

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Form 424B3

January 13, 2012

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Registration No. 333-178598

PROSPECTUS

## **PENNSYLVANIA REAL ESTATE INVESTMENT TRUST**

### **1,000,000 Common Shares of Beneficial Interest**

#### **Distribution Reinvestment and Share Purchase Plan**

The Distribution Reinvestment and Share Purchase Plan of Pennsylvania Real Estate Investment Trust provides owners of our common shares of beneficial interest, \$1.00 par value per share, with a simple and convenient method of purchasing additional shares. Some significant features of the Plan are:

You may participate in the Plan if you own our common shares or limited partner interests in PREIT Associates, L.P., our operating partnership. If you do not own our common shares or limited partner interests in our operating partnership, you can participate in the Plan by making a minimum initial investment of \$250.

You may purchase additional common shares by automatically reinvesting some or all of your cash dividends on our common shares or cash distributions on limited partner interests in our operating partnership.

You may also purchase common shares by making optional cash investments of \$50 to \$5,000 per calendar month. In some instances, we may permit greater optional cash investments.

Those holders of our common shares who do not participate in the Plan will receive cash distributions, as declared, in the usual manner.

To enroll in the Plan, simply complete the enclosed Account Authorization Form and return it in the envelope provided. Enrollment in the Plan is entirely voluntary and participants may terminate their participation at any time. A broker, bank or other nominee may reinvest distributions on behalf of beneficial owners.

Our common shares currently trade on the New York Stock Exchange under the symbol PEI. On January 11, 2012, the last reported sale price of our common shares on the New York Stock Exchange was \$11.48 per share.

**You should consider the risks that we have described in Risk Factors on page 2 of this prospectus and included in documents that we file with the Securities and Exchange Commission that are incorporated by reference into this prospectus before investing in our common shares.**

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

The date of this prospectus is January 12, 2012.

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

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

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### **SUMMARY**

#### **The Company**

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

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

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

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

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

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

#### **About this Prospectus**

This prospectus describes the common shares of beneficial interest of Pennsylvania Real Estate Investment Trust. As we describe below in the section entitled Where to Find Additional Information, we have filed and plan to continue to file other documents with the Securities and Exchange Commission, or the SEC, that contain information about us. Before you decide whether to invest in our common shares, you should read this prospectus and the information we otherwise file with the SEC.

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**RISK FACTORS**

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

**FORWARD-LOOKING STATEMENTS**

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

our substantial debt and our high leverage ratio;

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

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

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

our short- and long-term liquidity position;

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

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

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

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

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

risks relating to development and redevelopment activities;

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

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

concentration of our properties in the Mid-Atlantic region;

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

potential dilution from any capital raising transactions;

possible environmental liabilities;

our ability to obtain insurance at a reasonable cost; and

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

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

**WHERE TO FIND ADDITIONAL INFORMATION**

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

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

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**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

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

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

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

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

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

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

Pennsylvania Real Estate Investment Trust

200 South Broad Street

Philadelphia, PA 19102-3803

(215) 875-0700

Attention: General Counsel

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



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**DESCRIPTION OF THE PLAN**

The Distribution Reinvestment and Share Purchase Plan (the Plan) provides record and beneficial owners of our common shares or limited partner interests in PREIT Associates, L.P. (collectively, Eligible Shareholders) and interested new investors who are not currently Eligible Shareholders (Interested New Investors) and, together with Eligible Shareholders, Participants) with a convenient and attractive method of investing cash dividends made on Shares and cash distributions made on units of limited partner interest in PREIT Associates, L.P. (together with such cash dividends, Distributions) and record owners of our Shares may make optional cash investments in additional Shares without payment of any brokerage commissions or service charges. The price to be paid for Shares purchased under the Plan will be a price reflecting a 1% discount from the Market Price (as defined in Question 11) for the reinvestment of cash Distributions and for optional cash payments that do not exceed \$5,000, and a price reflecting a discount ranging between 0% and 5% (the Discount) from the Market Price for the investment of optional cash payments made pursuant to Requests for Waiver (which can be obtained as described in Question 6), to the extent Shares are purchased directly from us. The Discount is subject to change (but will not vary from the range of between 0% and 5%) from time to time at our discretion after a review of factors including current market conditions, the level of participation in the Plan and our current and projected capital needs.

Subject to the availability of Shares registered for issuance under the Plan, there is no minimum or maximum limitation on the amount of Distributions a Participant may reinvest under the Plan, provided that Distributions in excess of \$25,000 may be reinvested only with our permission. See Question 2. As of the date hereof, 1,000,000 Shares have been registered and are available for sale under the Plan.

Participants (other than Participants who are solely beneficial owners) electing to invest optional cash payments in additional Shares are subject to a minimum purchase per month of \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and a maximum per month purchase limit of \$5,000 (subject to waiver). See Question 16. Participants who are beneficial owners who wish to invest optional cash payments may open an account with the Plan Administrator as an Interested New Investor and become a record owner with respect to such purchased shares. See Questions 5 and 6. A Participant may be a beneficial owner with respect to some shares and a record owner with respect to others if the Participant owns shares in multiple accounts. Optional cash payments in excess of \$5,000 may be made only upon our acceptance of a completed Request for Waiver form from an eligible Participant. See Question 16. Each month, at least three business days prior to each Optional Cash Payment Due Date (as defined in Question 17), we will establish the Discount and Threshold Price, if any (as defined in Question 16), applicable to optional cash payments pursuant to Requests for Waiver. The Discount, which may vary each month, will be established in our sole discretion after a review of factors including current market conditions, the level of participation in the Plan and our current and projected capital needs. With respect to optional cash payments for purchases pursuant to Requests for Waiver only, for each Trading Day of the related Pricing Period (each as defined in Question 11) on which the Threshold Price is not satisfied, one-twelfth of an eligible Participant's optional cash payment will be returned without interest. Optional cash payments that do not exceed \$5,000 and the reinvestment of Distributions in additional Shares will receive a discount of 1% and will not be subject to the Threshold Price, if any. Optional cash payments of less than \$50 and that portion of any optional cash payment that exceeds the maximum monthly purchase limit of \$5,000, unless such limit has been waived, are subject to return to the Participant without interest. Participants may request that any or all Shares held in the Plan be sold by the Plan Administrator (as defined in Question 4) on behalf of such Participants, at a nominal charge to the Participant. See Question 23.

We may grant Requests for Waiver to Participants that are financial intermediaries, including brokers and dealers, and other Participants in the future. Grants of Requests for Waiver will be made in our sole discretion based on a variety of factors, which may include: our current and projected capital needs, the alternatives available to us to meet those needs, prevailing market prices for Shares, general economic and capital market conditions, potential aberrations in the price or trading volume of the Shares, the potential disruption of the price of the Shares by a financial intermediary, the number of Shares held by the Participant submitting the waiver

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request, the past actions of a Participant under the Plan, the aggregate amount of optional cash payments for which such waivers have been submitted and the administrative constraints associated with granting such waivers. If such Requests for Waiver are granted, a portion of the Shares available for issuance under the Plan will be purchased by Participants (including brokers or dealers) who, in connection with any resales of such Shares, may be deemed to be underwriters within the meaning of the Securities Act. To the extent that Requests for Waiver are granted, it is expected that a greater number of Shares will be issued under the optional cash payment feature of the Plan as opposed to the Distribution reinvestment feature of the Plan.

Financial intermediaries may purchase a significant portion of the Shares issued pursuant to the optional cash payment feature of the Plan. We do not have any formal or informal understanding with any such organizations with respect to such purchases and, therefore, the extent of such financial intermediaries' participation under the Plan cannot be estimated at this time. Participants that are financial intermediaries that acquire Shares under the Plan with a view to distribution of such Shares or that offer or sell Shares for us in connection with the Plan may be deemed to be underwriters within the meaning of the Securities Act.

From time to time, financial intermediaries, including brokers and dealers, may engage in positioning transactions in order to benefit from the discount from the Market Price of the Shares acquired through the cash payment feature of the Plan. Such transactions may cause fluctuations in the price or trading volume of the Shares. Financial intermediaries that engage in positioning transactions may be deemed to be underwriters within the meaning of the Securities Act. The Plan is intended for the benefit of our investors and not for individuals or investors who engage in transactions that may cause aberrations in the price or trading volume of the Shares.

### **The Plan**

The Plan was initially adopted by our board of trustees on February 2, 1999 and, in connection with the filing of this prospectus, the board of trustees approved increasing the number of Shares available under the plan to 1,000,000. The following questions and answers explain and constitute the Plan. Shareholders who do not participate in the Plan will receive cash Distributions, as declared and paid in the usual manner.

### **Purpose**

#### **1. What is the purpose of the Plan?**

The primary purpose of the Plan is to provide Eligible Shareholders with a convenient and simple method of increasing their investment in our Shares by investing cash Distributions and (for Eligible Shareholders who are record owners) optional cash payments in additional Shares, without payment of any brokerage commission or service charge. See Question 5 for a description of the holders who are eligible to participate in the Plan. The Plan may also be used by us to raise additional capital through the sale each month of a portion of the Shares available for issuance under the Plan to record owners and Interested New Investors (including brokers or dealers). These sales will be effected through our ability to waive limitations applicable to the amounts that eligible Participants may invest pursuant to the Plan's optional cash payment feature. See Question 16 for information concerning limitations applicable to optional cash payments and certain of the factors considered by us in granting waivers.

To the extent that Shares are purchased from us under the Plan, we will receive additional funds that we propose to use for the acquisition, development and improvement of properties, repayment of indebtedness, capital expenditures, working capital, and other general corporate purposes. The Plan is intended for the benefit of our investors and not for individuals or investors who engage in transactions that may cause aberrations in the price or trading volume of Shares. From time to time, financial intermediaries may engage in positioning transactions in order to benefit from the discount from the Market Price of the Shares acquired through the reinvestment of Distributions or optional cash payments under the Plan. Such transactions may cause fluctuations

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in the price or trading volume of the Shares. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible Participants in order to eliminate practices that are, in our sole discretion, not consistent with the purposes or operation of the Plan or that affect adversely the price of the Shares.

### **Options Available To Participants**

#### **2. What options are available to enrolled Participants?**

Eligible Shareholders may elect to have cash Distributions paid on all or a portion of their Shares reinvested automatically in additional Shares, provided that Distributions in excess of \$25,000 may be reinvested only with our permission. Cash Distributions are paid on the Shares when and as declared by our board of trustees. There is no minimum limitation on the amount of Distributions an Eligible Shareholder may reinvest under the Distribution reinvestment feature of the Plan.

Each month, eligible Participants may also elect to invest optional cash payments in additional Shares, subject to a minimum purchase per month of \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and a maximum per month purchase limit of \$5,000, subject to waiver. See Question 16 for information concerning limitations applicable to optional cash payments and the availability of waivers with respect to such limitations. Eligible Participants may make optional cash payments each month even if Distributions on their Shares are not being reinvested and whether or not a Distribution has been declared.

### **Advantages and Disadvantages**

#### **3. What are the advantages and disadvantages of the Plan?**

##### ***Advantages:***

(a) The Plan provides Participants with the opportunity to reinvest cash Distributions paid on all or a portion of their Shares in additional Shares at a 1% discount from the Market Price without payment of any brokerage commission or service charge.

(b) The Plan provides eligible Participants with the opportunity to make monthly investments of optional cash payments, subject to minimum and maximum amounts, for the purchase of additional Shares without payment of any brokerage commission or service charge, which purchases may be made at the Market Price of the Shares less a discount of 1% for optional cash payments of not less than \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and up to \$5,000 per month, and a Discount ranging between 0% and 5% (as determined in accordance with the Plan) for optional cash payments made pursuant to accepted Requests for Waiver, to the extent Shares are purchased directly from us.

(c) Subject to the availability of Shares registered for issuance under the Plan and to our permission for Distributions in excess of \$25,000, all cash Distributions paid on Participants' Shares can be invested fully in additional Shares because the Plan permits fractional Shares to be credited to Plan accounts. Distributions on such fractional shares, as well as on whole Shares, will also be reinvested in additional Shares that will be credited to Plan accounts.

(d) The Plan Administrator, at no charge to Participants, converts certificates for Shares credited to each Plan account into Shares held in book entry form.

(e) Periodic statements reflecting all current activity, including Share purchases and latest Plan account balance, simplify Participants' record keeping. See Question 24 for information concerning reports to Participants.

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### ***Disadvantages:***

- (a) No interest will be paid by us or the Plan Administrator on Distributions or optional cash payments held pending reinvestment or investment. See Question 10. In addition, optional cash payments in excess of \$5,000 for purchases made pursuant to Requests for Waiver may be subject to return to the Participant without interest in the event that the Threshold Price, if any, is not met for any Trading Day during the related Pricing Period. See Question 16.
- (b) With respect to optional cash payments, the actual number of Shares to be issued to an eligible Participant's Plan account will not be determined until after the end of the relevant Pricing Period. Therefore, during the Pricing Period, Participants will not know the actual number of Shares they have purchased.
- (c) With respect to certain optional cash payments and Distribution reinvestments, the Market Price may exceed the price at which Shares are trading on the Investment Date (as defined in Question 10) when the Shares are issued or thereafter.
- (d) Because optional cash payments must be received by the Plan Administrator prior to the related Pricing Period, such payments may be exposed to changes in market conditions for a longer period of time than in the case of typical secondary market transactions. In addition, once received by the Plan Administrator, optional cash payments will not be returned to Participants unless a written request is directed to the Plan Administrator at least five business days prior to the Optional Cash Payment Due Date for the Investment Date with respect to which optional cash payments have been delivered by such Participant. See Questions 17 and 19.
- (e) Resales of Shares credited to a Participant's account under the Plan will involve a nominal fee per transaction and a brokerage commission paid to the Plan Administrator (if such resale is made by the Plan Administrator at the request of a Participant). See Questions 23 and 29.
- (f) Prospective investors in Shares should consider carefully the matters noted above in Risk Factors and Forward-Looking Statements prior to making an investment in the Shares.

## **Administration**

### **4. Who administers the Plan?**

We have retained Wells Fargo Bank, National Association, as plan administrator (the Plan Administrator) to administer the Plan, keep records, send statements of account activity to each Participant and perform other duties relating to the Plan. See Question 24 for information concerning reports to Participants. Shares purchased under the Plan and held by the Plan Administrator will be registered in the Plan Administrator's name or the name of its nominee for the benefit of the Participants. In the event that the Plan Administrator resigns or otherwise ceases to act as plan administrator, we will appoint a new plan administrator to administer the Plan. The Plan Administrator also acts as Distribution disbursing agent, transfer agent and registrar for the Shares.

## **Participation**

For purposes of this section, responses will be based on the method by which the Participant holds his or her Shares. Generally, shareholders are either Record Owners or Beneficial Owners. A Record Owner is a holder who owns Shares in his or her own name. A Record Owner may own additional Shares as a beneficial owner. A Beneficial Owner is a holder who only owns Shares beneficially that are registered in a name other than his or her own name (for example, the Shares are held in the name of a broker, bank or other nominee). A Record Owner may participate in the Plan directly, with respect to the Shares held in his or her own name, whereas a Beneficial Owner will either have to become a Record Owner by having one or more Shares transferred into his or her own name or coordinate his or her reinvestment of Distributions through the broker, bank or other nominee.

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in whose name the Beneficial Owner's Shares are held. If a Beneficial Owner who desires to become a Participant encounters any difficulties in coordinating his or her reinvestment of Distributions with his or her broker, bank or other nominee, he or she should call the Plan Administrator at (800) 468-9716.

### **5. Who is eligible to participate?**

All Record Owners or Beneficial Owners of at least one Share are eligible to participate in the Plan. A Record Owner may participate in the Plan directly. A Beneficial Owner must either become a Record Owner by having one or more Shares transferred into his or her own name or arrange with the broker, bank or other nominee who is the record holder to reinvest Distributions on his or her behalf. In addition, Interested New Investors may participate in the optional cash payment feature of the Plan. See Question 6. To facilitate participation by Beneficial Owners, we have made arrangements with the Plan Administrator to reinvest Distributions, on a per Distribution basis, under the Plan by record holders such as brokers, banks and other nominees, on behalf of Beneficial Owners. See Question 6.

A Participant who is solely a Beneficial Owner may not participate in the optional cash payment aspect of the Plan, unless he or she first opens an account with the Plan Administrator as an Interested New Investor, or transfers at least one Share into that account and becomes a Record Owner with respect to such Share or Shares.

Regulations in certain countries may limit or prohibit participation in this type of Plan. Accordingly, Record Owners and Beneficial Owners residing outside the United States who wish to participate in the Plan should first determine whether they are subject to any governmental regulations prohibiting their participation.

We may terminate, by written notice, at any time, any Participant's individual participation in the Plan if such participation would be in violation of the restrictions contained in our Trust Agreement or By-laws, each as amended and/or restated from time to time. Such restrictions prohibit any person or group of persons from acquiring or holding, directly or indirectly, ownership of a number of shares of beneficial interest or any class or series of our shares of beneficial interest in excess of 9.9% of the number or value of the outstanding shares of such class or series. The meanings ascribed to the terms "group" and "ownership" may cause a person who owns less than 9.9% of the shares outstanding in an individual capacity to be deemed to be holding shares in excess of the foregoing limitation. Our Trust Agreement provides that in the event a person acquires shares of beneficial interest in excess of the foregoing limitation, the excess shares will be transferred to a trustee for the benefit of a charitable beneficiary designated by us pursuant to the Trust Agreement. Under the Trust Agreement, certain transfers or attempted transfers that would jeopardize our qualification as a real estate investment trust for tax purposes may be void to the fullest extent permitted by law.

### **6. How does an Eligible Shareholder or Interested New Investor participate?**

#### ***Eligible Shareholders***

Record Owners may join the Plan by completing and signing the Account Authorization Form and, if applicable, a Request for Waiver, and returning it or them to the Plan Administrator. Account Authorization Forms may be obtained at any time by telephoning the Plan Administrator at (800) 468-9716, by telephoning us at (215) 875-0735 or toll free at (866) 875-0700 Extension 735 or by visiting our web site at [www.preit.com](http://www.preit.com). Requests for Waiver may be obtained at any time by telephoning us at (215) 875-0735 or toll free at (866) 875-0700 Extension 735 or by visiting our web site at [www.preit.com](http://www.preit.com).

If a Record Owner or the broker, bank or other nominee on behalf of a Beneficial Owner submits a properly executed Account Authorization Form without electing an investment option, such Account Authorization Form will be deemed to indicate the intention of such Record Owner or Beneficial Owner, as the case may be, to apply all cash Distributions toward the purchase of additional Shares. See Question 7 for investment options.

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### ***Interested New Investors***

Interested New Investors may join the Plan by completing and signing the Account Authorization Form and, if applicable, a Request for Waiver, and returning it or them to the Plan Administrator. Account Authorization Forms may be obtained at any time by telephoning the Plan Administrator at (800) 468-9716, by telephoning us at (215) 875-0735 or toll free at (866) 875-0700 Extension 735 or by visiting our web site at [www.preit.com](http://www.preit.com). Requests for Waiver may be obtained at any time by telephoning us at (215) 875-0735 or toll free at (866) 875-0700 Extension 735 or by visiting our web site at [www.preit.com](http://www.preit.com).

### **7. What does the Account Authorization Form provide?**

The Account Authorization Form directs us to pay to the Plan Administrator each Participant's cash Distributions on all or a specified number of Shares owned by the Participant on the applicable record date ( Participating Shares ), as well as on all whole and fractional Shares credited to a Participant's Plan account ( Plan Shares ). The Account Authorization Form directs the Plan Administrator to purchase on the Investment Date additional Shares with such Distributions and optional cash payments, if any, made by an eligible Participant, or to pay to the Participant the cash Distributions on all or a specified number of Participating Shares and Plan Shares owned by the Participant on the applicable record date. The Account Authorization Form also directs the Plan Administrator to either reinvest automatically all subsequent Distributions with respect to Plan Shares, or to pay to the Participant the cash Distributions on all or a specified number of Plan Shares owned by the Participant on the applicable record date. Distributions will continue to be reinvested on the Participating Shares and Plan Shares or paid in cash to the Participant, in each case as directed in the Account Authorization Form, until the Participant changes his or her investment option as described below, withdraws from the Plan (see Questions 28 and 29) or the Plan is terminated. See Question 6 for additional information about the Account Authorization Form.

Subject to our permission for the reinvestment of Distributions in excess of \$25,000, the Account Authorization Form provides for the purchase of additional Shares through the following investment options:

- (1) If Full Distribution Reinvestment is elected, the Plan Administrator will apply all cash Distributions on all Shares then or subsequently registered in the Participant's name, and all cash Distributions on all Plan Shares, together with any optional cash payments, toward the purchase of additional Shares.
- (2) If Partial Distribution Reinvestment is elected, then, notwithstanding anything set forth elsewhere in this prospectus, the Plan Administrator will apply cash Distributions on only the percentage of Participating Shares and Plan Shares registered in the Participant's name and specified on the Account Authorization Form, together with any optional cash payments from eligible Participants, toward the purchase of additional Shares, and will pay Distributions in cash to the Participant on all other Participating Shares and Plan Shares registered in the Participant's name.
- (3) If Optional Cash Payments Only is elected, the eligible Participant will continue to receive cash Distributions on all Participating Shares and Plan Shares registered in the Participant's name in the usual manner. The Plan Administrator will apply any optional cash payments received from the eligible Participant, toward the purchase of additional Shares.

Each Participant may select any one of these three options. Unless otherwise specified on the Account Authorization Form under Partial Distribution Reinvestment, Distributions will be reinvested on all Participating Shares and on all Plan Shares held in the Plan account, including Distributions on Shares purchased with any optional cash payments, until a Participant specifies otherwise by contacting the Plan Administrator, or withdraws from the Plan altogether (see Questions 28 and 29), or until the Plan is terminated. Participants may change their investment options at any time by requesting a new Account Authorization Form and returning it to the Plan Administrator at the address set forth in Question 39, by going online, or, if telephone transactions have been authorized, by calling the Plan Administrator. See Question 10 for the effective date for any change in investment options.

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### **8. Is partial participation possible under the Plan?**

Yes. Record Owners may designate on the Account Authorization Form a number of Participating Shares and Plan Shares, or no Shares, for which Distributions are to be reinvested, subject to our permission for reinvestment of Distributions in excess of \$25,000. Distributions will thereafter be reinvested only on the number of Participating Shares and Plan Shares specified, if any, or on such lesser number of Shares as are owned on the record date for each Distribution, and the Record Owner or Beneficial Owner, as the case may be, will continue to receive cash Distributions on the remainder of the Shares. Dividends on all Shares held in the Plan, however, are automatically reinvested in the Plan, unless otherwise specified on the Account Authorization Form under Partial Distribution Reinvestment.

A Participant may have Distributions that are not being reinvested transferred directly to his or her bank for deposit. For electronic direct deposit of dividend funds, Participants should (i) contact the Plan Administrator as indicated in Question 39 to request a Direct Deposit of Dividends Authorization Form, (ii) complete the form, and (iii) return it to the Plan Administrator. Participants must include a voided check for checking accounts or a savings deposit slip for savings accounts.

### **9. When may an Eligible Shareholder or Interested New Investor join the Plan?**

A Record Owner, Beneficial Owner or Interested New Investor may join the Plan at any time. Once in the Plan, a Participant remains in the Plan until he or she withdraws from the Plan, we terminate his or her participation in the Plan or we terminate the Plan. See Questions 28 and 29 regarding withdrawal from the Plan.

### **10. When will Distributions be reinvested and/or optional cash payments be invested?**

#### ***Investment Dates for Shares Acquired Directly from the Company***

When Shares are purchased from us, such purchases will be made on the Investment Date in each month. The Investment Date with respect to Shares acquired directly from us and relating to a Distribution reinvestment will be the Distribution payment date. The Investment Date with respect to Shares acquired directly from us and relating to optional cash payments of \$5,000 or less will be the last day (or Pricing Period conclusion date) of a Pricing Period. The Investment Date with respect to Shares acquired directly from us and relating to an optional cash payment of greater than \$5,000 made pursuant to a Request for Waiver will be on each day on which the NYSE is open for business in a Pricing Period, on which date 1/12 of a Participant's optional cash payment in each month will be invested. See Schedule A attached hereto for a list of the expected Pricing Period commencement dates and conclusion dates (with the Pricing Period conclusion date being the Investment Date for optional cash payments of \$5,000 or less) in future years.

#### ***Investment Dates for Shares Acquired Through Open Market Purchases by Plan Administrator***

When Shares are acquired through open market purchases by the Plan Administrator, such purchases will be made on the Investment Date in each month. The Investment Date with respect to Shares acquired in the open market by the Plan Administrator and relating to a Distribution reinvestment will be a date chosen by the Plan Administrator no later than ten business days following the Distribution payment date. The Investment Date with respect to Shares acquired in the open market by the Plan Administrator and relating to optional cash payments of not less than \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and up to \$5,000 will be a date chosen by the Plan Administrator no later than 30 days from the optional cash payment's corresponding Optional Cash Payment Due Date. We will not grant Requests for Waiver for optional cash payments exceeding \$5,000 when the Shares are to be acquired in the open market.

When open market purchases are made by the Plan Administrator, such purchases may be made on any securities exchange where the Shares are traded, in the over-the-counter market or by negotiated transactions, and may be subject to such terms with respect to price, delivery and other matters as agreed to by the Plan

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Administrator. Neither we nor any Participant may control the time or price at which Shares will be purchased or the selection of the broker or dealer through or from whom purchases are to be made by the Plan Administrator, provided that we may provide the Plan Administrator, not more than once in any three month period, with a formula for determining the amount or timing of Shares to be purchased by the Plan Administrator. When open market purchases are made by the Plan Administrator, the Plan Administrator will use reasonable efforts to purchase the Shares at the lowest possible price.

If the Account Authorization Form is received prior to the record date for a Distribution payment, the election to reinvest Distributions will begin with that Distribution payment. If the Account Authorization Form is received on or after any such record date, reinvestment of Distributions will begin on the Distribution payment date following the next record date if the Participant is still a shareholder of record. Record dates for payment of Distributions normally precede payment dates by approximately two weeks.

See Question 16 for information concerning limitations on the minimum and maximum amounts of optional cash payments that may be made each month and Question 17 for information as to when optional cash payments must be received to be invested on each Investment Date.

Shares will be allocated and credited to Participants' accounts as follows: (1) Shares purchased from us will be allocated and credited as of the appropriate Investment Date; and (2) Shares purchased in open market transactions will be allocated and credited as of the date on which the Plan Administrator completes the purchases of the aggregate number of Shares to be purchased on behalf of all Participants with Distributions to be reinvested or optional cash payments, as the case may be, during the month.

**NO INTEREST WILL BE PAID ON CASH DISTRIBUTIONS OR OPTIONAL CASH PAYMENTS PENDING INVESTMENT OR REINVESTMENT UNDER THE TERMS OF THE PLAN. BECAUSE NO INTEREST IS PAID ON CASH HELD BY THE PLAN ADMINISTRATOR, IT NORMALLY WILL BE IN THE BEST INTEREST OF A PARTICIPANT MAKING OPTIONAL CASH PAYMENTS TO DEFER SUCH OPTIONAL CASH PAYMENTS UNTIL SHORTLY BEFORE COMMENCEMENT OF THE APPLICABLE PRICING PERIOD.**

### **Purchases and Prices of Shares**

**11. What will be the price to Participants of Shares purchased under the Plan (See chart on page 14 for a breakdown of the purchase prices under the Plan)?**

#### ***Price to Participants for Shares Acquired Directly from Us***

With respect to reinvested Distributions, the price per Share acquired directly from us will reflect a discount of 1% from the average of the high and low sales prices, computed to three decimal places, of the Shares on the NYSE on the Investment Date, or if no trading occurs in the Shares on the Investment Date, the average of the high and low sales prices for the first Trading Day immediately preceding the Investment Date for which trades are reported.

With respect to optional cash payments, the price per share of the Shares acquired directly from us will be 100% of the average of the daily high and low sale prices, computed to three decimal places, of the Shares as reported on the NYSE for the Trading Day relating to each Investment Date or, if no trading occurs in the Shares on such Trading Day, for the Trading Day immediately preceding such Investment Date for which trades are reported, less a 1% discount for purchases of less than \$5,000 or the applicable Discount, if any, for purchases pursuant to a Request for Waiver. A Trading Day means a day on which trades in the Shares are reported on the NYSE. The Pricing Period is the period encompassing the twelve consecutive Investment Dates relating to optional cash payments of greater than \$5,000 made pursuant to a Request for Waiver in each month.



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Each month, at least three business days prior to the applicable Optional Cash Payment Due Date, we may establish the Discount from the Market Price applicable to optional cash payments for purchases pursuant to a Request for Waiver and will notify the Plan Administrator of the same. Such Discount may be between 0% and 5% of the Market Price and may vary each month, but once established will apply uniformly to all optional cash payments for purchases pursuant to a Request for Waiver made during that month. If we do not establish a Discount as outlined above, the Discount for such period will be 0%. The Discount will be established in our sole discretion after a review of factors including current market conditions, the level of participation in the Plan and our current and projected capital needs. The Discount applies only to optional cash payments. Neither we nor the Plan Administrator shall be required to provide any written notice to Participants as to the Discount, but current information regarding the Discount applicable to the next Pricing Period may be obtained by contacting us at (215) 875-0735. Setting a Discount for an Investment Date shall not affect the setting of a Discount for any subsequent Investment Date. The Discount feature discussed above applies only to the issuance of Shares by us pursuant to optional cash payments for purchases pursuant to a Request for Waiver and does not apply to optional cash payments of up to \$5,000, open market purchases made with optional cash payments or the reinvestment of Distributions.

### ***Price to Participants for Shares Acquired Through Open Market Purchases by Plan Administrator***

With respect to reinvested Distributions, the price per Share acquired through open market purchases by the Plan Administrator will be the weighted average of the actual prices paid, computed to three decimal places, for all of the Shares purchased by the Plan Administrator, less a discount of 1%.

The price per Share acquired through open market purchases by the Plan Administrator with optional cash payments of not less than \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and up to \$5,000 will receive a discount of 1% (subject to change) from the weighted average of the actual prices paid, computed to three decimal places, for all of the Shares purchased by the Plan Administrator with all eligible Participants' optional cash payments for the related month. We will not grant Requests for Waiver for optional cash payments exceeding \$5,000 when the Shares are to be acquired in the open market.

We will pay any brokerage commissions or other fees or charges paid by the Plan Administrator in connection with open market purchases. If a Participant desires to opt out of the Distribution reinvestment feature of the Plan when the Shares relating to Distribution reinvestments will be purchased in the open market, a Participant must notify the Plan Administrator no later than the record date for the related Distribution payment date. Information as to the source of the Shares to be purchased under the Plan may be obtained beginning three business days prior to the relevant record date for cash Distributions or the Optional Cash Payment Due Date for optional cash payments by contacting the Plan Administrator at (800) 468-9716 or by contacting us at (215) 875-0735.

### ***Definition of Market Price***

All references in the Plan to the Market Price when it relates to Distribution reinvestments that will be reinvested in Shares acquired directly from us means the average of the high and low sales prices, computed to three decimal places, of the Shares on the NYSE on the Investment Date, or if no trading occurs in the Shares on the Investment Date, the average of the high and low sales prices for the first Trading Day immediately preceding the Investment Date for which trades are reported. With respect to Distribution reinvestments that will be reinvested in Shares purchased in the open market, Market Price means the weighted average of the actual prices paid, net of commissions, computed to three decimal places, for all of the Shares purchased by the Plan Administrator with all Participants' reinvested Distributions for the related quarter. All references in the Plan to the Market Price for optional cash payments that will be invested in Shares acquired directly from us means the average of the daily high and low sales prices of the Shares as reported on the NYSE on the Trading Day relating to each Investment Date or, if no trading occurs in the Shares on such Investment Date, for the first Trading Day

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immediately preceding such Investment Date for which trades are reported. With respect to optional cash payments that will be reinvested in Shares purchased in the open market, **Market Price** means the weighted average of the actual prices paid, computed to three decimal places, for all of the Shares purchased by the Plan Administrator with all eligible Participants optional cash payments for the related month.

*When Shares are Issued Directly by Us*

	<b>Investment Date</b>	<b>Price to Participant</b>
Reinvested Distributions	Distribution payment date	1% discount from the average of the high and low sale prices, computed to three decimal places, of the Shares as reported on the NYSE for the Trading Day relating to the Investment Date or, if no trading occurs in the Shares on such Trading Day, for the Trading Day immediately preceding such Investment Date for which trades are reported
Optional Cash Payments of not less than \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and up to \$5,000	Last day of the applicable Pricing Period	1% discount from the average of the high and low sale prices, computed to three decimal places, of the Shares as reported on the NYSE for the Trading Day relating to the Investment Date or, if no trading occurs in the Shares on such Trading Day, for the Trading Day immediately preceding such Investment Date for which trades are reported
Optional Cash Payments of Greater than \$5,000 Pursuant to Accepted Requests for Waiver	Each day on which the NYSE is open for business in a Pricing Period on which date 1/12 of a Participant s optional cash payment in each month will be invested	0% to 5% discount, as determined by us in accordance with the Plan, from the average of the high and low sale prices, computed to three decimal places, of the Shares as reported on the NYSE for the Trading Day relating to the Investment Date or, if no trading occurs in the Shares on such Trading Day, for the Trading Day immediately preceding such Investment Date for which trades are reported, provided that, notwithstanding anything else contained herein to the contrary, Participants that are Beneficial Owners are not eligible to make optional cash payments without first opening a direct account

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***When Shares are Purchased on the Open Market***

	<b>Investment Date</b>	<b>Price to Participant</b>
Reinvested Distributions	Distribution payment date or a date, chosen by the Plan Administrator, no later than 10 business days following the Distribution payment date	1% discount from the weighted average of the actual prices paid, computed to three decimal places, of the Shares, net of commissions, purchased by the Plan Administrator with all Participants' reinvested Distributions for the related quarter
Optional Cash Payments of not less than \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and up to \$5,000	A date, chosen by the Plan Administrator, no later than 30 days from the corresponding Optional Cash Payment Due Date	1% discount from the weighted average of the actual prices paid, computed to three decimal places, for all of the Shares purchased by the Plan Administrator with all Participants' optional cash payments for the related month, provided that, notwithstanding anything else contained herein to the contrary, Participants that are Beneficial Owners are not eligible to make optional cash payments without first opening a direct account
Optional Cash Payments of Greater than \$5,000 Pursuant to Accepted Requests for Waiver	Not Applicable	Not Applicable

**12. What are the Record Dates and Investment Dates for Distribution reinvestment?**

For the reinvestment of Distributions, the Record Date is the record date declared by our board of trustees for such Distribution. Likewise, the Distribution payment date declared by our board of trustees constitutes the Investment Date applicable to the reinvestment of such Distribution with respect to Shares acquired directly from us, except that if any such date is not a business day, the first business day immediately following such date will be the Investment Date. The Investment Date with respect to Shares purchased in open market transactions will be no later than ten business days following the Distribution payment date. Distributions will be reinvested on the Investment Date using the applicable Market Price, subject to our permission for reinvestment of Distributions in excess of \$25,000. Distributions in excess of \$25,000 not approved for reinvestment by us will be paid in cash. Generally, record dates for quarterly Distributions on the Shares will precede the Distribution payment dates by approximately two weeks. See Schedule A for a list of the future Distribution record dates and payment dates. Please refer to Question 17 for a discussion of the Optional Cash Payment Due Dates and Investment Dates applicable to optional cash payments.

**13. How will the number of Shares purchased for a Participant be determined?**

A Participant's account in the Plan will be credited with the number of Shares, including fractions computed to three decimal places, equal to the total amount to be invested on behalf of such Participant divided by the purchase price per share as calculated pursuant to the methods described in Question 11, as applicable. The total amount to be invested will depend on the amount of any Distributions paid on the number of Participating Shares and Plan Shares in such Participant's Plan account and available for investment on the related Investment Date, or the amount of any optional cash payments made by such eligible Participant and available for investment on the related Investment Date. Subject to the availability of Shares registered for issuance under the Plan and our permission for reinvestment of Distributions in excess of \$25,000, there is no total maximum number of Shares available for issuance pursuant to the reinvestment of Distributions.

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### **14. What is the source of Shares purchased under the Plan?**

Plan Shares will be purchased either directly from us, in which event such Shares will be authorized but unissued Shares, or on the open market, or by a combination of the foregoing, at our option, after a review of factors including current market conditions and our current and projected capital needs. We will determine the source of the Shares to be purchased under the Plan at least three business days prior to the relevant Record Date for cash Distributions or the Optional Cash Payment Due Date for optional cash payments, and will notify the Plan Administrator of the same. Neither we nor the Plan Administrator will be required to provide any written notice to Participants as to the source of the Shares to be purchased under the Plan, but current information regarding the source of the Shares may be obtained by calling the Plan Administrator at (800) 468-9716 or by calling us at (215) 875-0735.

### **15. How does the optional cash payment feature of the Plan work?**

All Record Holders and Interested New Investors who have timely submitted signed Account Authorization Forms indicating their intention to participate in this feature of the Plan are eligible to make optional cash payments during any month, whether or not a Distribution is declared. Each month the Plan Administrator will apply any optional cash payment received from an eligible Participant no later than one business day prior to the commencement of that month's Pricing Period to the purchase of additional Shares for the account of the Participant on the following Investment Date, provided that, notwithstanding anything else contained herein to the contrary, Beneficial Owners are not eligible to make optional cash payments without first opening a direct account.

### **16. What limitations apply to optional cash payments?**

Each optional cash payment is subject to a minimum purchase per month of \$50, provided that the initial minimum investment amount for Interested New Investors is \$250, and a maximum per month purchase limit of \$5,000, subject to waiver by us. For purposes of these limitations, all Plan accounts under the common control or management of an eligible Participant (which will be determined at our sole discretion) will be aggregated. Generally, optional cash payments of less than \$50 and that portion of any optional cash payment that exceeds the maximum monthly purchase limit of \$5,000, unless such limit has been waived by us, will be returned to Participants without interest at the end of the relevant Pricing Period.

Eligible Participants may make optional cash payments of up to \$5,000 each month without our prior approval, subject to our right to modify, suspend or terminate participation in the Plan by otherwise eligible Participants in order to eliminate practices that are, in our sole discretion, not consistent with the purposes or operation of the Plan or that affect adversely the price of the Shares. Optional cash payments in excess of \$5,000 may be made by a Participant only upon acceptance by us of a completed Request for Waiver from such Participant and receipt of such form by the Plan Administrator. There is no pre-established maximum limit applicable to optional cash payments that may be made pursuant to accepted Requests for Waiver. A Request for Waiver form must be received by us and the Plan Administrator and accepted by us each month no later than the Optional Cash Payment Due Date for the applicable Investment Date. Request for Waiver forms will be furnished at any time upon request to the Plan Administrator at the address or telephone number specified in Question 39. Waivers will be accepted only with respect to actual Record Owners and not for the benefit of Beneficial Owners. Participants interested in obtaining further information about a Request for Waiver should contact us at (215) 875-0735.

Waivers will be considered on the basis of a variety of factors, which may include our current and projected capital needs, the alternatives available to us to meet those needs, prevailing market prices for Shares and other securities we might issue, general economic and capital market conditions, expected aberrations in the price or trading volume of the Shares, the potential disruption of the price of the Shares by a financial intermediary, the number of Shares held by the Participant submitting the waiver request, the past actions of a Participant under the

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Plan, the aggregate amount of optional cash payments for which such waivers have been submitted and the administrative constraints associated with granting such waivers. Grants of waivers will be made in our sole discretion.

PARTICIPANTS IN THE PLAN ARE NOT OBLIGATED TO PARTICIPATE IN THE OPTIONAL CASH PAYMENT FEATURE OF THE PLAN AT ANY TIME. OPTIONAL CASH PAYMENTS NEED NOT BE IN THE SAME AMOUNT EACH MONTH.

In order to provide us with the ability to set a minimum price at which Shares will be sold under the Plan each month pursuant to Requests for Waiver, we may establish a minimum price (the Threshold Price ) for any Pricing Period that is applicable only to the investment of optional cash payments that exceed \$5,000 and that are made pursuant to Requests for Waiver, unless we waive our right to do so. A Threshold Price will only be established when Shares will be purchased directly from us on the applicable Investment Date. At least three business days prior to each Optional Cash Payment Due Date, we will determine whether to establish a Threshold Price and, if a Threshold Price is established, its amount, and will so notify the Plan Administrator. The determination whether to establish a Threshold Price and, if a Threshold Price is established, its amount will be made by us at our discretion after a review of factors including current market conditions, the level of participation in the Plan and our current and projected capital needs. Neither we nor the Plan Administrator are required to provide any written notice to Participants as to whether a Threshold Price has been established for any Pricing Period, but current information regarding the Threshold Price may be obtained by contacting us at (215) 875-0735.

The Threshold Price for optional cash payments made pursuant to Requests for Waiver, if established for any Pricing Period, will be a stated dollar amount that the average of the high and low sale prices of the Shares on the NYSE for each Trading Day of the relevant Pricing Period must equal or exceed. In the event that the Threshold Price is not satisfied for a Trading Day in the Pricing Period, that Trading Day will be excluded from that Pricing Period and no investment will occur on the corresponding Investment Date. For each Trading Day on which the Threshold Price is not satisfied, 1/12 of each optional cash payment made by a Participant pursuant to a Request for Waiver will be returned to such Participant, without interest, as soon as practicable after the end of the applicable Pricing Period. Thus, for example, if the Threshold Price is not satisfied for three of the twelve Trading Days in a Pricing Period, 3/12 of each Participant's optional cash payment made pursuant to a Request for Waiver will be returned to such Participant in the same means by which such payment was made originally by the Participant, without interest, as soon as practicable after the end of the applicable Pricing Period. The Plan Administrator expects to mail such checks within five to ten business days from the end of the applicable Pricing Period. This return procedure will only apply when Shares are purchased directly from us for optional cash payments made pursuant to Requests for Waiver and we have set a Threshold Price with respect to the relevant Pricing Period. See Question 14.

Setting a Threshold Price for a Pricing Period will not affect the setting of a Threshold Price for any subsequent Pricing Period. The Threshold Price concept and return procedure discussed above apply only to optional cash payments made pursuant to Requests for Waiver.

For any Pricing Period, we may waive our right to set a Threshold Price for optional cash payments made pursuant to Requests for Waiver. Participants may ascertain whether the Threshold Price applicable to a given Pricing Period has been set or waived, as applicable, by contacting us at (215) 875-0735.

For a list of expected dates by which the Threshold Price will be set in future years, see Schedule A.

Each month, at least three business days prior to the applicable Optional Cash Payment Due Date, we may establish the Discount from the Market Price applicable to optional cash payments made pursuant to accepted Requests for Waiver during the corresponding Pricing Period, to the extent Shares are purchased directly from us, and will notify the Plan Administrator of the same. Such Discount may be between 0% and 5% of the Market

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Price and may vary each month, but once established will apply uniformly to all optional cash payments made pursuant to Requests for Waiver during that month. The Discount will be established in our sole discretion after a review of factors including current market conditions, the level of participation in the Plan and our current and projected capital needs. The Discount applies only to optional cash payments made pursuant to Requests for Waiver. Neither we nor the Plan Administrator will be required to provide any written notice to Participants as to the Discount, but current information regarding the Discount applicable to the next Pricing Period may be obtained by contacting us at (215) 875-0735. Setting a Discount for a Pricing Period will not affect the setting of a Discount for any subsequent Pricing Period. The Discount feature discussed above applies only to optional cash payments and does not apply to the reinvestment of Distributions.

THE THRESHOLD PRICE CONCEPT AND RETURN PROCEDURE DISCUSSED ABOVE APPLY ONLY TO OPTIONAL CASH PAYMENTS MADE PURSUANT TO REQUESTS FOR WAIVER WHEN SHARES ARE TO BE PURCHASED FROM US ON THE APPLICABLE INVESTMENT DATE. ALL OTHER OPTIONAL CASH PAYMENTS WILL BE MADE AT THE MARKET PRICE (SUBJECT TO CHANGE) LESS THE DISCOUNT, IF ANY, WITHOUT REGARD TO ANY THRESHOLD PRICE.

**17. What are the Optional Cash Payment Due Dates and Investment Dates for optional cash payments?**

Optional cash payments will be invested every month as of the related Investment Date. The Optional Cash Payment Due Date for optional cash payments is one business day prior to the commencement of the related Pricing Period and the Investment Date for optional cash payments of \$5,000 or less is the last day of the Pricing Period (or Pricing Period conclusion date), and for optional cash payments of greater than \$5,000 made pursuant to Requests for Waivers, the Investment Date is each day on which the NYSE is open for business in a Pricing Period.

Optional cash payments received by the Plan Administrator by the Optional Cash Payment Due Date will be applied to the purchase of Shares on the Investment Dates that relate to that Pricing Period. No interest will be paid by us or the Plan Administrator on optional cash payments held pending investment. Generally, optional cash payments received after the Optional Cash Payment Due Date will be returned to eligible Participants without interest at the end of the Pricing Period; such optional cash payments may be resubmitted by eligible Participants prior to the commencement of the next or a later Pricing Period.

For a schedule of expected Optional Cash Payment Due Dates and Pricing Period commencement dates and conclusion dates in future years, see Schedule A.

**18. When must optional cash payments be received by the Plan Administrator?**

Each month the Plan Administrator will apply any optional cash payment for which good funds are timely received to the purchase of Shares for the account of the eligible Participant during the next Pricing Period. See Question 17. In order for funds to be invested during the next Pricing Period, the Plan Administrator must have received a check or wire transfer by the end of the business day immediately preceding the first Trading Day of the ensuing Pricing Period and such check or wire transfer must have cleared on or before the first Investment Date in such Pricing Period. Checks are accepted subject to timely collection as good funds and verification of compliance with the terms of the Plan. Checks should be made payable to Wells Fargo Bank, National Association, in U.S. funds drawn on a U.S. bank and submitted together with, initially, the Account Authorization Form or, subsequently, the form for additional investments attached to Participant's statements. Checks returned for any reason will not be resubmitted for collection.

NO INTEREST WILL BE PAID BY US OR THE PLAN ADMINISTRATOR ON OPTIONAL CASH PAYMENTS HELD PENDING INVESTMENT. BECAUSE NO INTEREST IS PAID ON CASH HELD BY THE PLAN ADMINISTRATOR, IT NORMALLY WILL BE IN THE BEST INTEREST OF A PARTICIPANT MAKING OPTIONAL CASH PAYMENTS TO DEFER SUCH OPTIONAL CASH PAYMENTS UNTIL SHORTLY BEFORE COMMENCEMENT OF THE APPLICABLE PRICING PERIOD.