiary or upon the income, profits or property of us or any Subsidiary, and (ii) all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon the property of us or any Subsidiary; provided, however, that we shall not be required to pay or discharge or cause to be paid or

discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings (Section 1009).

Provision of Financial Information. Whether or not we are subject to Section 13 or 15(d) of the Exchange Act, we will, to the extent permitted under the Exchange Act, file with the SEC the annual reports, quarterly reports and other documents which we would have been required to file with the SEC pursuant to such Sections 13 or 15(d) if we were so subject (the "Financial Information"), such documents to be filed with the SEC on or prior to the respective dates (the "Required Filing Dates") by which we would have been required so to file such documents if we were so subject. We will also in any event (x) within 15 days of each Required Filing Date (i) transmit by mail to all holders of debt securities, as their names and addresses appear in the Security Register, without cost to such holders, copies of the Financial Information and (ii) file with the Trustee copies of the Financial Information, and (y) if our filing such documents with the SEC is not permitted under the Exchange Act, promptly upon written request and payment of the reasonable cost of duplication and delivery, supply copies of such documents to any prospective holder (Section 1010).

Additional Covenants and/or Modifications to the Covenants Described Above

Any additional covenants of us and/or modifications to the covenants described above with respect to any debt securities or series thereof, including any covenants relating to limitations on incurrence of indebtedness or other financial covenants, will be set forth in the applicable Indenture or an indenture supplemental thereto and described in the prospectus supplement relating thereto.

Events of Default, Notice and Waiver

Each Indenture will provide that the following events are "Events of Default" with respect to any series of debt securities issued thereunder: (i) default for 30 days in the payment of any installment of interest on any debt security of such series; (ii) default in the payment of principal of (or premium, if any, on) any debt security of such series at its maturity; (iii) default in making any sinking fund payment as required for any debt security of such series; (iv) default in the performance or breach of any other covenant or warranty of us contained in the applicable Indenture (other than a covenant added to the Indenture solely for the benefit of a series of debt securities issued thereunder other than such series), continued for 60 days after written notice as provided in the applicable Indenture; (v) default in the payment of an aggregate principal amount exceeding $10,000,000 of any indebtedness of us or any mortgage, indenture or other instrument under which such indebtedness is issued or by which such indebtedness is secured, such default having occurred after the expiration of any applicable grace period and having resulted in the acceleration of the maturity of such indebtedness, but only if such indebtedness is not discharged or such acceleration is not rescinded or annulled; (vi) certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of us or any Significant Subsidiary or either of its property; and (vii) any other Event of Default provided with respect to a particular series of debt securities (Section 501). The term "Significant Subsidiary" means each of our significant subsidiaries (as defined in Regulation S-X promulgated under the Securities Act).

If an Event of Default under any Indenture with respect to debt securities of any series at the time outstanding occurs and is continuing, then in every such case the applicable Trustee or the holders of not less than 25% of the principal amount of the Outstanding debt securities of that series will have

the right to declare the principal amount (or, if the debt securities of that series are Original Issue Discount Securities or indexed securities, such portion of the principal amount as may be specified in the terms thereof) of all the debt securities of that series to be due and payable immediately by written notice thereof to us (and to the applicable Trustee if given by the holders). However, at any time after such a declaration of acceleration with respect to debt securities of such series (or of all debt securities then Outstanding under any Indenture, as the case may be) has been made, but before a judgment or decree for payment of the money due has been obtained by the applicable Trustee, the holders of not less than a majority in principal amount of Outstanding debt securities of such series (or of all debt securities then Outstanding under the applicable Indenture, as the case may be) may rescind and annul such declaration and its consequences if (a) we shall have deposited with the applicable Trustee all required payments of the principal of (and premium, if any) and interest on the debt securities of such series (or of all debt securities then Outstanding under the applicable Indenture, as the case may be), plus certain fees, expenses, disbursements and advances of the applicable Trustee and (b) all events of default, other than the non-payment of accelerated

principal (or specified portion thereof), with respect to debt securities of such series (or of all debt securities then Outstanding under the applicable Indenture, as the case may be) have been cured or waived as provided in such Indenture (Section 502). Each Indenture also will provide that the holders of not less than a majority in principal amount of the Outstanding debt securities of any series (or of all debt securities then Outstanding under the applicable Indenture, as the case may be) may waive any past default with respect to such series and its consequences, except a default (x) in the payment of the principal of (or premium, if any) or interest on any debt security of such series or (y) in respect of a covenant or provision contained in the applicable Indenture that cannot be modified or amended without the consent of the holder of each Outstanding debt security affected thereby (Section 513).

Each Trustee will be required to give notice to the holders of debt securities within 90 days of a default under the applicable Indenture unless such default shall have been cured or waived; provided, however, that such Trustee may withhold notice to the holders of any series of debt securities of any default with respect to such series (except a default in the payment of the principal of (or premium, if any) or interest on any debt security of such series or in the payment of any sinking fund installment in respect of any debt security of such series) if specified responsible officers of such Trustee consider such withholding to be in the interest of such holders (Section 601).

Each Indenture will provide that no holders of debt securities of any series may institute any proceedings, judicial or otherwise, with respect to such Indenture or for any remedy thereunder, except in the cases of failure of the applicable Trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an Event of Default from the holders of not less than 25% in principal amount of the Outstanding debt securities of such series, as well as an offer of indemnity reasonably satisfactory to it (Section 507). This provision will not prevent, however, any holder of debt securities from instituting suit for the enforcement of payment of the principal of (and premium, if any) and interest on such debt securities at the respective due dates thereof (Section 508).

Subject to provisions in each Indenture relating to its duties in case of

default, no Trustee will be under any obligation to exercise any of its rights or powers under an Indenture at the request or direction of any holders of any series of debt securities then Outstanding under such Indenture, unless such holders shall have offered to the Trustee thereunder reasonable security or indemnity (Section 602). The holders of not less than a majority in principal amount of the Outstanding debt securities of any series (or of all debt securities then Outstanding under an Indenture, as the case may be) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the applicable Trustee, or of exercising any trust or power conferred upon such Trustee. However, a Trustee may refuse to follow any direction which is in conflict with any law or the applicable Indenture, which may involve such Trustee in personal liability or which may be unduly prejudicial to the holders of debt securities of such series not joining therein (Section 512).

Within 120 days after the close of each fiscal year, we will be required to deliver to each Trustee a certificate, signed by one of several specified officers, stating whether or not such officer has knowledge of any default under the applicable Indenture and, if so, specifying each such default and the nature and status thereof (Section 1011).

Modification of the Indentures

Modifications and amendments of an Indenture will be permitted to be made only with the consent of the holders of not less than a majority in principal amount of all Outstanding debt securities issued under such Indenture which are affected by such modification or amendment; provided, however, that no such modification or amendment may, without the consent of the holder of each such debt security affected thereby, (a) change the stated maturity of the principal of, or any installment of interest (or premium, if any) on, any such debt security; (b) reduce the principal amount of, or the rate or amount of interest on, or any premium payable on redemption of, any such debt security, or reduce the amount of principal of an Original Issue Discount Security that would be due and payable upon declaration of acceleration of the maturity thereof or would be provable in bankruptcy, or adversely affect any right of repayment of the holder of any such debt security; (c) change the place of payment, or the coin or currency, for payment of principal or premium, if any, or interest on any such debt security; (d) impair the right to institute suit for the enforcement of any payment on or with respect to any such debt security;

(e) reduce the above-stated percentage of Outstanding debt securities of any series necessary to modify or amend the applicable Indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or voting requirements set forth in the applicable Indenture; or (f) modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect such action or to provide that certain other provisions may not be modified or waived without the consent of the holder of such debt security (Section 902).

The holders of not less than a majority in principal amount of Outstanding debt securities of each series affected thereby will have the right to waive our compliance with certain covenants in such Indenture (Section 1013).

Modifications and amendments of an Indenture will be permitted to be made by us and the respective Trustee thereunder without the consent of any holder of

debt securities for any of the following purposes: (i) to evidence the succession of another person to us as obligor under such Indenture; (ii) to add to the covenants of us for the benefit of the holders of all or any series of debt securities or to surrender any right or power conferred upon us in the Indenture; (iii) to add Events of Default for the benefit of the holders of all or any series of debt securities; (iv) to add or change any provisions of an Indenture to facilitate the issuance of, or to liberalize certain terms of, debt securities in bearer form, or to permit or facilitate the issuance of debt securities in uncertificated form, provided that such action shall not adversely affect the interests of the holders of the debt securities of any series in any material respect; (v) to change or eliminate any provisions of an Indenture, provided that any such change or elimination shall become effective only when there are no debt securities Outstanding of any series created prior thereto which are entitled to the benefit of such provision; (vi) to secure the debt securities; (vii) to establish the form or terms of debt securities of any series, including the provisions and procedures, if applicable, for the conversion of such debt securities into shares or preferred shares; (viii) to provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under an Indenture by more than one Trustee; (ix) to cure any ambiguity, defect or inconsistency in an Indenture, provided that such action shall not adversely affect the interests of holders of debt securities of any series issued under such Indenture in any material respect; or (x) to supplement any of the provisions of an Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of such debt securities, provided that such action shall not adversely affect the interests of the holders of the debt securities of any series in any material respect (Section 901).

Each Indenture will provide that in determining whether the holders of the requisite principal amount of Outstanding debt securities of a series have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of debt securities, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof, (ii) the principal amount of any debt security denominated in a foreign currency that shall be deemed Outstanding shall be the U.S. dollar equivalent, determined on the issue date for such debt security, of the principal amount (or, in the case of Original Issue Discount Security, the U.S. dollar equivalent on the issue date of such debt security of the amount determined as provided in (i) above), (iii) the principal amount of an indexed security that shall be deemed Outstanding shall be the principal face amount of such indexed security at original issuance, unless otherwise provided with respect to such indexed security pursuant to the applicable Indenture, and (iv) debt securities owned by us or any other obligor upon the debt securities or any of our affiliates or of such other obligor shall be disregarded.

Each Indenture will contain provisions for convening meetings of the holders of debt securities of a series (Section 1501). A meeting will be permitted to be called at any time by the applicable Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding debt securities of such series, in any such case upon notice given as provided in the Indenture. Except for any consent that must be given by the holder of each debt security affected by certain modifications and amendments of an Indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding debt securities of that series; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders

of a specified percentage, which is less than a majority, in principal amount of the Outstanding debt securities of a series may be adopted at a meeting or adjourned meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding debt securities of that series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with an Indenture will be binding on all holders of debt securities of that series. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be persons holding or representing a majority in principal amount of the Outstanding debt securities of a series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding debt securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding debt securities of such series will constitute a quorum.

Notwithstanding the foregoing provisions, each Indenture will provide that if any action is to be taken at a meeting of holders of debt securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver and other action that such Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding debt securities affected thereby, or the holders of such series and one or more additional series: (i) there shall be no minimum quorum requirement for such meeting, and (ii) the principal amount of the Outstanding debt securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under such Indenture.

Subordination

Upon any distribution to our creditors in a liquidation, dissolution or reorganization, the payment of the principal of and interest on any Subordinated Securities will be subordinated to the extent provided in the applicable Indenture in right of payment to the prior payment in full of all Senior Debt (Sections 1601 and 1602 of the Subordinated Indenture), but our obligation to make payment of the principal and interest on such Subordinated Securities will not otherwise be affected (Section 1608 of the Subordinated Indenture). No payment of principal or interest will be permitted to be made on Subordinated Securities at any time if a default on Senior Debt exists that permits the holders of such Senior Debt to accelerate its maturity and the default is the subject of judicial proceedings or we receive notice of the default (Section 1602 of the Subordinated Indenture). After all Senior Debt is paid in full and until the Subordinated Securities are paid in full, holders will be subrogated to the right of holders of Senior Debt to the extent that distributions otherwise payable to holders have been applied to the payment of Senior Debt (Section 1607 of the Subordinated Indenture). By reason of such subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of Subordinated Securities.

Senior Debt will be defined in the Subordinated Indenture as the principal of and interest on, or substantially similar payments to be made by us in respect of, the following, whether outstanding at the date of execution of the applicable Indenture or thereafter incurred, created or assumed: (i) our

indebtedness for money borrowed or represented by purchase-money obligations, (ii) our indebtedness evidenced by notes, debentures, or bonds or other securities issued under the provisions of an indenture, fiscal agency agreement or other agreement, (iii) our obligations as lessee under leases of property either made as part of any sale and leaseback transaction to which we are a party or otherwise, (iv) our indebtedness of partnerships and joint ventures which is included in our consolidated financial statements, (v) our indebtedness, obligations and liabilities of others in respect of which we are liable contingently or otherwise to pay or advance money or property or as guarantor, endorser or otherwise or which we have agreed to purchase or otherwise acquire, and (vi) any binding commitment of us to fund any real estate investment or to fund any investment in any entity making such real estate investment, in each case other than (1) any such indebtedness, obligation or liability referred to in clauses (i) through (vi) above as to which, in the instrument creating or evidencing the same pursuant to which the same is outstanding, it is provided that such indebtedness, obligation or liability is not superior in right of payment to the Subordinated Securities or ranks pari passu with the Subordinated Securities, (2) any such indebtedness, obligation or liability which is subordinated to our indebtedness to substantially the same extent as or to a greater extent than the Subordinated Securities are subordinated, and (3) the Subordinated Securities. There will not be any restrictions in an Indenture relating to Subordinated Securities upon the Creation of additional Senior Debt.

If this prospectus is being delivered in connection with a series of Subordinated Securities, the accompanying prospectus supplement or the information incorporated herein by reference will contain the approximate amount of Senior Debt outstanding as of the end of our most recent fiscal quarter.

Discharge, Defeasance and Covenant Defeasance

We may be permitted under the applicable Indenture to discharge certain obligations to holders of any series of debt securities issued thereunder that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable in an amount sufficient to pay the entire indebtedness on such debt securities in respect of principal (and premium, if any) and interest to the date of such deposit (if such debt securities have become due and payable) or to the stated maturity or redemption date, as the case may be.

Each Indenture will provide that, if the provisions of Article Fourteen are made applicable to the debt securities of or within any series pursuant to Section 301 of such Indenture, we may elect either (a) to defease and be discharged from any and all obligations with respect to such debt securities (except for the obligation to pay additional amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such debt securities, and the obligations to register the transfer or exchange of such debt securities, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of such debt securities and to hold moneys for payment in trust) ("defeasance") (Section 1402) or (b) to be released from its obligations with respect to such debt securities under certain specified

sections of Article Ten of such Indenture as specified in the applicable prospectus supplement and any omission to comply with such obligations shall not constitute an Event of Default with respect to such debt securities ("covenant defeasance") (Section 1403), in either case upon our irrevocable deposit with the applicable Trustee, in trust, of an amount, in such currency or currencies, currency unit or units or composite currency or currencies in which such debt securities are payable at stated maturity, or Government Obligations (as defined below), or both, applicable to such debt securities which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient without reinvestment to pay the principal of (and premium, if any) and interest on such debt securities, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust will only be permitted to be established if, among other things, we have delivered to the applicable Trustee an opinion of counsel (as specified in the applicable Indenture) to the effect that the holders of such debt securities will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such opinion of counsel, in the case of defeasance, will be required to refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the Indenture (Section 1404).

"Government Obligations" means securities which are (i) direct obligations of the United States of America or the government which issued the foreign currency in which the debt securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the foreign currency in which the debt securities of such series are payable, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America or such government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt (Section 101 of each Indenture).

Unless otherwise provided in the applicable prospectus supplement, if after we have deposited funds and/or Government Obligations to effect defeasance or covenant defeasance with respect to debt securities of any series, (a) the holder of a debt security of such series is entitled to, and does, elect pursuant to the applicable Indenture or the terms of such debt security to receive payment in a currency, currency unit or composite currency other than that in which such deposit has been made in respect of such debt security, or (b) a Conversion Event (as defined below) occurs in respect of the currency, currency unit or composite currency in which such deposit has been made, the indebtedness represented by such debt security will be deemed to have been,

and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest on such debt security as they become due out of the proceeds yielded by converting the amount so deposited in respect of such debt security into the currency, currency unit or composite currency in which such debt security becomes payable as a result of such election or such cessation of usage based on the applicable market exchange rate. "Conversion Event" means the cessation of use of (i) a currency, currency unit or composite currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit or composite currency other than the ECU for the purposes for which it was established. Unless otherwise provided in the applicable prospectus supplement, all payments of principal of (and premium, if any) and interest on any debt security that is payable in a foreign currency that ceases to be used by its government of issuance shall be made in U.S. dollars.

If we effect covenant defeasance with respect to any debt securities and such debt securities are declared due and payable because of the occurrence of any Event of Default other than the Event of Default described in clause (iv) under "Events of Default, Notice and Waiver" with respect to certain specified sections of Article Ten of each Indenture (which sections would no longer be applicable to such debt securities as a result of such covenant defeasance) or described in clause (vii) under "Events of Default, Notice and Waiver" with respect to any other covenant as to which there has been covenant defeasance, the amount in such currency, currency unit or composite currency in which such debt securities are payable, and Government Obligations on deposit with the applicable Trustee, will be sufficient to pay amounts due on such debt securities at the time of their stated maturity but may not be sufficient to pay amounts due on such debt securities at the time of the acceleration resulting from such Default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

The applicable prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series.

Conversion Rights

The terms and conditions, if any, upon which the debt securities are convertible into shares or preferred shares will be set forth in the applicable prospectus supplement relating thereto. Such terms will include whether such debt securities are convertible into shares or preferred shares, the conversion price (or manner of calculation thereof), the conversion period, provisions as to whether conversion will be at the option of the holders or us, the events requiring an adjustment of the conversion price and provisions affecting conversion in the event of the redemption of such debt securities and any restrictions on conversion, including restrictions directed at maintaining our REIT status and the listing of the shares on the New York Stock Exchange.

Redemption of Securities

The Indenture provides that the debt securities may be redeemed at any time at the option of us, in whole or in part, at the Redemption Price, except as may otherwise be provided in connection with any debt securities or series thereof.

From and after notice has been given as provided in the Indenture, if funds

for the redemption of any debt securities called for redemption shall have been made available on such redemption date, such debt securities will cease to bear interest on the date fixed for such redemption specified in such notice, and the only right of the holders of the debt securities will be to receive payment of the Redemption Price.

Notice of any optional redemption of any debt securities will be given to holders at their addresses, as shown in the Security Register, not more than 60 nor less than 30 days prior to the date fixed for redemption. The notice of redemption will specify, among other items, the Redemption Price and the principal amount of the debt securities held by such holder to be redeemed.

If we elect to redeem debt securities, it will notify the Trustee at least 45 days prior to the redemption date (or such shorter period as satisfactory to the Trustee) of the aggregate principal amount of debt securities to be redeemed and the redemption date. If less than all the debt securities are to be redeemed, the Trustee shall select the debt securities to be redeemed pro rata, by lot or in such manner as it shall deem fair and appropriate.

Global Securities

The debt securities of a series may be issued in whole or in part in the form of one or more global securities (the "Global Securities") that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement relating to such series. Global Securities may be issued in either registered or bearer form and in either temporary or permanent form. The specific terms of the depository arrangement with respect to a series of debt securities will be described in the applicable prospectus supplement relating to such series. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in debt securities represented by Global Securities.

DESCRIPTION OF PREFERRED SHARES OF BENEFICIAL INTEREST

Our Trust Agreement authorizes our Board of Trustees from time to time to establish and issue, in one or more classes or series, up to 25,000,000 preferred shares (the "preferred shares"). The Trustees are authorized to classify or reclassify any unissued preferred shares by setting or changing the number, designation, preference, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms or conditions of redemption of such series.

The following description of the preferred shares sets forth certain general terms and provisions of the preferred shares to which any prospectus supplement may relate. The statements below describing the preferred shares are in all respects subject to and qualified in their entirety by reference to the applicable provisions of our Trust Agreement.

The Board of Trustees

The Board of Trustees is empowered by the Trust Agreement to designate and issue from time to time one or more series of preferred shares without shareholder approval. The Board of Trustees may determine the relative rights, preferences and privileges of each series of preferred shares so issued. Because the Board of Trustees has the power to establish the preferences and rights of each series of preferred shares, it may afford the holders of any

series of preferred shares preferences, powers and rights, voting or otherwise, senior to the rights of holders of shares. The preferred shares will, when issued, be fully paid and nonassessable.

The prospectus supplement relating to any preferred shares offered thereby will contain specific terms, including:

(1) The title and stated value of such preferred shares;

(2) The number of such preferred shares offered, the liquidation preference per share and the offering price of such preferred shares;

(3) The dividend rate(s), period(s) and/or payment date(s) or method(s)of calculation thereof applicable to such preferred shares;

(4) The date from which dividends on such preferred shares shall accumulate, if applicable;

(5) The procedures for any auction and remarketing, if any, for such preferred shares;

(6) The provision for a sinking fund, if any, for such preferred shares;

(7) The provision for redemption, if applicable, of such preferred shares;

(8) Any listing of such preferred shares on any securities exchange;

(9) The terms and conditions, if applicable, upon which such preferred shares will be convertible into shares, including the conversion price (or manner of calculation thereof);

(10) Any other specific terms, preferences, rights, limitations or restrictions of such preferred shares;

(11) A discussion of federal income tax considerations applicable to such preferred shares;

(12) The relative ranking and preferences of such preferred shares as to dividend rights and rights upon our liquidation, dissolution or winding up of our affairs;

(13) Any limitations on issuance of any series of preferred shares ranking senior to or on a parity with such series of preferred shares as to dividend rights and rights upon our liquidation, dissolution or winding up of our affairs; and

(14) Any limitations on direct or beneficial ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a REIT.

Rank

Unless otherwise specified in the prospectus supplement, the preferred shares will, with respect to dividend rights and rights upon our liquidation, dissolution or winding up, rank (i) senior to all classes or series of our shares, and to all equity securities ranking junior to such preferred shares; (ii) on a parity with all equity securities we issue with terms that

specifically provide that such equity securities rank on a parity with the preferred shares; and (iii) junior to all equity securities we issue with terms that specifically provide that such equity securities rank senior to the preferred shares. The term "equity securities" does not include convertible debt securities.

Dividends

Holders of the preferred shares of each series will be entitled to receive, when, as and if declared by our Board of Trustees, out of our assets legally available for payment, cash dividends at such rates and on such dates as will be set forth in the applicable prospectus supplement. Each such dividend shall be payable to holders of record as they appear on our share transfer books on such record dates as shall be fixed by the Board of Trustees.

Dividends on any series of preferred shares may be cumulative or non-cumulative, as provided in the applicable prospectus supplement. Dividends, if cumulative, will be cumulative from and after the date set forth in the applicable prospectus supplement. If the Board of Trustees fails to declare a dividend payable on a dividend payment date on any series of the preferred shares for which dividends are non-cumulative, then the holders of such series of the preferred shares will have no right to receive a dividend in respect of the dividend period ending on such dividend payment date, and we will have no obligation to pay the dividend accrued for such period, whether or not dividends on such series are declared payable on any future dividend payment date.

If any preferred shares of any series are outstanding, no full dividends shall be declared or paid or set apart for payment on any of our capital shares of any other series ranking, as to dividends, on a parity with or junior to the preferred shares of such series for any period unless (i) if such series of preferred shares has a cumulative dividend, full cumulative dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the preferred shares of such series for all past dividend periods and the then current dividend period or (ii) if such series of preferred shares does not have a cumulative dividend, full dividends for the then current dividend period have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payment on the preferred shares of such series. When dividends are not paid in full (or a sum sufficient for such full payment is not so set apart) upon preferred shares of any series and the shares of any other series of preferred shares ranking on a parity as to dividends with the preferred shares of such series, all dividends declared upon preferred shares of such series and any other series of preferred shares ranking on a parity as to dividends with such preferred shares shall be declared pro rata so that the amount of dividends declared per share of preferred shares of such series and such other series of preferred shares shall in all cases bear to each other the same ratio that accrued dividends per

share on the preferred shares of such series (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such preferred shares do not have a cumulative dividend) and such other series of preferred shares bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on preferred shares of such series which may be in arrears.

Except as provided in the immediately preceding paragraph, unless (i) if

such series of preferred shares has a cumulative dividend, full cumulative dividends on the preferred shares of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the then current dividend period, and (ii) if such series of preferred shares does not have a cumulative dividend, full dividends on the preferred shares of such series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, no dividends (other than in shares or other capital shares ranking junior to the preferred shares of such series as to dividends and upon liquidation) shall be declared or paid or set aside for payment or other distribution upon the shares, or any other of our capital shares ranking junior to or on a parity with the preferred shares of such series as to dividends or upon liquidation, nor shall any shares, or any other of our capital shares ranking junior to or on a parity with the preferred shares of such series as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by us (except by conversion into or exchange for other capital shares ranking junior to the preferred shares of such series as to dividends and upon liquidation).

Redemption

If so provided in the applicable prospectus supplement, the preferred shares will be subject to mandatory redemption or redemption at our option, in whole or in part, in each case upon the terms, at the times and at the redemption prices set forth in such prospectus supplement.

The prospectus supplement relating to a series of preferred shares that is subject to mandatory redemption will specify the number of such preferred shares that shall be redeemed by us in each year commencing after a date to be specified, at a redemption price per share to be specified, together with an amount equal to all accrued and unpaid dividends thereon (which shall not, if such preferred shares do not have a cumulative dividend, include any accumulation in respect of unpaid dividends for prior dividend periods) to the date of redemption. The redemption price may be payable in cash or other property, as specified in the applicable prospectus supplement. If the redemption price for preferred shares of any series is payable only from the net proceeds of the issuance of our capital shares, the terms of such preferred shares may provide that, if no such capital shares shall have been issued or to the extent the net proceeds from any issuance are insufficient to pay in full the aggregate redemption price then due, such preferred shares shall automatically and mandatorily be converted into our applicable capital shares pursuant to conversion provisions specified in the applicable prospectus supplement.

Notwithstanding the foregoing, unless (i) if such series of preferred shares has a cumulative dividend, full cumulative dividends on all preferred shares of any series shall have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividend periods and the current dividend period and (ii) if such series of preferred shares does not have a cumulative dividend, full dividends of the preferred shares of any series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, no preferred shares of any series shall be redeemed unless all outstanding preferred shares of such series are simultaneously redeemed; provided, however, that the foregoing shall not prevent the purchase or acquisition of preferred shares of such series to preserve our REIT status or pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding preferred shares of such series. In addition, unless (i) if such series of preferred shares has a

cumulative dividend, full cumulative dividends on all outstanding shares of any series of preferred shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past dividends periods and the then current dividend period, and (ii) if such series of preferred shares does not have a cumulative dividend, full dividends on the preferred shares of any series have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for the then current dividend period, we shall not purchase or otherwise acquire directly or indirectly any preferred shares of such series (except by conversion into or exchange for our

capital shares ranking junior to the preferred shares of such series as to dividends and upon liquidation); provided, however, that the foregoing shall not prevent the purchase or acquisition of preferred shares of such series to preserve our REIT status pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding preferred shares of such series.

If fewer than all of the outstanding preferred shares of any series are to be redeemed, the number of shares to be redeemed will be determined by us and such shares may be redeemed pro rata from the holders of record of such shares in proportion to the number of such shares held or for which redemption is requested by such holder (with adjustments to avoid redemption of fractional shares) or by lot in a manner determined by us.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of record of preferred shares of any series to be redeemed at the address shown on our share transfer books. Each notice shall state: (i) the redemption date; (ii) the number and series of preferred shares to be redeemed; (iii) the address where preferred shares are to be surrendered for payment of the redemption price; (iv) that dividends on the shares to be redeemed will cease to accrue on such redemption date; and (v) the date upon which the holder's conversion rights, if any, as to such shares shall terminate. If fewer than all of the preferred shares of any series are to be redeemed, the notice mailed to each such holder thereof shall also specify the number of preferred shares to be redeemed from each such holder. If notice of redemption of any preferred shares has been given and if the funds necessary for such redemption have been set aside by us in trust for the benefit of the holders of any preferred shares so called for redemption, then from and after the redemption date dividends will cease to accrue on such preferred shares, and all rights of the holders of such shares will terminate, except the right to receive the redemption price.

Liquidation Preference

Upon any voluntary or involuntary liquidation, dissolution or winding up of our affairs, then, before any distribution or payment shall be made to the holders of any shares or any other class or series of our capital shares ranking junior to the preferred shares in the distribution of assets upon our liquidation, dissolution or winding up, the holders of each series of preferred shares shall be entitled to receive out of our assets legally available for distribution to shareholders liquidating distributions in the amount of the liquidation preference per share (set forth in the applicable prospectus supplement), plus an amount equal to all dividends accrued and unpaid thereon (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such preferred shares do not have a cumulative dividend). After payment of the full amount of the liq