

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST
Form 424B3
August 20, 2003

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-97985

PROSPECTUS SUPPLEMENT
(To Prospectus dated September 13, 2002)

5,500,000 Shares

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

Shares of Beneficial Interest

We are offering and selling 5,500,000 of our shares of beneficial interest and the associated rights which we refer to in this prospectus supplement as the "shares." Our shares are listed on the New York Stock Exchange under the symbol "PEI." The last reported sale price of the shares on the New York Stock Exchange on August 14, 2003 was \$30.85 per share. As of August 14, 2003, we had 16,928,405 outstanding shares.

Investing in our shares involves risks. For a description of these risks, see "Risk Factors" beginning on page 2 of the accompanying prospectus and additional risk factors contained in other filings we have made with the Securities and Exchange Commission that are incorporated by reference into this prospectus.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$ 29.75	\$ 163,625,000
Underwriting discount	\$ 0.25	\$ 1,375,000(1)
Proceeds to us (before expenses and advisory fees)	\$ 29.50	\$ 162,250,000

(1) We have also agreed to pay advisory fees of \$572,500 and \$1,375,000 to Lehman Brothers and Citigroup Global Markets Inc., respectively.

Lehman Brothers may also purchase up to an additional 825,000 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.

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

Lehman Brothers expects to deliver the shares on or about August 21, 2003.

LEHMAN BROTHERS

August 15, 2003

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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. If anyone provides you with different or additional information, you should not rely on it. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein is accurate as of any date other than their respective dates. Our business, financial condition, operating results and prospects may have changed since those dates. We are not making an offer of these shares in any jurisdiction where an offer or sale 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.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this prospectus supplement and the accompanying prospectus, and in documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities and Exchange Act of 1934, as amended and the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and other matters that are not historical facts. The forward-looking statements included or incorporated by reference into this prospectus supplement and the accompanying prospectus reflect our current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause future events, achievements or results to differ materially from those expressed by the forward-looking statements. In particular, we may not be able to consummate our merger with Crown American Realty Trust, which we refer to as Crown, described in "Recent Developments" below. Certain factors that could cause us not to consummate the merger include, without limitation, failure of the requisite number of our shareholders, unitholders of our operating partnership who are entitled to vote on the merger or Crown's shareholders to approve the merger, the satisfaction of closing conditions applicable to the merger (some of which are beyond our control), and other economic or business factors. Important factors that could cause actual results to differ materially from current expectations reflected in the forward-looking statements included in or incorporated by reference into this prospectus supplement and the accompanying prospectus include, among others, the risk factors discussed in the accompanying prospectus and the filings made by us with the Securities and Exchange Commission that are incorporated by reference in this prospectus supplement and the accompanying prospectus.

For each of the forward-looking statements included or incorporated by reference into this prospectus supplement and the accompanying prospectus, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We do not intend to and disclaim any duty or obligation to update or revise any forward-looking statements included in or incorporated by reference into this prospectus supplement and the accompanying prospectus to reflect new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

The following is only a summary and may not contain all of the information that may be important to you. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents that we have incorporated by reference. You should pay special attention to the section entitled "Risk Factors" beginning page 2 of the accompanying prospectus and the risk factors incorporated herein to determine whether an investment in the shares is appropriate for you. For purposes of this prospectus supplement and the accompanying prospectus, unless the context otherwise indicates, when we refer to "us," "we," "our," or "ours," we describe Pennsylvania Real Estate Investment Trust together with PREIT Associates, L.P., a limited partnership of which PREIT is the sole general partner, which we refer to as PREIT Partnership.

Pennsylvania Real Estate Investment Trust

We are a fully integrated, self-administered and self-managed real estate investment trust, founded in 1960, that acquires, develops, redevelops and operates retail properties. As of June 30, 2003, we owned interests in 28 retail properties with approximately 17.5 million square feet in seven states. We have elected, and conduct our operations in a manner intended, to comply with the requirements for qualification as a real estate investment trust under Sections 856 through 860 of the Internal Revenue Code.

We are the sole general partner of and own approximately an 88.70% interest in PREIT Partnership. We own substantially all of our assets and conduct substantially all of our operations through PREIT Partnership.

We are organized as a business trust under Pennsylvania law. Our principal executive offices are located at The Bellevue, 200 S. Broad Street, Philadelphia, Pennsylvania 19102, telephone: (215) 875-0700.

Recent Developments

Proposed Merger with Crown American Realty Trust

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On May 14, 2003, we announced that we, PREIT Partnership, Crown and Crown American Properties, L.P., a limited partnership of which Crown is the sole general partner, which we refer to as Crown Partnership, entered into a merger agreement providing for the merger of Crown with and into us.

If the merger and the transactions contemplated by the merger agreement are completed, then:

we will issue 0.3589 shares for each outstanding Crown share in a tax-free, share-for-share transaction;

we will issue one newly-created 11% non-convertible senior preferred share for each outstanding Crown preferred share;

PREIT Partnership will issue 0.2053 PREIT Partnership units for each outstanding Crown Partnership unit; and

we will issue replacement options or warrants to purchase a number of shares equal to the number of Crown common shares or Crown Partnership units that could have been purchased under the Crown options or warrants multiplied by 0.3589 and the exercise price of each such replacement option or warrant will be equal to the exercise price of the original option or warrant divided by 0.3589.

The merger and the related transactions contemplated by the merger agreement will require:

approval by a majority of the votes cast at the special meeting of our shareholders who are entitled to vote on the merger;

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a specified number of affirmative votes of certain holders of outstanding PREIT Partnership units who are entitled to vote on the merger. The votes of the holders of PREIT Partnership units entitled to vote on the merger will be considered together with our shareholders as a single class. The exact number of required affirmative votes by such holders will depend on the number of affirmative votes received from the holders of our shares at a special meeting of shareholders;

approval by a majority of the outstanding Crown common shares; and

approval by Crown Investments Trust and Crown American Investment Company, as limited partners of Crown Partnership, which have agreed to vote in favor of the merger.

The merger and the related transactions contemplated by the merger agreement also are subject to the consent of certain lenders of both parties as well as other customary closing conditions.

In connection with the merger, Crown's mortgage debt, which as of June 30, 2003 aggregated approximately \$609 million, will be assumed. In addition, we currently expect to repay Crown's \$175 million line of credit facility with GE Capital Corporation, under which approximately \$144.7 million was outstanding as of June 30, 2003, with proceeds from additional debt financings which we are currently negotiating with prospective lenders together with additional borrowings under our existing line of credit.

On August 13, 2003, we filed with the Securities and Exchange Commission a Registration Statement on Form S-4 (File No. 333-107902), providing for registration under the Securities Act of 1933, as amended, of the securities to be issued by us as consideration in the merger. We currently expect the merger to close in the fourth quarter of 2003. However, we cannot provide any assurances that the merger and the related transactions contemplated by the merger agreement will be consummated on the timing we currently anticipate or at all. The merger and the related transactions may not be consummated as a result of a number of factors, some of which are beyond our control. These factors include, but are not limited to the parties' failure to satisfy the relevant conditions to closing under the merger agreement, failure to obtain necessary consents or approvals under the merger agreement, the commencement of litigation in response to the merger, and breach of the merger agreement and/or exercise of the parties' respective rights of termination under the merger agreement. You should carefully review the risks related to the merger contained in our Current Report on Form 8-K filed by us with the Securities and Exchange Commission on August 15, 2003 and incorporated by reference herein.

Multifamily Portfolio Disposition

We have completed the sale of 17 of our 19 multifamily properties and have received approximately \$408 million in proceeds from such transactions. We have applied a substantial portion of the net proceeds of the multifamily transactions to pay off in full the balance of our acquisition term loan secured in connection with our acquisition of six enclosed shopping malls from The Rouse Company in the second quarter 2003 and to pay the outstanding balance in full on our \$25 million unsecured line of credit.

On July 25, 2003, we completed the sale of our two remaining wholly-owned multifamily properties to Morgan Properties, Ltd. for \$81.4 million, including \$33.8 million in assumed debt with net proceeds to us of \$44.3 million. The net proceeds reflect a purchase price credit of \$3.0 million awarded to Morgan upon the closing of the sale of all 15 of our wholly-owned multifamily properties.

We also recently entered into agreements to sell our interests in our two remaining joint venture multifamily properties to our joint venture partners for an aggregate of approximately \$8.6 million, inclusive of approximately \$3.5 million of assumed debt. We currently expect to close these transactions in the third quarter of 2003.

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The Offering

Shares offered	5,500,000 shares
Shares to be outstanding after the offering	22,428,405 shares (1)
Over-allotment option	825,000 shares
Price per share	\$29.75
Use of proceeds	We estimate that the net proceeds of this offering, after deducting underwriting discounts and commissions, advisory fees and estimated expenses payable by us, will be approximately \$160 million. We intend to use the net proceeds of the offering to (1) pay certain transaction costs incurred in connection with our acquisition of the Rouse mall portfolio and our proposed merger with Crown, (2) exercise our option to acquire the interest of our joint venture partner in connection with our interest in Willow Grove Park, and (3) repay certain outstanding indebtedness, in such amounts and as further described below under the caption "Use of Proceeds" on page S-7.
New York Stock Exchange symbol	PEI
Risk Factors	For a description of the risks that you should consider in connection with an investment in the shares, you should review the disclosure regarding such risks contained in (i) our Current Reports on Form 8-K filed with the Securities and Exchange Commission on August 15, 2003 and August 12, 2003, (ii) our Annual Report on Form 10-K for the year ended December 31, 2002 filed with the Securities and Exchange Commission on March 31, 2003, and (iii) the accompanying prospectus beginning on page 2.
Federal income tax considerations	For a description of the material federal income tax considerations of an investment in the shares, please

review the disclosure contained in our Current Report on Form 8-K filed with the Securities and Exchange Commission on August 15, 2003 which is incorporated by reference herein.

- (1) Excludes (i) 825,000 shares subject to the underwriter's over-allotment option, (ii) approximately 1,855,061 shares reserved for issuance under our Dividend Reinvestment and Stock Purchase Plan, Employee Share Purchase Plan, Restricted Share Plan for Non-Employee Trustees and our equity compensation plans, of which approximately 685,258 shares are issuable upon exercise of outstanding options, (iii) outstanding PREIT Partnership units convertible into 2,047,618 shares, and (iv) up to 14,123,169 shares issuable in connection with the consummation of our proposed merger with Crown American Realty Trust.

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Summary Unaudited Pro Forma Condensed Combined Financial Data

The following table sets forth the summary unaudited pro forma condensed combined financial data for us and Crown as a combined entity, giving effect to our acquisition of six enclosed shopping malls from The Rouse Company during the second quarter of 2003, our sale of 15 wholly-owned multifamily properties and the interests in two joint ventures owning multifamily properties during the second and third quarters of 2003 and our proposed merger with Crown as if they had occurred on the dates indicated after giving effect to the pro forma adjustments. The unaudited pro forma financial information assumes that the completed transactions and the proposed merger with Crown were completed as of March 31, 2003 for the purposes of the unaudited pro forma consolidated balance sheet data and as of the first day of the period presented for purposes of the unaudited pro forma consolidated operating data. The unaudited pro forma financial information does not reflect our receipt of the net proceeds of this offering.

You should read the information below together with all other financial information and analysis presented or incorporated by reference in this prospectus supplement, including the historical and pro forma financial statements of us and Crown and the related notes incorporated by reference in this prospectus supplement. See "Where You Can Find More Information" on page S-12. The unaudited pro forma consolidated financial information is presented for information purposes only and does not purport to represent what the combined company's operating data or balance sheet data would have been had the indicated transactions been completed on the dates indicated above, or to project the combined company's operating results or financial position for any future period. The unaudited pro forma adjustments are based on available information and upon assumptions that we believe are reasonable.

	Pro Forma for the three months ended March 31, 2003	Pro Forma for the year ended December 31, 2002
Operating Data:		
Revenues		
Real estate revenue		
Base rent	\$ 61,997	\$ 249,973
Expense reimbursements	29,394	106,388
Percentage rent	2,494	10,376
Lease termination revenue	343	3,427
Other real estate revenue	967	4,009
	95,195	374,173
Total real estate revenue	95,195	374,173
Management company revenue	2,661	12,326
Interest and other income	142	711
	97,998	387,210
Total revenues	97,998	387,210

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We expect to use approximately \$48 million of the net proceeds of this offering to exercise our option to acquire the interest of our joint venture partner in the partnership that acquired Willow Grove Park, an approximately 1.2 million square foot regional mall in Willow Grove, Pennsylvania, in February 2000. We may exercise this option at a price equal to a 12% internal rate of return on our joint venture partner's investment in the partnership. At June 30, 2003, our capital interest in the partnership that owns Willow Grove Park was 30% and our management interest was 50%. We are also the managing general partner of the partnership that owns Willow Grove Park.

We expect to use the balance of the net proceeds of this offering to repay amounts outstanding under our \$200 million revolving credit facility. As of June 30, 2003, our credit facility had an aggregate of \$117.9 million outstanding. This credit facility bears interest at LIBOR plus margins ranging from 130 to 190 basis points depending on the ratio of our consolidated liabilities to gross asset value, as such ratio is defined in the credit agreement for this credit facility. As of June 30, 2003, the margin was set at 190 basis points. This credit facility expires on December 28, 2003 and may be extended for an additional year only with the approval of the lenders. We also expect to use approximately \$1.9 million of the net proceeds of this offering to pay certain unrealized losses and fees associated with the termination of our two interest rate hedges. We intend to terminate our interest rate hedge with Fleet National Bank, which matures on December 15, 2003, and which, at June 30, 2003, had an estimated unrealized loss of \$1.4 million, a notional value of \$55 million and incurred interest at a rate of 6.0%. We also intend to terminate our interest rate hedge with Wells Fargo, which matures on December 15, 2003, and which, at June 30, 2003, had an estimated unrealized loss of \$0.5 million, a notional value of \$20 million and incurred interest at a rate of 6.02%.

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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 tables present 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:

	High	Low	Distributions Paid
2000			
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			
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	\$ 25.05	\$ 18.25	\$ 0.51
Quarter ended December 31, 2001	\$ 23.90	\$ 20.50	\$ 0.51
			\$ 2.04
2002			
Quarter ended March 31, 2002	\$ 25.50	\$ 22.63	\$ 0.51
Quarter ended June 30, 2002	\$ 27.20	\$ 24.90	\$ 0.51
Quarter ended September 30, 2002	\$ 27.11	\$ 20.55	\$ 0.51
Quarter ended December 31, 2002	\$ 26.45	\$ 22.52	\$ 0.51
			\$ 2.04

	<u>High</u>	<u>Low</u>	<u>Distributions Paid</u>
2003			
Quarter ended March 31, 2003	\$ 28.80	\$ 24.70	\$ 0.51
Quarter ended June 30, 2003	\$ 30.34	\$ 27.97	\$ 0.51
Quarter ended September 30, 2003 (through August 14, 2003)	\$ 32.38	\$ 29.80	\$

The last reported sale price of the shares on August 14, 2003 was \$30.85 per share. As of August 14, 2003, there were approximately 1,300 holders of record of our shares and approximately 13,400 beneficial holders of our shares.

In order to qualify as a real estate investment trust, or REIT, under federal tax law, we generally must distribute to our shareholders each year at least 90% of our REIT taxable income (computed without the dividends paid deduction and excluding net capital gains) and 90% of our net income after tax, if any, from foreclosure property, minus the sum of certain items of noncash income. Distributions must generally be made during the taxable year to which they relate. Distributions may be made in the following year in two circumstances. First, if we declare a dividend in October, November, or December of any year with a record date in one of these months and pay the dividend on or before January 31 of the following year, we will be treated as having paid the dividend on December 31 of the year in which the dividend was declared. Second, distributions may be made in the following year if the dividends are declared before we timely file our tax return for the year and if made before the first regular dividend payment made after such declaration. To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100% of our REIT taxable income, as adjusted, we will be subject to tax on our undistributed amounts at regular corporate tax rates.

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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 deems relevant.

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UNDERWRITING

Under the terms of an underwriting agreement, which we will file as an exhibit to our current report on Form 8-K relating to this offering, Lehman Brothers Inc. has agreed to purchase from us 5,500,000 shares.

The underwriting agreement provides that the underwriter is obligated to purchase, subject to certain conditions, all of the shares in the offering if any are purchased, other than those covered by the over-allotment option described below. The conditions contained in the underwriting agreement include requirements that:

the representations and warranties made by us to the underwriter are true;

there has been no material adverse change in our condition or in the financial markets; and

we deliver customary closing documents to the underwriter.

Over-Allotment Option

We have granted the underwriter a 30-day option after the date of the underwriting agreement to purchase, in whole or in part, up to an aggregate of 825,000 additional shares at the public offering price less the underwriting discounts and commissions. Such option may be exercised to cover over-allotments, if any, made in connection with the offering. To the extent that the option is exercised, the underwriter will be obligated to purchase these additional shares.

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Commissions and Expenses

We have been advised by the underwriter that it proposes to offer the shares directly to the public at the public offering price presented on the cover of this prospectus supplement. After the offering, the underwriter may change the public offering price and other offering terms.

The following table summarizes the underwriting discounts and commissions we will pay to the underwriter. These amounts are shown assuming both no exercise and full exercise of the underwriter's over-allotment option to purchase up to 825,000 additional shares. The underwriting fee is the difference between the initial price to the public and the amount the underwriter pays us for the shares.

	<u>No Exercise</u>	<u>Full Exercise</u>
Per share	\$ 0.25	\$ 0.25
Total	\$ 1,375,000(1)	\$ 1,581,250(1)

(1)

We have also agreed to pay advisory fees of \$572,500 (or \$815,875 if the over-allotment option is exercised in full) and \$1,375,000 (or \$1,518,250 if the over-allotment option is exercised in full) to Lehman Brothers and Citigroup Global Markets Inc., respectively. The advisory fee payable by us to Citigroup is subject to the satisfaction of certain conditions by Citigroup.

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions and advisory fees payable by us, will be approximately \$310,000.

Lock-Up Agreements

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 the underwriter, 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. The underwriter allowed certain exceptions to these restrictions.

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Subject to certain exceptions, 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 the underwriter:

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.

Indemnification

We have agreed to indemnify the underwriter against liabilities, including liabilities under the Securities Act, or to contribute to payments that may be required to be made in respect of these liabilities.

Stabilization, Short Positions and Penalty Bids

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In connection with this offering, the underwriter may engage in over-allotment, stabilizing transactions, syndicate covering transactions, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the shares, in accordance with Regulation M under the Securities Exchange Act of 1934, as amended:

Over-allotment involves sales by the underwriter of shares in excess of the number of shares the underwriter is obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriter is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriter may close out any short position by either exercising its over-allotment option and/or purchasing shares in the open market.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Syndicate covering transactions involve purchases of the shares in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriter will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriter sells more shares than could be covered by the over-allotment option, which is called a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriter is concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase shares in the offering.

Penalty bids permit the underwriter to reclaim a selling concession from a syndicate member when the shares originally sold by the syndicate member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our shares or preventing or retarding a decline in the market price of our shares. As a result, the price of our shares may be higher than the price that might

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otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor the underwriter make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our shares. In addition, neither we nor the underwriter make any representation that the underwriter will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Affiliations

Lehman Brothers and Citigroup have from time to time provided investment or commercial banking services to us and our affiliates in the past and are likely to do so in the future. Lehman Brothers and Citigroup receive customary fees and commissions for these services.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended. This prospectus supplement does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits. Statements contained or incorporated by reference in this prospectus supplement or the accompanying prospectus describing the provisions or contents of any agreement or other

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document are not necessarily complete. If the Securities and Exchange Commission's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see the agreement or document for a complete description of these matters.

You should read this prospectus supplement together with the additional information described under the heading "Where You Can Find More Information" below.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission. You may read and copy materials that we have filed with the Securities and Exchange Commission, including the registration statement, at the following location:

Public Reference Room
450 Fifth Street, N.W.
Room 1024
Washington, DC 20549

You may obtain information on the operation of the Securities and Exchange Commission's Public Reference Room by calling the Securities and Exchange Commission at (800) SEC-0330.

The Securities and Exchange Commission also maintains an Internet web site that contains reports, proxy statements and other information regarding issuers, including us, who file electronically with the Securities and Exchange Commission. The address of that site is www.sec.gov. Reports, proxy statements and other information concerning Pennsylvania Real Estate Investment Trust may also be inspected at the offices of the New York Stock Exchange, which are located at 20 Broad Street, New York, NY 10005.

The Securities and Exchange Commission allows us to "incorporate by reference" the information we file with it, which means that we can disclose important information to you by referring you to another document filed separately with the Securities and Exchange Commission. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying

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prospectus, and information we file with the Securities and Exchange Commission prior to the completion of this offering will automatically update and supersede the information in this prospectus supplement, the accompanying prospectus and any document we previously filed with the Securities and Exchange Commission. In particular, the information appearing in the accompanying prospectus under the caption "Federal Income Tax Considerations" has been superseded by information appearing in the filings listed below. We incorporate by reference the filings listed below, which we have previously filed with the Securities and Exchange Commission, and any future filings made with the Securities and Exchange Commission prior to the termination of this offering under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934. Notwithstanding the foregoing, unless expressly indicated, a Current Report on Form 8-K pursuant to Item 9 or Item 12 shall not be incorporated by reference herein. All of these filings, which contain important information about us, are considered a part of this prospectus supplement and the accompanying prospectus. The file number for each of the documents listed below is File No. 1-12216.

(1) Our Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed with the Securities and Exchange Commission on March 31, 2003.

(2) Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, filed with the Securities and Exchange Commission on May 15, 2003.

(3) Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, filed with the Securities and Exchange Commission on August 14, 2003.

(4) Our Current Reports, or amendments thereto, on Form 8-K filed on the following dates:

August 15, 2003

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August 12, 2003

August 8, 2003

June 20, 2003

June 16, 2003

May 22, 2003

May 13, 2003

April 10, 2003

You may obtain copies of documents incorporated by reference in this document, without charge, by writing us at the following address or calling us at the telephone number listed below:

Pennsylvania Real Estate Investment Trust
The Bellevue
200 S. Broad Street
Philadelphia, Pennsylvania 19102
Attention: Jean Dardzinski
(215) 875-0730

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LEGAL MATTERS

Hogan & Hartson L.L.P. will pass upon the validity of the shares we are offering hereby and the statements incorporated by reference herein from our Current Report on Form 8-K filed with the Securities and Exchange on August 15, 2003 under the caption "Federal Income Tax Considerations to PREIT Shareholders." Certain tax matters will be passed upon by Drinker Biddle & Reath LLP. Certain legal matters will be passed upon for the underwriter by Clifford Chance US LLP.

INDEPENDENT AUDITORS

The consolidated financial statements as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002, incorporated by reference into this prospectus supplement, have been audited by KPMG LLP, independent accountants, as stated in their report in our Current Report on Form 8-K dated June 27, 2003, filed on August 12, 2003, which contains an explanatory paragraph that indicates that the Company has adopted Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* and Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* as of January 1, 2002.

The financial statements of Lehigh Valley Associates at December 31, 2002 and December 31, 2001, and for the three years ended December 31, 2002 incorporated by reference in our Current Report on Form 8-K dated June 27, 2003 and filed on August 12, 2003, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference.

The consolidated financial statements and schedules of Crown American Realty Trust at December 31, 2002, and for the three years then ended incorporated by reference in our Current Report on Form 8-K filed on August 15, 2003, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference.

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PROSPECTUS

\$300,000,000

Pennsylvania Real Estate Investment Trust

Shares of Beneficial Interest
Preferred Shares of Beneficial Interest
Senior Debt Securities
Senior Subordinated Debt Securities
Subordinated Debt Securities
Warrants
Units

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

shares of beneficial interest, \$1.00 par value per share, and associated shareholder rights;

preferred shares of beneficial interest;

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

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

units consisting of two or more classes of securities.

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

Our shares of beneficial interest are traded on the New York Stock Exchange under the symbol "PEI." Any prospectus supplement will also contain information, where applicable, as to any other listing on a securities exchange of the securities covered by such prospectus supplement. This prospectus may not be used to sell securities unless it is accompanied by a prospectus supplement.

Consider carefully the Risk Factors beginning on page 2 before deciding to invest in these 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 September 13, 2002.

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PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

PREIT, 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., and we have elected, and conduct our operations in a manner intended, to comply with the requirements for qualification as a real estate investment trust (a "REIT") under the Real Estate Investment Trust Act of 1960, Sections 856-60 of the Internal Revenue Code of 1986, as amended.

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

RISK FACTORS

Real Estate Industry

We face risks associated with general economic conditions and 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 the types of properties that we own 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. All of our properties are also subject to significant local competition. Our multifamily properties compete 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. Further, our portfolio of retail properties faces competition from internet-based operations that may be capable of providing lower-cost alternatives to customers. If we expand our portfolio to include additional types of properties, we may face additional risks that are specific to those property types.

We are subject to significant regulation that restricts our activities

Local zoning and land 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 retail centers and multifamily properties. These risks include:

expenditure of money and time on projects that may never be completed

higher than estimated construction costs

late completion because of unexpected delays in construction or in the receipt of zoning or other regulatory approvals

inability to obtain permanent financing upon completion of development activities

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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. We may be unable to obtain this financing on terms that are favorable to us, if at all.

Furthermore, we must acquire and develop suitable high traffic properties at costs consistent with the overall economics of the project. Because real estate development is extremely competitive, we cannot assure you that we will be able to acquire additional 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 multifamily properties have not been renovated in the last ten years. Some of our multifamily properties lack amenities that are customarily included in modern construction, such as dishwashers, central air conditioning and microwave ovens. Some of our retail and multifamily properties are difficult to lease because they are too large, too small or inappropriately proportioned for today's market. We may be unable to remedy some forms of obsolescence.

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.

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 losses to us.

We receive a substantial portion of our retail property 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.

Future terrorist activity may have an adverse effect on our financial condition and operating results

Future terrorist attacks in the United States, such as the attacks that occurred in New York and Washington, D.C. on September 11, 2001 and other acts of terrorism or war, may result in declining economic activity, which could harm the demand for and the value of our properties. A decrease in demand would make it difficult for us to renew or re-lease our properties at lease rates equal to or above historical rates. Terrorist activities also could directly impact the value of our properties through damage, destruction or loss, and the availability of insurance for such acts may be less, or cost more, which would adversely affect our financial condition and results of operations. To the extent that our tenants are impacted by future attacks, their businesses similarly could be adversely affected, including their ability to continue to honor their existing leases. These acts may further erode business and consumer confidence and spending, and may result in increased volatility in national and international financial markets and economies. Any one of these events may decrease demand for real estate, decrease or delay the occupancy of our new or renovated properties, increase our operating expenses due to increased physical security for our properties and limit our access to capital or increase our cost of raising capital. We apply comprehensive planning and operational measures in an effort to enhance the security of our employees, tenants and visitors at our properties. This effort, a strong component of our operational program before September 11th, undergoes regular review and, where necessary and appropriate, improvement and enhancement. The need to enhance security measures and add additional security personnel at our properties could increase the costs of operating our properties with a materially adverse impact on our cash flows and results of operations.

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

claims of losses due to allegations of mismanagement

The occurrence of one or more of these risks could have a material adverse effect on our results of operations.

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 could be required to bear all losses that are not adequately covered by insurance, including losses related to terrorism, which generally are not 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. If we are unable to obtain insurance in the future at acceptable levels and reasonable cost,

the possibility of losses in excess of our insurance coverage may increase and we may not be able to comply with covenants under our debt agreements.

Insurance payouts resulting from the terrorist attacks occurring on September 11, 2001 could significantly reduce the insurance industry's reserves. Moreover, the demand for higher levels of insurance coverage will likely increase because of these attacks. As a result, we expect our insurance premiums to increase in the future, which may have a materially adverse impact on our cash flow and results of operations. Furthermore, we may not be able to purchase policies in the future with coverage limits and deductibles similar to those that were available before the attacks. Because it is not possible to determine what kind of policies will be available in the future and at what prices, there is no guarantee that we will be able to maintain our pre-September 11, 2001 insurance coverage levels.

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 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 cannot assure you that the amounts that we have reserved for these matters 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, environmental conditions have been or continue to be investigated and have not been fully remediated. 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 o