

Power REIT  
Form S-4/A  
November 18, 2011

Registration No. 333-177802

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Amendment No. 2  
to  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

PITTSBURGH & WEST  
VIRGINIA RAILROAD

POWER REIT

(Exact Name of Registrant as Specified in its Charter)

(Exact Name of Registrant as Specified in its Charter)

Pennsylvania  
(State or other jurisdiction of  
incorporation or organization)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

6798  
(Primary Standard Industrial  
Classification Code Number)

6798  
(Primary Standard Industrial  
Classification Code Number)

25-6002536  
(I.R.S. Employer  
Identification No.)

45-3116572  
(I.R.S. Employer  
Identification No.)

55 Edison Avenue  
West Babylon, NY 11704  
(212) 750-0373  
(Address, Including Zip Code, and Telephone  
Number, Including Area Code, of Registrant's  
Principal Executive Offices)

David H. Lesser  
CEO & Chairman of the Board  
Power REIT  
Pittsburgh & West Virginia Railroad  
55 Edison Avenue  
West Babylon, NY 11704 (212) 750-0373  
(Name, Address, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:  
Kevin Acklin, Esq.

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Leech Tishman Fuscaldo & Lampl LLC  
525 William Penn Place; 30th Floor  
Pittsburgh, PA 15219  
412-261-1600

Approximate date of commencement of proposed sale to the public: As soon as practical after this Registration Statement becomes effective and the consummation of the Reincorporation Merger described herein.

If the only securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	..	Accelerated filer	..
Non-accelerated filer (Do not check if a smaller reporting company)	..	Smaller reporting company	x

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)	..
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)	..

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not a solicitation of an offer to buy or sell these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated November 18, 2011

POWER REIT  
PITTSBURGH & WEST VIRGINIA RAILROAD

1,623,250 Common Shares of Beneficial Interest to Be  
Issued Upon Consummation of the Reincorporation Merger

PITTSBURGH & WEST VIRGINIA RAILROAD, a Pennsylvania business trust (“PW”), is seeking to create shareholder value by expanding its business plan and investment strategy to invest in infrastructure assets consistent with maintaining its real-estate investment trust (“REIT”) status. Currently, the Company is pursuing opportunities in the energy and transportation sectors. The Board of Trustees believes the Company’s broadened investment strategy should enable the Company to utilize its public REIT status and capitalize on the significant opportunities that exist in the infrastructure industry. The Company’s business plan and infrastructure investment strategy is expected to build on its historical ownership of the real estate assets of Pittsburgh & West Virginia Railroad, which are currently triple-net leased to Norfolk Southern Corporation.

In order to execute its investment strategy, the Board of Trustees of PW believes that it is in PW’s best interests to conform to REIT industry conventions by reincorporating PW as a Maryland REIT trust and establishing an umbrella partnership subsidiary (“UPREIT”) to provide additional transaction and structuring flexibility. Furthermore, the Board of Trustees believes the name “Power REIT” is more reflective of the broadened business plan and focus of the Company.

The Board of Trustees of PW and the Board of Trustees of POWER REIT, a Maryland REIT trust and wholly-owned subsidiary of PW (“Power REIT”, and together with “PW” and each of their direct and indirect subsidiaries, the “Company”), have each approved the reincorporation of PW from the Commonwealth of Pennsylvania to the State of Maryland, which will be accomplished through the merger (the “Reincorporation Merger”) of PW with POWER REIT PA, LLC, a Pennsylvania limited liability company and wholly-owned subsidiary of Power REIT (“Power REIT PA”). The Reincorporation Merger will be completed pursuant to an Agreement and Plan of Merger (the “Merger Agreement”) substantially in the form attached as an Exhibit to this prospectus. Upon the effectiveness of the Reincorporation Merger, holders of PW common shares will receive one newly issued common share, \$0.001 par value per share, of Power REIT for each common share of PW they own, without any action of shareholders required, and PW will survive the Reincorporation Merger with Power REIT PA as the surviving entity and will become a wholly-owned subsidiary of Power REIT.

Following the consummation of the Reincorporation Merger, Power REIT intends to reorganize itself into an umbrella partnership REIT structure (the “UPREIT Reorganization”) by contributing the equity shares of PW to Power REIT, LP, a to be formed Delaware limited partnership (the “Operating Partnership”). The Operating Partnership will be controlled by Power REIT as the sole general partner of the Operating Partnership. Upon the completion of the UPREIT Reorganization, Power REIT will initially own all of the equity interests of the Operating Partnership, and PW will continue as a wholly-owned subsidiary of the Operating Partnership.

Each of Power REIT and Power REIT PA was formed specifically for the purposes of consummating the Reincorporation Merger, and neither entity has conducted any business nor has any material assets or liabilities. After

the consummation of the Reincorporation Merger, Power REIT intends to continue to be treated for tax purposes as a REIT. The number of issued and outstanding shares of Power REIT immediately following the Reincorporation Merger will be equal to the number of issued and outstanding shares of PW immediately prior to the Reincorporation Merger. In addition, it is expected that upon completion of the Reincorporation Merger, the shares of Power REIT will be listed for trading on the NYSE Amex under the symbol "PW."

The purpose of the Reincorporation Merger is to reincorporate the Company in Maryland and to conform to the corporate form we believe to be typical for most REITs. The Board of Trustees believes that Maryland has more comprehensive laws governing REITs and courts with greater expertise than Pennsylvania in addressing REITs and REIT related issues. Thus, we believe Maryland has developed a greater body of relevant case law which may provide the Trustees, management, lenders and transaction counterparties with greater certainty and predictability in management and affairs of the Company. As a result, the Board of Trustees believes that reincorporating PW as a Maryland REIT trust and being governed by Maryland law, like many publicly traded REITs in its peer group, is in the best interest of the Company.

The purpose of the UPREIT Reorganization is to allow Power REIT to acquire and hold its properties through the Operating Partnership, which may provide Power REIT with greater pricing and flexibility in acquisition and financing transactions such as by making available certain tax advantages to sellers of assets, lenders and investors. The UPREIT structure is widely used by REITs and provides significant benefits through increased flexibility in structuring transactions that are consistent with maintaining REIT status. We believe all of these benefits will improve market acceptance of Power REIT as an acquirer of assets and are expected to create shareholder value as the Company pursues its business plan. As a result, the Board of Trustees believes that completing the UPREIT Reorganization is in the best interest of the Company.

It is possible that factors outside the control of the Company could result in the Reincorporation Merger being completed at a later time, or not at all, or that the Trustees may, in their sole discretion and without notice to you, cancel, delay or modify the Reincorporation Merger and/or UPREIT Reorganization at any time for any reason.

We are not asking you for a proxy and you are requested not to send us a proxy. No shareholder action is required to effect the Reincorporation Merger or the UPREIT Reorganization. See “Reincorporation Merger - No Appraisal or Dissenters’ Rights” on page 3 of this prospectus.

**INVESTING IN OUR COMMON SHARES INVOLVES SIGNIFICANT RISKS. SEE “RISK FACTORS” BEGINNING ON PAGE 5 OF THIS PROSPECTUS.**

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

Our securities are not being offered in any jurisdiction where the offer is not permitted under applicable local laws.

The date of this prospectus is November 18, 2011.

#### ADDITIONAL INFORMATION

This prospectus incorporates by reference important business and financial information about the Company from other documents that are not included in or delivered with this prospectus. This information is available to you through the SEC’s website at [www.sec.gov](http://www.sec.gov) or from us, without charge, upon your request. You can obtain the documents incorporated by reference into this prospectus by requesting them in writing or by telephone from the Company at the following address and telephone number:

Power REIT  
Pittsburgh & West Virginia Railroad  
55 Edison Avenue  
West Babylon, NY 11704  
(212) 750-0373

For more information, see “Where You Can Find More Information.”

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## ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus or any free writing prospectus we may authorize to be delivered to you. We have not, and have not authorized anyone else, to provide you with different or additional information. We are not making an offer of securities in any state or other jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus regardless of its time of delivery, and you should not consider any information in this prospectus or in the documents incorporated by reference herein to be investment, legal or tax advice. We encourage you to consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding an investment in our securities.

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As used in this prospectus, "Company," "we," "our" and "us" refer to Power REIT and Pittsburgh & West Virginia Railroad, and their direct and indirect subsidiaries, unless stated otherwise or the context requires otherwise.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Throughout this prospectus and the documents incorporated by reference in this prospectus we make “forward-looking statements,” as that term is defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements include the words “may,” “would,” “could,” “likely,” “should,” “estimate,” “intend,” “plan,” “continue,” “believe,” “expect” or similar words as well as statements relating to our acquisition, development and expansion plans, objectives or expectations, our liquidity projections and similar topics. These forward-looking statements generally relate to our plans, objectives, prospects and expectations for future operations and results and are based upon what we consider to be reasonable future estimates. Although we believe that our plans, objectives, prospects and expectations reflected in, or suggested by, such forward-looking statements are reasonable at the present time, we may not achieve them or we may modify them from time to time. Furthermore, there is no assurance that any positive trends suggested or referred to in such statements will continue. These forward-looking statements are not guarantees of future performance, and a variety of factors could cause our actual results to differ materially from the anticipated or expected results expressed in these forward-looking statements. Many of these factors are beyond our ability to control or predict, and readers are cautioned not to put undue reliance on those forward-looking statements. You should read this prospectus thoroughly with the understanding that actual future results may be materially different from what we expect. In particular, you should read the “Risk Factors” section of this prospectus for information regarding risk factors that could affect our results.

The following list, which is not intended to be an all-encompassing list of risks and uncertainties affecting us, summarizes several factors that could cause our actual results to differ materially from those anticipated or expected in these forward-looking statements:

- general economic conditions in market areas where we conduct business;
- business conditions in the railroad and transportation industry or other infrastructure industries in which we might invest;
  - the regulatory environment;
  - fluctuations in interest rates;
  - costs related to pursuing broader business strategies;
  - the ability of the Company to maintain its REIT status;
- the performance of existing investments or new investments that the Company may make; and
  - other material items.

We undertake no obligation to update publicly forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. You are advised, however, to consult the “Risk Factors” section of this prospectus, in which we provide cautionary discussion of risks, uncertainties and assumptions relevant to our business. These are factors that, individually or in the aggregate, management believes could cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider such disclosures to be a complete discussion of all potential risks or uncertainties.





## PROSPECTUS SUMMARY

The following summary provides an overview of certain information about the Company, the Reincorporation Merger and the UPREIT Reorganization and may not contain all the information that is important to you. This summary is qualified in its entirety by, and should be read together with, the information contained in other parts of this prospectus and the documents we incorporate by reference. You should read this entire prospectus and the documents that we incorporate by reference carefully before making a decision about whether to invest in our securities.

### Information about the Company

#### Power REIT

Power REIT was formed as a Maryland REIT trust on August 26, 2011 specifically for the purposes of consummating the Reincorporation Merger. Power REIT has not conducted any business nor holds any material assets or liabilities, other than the equity shares of Power REIT PA. After the consummation of the Reincorporation Merger, Power REIT intends to be treated for tax purposes as a REIT. As such, the trust itself will be exempt from federal and state income tax, to the extent that its income is distributed to shareholders. However, dividends paid by Power REIT are ordinary taxable income to its shareholders. In order to maintain qualified status, at least 90% of ordinary taxable income must be distributed.

#### Power REIT PA

Power REIT PA, a Pennsylvania limited liability company, is a wholly-owned subsidiary of Power REIT that was formed on August 29, 2011 for the purpose of effecting the Reincorporation Merger. After the consummation of the Reincorporation Merger, Power REIT PA will cease to exist, and PW will survive the merger with Power REIT PA and become a wholly-owned subsidiary of Power REIT.

#### Pittsburgh & West Virginia Railroad

PW was organized in Pennsylvania in 1967, as a business trust, for the purpose of acquiring the business and property of a small leased railroad. The railroad was leased in 1964 to Norfolk and Western Railway Company, now known as Norfolk Southern Corporation ("NSC"), by PW's predecessor company for 99 years in exchange for fixed annual rent payments, with the right of unlimited renewal by NSC for additional 99 year periods under the same terms and conditions, including the same annual rent payments. Wheeling & Lake Erie Railway Company ("WLE") subleases from NSC the right of way and real estate owned by PW. The sublease is substantially similar by virtue of NSC's assignment and WLE's assumption of the rights and obligations of the original lease between PW and NSC. We collectively refer to NSC and WLE as "Railroad Lessee."

PW's current business consists solely of the ownership of the properties subject to the lease, and of collection of rent thereon. The rent received is \$915,000 per year, in cash, which amount is fixed and unvarying for the life of the lease, including any renewal periods. In addition, the lease provides that certain non-cash items be recorded as rental income each year. These entries are equal in amount to the sum of (1) PW's federal income tax deductions for depreciation, retirements, and amortization of debt discount expenses, and (2) all other expenses of PW, except those expenses incurred for the benefit of its shareholders. For financial reporting purposes, only the cash income is reported, because the non-cash items, although recorded under the terms of the lease, have no financial value because of the indeterminate settlement date.

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PW has elected to be treated for tax purposes as a REIT. As such, the trust itself is exempt from federal income tax, to the extent that its income is distributed to shareholders. However, dividends paid by PW are ordinary taxable income to its shareholders. In order to maintain qualified status, at least 90% of ordinary taxable income must be distributed. Upon completion of the Reincorporation Merger with Power REIT PA, PW will be the surviving entity and will become a wholly-owned subsidiary of Power REIT.

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PW currently has no employees. Accounting services and other general administrative services are provided through a contract with an affiliate of our Secretary and Treasurer. After the Reincorporation Merger, the Secretary and Treasurer of PW will continue to provide accounting and other general administrative services to Power REIT. The Company intends to expand its business operations and may hire employees, advisors and/or consultants after the Reincorporation Merger.

PW's shares are listed, and upon the consummation of the Reincorporation Merger, we expect that Power REIT's shares will be listed, for trading on the NYSE Amex under the symbol of "PW."

#### Risk Factors

Before investing in shares of the Company, you should carefully consider all of the information contained in or as incorporated by reference into this prospectus, as well as the specific factors under the heading "Risk Factors."

#### Reincorporation Merger

Our Board of Trustees has approved the change of the Company's state of incorporation from Pennsylvania to Maryland, which will be accomplished through the merger of PW with Power REIT PA (the "Reincorporation Merger"). Upon the effectiveness of the Reincorporation Merger, holders of PW common shares will receive one newly issued common share of Power REIT for each common share of PW they own, without any action of shareholders required, and PW will survive the Reincorporation Merger with Power REIT PA as the surviving entity and will become a wholly-owned subsidiary of Power REIT. The Company believes that after the Reincorporation Merger, we will continue to be organized and will continue to operate in such a manner as to qualify for taxation as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). For more information about the Reincorporation Merger, see "Questions and Answers Relating to the Transactions."

As a result of the Reincorporation Merger, the Maryland statute governing real estate investment trusts formed under the laws of Maryland (the "Maryland REIT Law") will govern the affairs of the Company. Pennsylvania law would no longer apply to the Company, but will continue to govern the affairs of PW as a Pennsylvania business trust. Immediately following the Reincorporation Merger:

- Our name will change from "Pittsburgh & West Virginia Railroad" to "Power REIT".

Our headquarters will continue to be located in West Babylon, New York. We will not necessarily establish any offices or operations in Maryland as a result of the Reincorporation Merger.

Our business and management will not change substantially and will continue as they were immediately before the Reincorporation Merger, and the PW trustees elected at the PW 2011 annual meeting will serve as Trustees of Power REIT until the Power REIT 2012 annual meeting.

Our fiscal year, assets, liabilities and dividend policies will be substantially the same as immediately before the Reincorporation Merger.

Each outstanding common share of beneficial interest of PW will convert into one common share of beneficial interest of Power REIT, without any action of shareholders required.

Our Board of Trustees believes the Reincorporation Merger is in the best interest of the Company because Maryland has more comprehensive laws governing REITs and courts with greater expertise than Pennsylvania in addressing REITs and REIT related issues. Thus, we believe Maryland has developed a greater body of relevant case law which

may provide the Trustees and management greater certainty and predictability in management and affairs of the Company.

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## Merger Agreement

PW and Power REIT have agreed to consummate the Reincorporation Merger under the terms of an Agreement and Plan of Merger dated as of [•], 2011 (the “Merger Agreement”), by and among PW, Power REIT and Power REIT PA. The Board of Trustees of each of PW and Power REIT has approved the merger of PW and Power REIT PA pursuant to the terms and conditions of the Merger Agreement and subject to all regulatory approvals required.

## Form of the Merger

Pursuant to the Merger Agreement, Power REIT PA will be merged with and into PW, with PW continuing as the surviving entity and becoming a wholly-owned subsidiary of Power REIT. The Reincorporation Merger will not result in any immediate change to the Company’s business, policies, assets or liabilities of the Company. Following the merger, the principal executive offices of Power REIT will have the same address and telephone number as those of PW. Broadridge Corporate Issuer Solutions, Inc., which was appointed as PW’s transfer agent on November 1, 2011 in anticipation of the Reincorporation Merger, will continue to serve as Power REIT’s transfer agent upon the completion of the Reincorporation Merger.

## Effective Time

The Reincorporation Merger will take effect (the “Effective Time”) upon the filing of the Certificate of Merger with the Secretary of State of the Commonwealth of Pennsylvania. At the Effective Time, the separate existence of Power REIT PA will cease, PW will be the surviving entity and PW will become a wholly-owned subsidiary of Power REIT, and the shareholders of PW will become shareholders of Power REIT.

## Merger Consideration

At the Effective Time, holders of PW common shares will receive one newly issued common share of Power REIT for each common share of PW they own at the Effective Time, without any action required by PW’s shareholders. The number of issued and outstanding shares of Power REIT immediately following the Effective Time will be equal to the number of issued and outstanding shares of PW immediately prior to the Effective Time. We expect that the common shares of Power REIT issued in connection with the Reincorporation Merger will be listed and traded on the NYSE Amex under the symbol “PW.”

## Shareholder Rights

Holders of Power REIT common shares will be entitled to receive dividends when, as and if declared by our Board of Trustees, out of funds legally available for distribution. If Power REIT were to liquidate, dissolve or wind up its affairs, holders of Power REIT common shares will be entitled to share equally and ratably in any assets available for distribution to them, after payment or provision for payment of Power REIT’s debts and other liabilities and the preferential amounts owing with respect to any of its outstanding preferred shares. Holders of Power REIT common shares will have no preemptive rights, which means they have no right to acquire any additional common or preferred shares or any other security that Power REIT may issue at a later date.

The holders of Power REIT common shares will be entitled to cast one vote for each share on all matters presented to our holders for a vote.

## No Appraisal or Dissenters’ Rights

Under Pennsylvania law and PW's Declaration of Trust and Regulations, the holders of PW common shares are not entitled to appraisal or dissenters' rights in connection with the Reincorporation Merger. We are not asking for your vote or soliciting that you send us a proxy in connection with the Reincorporation Merger.

#### Regulatory Approvals

We are not aware of any federal, state or local regulatory requirements that must be complied with or approvals that must be obtained prior to completion of the Reincorporation Merger pursuant to the Merger Agreement and the transactions contemplated thereby, other than compliance with applicable federal and state securities laws, the filing of a certificate of merger as required under Pennsylvania law.

### Accounting Treatment

The Reincorporation Merger will be accounted for as a reverse merger whereby, for accounting purposes, PW would be considered the acquirer of Power REIT PA and the surviving company would be treated as the successor to the historical operations of PW. Accordingly, the historical financial statements of PW, which PW previously reported to the SEC on Forms 10-K and 10-Q, among other forms, as of and for all periods through the date of this Registration Statement, would be treated as the financial statements of the surviving corporation. Further, upon completion of the Reincorporation Merger, the surviving company will be a wholly-owned subsidiary of Power REIT and Power REIT will apply generally accepted accounting principles (GAAP) in consolidating its wholly-owned subsidiary. See “Summary Unaudited Pro Forma Consolidated Financial Information.”

### Management

Immediately following the Effective Time, the Board of Trustees and officers of Power REIT will be composed of the current Board of Trustees and officers of PW, and will continue to serve in accordance with the same terms as they would otherwise have served as Trustees or officers of PW.

### Expected Timing of the Reincorporation Merger

We currently expect to complete the Reincorporation Merger immediately following the effectiveness of our Registration Statement subject to receipt of any required regulatory approvals. It is possible that factors outside the control of the Company could result in the Reincorporation Merger being completed at a later time, or not at all, or that the Trustees may, in their sole discretion and without notice to you, cancel, delay or modify the Reincorporation Merger at any time for any reason.

### UPREIT Reorganization

Following the consummation of the Reorganization Merger, the Company expects to reorganize itself into an umbrella partnership REIT structure (the “UPREIT Reorganization”). We expect that the UPREIT Reorganization will be accomplished through the contribution by Power REIT of its holdings of equity shares of PW to Power REIT, LP a to be formed Delaware limited partnership (the “Operating Partnership”). In exchange for the contribution of the shares of PW to the Operating Partnership, Power REIT will receive limited partnership interests in the Operating Partnership, and PW will thus become a wholly-owned subsidiary of the Operating Partnership.

The Operating Partnership will be controlled by Power REIT as the sole general partner of the Operating Partnership. After the UPREIT Reorganization, the Company will conduct substantially all of its business through the Operating Partnership and own substantially all of its assets through the Operating Partnership, whether directly or indirectly through subsidiaries of the Operating Partnership, such as PW. Power REIT will manage the affairs of the Operating Partnership by directing the affairs of the Operating Partnership as its sole general partner. For more information about the UPREIT Reorganization, see “Questions and Answers Relating to the Transactions.”

### Expected Timing of the UPREIT Reorganization

We currently expect to complete the UPREIT Reorganization following the consummation of our Reincorporation Merger subject to receipt of any required regulatory approvals. It is possible that factors outside the control of the Company could result in the UPREIT Reorganization being completed at a later time, or not at all, or that the Trustees may, in their sole discretion and without notice to you, cancel, delay or modify the UPREIT Reorganization at any time for any reason.





## Federal Income Tax Consequences

The Reincorporation Merger and UPREIT Reorganization (together, the “Transactions”) are intended to be tax free transactions under the Code. Accordingly, no gain or loss will be recognized by the holders of shares of PW as a result of the Transactions, and no gain or loss will be recognized by PW or Power REIT. Each holder of the former shares of PW will have the same tax basis in the shares of Power REIT immediately after the Effective Time as such holder had in the shares of PW immediately prior to the Effective Time. The holding period with respect to the shares of Power REIT will include the period during which such holder held the corresponding PW shares, provided such shares were held by such holder as a capital asset immediately prior to the Effective Time. The Company has not obtained a ruling from the Internal Revenue Service with respect to the tax consequences of the Transactions. See “Material U.S. Federal Income Tax Consequences.”

The foregoing is only a summary of certain federal income tax consequences. You should consult your own tax advisor regarding the federal tax consequences of the Transactions as well as any potential consequences under the laws of any other jurisdiction.

## RISK FACTORS

An investment in the Company’s common shares involves risks. Anyone who is making an investment decision regarding the Company’s securities should carefully consider the following risk factors, together with all of the other information included in, or incorporated by reference into, this prospectus before making that decision. Some of these factors relate principally to the Company’s business and business plans. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business and operations. If any of the matters included in the following risks were to occur, the Company’s business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or part of your investment.

### Risks Relating to the Transactions

Maryland law may be less favorable than Pennsylvania law in certain circumstances, including possible anti-takeover effects under Maryland law.

Certain provisions of Maryland law and Power REIT’s Declaration of Trust and Bylaws permit our Board of Trustees, without shareholder approval and regardless of what is provided in our declaration of trust or bylaws, to implement takeover defenses that we may not yet have and to take, or refrain from taking, certain other actions without those decisions being subject to any heightened standard of conduct or standard of review as such decisions may be subject under Pennsylvania law and PW’s Declaration of Trust and Regulations. The business combination provisions of Maryland law (if our Board of Trustees decides to make them applicable to us), the control share acquisition provisions of Maryland law (if the applicable provisions in our Bylaws are rescinded), the limitations on removal of Trustees, the restrictions on the acquisition of our shares of beneficial interest, the power to issue additional shares and the advance notice provisions of our Bylaws could have the effect of delaying, deterring or preventing a transaction or a change in the control that might involve a premium price for holders of the common shares or might otherwise be in their best interest.

There may be other circumstances, where Maryland is less favorable than Pennsylvania law with respect to shareholder rights or the operations of the Company. Although the Company believes Maryland has a well established body of REIT case law, such case law may be adverse to the interests of the Company in certain circumstances.

You have no dissenters' or appraisal rights in connection with the Transactions.

Under Pennsylvania law and PW's Declaration of Trust and Regulations, you will not be entitled to dissenters' or appraisal rights of appraisal in connection with the Transactions. Accordingly, if the Transactions are completed, you will not be entitled to ask for an alternative valuation of your PW common shares. We are not asking for your vote or soliciting that you send us a proxy in connection with the Transactions.

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The UPREIT structure will make Power REIT a holding company with most of its assets held by the Operating Partnership and its ability to make dividends dependent on Operating Partnership distributions.

Because Power REIT expects to form an Operating Partnership and generally conduct its operations and hold its assets through the Operating Partnership, Power REIT's ability to service its debt obligations and its ability to pay dividends on its common shares will be strictly dependent upon the earnings and cash flows of the Operating Partnership and the ability of the Operating Partnership to make intercompany distributions to Power REIT. Under the Delaware Revised Uniform Limited Partnership Act, the Operating Partnership is prohibited from making any distribution to Power REIT to the extent that at the time of the distribution, after giving effect to the distribution, the total liabilities of the Operating Partnership (other than some non-recourse liabilities and some liabilities to the partners) would exceed the fair market value of the assets of the Operating Partnership.

Although, it is currently expected that the Company will reorganize itself into an UPREIT structure following the Reincorporation Merger, there can be no assurance as to the timing of the UPREIT Reorganization or that the UPREIT Reorganization will occur at all. Delays or non-consummation of the UPREIT Reorganization may impact the Company's business plans, future results and market perception.

Adoption of the UPREIT structure could inhibit Power REIT from selling properties or retiring debt that would otherwise be in the best interest of Power REIT.

To ensure that the sellers of properties are able to contribute properties to the Operating Partnership on a tax-deferred basis, the seller of such properties may require Power REIT to agree to maintain a certain level of minimum debt at the Operating Partnership level and refrain from selling such properties for a period of time. Adoption of the UPREIT structure, therefore, could inhibit Power REIT from selling properties or retiring debt that would otherwise be in the best interest of Power REIT.

The interest of Power REIT may be diluted upon the issuance of additional units of the Operating Partnership.

Upon the issuance of units of the Operating Partnership, the interest of Power REIT (and therefore that of Power REIT's shareholders) in assets of the partnership would be diluted. This dilutive effect would remain if units were redeemed (as would be expected) for cash (which may be funded through newly issued Power REIT shares) or for Power REIT shares, even though Power REIT's interest in the Operating Partnership would increase if units were redeemed for stock or cash. The dilutive effect from property acquisitions in exchange for units of the Operating Partnership would be comparable to that from sales of shares of Power REIT shares to fund acquisitions.

In certain circumstances the interests of Power REIT may conflict with the interests of the other limited partners of the Operating Partnership.

Power REIT as the sole general partner of the Operating Partnership would owe a fiduciary obligation to the limited partners upon the admission of additional limited partners to the Operating Partnership. In most cases, the interests of the limited partners would coincide with the interests of Power REIT and its shareholders because (a) Power REIT would own a substantial amount of the limited partnership interests in the Operating Partnership and (b) the limited partners will generally receive shares of Power REIT's common stock or cash proceeds tied to the share price of Power REIT common stock upon redemption of their Operating Partnership units. Under certain circumstances, however, the rights and interests of the limited partners might adversely conflict with those of Power REIT's shareholders. For example, the sale of certain properties by Power REIT or the sale or merger of Power REIT could cause adverse tax consequences to particular limited partners and therefore, the Operating Partnership, may be contractually prohibited from the sale of those properties.

Conflicts of interest may arise between holders of Power REIT common stock and holders of partnership interests in Power REIT's Operating Partnership.

Power REIT's trustees and officers have duties to Power REIT and to Power REIT shareholders under Maryland law in connection with their management of Power REIT. At the same time, Power REIT will have fiduciary duties under Delaware law to the Operating Partnership and to the limited partners in connection with the management of the Operating Partnership. Power REIT's duties as general partner of the Operating Partnership and its partners may come into conflict with the duties of Power REIT's trustees and officers to Power REIT and Power REIT shareholders.

The UPREIT structure may increase the G&A costs of managing the Company and operational complexity and risk of the Company's corporate structure.

By establishing a partnership subsidiary, the Company may incur more costs than it is currently subject to, including professional expenses related to general G&A, accounting, tax consulting, audit and legal costs. Although, the Company believes its business plan and future expected growth will make up for any increase in G&A expenses, there can be no assurance that such business plan will come to fruition or whether any such increase in revenues will offset any increase in G&A expenses. Further, the Company will be structured as a holding Company and as such, its operations will become more complex; this complexity may introduce other operational risks that do not currently exist and cannot reasonably be projected, and which risks may have a material impact on our business, operations and/or financial condition.

#### General Company Risks

Our business strategy includes growth plans. Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively.

The Company intends to pursue a growth strategy focused on infrastructure investments that qualify as real assets. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in significant growth stages of development. G&A expenses, including expenses related to tax, legal and audit have been increasing and expected to continue to increase due to the more complex organization of Power REIT and expenses related to growth. We cannot assure you that we will be able to expand our market presence in our existing markets or successfully enter new markets or that any such expansion will not adversely affect our results of operations. Failure to manage our growth effectively could have a material adverse effect on our business, future prospects, financial condition or results of operations and could adversely affect our ability to successfully implement our business strategy or pay a dividend.

We operate in a highly competitive market for investment opportunities.

We compete with public and private funds, commercial and investment banks and commercial financing companies to make the types of investments that we plan to make in the U.S. infrastructure sector. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of funds and access to funding sources that are not currently available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the restrictions that our REIT status imposes on us. These competitive conditions may adversely affect our ability to make investments in the infrastructure sector and could adversely affect our distributions to stockholders.

Because we expect to distribute substantially all of our taxable income from investments to our stockholders or lenders, we will continue to need additional capital to make new investments. If additional funds are unavailable or not available on favorable terms, our ability to make new investments will be impaired. Issuance of additional securities will result in dilution.

If we distribute substantially all of our distributions and interest income from investments to our stockholders and we desire to make new investments, our business will require a substantial amount of capital. We may acquire additional capital from the issuance of securities senior to our common shares, including additional borrowings or other indebtedness or the issuance of additional securities, including limited partnership interests. We may also acquire additional capital through the issuance of additional equity. However, we may not be able to raise additional capital in

the future on favorable terms or at all. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. This may impact materially affect the Company's business and ability to grow and may impact the market's perception of the Company and the share price.

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Additional issuance of equity securities may result in dilution to our shareholders. Although the Company expects to deploy additional capital in accretive transactions, such additional dilution may reduce your percentage ownership of the Company and voting percentage.

Our investment portfolio is currently concentrated in a single asset and in the future we may continue to have concentrated exposure to a relatively few number of investments, industries and lessees. Furthermore, the Company will continue to be subject to our current and future lessees' financial condition.

The Company currently has a single investment in Pittsburgh & West Virginia Railroad, which has been leased to Norfolk Southern Corporation, our Railroad Lessee, under a long-term, triple-net lease. The current economic slowdown may have a negative impact on the operations of the Railroad Lessee due to possible downturns in its business. This negative impact could result in the Railroad Lessee's inability to make rental payments when due. The Railroad Lessee may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such Lessee's lease and cause a reduction in the Company's cash flow and adversely affect our financial condition.

As the Company grows, its portfolio may be concentrated in a limited number of investments. An inherent risk associated with this investment concentration is that we may be adversely affected if one or more of our investments perform poorly or if the fair value of any one investment decreases. Financial difficulty or poor business performance on the part of any single lessee or the default on any single lease will expose us to a greater risk of loss than would be the case if we were "diversified" holding numerous investments. Further, the Company intends to concentrate its investment activities in the infrastructure sector, including energy and transportation, which will subject us to more risks than if we were broadly diversified across sectors. At times, the performance of the infrastructure sector may lag the performance of other sectors or the broader market as a whole.

Legislative, regulatory, accounting or tax changes or actions, or significant litigation, could adversely affect us, the infrastructure industry or the REIT industry.

The Company and its investments are and will be subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect operations, investments, accounting treatment, tax benefits and the health of lessees that lease the Company's properties. If these laws, regulations or decisions change, we may have to incur significant expenses in order to comply, or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, or fail to obtain licenses that may become necessary for the conduct of our business, we may be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition. Actions by regulatory agencies or significant litigation against us or by us could require us to devote significant time and resources to defending our business and may lead to penalties that materially affect us and our shareholders. Proposed changes to the accounting treatment of leases by both lessors and lessees under U.S. GAAP may adversely impact our financial statements and our growth plans.

Changes in interest rates may negatively affect the value of our assets and the trading price of our stock.

Our investment in certain assets will generally decline in value if long-term interest rates increase. If interest rates were to rise from their current historically low levels, it may affect the market perceived or actual value of our assets and/or dividends and consequently our stock price may decline in value.

Our quarterly results may fluctuate.



We could experience fluctuations in our quarterly operating results due to a number of factors, including the return on our current or future investments, including any future investments with revenue participation, the interest rates payable on our debt investments, the default rates on such investments, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

We may fail to remain qualified as a REIT, which would reduce the cash available for distribution to our shareholders and may have other adverse consequences.

Qualification as a REIT for federal income tax purposes is governed by highly technical and complex provisions of the U.S. Internal Revenue Code for which there are only limited judicial or administrative interpretations, including interpretation of lease agreements with our lessees, which may contain complex tax indemnification and non-cash payment provisions. Our qualification as a REIT also depends on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions might change the tax laws with respect to the requirements for qualification as a REIT or the federal income tax consequences of qualification as a REIT.

If, with respect to any taxable year, we were to fail to maintain our qualification as a REIT, we would not be able to deduct distributions to our shareholders in computing our taxable income and would have to pay federal corporate income tax (including any applicable alternative minimum tax) on our taxable income. If we had to pay federal income tax, the amount of money available to distribute to our shareholders would be reduced for the year or years involved. In addition, we would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost and thus our cash available for distribution to our shareholders would be reduced in each of those years, unless we were entitled to relief under relevant statutory provisions. Failure to qualify as a REIT may also subject us to the Investment Company Act of 1940 (“1940 Act”) and could result in additional expenses or adverse consequences.

Although we currently intend to operate in a manner designed to allow us to continue to qualify as a REIT, future economic, market, legal, tax or other considerations might cause us to revoke or lose our REIT status, which could have a material adverse effect on our business, future prospects, financial condition or results of operations and could adversely affect our ability to successfully implement our business strategy or pay a dividend.

In order to maintain our status as a REIT, we may be forced to borrow funds or sell assets during unfavorable market conditions.

As a REIT, we must distribute at least 90% of our annual REIT taxable income, subject to certain adjustments, to our shareholders. To the extent that we satisfy the REIT distribution requirement but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay to our shareholders in a calendar year is less than a minimum amount specified under federal tax laws.

From time to time, we may have taxable income greater than our cash flow available for distribution to our shareholders (for example, due to substantial non-deductible cash outlays, such as capital expenditures or principal payments on debt). If we did not have other funds available in these situations, we could be required to borrow funds, sell investments at disadvantageous prices or find alternative sources of funds to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and to avoid income and excise taxes in a particular year. These alternatives could increase our operating costs and diminish our available cash flow, sustainable future cash flow or future ability to grow.

If an investment that was initially believed to be a real asset is later deemed not to have been a real asset at the time of investment, we could lose our status as a REIT or be precluded from investing according to our current business plan.

The Company must meet income and assets tests to qualify as a REIT. If an investment that was originally believed to be a real asset is later deemed not to have been a real asset at the time of investment, our status as a REIT may be jeopardized or we may be precluded from investing according to our current business plan, either of which would

have a material adverse effect on our business, financial condition and results of operations. We also may be required to dispose of investments, which could have a material adverse effect on us and our shareholders, because even if we were successful in finding a buyer, we may have difficulty in finding a buyer to purchase such investments on favorable terms or in a sufficient timeframe.

Issuance of securities with claims that are senior to those of the common shares of Power REIT may limit or prevent us from paying dividends on our common shares and there is no limitation on the amount of indebtedness we may incur in the future.

Power REIT common shares are equity interests. As such, Power REIT common shares rank junior to any indebtedness and other non-equity claims with respect to assets available to satisfy claims on Power REIT. Power REIT may issue senior securities, which may expose Power REIT to typical risks associated with leverage, including increased risk of loss. If Power REIT issues preferred securities, which will rank “senior” to Power REIT’s common shares in its capital structure, the holders of such preferred securities may have separate voting rights and other rights, preferences or privileges more favorable than those of Power REIT’s common shares, and the issuance of such preferred securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for security holders or otherwise be in Power REIT’s best interest.

In addition, limited partnership interests or other securities issued by the Operating Partnership may have a senior priority on cash-flow or liquidation proceeds generated by the Operating Partnership. To the extent, the Operating Partnership is unable to make cash distributions to Power REIT, Power REIT may be forced to issue additional equity or debt, at unfavorable terms, to maintain compliance with IRS rules that require it to distribute 90% of its taxable income to its shareholders. If Power REIT is unable to make such distributions, it may lose its REIT status.

Unlike indebtedness, for which principal and interest customarily are payable on specified due dates, in the case of Power REIT common shares, dividends are payable only when, as and if declared by Power REIT’s board and depend on, among other things, Power REIT’s results of operations, financial condition, debt service requirements, distributions received from the Operating Partnership, other cash needs and any other factors Power REIT’s board may deem relevant or as required by law. Power REIT may incur substantial amounts of additional debt and other obligations that will rank senior to its common shares.

Factors may cause us to lose our NYSE Amex listing.

We could lose our listing on the NYSE Amex depending on a number of factors, including failure to qualify as a REIT, or failure to meet the NYSE Amex ongoing listing requirements, including those relating to the number of shareholders, the price of our common shares and the amount and composition of our assets.

Low trading volume in our common shares may adversely affect your ability to resell shares at prices you find attractive, or at all.

PW common shares are traded on the NYSE Amex. The average daily trading volume for PW’s common shares is less than larger institutions. During the 12 months to September 30, 2011, the average daily trading volume for PW common shares on the NYSE Amex was approximately 3,059 shares. During the 12 months to October 31, 2011, the average daily trading volume for PW common shares on the NYSE Amex was approximately 3,476 shares. Due to its relatively small trading volume, sales of PW common shares, and after the completion of the Reincorporation Merger, sales of Power REIT common shares, may place significant downward pressure on the market price of such common shares. Furthermore, it may be difficult for holders to sell their shares at prices they find attractive, or at all.

The price of our common shares may fluctuate significantly and this may make it difficult for you to sell our common shares when you want or at prices you find attractive.

The market value of our common shares will likely continue to fluctuate in response to a number of factors, most of which are beyond our control. The market value of our common shares may also be affected by conditions affecting the financial markets generally, including the recent volatility of the trading markets. These conditions may result in:

(i) fluctuations in the market prices of stocks generally and, in turn, our common shares; and (ii) sales of substantial amounts of our common shares in the market, in each case to a degree that could be unrelated or disproportionate to any changes in our operating performance. Such market fluctuations could adversely affect the market value of our common shares. A significant decline in our share price could result in substantial losses for shareholders and could lead to costly and disruptive securities litigation.

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## QUESTIONS AND ANSWERS RELATING TO THE TRANSACTIONS

What is the Reincorporation Merger?

Our Board of Trustees has approved the change of the Company's state of incorporation from Pennsylvania to Maryland, which will be accomplished through the merger of PW with Power REIT PA (the "Reincorporation Merger"). Upon the effectiveness of the Reincorporation Merger, holders of PW common shares will receive one newly issued common share of Power REIT for each common share of PW they own, and PW will survive the Reincorporation Merger with Power REIT PA as the surviving entity and will become a wholly-owned subsidiary of Power REIT. The Company believes that after the Reincorporation Merger, we will continue to be organized and will continue to operate in such a manner as to qualify for taxation as a REIT under the Code.

Why are we conducting the Reincorporation Merger?

The purpose of the Reincorporation Merger is to reincorporate the Company in Maryland. The Board of Trustees believes that Maryland has more comprehensive laws governing REITs and courts with greater expertise than Pennsylvania in addressing REITs and REIT related issues. Thus, we believe Maryland has developed a greater body or relevant case law which may provide the Trustees and management greater certainty and predictability in management and affairs of the Company. As a result, the Board of Trustees believes that reincorporating PW as a Maryland REIT trust and being governed by Maryland law, like many publicly traded REITs in our peer group, is in the best interest of the Company.

What effects will the Reincorporation Merger have on our PW common shares and shareholder rights?

As of November 18, 2011, we had 1,623,250 common shares of PW issued and outstanding. In connection with the Reincorporation Merger, all issued and outstanding PW shares will be converted, on a one-for-one basis, into common shares of Power REIT. We expect 1,623,250 common shares of Power REIT will be outstanding immediately after completion of the Reincorporation Merger. As a result of the Reincorporation Merger, the affairs of Power REIT will be governed by Maryland law. See "Comparison of Shareholder Rights under Pennsylvania and Maryland law."

What is an UPREIT?

"UPREIT" stands for umbrella partnership real estate investment trust. In an UPREIT structure, substantially all of a company's assets and liabilities are held through a subsidiary partnership, known as the operating partnership, instead of being held directly by the company. Essentially, the company becomes a holding company that does not own any properties itself, but instead owns interests in the operating partnership, which in turn owns all or substantially all of the properties and other assets the company originally owned and properties the company may acquire in the future.

What will happen in the UPREIT Reorganization?

Following the consummation of the Reorganization Merger, the Company expects to reorganize itself into an UPREIT. We expect that the UPREIT Reorganization will be accomplished through the contribution by Power REIT of its holdings of equity shares of PW to the Operating Partnership. In exchange for the contribution of the shares of PW, Power REIT will receive limited partnership interests in the Operating Partnership, and PW will thus become a wholly-owned subsidiary of the Operating Partnership.

The Operating Partnership will be controlled by Power REIT as the sole general partner. After the UPREIT Reorganization, the Company expects to conduct substantially all of its business through the Operating Partnership and will own substantially all of its assets through the Operating Partnership, whether directly or indirectly through

subsidiaries of the Operating Partnership, such as PW. Power REIT will manage the affairs of the Operating Partnership by directing the affairs of the Operating Partnership.

Initially after the UPREIT Reorganization, Power REIT will own, directly and indirectly, all of the equity interests of the Operating Partnership. As additional limited partners are admitted to the Operating Partnership in exchange for properties, cash or other consideration, we expect that Power REIT's direct and indirect ownership percentage of the Operating Partnership will decline. Over time, Power REIT may acquire limited partners' interests in the Operating Partnership for cash or stock and Power REIT may acquire newly issued limited partnership interests in the Operating Partnership for cash. As a result, Power REIT's ownership percentage of the Operating Partnership is expected to vary over time. Notwithstanding the foregoing, Power REIT expects to retain control of the Operating Partnership as its sole general partner.

The Company currently expects to complete the UPREIT Reorganization following the consummation of our Reincorporation Merger subject to receipt of any required regulatory approvals. It is possible that factors outside the control of the Company could result in the UPREIT Reorganization being completed at a later time, or not at all, or that the Trustees may, in their sole discretion and without notice to you, cancel, delay or modify the UPREIT Reorganization at any time for any reason.

Why are we conducting the UPREIT Reorganization?

Our Board of Trustees believes that the UPREIT Reorganization is in the best interest of the Company because it provides an investment platform that may enable Power REIT greater pricing and flexibility in acquisition or financing transactions such as by making available certain tax advantages to sellers of assets, lenders and investors. The UPREIT structure is widely used by REITs and provides significant benefits through increased flexibility in structuring transactions that are consistent with maintaining REIT status and by acquiring assets in a tax-advantaged manner. All of these benefits are expected to improve market acceptance of Power REIT as an acquirer of assets and are expected to enable Power REIT to create shareholder value as it pursues its business plan. As a result, the Board of Trustees believes that completing the UPREIT Reorganization is in the best interest of the Company.

Do I have the right to dissent from the Reincorporation Merger or UPREIT Reorganization?

Holders of PW shares do not have any appraisal or dissenters' rights under Pennsylvania law or PW's Declaration of Trust and Regulations. We are not asking for your vote or soliciting that you send us a proxy in connection with the Reincorporation Merger or the UPREIT Reorganization.

What are the material U.S. Federal income tax consequences of the Transactions?

PW believes shareholders will not recognize income or loss for United States Federal income tax purposes in connection with the Reincorporation Merger or the UPREIT Reorganization. For a detailed discussion, see "Material United States Federal Income Tax Consequences." You should consult your tax advisor as to the particular consequences to you of the Reincorporation Merger.

Who should I contact if I have other questions?

If you have any questions regarding the Reincorporation Merger or the UPREIT Reorganization, please contact the Secretary and Treasurer in writing at 55 Edison Avenue, West Babylon, NY 11704.

## COMPANY OVERVIEW AND DESCRIPTION OF BUSINESS AND PROPERTY

Set forth below is a description of the business and property of the Company. Power REIT, a wholly owned subsidiary of Pittsburgh & West Virginia Railroad, was incorporated in Maryland on August 26, 2011 to succeed to and continue the business of the Company, which is described below, upon completion of the merger of Pittsburgh & West Virginia



Railroad with Power REIT PA, LLC, a wholly owned subsidiary of Power REIT. Power REIT PA, LLC was incorporated in Pennsylvania on August 29, 2011 solely for the purposes of effecting the Reincorporation Merger. After completion of the Reincorporation Merger, Power REIT PA, LLC will cease to exist, Pittsburgh & West Virginia Railroad will be the surviving entity and will become a wholly-owned subsidiary of Power REIT.

## Power REIT

Power REIT was formed on August 26, 2011 specifically for the purposes of consummating the Reincorporation Merger, and has not conducted any business nor has any material assets or liabilities. After the consummation of the Reincorporation Merger, Power REIT expects to qualify and be treated for tax purposes as a REIT. As such, Power REIT is expected to be exempt from federal income tax, to the extent that 90% of its ordinary taxable income is distributed to shareholders and it meets all other REIT requirements. However, dividends paid by Power REIT are ordinary taxable income to its shareholders. See “Material Federal Income Tax Consequences.”

Upon the completion of the Reincorporation Merger with Power REIT PA, PW will be the surviving entity and will become a wholly-owned subsidiary of Power REIT. Following the UPREIT Reorganization, Power REIT will initially own all of the equity interests of the Operating Partnership, and indirectly through the Operating Partnership, all of the equity interests of PW. Power REIT expects to conduct substantially all of its future business activities and operations through the Operating Partnership and hold substantially all its assets directly or indirectly through the Operating Partnership.

After the completion of the Transactions, Power REIT’s sole source of revenue will be lease revenue generated by PW and it is expected that the majority of Power REIT’s expenses will be general and administrative expenses, including, but not limited to stock exchange fees, shareholder service fees, consulting and professional fees, including audit and tax preparation, legal fees and trustees' fees.

Power REIT expects to pursue a growth oriented business plan, focused primarily on the acquisition of additional energy and transportation infrastructure assets while maintaining its status as a REIT. It is expected that in certain cases, sellers of assets may contribute assets to the Operating Partnership in exchange for limited partnership units in the Operating Partnership; in other cases, the Operating Partnership may raise financing through debt or issuance of additional of limited partnership units to acquire assets in cash. As such, Power REIT’s direct and indirect ownership interest in the Operating Partnership may vary over time. Notwithstanding the foregoing, Power REIT expects to retain control of the Operating Partnership as its sole general partner.

The Company currently has no employees. Upon the completion of the Transactions, Power REIT will have no employees. Accounting services and other general administrative services are and will continue to be provided through a contract with an affiliate of the Secretary and Treasurer. Power REIT’s offices are located at 55 Edison Avenue, West Babylon, New York 11704. Power REIT can be reached through Arun Mittal, our Secretary and Treasurer, at (212) 750-0373.

Power REIT does not currently conduct any business nor own any property, other than its wholly owned subsidiary Power REIT PA. Power REIT PA does not currently conduct any business nor own any property and was formed solely for the purposes of effecting the Reincorporation Merger.

There are no material pending legal proceedings to which Power REIT is a party or of which any of its property (including Power REIT PA) is the subject.

There is currently no established public trading market for Power REIT’s shares and Power REIT does not have any market price or dividend history. We expect that, after completion of the Reincorporation Merger, Power REIT’s shares will be listed for trading on the NYSE Amex under the symbol “PW”.

Pittsburgh & West Virginia Railroad

PW was organized in Pennsylvania in 1967, as a business trust, for the purpose of acquiring the business and property of a small leased railroad. The railroad was leased in 1964 to Norfolk and Western Railway Company, now known as Norfolk Southern Corporation (“NSC”), by PW’s predecessor company for 99 years with the right of unlimited renewal for additional 99 year periods under the same terms and conditions, including annual rent payments. Wheeling & Lake Erie Railway Company (“WLE”) subleases from NSC the right of way and real estate owned by PW. The Sublease is substantially similar by virtue of assignment and assumption of rights and obligations as the Lease between PW and NSC.

PW's current business consists solely of the ownership of the properties subject to the lease, and of collection of rent thereon. The properties leased to NSC, which has subleased the properties to WLE, consist of 112 miles of main line railroad extending from Pittsburgh Junction, Ohio, through parts of West Virginia, to Connellsville, Pennsylvania and approximately 20 miles of branch rail lines and real estate used in the operation of the railroad.

The rent received is \$915,000 per year, in cash, which amount is fixed and unvarying for the life of the lease, including any renewal periods. NSC (or WLE through the assumption of rights and obligations of NSC under the Lease), at its own expense and without deduction from the rent, will maintain, manage and operate the leased property and make such improvements thereto as it considers desirable. Such improvements made by NSC (or WLE as sub-lessee) become the property of PW, and the cost thereof constitutes a recorded indebtedness of PW to NSC. The indebtedness is offset when non-cash rental is recorded over the depreciable life of the improvements. Such part of the leased property as is, in the opinion of NSC (or WLE as sub-lessee), not necessary, may be disposed of. The proceeds of any disposition are retained by NSC and constitute an indebtedness of NSC to PW.

The Company does not believe the railroad property that is leased to NSC is subject to material competition due to the unique right-of-ways represented by the railroad property and because the railroad property was leased in 1964 under a 99-year lease with fixed pricing which we believe is favorable to NSC. The lease is not expected to be terminated or expire in the next ten years. NSC is responsible for all taxes, governmental charges and maintenance related to the railroad property except for taxes relating to base cash rent payments made by the NSC to PW.

In addition, the lease provides that certain non-cash items be recorded as rent income each year. These entries are equal in amount to the sum of (1) PW's federal income tax deductions for depreciation, retirements, and amortization of debt discount expense, and (2) all other expenses of the PW, except those expenses incurred for the benefit of its shareholders. Because of the indeterminate settlement date for these items, such non-cash transactions and balances have not been reported in the financial statements since 1982.

Upon termination of the lease, all properties covered by the lease will be returned to PW, together with sufficient cash and other assets to permit operation of the railroad for one year. In addition, the balance of the settlement account as described in the preceding paragraph would be provided to PW. The gross amount of the settlement accounts was approximately \$15 million at December 31, 2010.

PW has elected to be treated for tax purposes as a REIT. As such, PW is exempt from federal income tax to the extent that its income is distributed to shareholders. However, dividends paid by PW are ordinary taxable income to its shareholders. In order to maintain qualified status, at least 90% of ordinary taxable income must be distributed. Upon the completion of the Reincorporation Merger with Power REIT PA, PW will be the surviving entity and will become a wholly owned subsidiary of Power REIT and after the completion of the UPREIT Reorganization, PW will become a wholly owned subsidiary of the Operating Partnership.

There are no material pending legal proceedings to which PW is a party or of which any of its property (including Power REIT PA) is the subject.

PW's shares are currently listed for trading on the NYSE Amex under the symbol of "PW" and we expect that, after consummation of the Reincorporation Merger, Power REIT's shares will be listed for trading on the NYSE Amex under the symbol "PW".

At November 18, 2011, there were approximately 580 registered holders of PW's common shares of beneficial interest.

The following tables set forth, for the indicated periods, the high and low sales prices of PW shares on the NYSE Amex and the cash dividends paid per share:



Fiscal Year 2011 Quarters Ended	High	Low	Dividends Paid
March 31, 2011	\$ 13.43	\$ 9.02	\$ 0.10
June 30, 2011	\$ 12.50	\$ 10.34	\$ 0.10
September 30, 2011	\$ 12.99	\$ 11.00	\$ 0.10

Fiscal Year 2010 Quarters Ended	High	Low	Dividends Paid
March 31, 2010	\$ 11.40	\$ 10.31	\$ 0.12
June 30, 2010	\$ 11.51	\$ 9.41	\$ 0.12
September 30, 2010	\$ 13.00	\$ 10.30	\$ 0.13
December 31, 2010	\$ 11.97	\$ 10.55	\$ 0.13

Fiscal Year 2009 Quarters Ended	High	Low	Dividends Paid
March 31, 2009	\$ 14.28	\$ 10.10	\$ 0.12
June 30, 2009	\$ 11.61	\$ 10.01	\$ 0.12
September 30, 2009	\$ 11.10	\$ 9.69	\$ 0.13
December 31, 2009	\$ 11.91	\$ 10.19	\$ 0.13

It is the Company's intention to continue distributing quarterly dividends and to qualify as real-estate investment trust after the completion of the Reincorporation Merger. See the section entitled "Dividend and Distribution Policy".

## TRUSTEES AND OFFICERS

### Board of Trustees

PW's Board of Trustees currently consists of, and Power REIT's Board of Trustees upon completion of the Reincorporation Merger will consist of, David H. Lesser, who serves as, and will continue to serve as, Chairman of the Board, Virgil E. Wenger, Patrick R Haynes, III and William S. Susman. The Audit Committee consists of Virgil E. Wenger, who also serves as its chairperson, and Patrick R. Haynes, III. The Compensation Committee consists of William S. Susman, who also serves as its chairperson, and Patrick R. Haynes, III. Mr. Wenger, Mr. Susman and Mr. Haynes are considered to be independent trustee in accordance with the NYSE Amex Company Guide.

### Trustee Biographies

Mr. David H. Lesser (45) has been Chairman of the Board of Trustees since December 2010 and has been Chief Executive Officer since February 14, 2011. Mr. Lesser does not currently have an employment contract and does not currently receive remuneration at this time other than Trustee Fees. Mr. Lesser has over 25 years of experience in real-estate, including substantial experience in creating shareholder value in REITs. Mr. Lesser is currently, and has been for the past 15 years, president of Hudson Bay Partners, LP, an investment firm focused on real estate, real estate-related situations and alternative energy. He also serves as a trustee of the Town Hall in New York City. Mr. Lesser has previously held leadership roles with public REITs, having served as a Senior Vice President of Crescent Real Estate Equities and as a Director of Keystone Property Trust. Prior to Crescent, Mr. Lesser was a Director in Merrill Lynch's real-estate investment banking group. Mr. Lesser holds an M.B.A. from Cornell University and a B.S. in Applied Management and Economics from Cornell University.

Virgil E. Wenger, CPA (81), is currently, and has been for the past eight years, an independent consultant who primarily works with new start up ventures needing accounting services and financial planning assistance to determine investment and working capital needs. He also serves as chief financial officer for two private companies: Shareholder Intelligence Services, a provider of information to publically traded client companies of shareholder ownership, broker activity, and related analytics; and Econergy Corporation, a manufacturer and marketer of

proprietary air conditioning systems. Mr. Wenger was previously a partner at Ernst & Young LLP. He is a graduate of the University of Kansas, with a B.S. in Business Administration and of the Harvard Business School Advanced Management Program. Mr. Wenger has been Audit Committee Chairman since 2005.

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William S. Susman (47) has 20 years of investment banking experience, including significant experience in the transportation and railroad industry. As the former head of Merrill Lynch's Transportation and Consumer Group, Mr. Susman advised numerous railroad clients, including Burlington Northern, CSX, Kansas City Southern, Norfolk Southern Railways, TMM and Union Pacific. Mr. Susman is currently founder and CEO of a boutique investment advisory firm, William Susman Advisory, which is affiliated with Milestone Advisors. Prior to founding William Susman Advisory, he was President of Financo where he worked from 2004 – 2011. Financo is an investment bank focused on retail and consumer goods. Mr. Susman began his investment banking career at Salomon Brothers within their transportation group. Mr. Susman sits on the boards of two private companies: Major Brands and Jonathan Adler Enterprises. Mr. Susman is a graduate of the University of Michigan, with a B.S. in Business Administration and earned a Masters from the Kellogg Graduate School of Management at Northwestern. Mr. Susman has been Compensation Committee Chairman since August 2011.

Patrick R. Haynes, III (27) is currently employed by the Rockefeller Group Investment Management Corp. ("RGIM") as a senior associate. Mr. Haynes joined RGIM in 2010 and is responsible for financial analysis, RGI's corporate acquisitions initiatives, and institutional fundraising. Mr. Haynes began his career at Lehman Brothers after graduating from Brown University in 2007. At Lehman Brothers, Mr. Haynes worked in the Real Estate Private Equity Group where he performed financial analysis, market research and due diligence for over \$2.0 billion in potential real estate acquisitions across all asset classes nationally. Mr. Haynes also worked on the successful management buyout of Lehman's equity funds' advisory business, responsible for the management of approximately \$18 billion in real estate assets globally. Mr. Haynes received a BA in U.S. History from Brown University. Mr. Haynes is a member of the Audit and Compensation Committees.

#### Officers

David H. Lesser is currently the Chief Executive Officer of PW and will continue to serve as Chief Executive Officer of Power REIT upon completion of the Reincorporation Merger. Arun Mittal is currently the VP of Business Development of PW, Secretary and Treasurer of PW. Upon completion of the Reincorporation Merger, Arun Mittal will serve as VP Business Development, Secretary and Treasurer of Power REIT.

#### Officer Biographies

Mr. David H. Lesser (45) has been Chairman of the Board of Trustees since December 2010 and has been Chief Executive Officer since February 14, 2011. Mr. Lesser does not currently have an employment contract and does not currently receive remuneration at this time other than Trustee Fees. Mr. Lesser has over 25 years of experience in real-estate, including substantial experience in creating shareholder value in REITs. Mr. Lesser is currently, and has been for the past 15 years, president of Hudson Bay Partners, LP, an investment firm focused on real estate, real estate-related situations and alternative energy. He also serves as a trustee of the Town Hall in New York City. Mr. Lesser has previously held leadership roles with public REITs, having served as a Senior Vice President of Crescent Real Estate Equities and as a Director of Keystone Property Trust. Prior to Crescent, Mr. Lesser was a Director in Merrill Lynch's real-estate investment banking group. Mr. Lesser holds an M.B.A. from Cornell University and a B.S. in Applied Management and Economics from Cornell University.

Arun Mittal, CFA (35), has been VP of Business Development, Secretary and Treasurer since April 1, 2011. Mr. Mittal is currently remunerated pursuant to a consulting agreement with an affiliate of Mr. Mittal, whereby the affiliate receives \$7,500 per month plus reimbursement for any out of pocket expenses. Mr. Mittal has over a decade of investment banking experience in financial institutions and energy sectors. Mr. Mittal is currently a Managing Principal of Caravan Partners, LLC, a consulting firm. He was previously a Director at StoneCastle Partners, LLC, a boutique investment bank and asset manager with over \$2 billion under management. Prior to StoneCastle, Mr. Mittal was part of the capital markets group at Tokyo-based Shinsei Bank and briefly served as CEO of Shinsei Capital



(USA), Ltd. Mr. Mittal holds a B.S. in Electrical Engineering from Stanford University and a M.S. in electrical engineering from Georgia Institute of Technology. He is based in New York City and holds various securities licenses (Series 7/63/79).

### Compensation Committee Interlocks and Insider Participation

All members of the Compensation Committee are independent Trustees, and none of them are present or past employees of PW or Power REIT. No member of the Compensation Committee has had any relationship with PW or Power REIT requiring disclosure under Item 404 of Regulation S-K of the Exchange Act and none of our executive officers has served on the board of directors or compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served on our board or Compensation Committee.

### DIVIDEND AND DISTRIBUTION POLICY

After the completion of the Reincorporation Merger, we intend to declare regular quarterly distributions to holders of Power REIT common shares commencing in the fourth quarter of 2011, the amount of which will be determined, and is subject to adjustment by, our Board of Trustees. To qualify as a REIT, we must distribute to our stockholders an amount at least equal to 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain). See the section entitled "Material U.S. Federal Income Tax Consequences."

We expect that distributions will be declared quarterly. The amount, timing and frequency of distributions, however, will be at the sole discretion of our Board of Trustees and will be declared based upon various factors, many of which are beyond our control, including:

- our financial condition, operating cash flows and taxable income;
- our retention of cash to pursue acquisitions of communications sites;
  - our operating and other expenses;
  - debt service requirements;
  - capital expenditure requirements;
- the amount required to maintain REIT status;
- limitations on distributions in our debt instruments; and
- other factors that the Board of Trustees may deem relevant.

We anticipate that distributions will generally be paid from cash from operations. If our operations do not generate sufficient cash flows and we are unable to borrow, we may be required to reduce our anticipated quarterly distributions and may lose our REIT status. Our distribution policy enables us to review the alternative funding sources available to us for distributions from time to time. For information regarding risk factors that could materially adversely affect our actual results of operations, please see the section entitled "Risk Factors."

### POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of our anticipated policies with respect to distributions, investments, financing, lending and certain other activities of Power REIT. Upon completion of the Reincorporation Merger, these policies will be determined and periodically thereafter amended by the Board of Trustees of Power REIT without notice to, or a vote of, the shareholders of Power REIT,



## Dividend Policy

After the completion of the Reincorporation Merger, we intend to pay regular quarterly distributions. For a discussion of our dividend and distribution policy, see the section entitled “Dividend and Distribution Policy.”

## Investment Policy

The Company’s current investment consists of the ownership of the railroad real-estate which has been leased to NSC. The railroad real-estate consists of 112 miles of main line railroad extending from Pittsburgh Junction, Ohio, through parts of West Virginia, to Connellsville, Pennsylvania and approximately 20 miles of branch rail lines and real estate used in the operation of the railroad. There is no mortgage, encumbrance or other restrictions on the railroad real-estate, other than those restrictions imposed by the lease with NSC.

The Company has expanded its business plan to focus on additional transportation and energy infrastructure opportunities that are consistent with its REIT status (“Target Investments”). The Company will focus on sourcing and investing in Target Investments that are within the United States. Target Investments may consist of land, land improvements and other real-estate assets related to or supporting energy and transportation infrastructure. The Company may structure its investments in the form of leases or loans secured by real-estate and we expect to finance our investments through a mix of equity and debt, as appropriate. See “Financing Policy.”

The Company will seek to acquire those Target Investments that meet its due diligence criteria and that will provide the Company with attractive risk-adjusted returns. The Company’s goal is to acquire Target Investments primarily to generate long-term, current income.

The Company does not have investment limits with respect to investment concentration in a specific property, and may invest up to 100% of its assets in a single property. Although, the Company does not have such investment limits, we expect to diversify the property base of the Company as we pursue our business plan. There can be no assurance that the Company will succeed in the implementation of its business plan. See the “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” sections of this prospectus.

The Company intends to reorganize itself into an umbrella partnership REIT structure (the “UPREIT Reorganization”) by contributing the equity shares of PW to Power REIT, LP, a to be formed Delaware limited partnership (the “Operating Partnership”). The Operating Partnership will be controlled by Power REIT as the sole general partner of the Operating Partnership. Upon the completion of the UPREIT Reorganization, Power REIT will initially own all of the equity interests of the Operating Partnership, and PW will continue as a wholly-owned subsidiary of the Operating Partnership.

It is expected that the Company’s interests in Target Investments will be held by the Operating Partnership, whose initial investment will consist of equity interests in PW and whose future investments may consist of, among other investments, debt secured by real-estate and equity or partnership interests in wholly-owned subsidiaries or joint ventures that are established to enable the Operating Partnership to hold its interests in specific Target Investments. The Company does not intend to invest in mortgages or securities, other than those related to Target Investments.

## Financing Policy

Our financing policies will largely depend on the nature and timeline of our investment opportunities and the prevailing economic and market conditions. If the Board of Trustees determines that additional funding is desirable, we may raise funds through the following means: senior or subordinated debt financings, including but not limited to, accessing U.S. debt capital markets, drawing from our credit facilities and bank borrowings, preferred or common

equity offerings of securities, and any combination of the above methods. The Company's debt financings may be secured or unsecured with respect to its properties and may be issued through our subsidiaries, and any such financing may or may not be guaranteed by the Company. The Company has not issued debt securities during the past three years and does not currently have a line of credit. In the future, we may seek to obtain new credit facilities or lines of credit, or issue new unsecured or secured debt that may contain limitations on indebtedness or operations.

The Board of Trustees may also authorize the obtaining of additional capital through the issuance of preferred or common equity securities of Power REIT or the Operating Partnership. Pursuant to the Power REIT Declaration of Trust, we will have authority to issue up to one hundred million shares of Power REIT common stock or such other class of shares as determined by the Trustees. PW issued 113,250 common shares pursuant to a rights offering in the first quarter of 2011. Other than the rights offering in the first quarter of 2011, the Company has not issued equity in the past three years.

In certain cases the Company or its Operating Partnership may issue securities in exchange for property. The Company has not issued securities in exchange for property during the past three years.