

PENNSYLVANIA REAL ESTATE INVESTMENT TRUST  
Form DEF 14A  
April 23, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Pennsylvania Real Estate Investment Trust**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

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## PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

JUNE 4, 2015

The Annual Meeting of Shareholders of Pennsylvania Real Estate Investment Trust will be held on Thursday, June 4, 2015 at 11:00 a.m. Eastern Time at the Union League, 140 South Broad Street, Philadelphia, Pennsylvania 19102 for the following purposes:

- (1) To elect nine trustees nominated by the Board of Trustees and named in this Proxy Statement for a term expiring at the 2016 Annual Meeting of Shareholders;
- (2) Advisory approval of the Company's executive compensation;
- (3) To ratify the selection of KPMG LLP as our independent auditor for 2015; and
- (4) To transact such other business as may properly be brought before the meeting or any adjournment thereof.

Our Board of Trustees has fixed the close of business on April 6, 2015 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting.

All shareholders are cordially invited to attend the meeting. Please note that the Union League has a dress code, which is available at [www.unionleague.org/dress-code.php](http://www.unionleague.org/dress-code.php). **Whether or not you expect to attend the meeting in person, please complete, sign and date the enclosed proxy card and return it promptly so that your shares may be voted. You may also vote your shares by telephone or through the Internet by following the instructions set forth on the proxy card.** If you attend the meeting, you may revoke your proxy and vote in person.

By Order of the Board of Trustees

BRUCE GOLDMAN

*Secretary*

Philadelphia, Pennsylvania

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April 23, 2015

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on June 4, 2015:**

**This Proxy Statement and PREIT's Annual Report to Shareholders for the fiscal year ended December 31, 2014 are available at [www.preit.com](http://www.preit.com) by clicking on [Investor Relations](#), then clicking on [SEC Filings](#) and then clicking on [Proxy Statements](#) or [Annual Reports](#), respectively.**

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**PENNSYLVANIA REAL ESTATE INVESTMENT TRUST**

**200 South Broad Street**

**Philadelphia, Pennsylvania 19102**

**www.preit.com**

**PROXY STATEMENT**

**VOTING INFORMATION**

The Annual Meeting of Shareholders of Pennsylvania Real Estate Investment Trust, ( PREIT or the Company ), will be held on Thursday, June 4, 2015 at 11:00 a.m. Eastern Time at the Union League, 140 South Broad Street, Philadelphia, Pennsylvania 19102. We are mailing this Proxy Statement on or about April 24, 2015 to each holder of PREIT s issued and outstanding common shares of beneficial interest entitled to vote at the meeting in order to furnish information relating to the business to be transacted at the meeting. We are mailing our Annual Report to Shareholders for the fiscal year ended December 31, 2014 together with this Proxy Statement. We have included the Annual Report for informational purposes and not as a means of soliciting your proxy.

*Shareholders Entitled to Vote*

We have fixed the close of business on April 6, 2015 as the record date for the Annual Meeting. All holders of record of PREIT s common shares of beneficial interest at that time are entitled to notice of and are entitled to vote at the Annual Meeting and any adjournment or postponement thereof. On the record date, 69,116,285 common shares of beneficial interest were outstanding.

*Your Participation in Voting the Shares You Own Is Important*

Voting your shares is important to ensure that you have a say in the governance of PREIT and to fulfill the objectives of the majority voting standard that we apply in the election of trustees. If you are receiving this Proxy Statement from a broker, bank or other financial institution, please review the proxy materials and follow the instructions on the voting instruction form to communicate your voting instructions to your broker, bank or other financial institution. We hope you will exercise your rights and fully participate as a shareholder of PREIT.

*How to Vote*

We hope you will attend the Annual Meeting. Whether or not you expect to attend the meeting in person, please complete, sign, date and return the enclosed proxy card in the accompanying envelope so that your shares will be represented. The envelope is addressed to our transfer agent and requires no postage. You may also vote your shares by telephone or through the Internet by following the instructions set forth on the proxy card. If you receive more than one proxy card because you have multiple accounts, you should sign and return all proxy cards received, or submit your voting instructions with respect to each account by mail, telephone or through the Internet, so that all of your shares will be voted.

*Shares Held through a Broker, Bank or Other Financial Institution*

If you hold your shares through a broker, bank or other financial institution, there is a New York Stock Exchange rule that determines the manner in which your vote in the election of trustees will be handled at our upcoming 2015 Annual Meeting of Shareholders. Your broker, bank or other financial institution is not permitted to vote on your behalf on the election of trustees unless you provide specific instructions by completing and returning the voting instruction form or by following the voting instructions provided to you to vote your shares





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via telephone or the Internet. For your vote with respect to the election of trustees to be counted, you need to communicate your voting instructions to your broker, bank or other financial institution before the date of the 2015 Annual Meeting of Shareholders, and before any earlier date specified in the voting instructions provided by your broker, bank or other financial institution.

### *Voting Standards Generally*

On each matter subject to a vote at the Annual Meeting and any adjournment or postponement of the meeting, each holder of common shares will be entitled to one vote per share. With respect to the election of trustees (Proposal One), assuming a quorum is present, and subject to the majority voting provisions of our corporate governance guidelines, which are described in this Proxy Statement, the nine nominees receiving the highest number of votes cast at the meeting will be elected as trustees. With respect to the advisory approval of the Company's executive compensation as described in the Compensation Discussion and Analysis section of this Proxy Statement and the accompanying tabular and narrative disclosure (Proposal Two) and the vote on ratification of the selection of KPMG LLP as our independent auditor for 2015 (Proposal Three), assuming a quorum is present, in each case the proposal will be approved if a majority of the shares present in person or by proxy and being cast as a vote on the proposal are voted FOR the proposal. Proposal Two is non-binding. If you mark your proxy as Withhold Authority or Abstain on any matter, or if you give specific instructions that no vote be cast on any specific matter, the shares represented by your proxy will not be voted on that matter, but will count toward the establishment of a quorum. Proxies submitted by brokers that do not indicate a vote for some or all of the proposals because they do not have discretionary voting authority and have not received instructions as to how to vote on those proposals (so called broker non-votes) are also considered in determining whether a quorum is present, but generally will not affect the outcome of any vote.

### *Voting by Proxy; Revocation of Proxies*

You may vote your shares to be voted at the Annual Meeting in person or by proxy. All valid proxies received before the Annual Meeting will be voted according to their terms. If you complete your proxy properly, whether by completing and returning a proxy card or by submitting your instructions by telephone or through the Internet, but do not provide instructions as to how to vote your shares, your proxy will be voted FOR the election of all trustees nominated by our Board of Trustees, FOR advisory approval of the Company's executive compensation as described in the Compensation Discussion and Analysis section of this Proxy Statement and the accompanying tabular and narrative disclosure, and FOR the ratification of KPMG LLP as our independent auditor. If any other business is properly brought before the Annual Meeting, proxies will be voted in accordance with the judgment of the persons voting the proxies. After providing your proxy, you may revoke it at any time before it is voted at the Annual Meeting by filing an instrument revoking it with our secretary or by submitting a duly executed proxy bearing a later date. You also may revoke your proxy by attending the Annual Meeting and giving notice of revocation. Attendance at the Annual Meeting, by itself, will not constitute revocation of a proxy.

### *Delivery of Documents to Shareholders Sharing an Address*

Some banks, brokers and other nominee record holders might be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our Proxy Statement or Annual Report might have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of either document to you if you request one by writing or calling us as follows: Investor Relations, Pennsylvania Real Estate Investment Trust, The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102; Telephone: 215-875-0735. If you want to receive separate copies of the Annual Report and Proxy Statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household in the future, you should contact your bank, broker or other nominee record holder.

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*Solicitation of Proxies*

We will bear the cost of preparing and soliciting proxies, including the reasonable charges and expenses of brokerage firms or other nominees for forwarding proxy materials to shareholders. In addition to solicitation by mail, certain trustees, officers and employees of PREIT and its subsidiaries may solicit proxies personally or by telephone or other electronic means without extra compensation, with the exception of reimbursement for actual expenses incurred in connection with the solicitation. We have also hired Alliance Advisors LLC to assist us in the solicitation of votes for a fee of \$12,500, plus out-of-pocket expenses, for these services. The enclosed proxy is solicited by and on behalf of our Board of Trustees.

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**GOVERNANCE**

**PROPOSAL ONE**

**ELECTION OF TRUSTEES**

*Trustee Nomination Process*

PREIT's trust agreement provides that nominations for election to the office of trustee at any annual meeting of shareholders are made by the Board of Trustees, or by a shareholder if such shareholder provides a notice in writing delivered to our secretary not less than 90 nor more than 120 days before the anniversary date of the prior year's meeting, and for an election at an annual meeting that is not within 30 days of such anniversary date, or for a special meeting called for the election of trustees, not later than 10 days following the date on which notice of the meeting is mailed or disclosed publicly, whichever comes first. The notice must be signed by the holders of at least two percent of the common shares outstanding on the date of the notice. Shareholders making nominations of trustee candidates must provide in the notice, among other things, (a) information regarding share ownership and any hedging or other transaction to hedge the economic risk or to increase or decrease the voting power of such shareholder, (b) a description of all agreements or understandings between any such shareholder and each nominee and any other person, pursuant to which any such shareholder has a right to vote any shares, or pursuant to which the nominee or shareholder may be entitled to compensation, reimbursement of expenses or indemnification by reason of such nomination or service as a trustee, including all such information that would be required to be disclosed under federal securities regulations if the nominee were nominated by the Board of Trustees, and (c) such other information regarding each nominee as would be required in a proxy statement had the nominee been nominated by the Board of Trustees. The complete text of these requirements is provided in Section 11.J of PREIT's trust agreement, which is available on our website at [www.preit.com](http://www.preit.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov), and a copy of which may be obtained by written request to our secretary at our principal executive office. Nominations not made in accordance with the trust agreement procedures will not be considered, unless the number of persons properly nominated is fewer than the number of persons to be elected to the office of trustee at the Annual Meeting. In this latter event, nominations for the trustee positions that would not otherwise be filled may be made at the Annual Meeting by any person entitled to vote in the election of trustees.

*Nominees for Trustee*

PREIT's Board of Trustees has nominated Joseph F. Coradino, M. Walter D. Alessio, Michael J. DeMarco, Rosemarie B. Greco, Leonard I. Korman, Mark E. Pasquerilla, Charles P. Pizzi, John J. Roberts and Ronald Rubin for election at the Annual Meeting as trustees to serve until the Annual Meeting to be held in the spring of 2016 and until their respective successors have been duly elected and have qualified. Each of the nominees other than Mr. DeMarco is currently serving as a trustee whose term expires at the Annual Meeting.

If any of the foregoing nominees becomes unable to or declines to serve, the persons named in the accompanying proxy have discretionary authority to vote for a substitute or substitutes, unless the Board of Trustees reduces the number of trustees to be elected.

The following table presents information with respect to the nine nominees for the office of trustee and PREIT's executive officers, including their ages, principal occupations and the number of common shares beneficially owned by each of them as of March 31, 2015. As of such date, none of the nominees for the office of trustee or PREIT's executive officers owned any shares of either series of PREIT's preferred shares. In selecting nominees for election to the Board of Trustees, the members of the Nominating and Governance Committee and the Board of Trustees consider a number of factors that they deem relevant to service on the Board, including (1) personal integrity and ethics, (2) experience and maturity of judgment, (3) potential contributions to the collective knowledge, experience and capabilities of the Board of Trustees, (4) core competencies and willingness to participate actively in the work of the Board of Trustees and, in the case of non-management

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nominees, in the standing Committees of the Board of Trustees, (5) diversity of personal and professional backgrounds, and (6) the ability to work constructively and effectively with other members of the Board of Trustees. Generally, the Nominating and Governance Committee and the Board of Trustees consider it important that nominees have competencies in one or more of the following areas: the real estate industry, public or corporate finance, management, retail, accounting or government. Each nominee brings his or her particular set of personal experiences and competencies to the Board of Trustees, which were considered by the Nominating and Governance Committee and the Board of Trustees, and which are briefly highlighted in the table below.

The address for each nominee for the office of trustee and each executive officer is c/o PREIT, The Bellevue, Third Floor, 200 South Broad Street, Philadelphia, Pennsylvania 19102.

Nominees for the Office of Trustee Principal Occupation, Affiliations and Qualifications	Common Shares Beneficially Owned on March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
Joseph F. Coradino <sup>(3)</sup>	514,022 <sup>(4)</sup>	*

Age: 63

Trustee since: 2006

Chief Executive Officer of PREIT since 2012. President of PREIT Services, LLC and PREIT-RUBIN, Inc. since 2004. Executive Vice President-Retail of PREIT from 2001 to 2012. Executive Vice President-Retail Division and Treasurer of PREIT-RUBIN, Inc. from 1998 to 2004. From 1997 to 1998, Senior Vice President-Retail Division and Treasurer, PREIT-RUBIN, Inc. Previously served as a director of A.C. Moore Arts & Crafts, Inc. from 2006 to 2011. Trustee of Temple University. Trustee of the International Council of Shopping Centers (ICSC).

Mr. Coradino has been engaged in real estate development, management and leasing for substantially all of his professional life and currently serves as PREIT's Chief Executive Officer. Prior to becoming the Chief Executive Officer, Mr. Coradino served for a number of years as the senior officer for PREIT's retail operations and as the principal officer in charge of redevelopment projects. Prior to joining PREIT as a senior executive in 1997, Mr. Coradino was an executive of The Rubin Organization, which was acquired by PREIT in 1997. Mr. Coradino brings to the Board an extensive knowledge of the properties and leasing program of PREIT and of trends and developments in the retail industry that are of vital significance to PREIT.

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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
M. Walter D Alessio	31,171 <sup>(5)</sup>	*

Age: 81

Trustee since: 2005; Lead Independent Trustee since January 1, 2011

Since 2012, Principal of NorthMarq Advisors, a real estate advisory firm. Formerly Vice Chairman of NorthMarq Capital, a Minneapolis-based real estate investment banking firm with an office in Philadelphia, and Senior Managing Director of NorthMarq Advisors, since 2003. Non-executive Chairman of the Board of Brandywine Realty Trust (office and industrial real estate development and management), headquartered in Radnor, Pennsylvania, since 2004. Serves on the boards of directors of PECO Energy Company, a subsidiary of Exelon Corporation, Independence Blue Cross (Chairman) and the Greater Philadelphia Chamber of Commerce. From 1982 to 2003, served as Chairman and Chief Executive Officer of Legg Mason Real Estate Services, Inc., a commercial mortgage, banking and pension fund advisory firm headquartered in Philadelphia.

Mr. D Alessio has served in senior executive positions with private companies and quasi-governmental organizations in the real estate sector for substantially all of his professional life. By reason of this extensive experience, as well as his continuing service on the boards of public agencies, non-profit organizations and corporations, Mr. D Alessio has gained an extraordinary degree of expertise in real estate valuation, finance and capital markets, corporate governance and executive compensation. In addition, Mr. D Alessio's active participation in governmental and community affairs enables him to provide valuable insights into matters of public policy and related considerations that affect the development of the properties of PREIT.

Michael J. DeMarco	0 <sup>(6)</sup>	*
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Age: 55

Chief Investment Officer of Cantor Commercial Real Estate Company, L.P. from 2013 to 2014. Executive Vice President of Vornado Realty Trust from 2010 to 2013. Managing Director at Fortress Investment Group from 2007 to 2010. Managing Director at Lehman Brothers from 1998 to 2007. Senior positions at Credit Suisse First Boston and Arthur Andersen LLP.

From his career in real estate investment banking and commercial finance, Mr. DeMarco has extensive experience in all aspects of real estate finance and real estate mergers and acquisitions, and possesses a very deep knowledge and understanding of real estate capital markets, such as the CMBS market, as well transactions and valuations. Mr. DeMarco's substantial experience will enable him to offer valuable insights into the financial environment in which the Company is operating.

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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
<p><b>Principal Occupation, Affiliations and Qualifications</b></p> <p>Rosemarie B. Greco</p> <p>Age: 68</p> <p>Trustee since: 2012 (and from 1997 to 2011)</p> <p>Founding Principal, Grecoventures Ltd. (business investment and consulting partnership). Former Executive Director of the Pennsylvania Office of Health Care Reform. Former CEO and President, CoreStates Bank, N.A. and President, CoreStates Financial Corp. Director of Universal Display Corporation (LED display and lighting products) and PECO Energy Company, a subsidiary of Exelon Corporation. Member of the Board of Overseers of the University of Pennsylvania School of Nursing. Co-Chair of Vision 2020, a national coalition of organizations advancing women and leadership. Former corporate director of Exelon Corporation, Sunoco, Inc., General Accident Insurance (USA), Cardone Industries, Inc., Genuardi's Family Markets, Inc. and Radian, Inc.; former trustee of SEI I Mutual Funds; former Chair of the Greater Philadelphia Chamber of Commerce; former President and CEO of the Philadelphia Private Industry Council; former member of the Philadelphia Planning Commission and Board of Education; and former Chair of the Pennsylvania Workforce Investment Board.</p> <p>By virtue of her experience as a senior officer in the banking industry, her senior policy-making role in government and her service as a director of several large public companies engaged in diverse businesses, Ms. Greco adds significant depth to the Board's competencies in the areas of organizational development, corporate governance, executive compensation, strategic planning, finance and community and government affairs.</p>	15,907 <sup>(7)</sup>	*
<p>Leonard I. Korman</p> <p>Age: 79</p> <p>Trustee since: 1996</p> <p>Chairman and Chief Executive Officer, Korman Commercial Properties, Inc. (real estate development and management). Partner of The Korman Company, trustee of Thomas Jefferson University and member of the Albert Einstein Health Care Network Board of Overseers. Former director of CoreStates Bank, N.A. Served on the Regional Advisory Board of First Union National Bank, and the boards of The Pennsylvania Academy of Fine Arts and the Jewish Federation of Greater Philadelphia.</p> <p>Mr. Korman has been engaged in the acquisition, disposition, financing and management of residential and commercial real estate (including shopping centers) as an owner and senior executive for his entire adult life. In addition, he has served as a director of a large regional bank and on the boards of major community organizations. From this experience, Mr. Korman brings to the Board of Trustees an extensive knowledge of substantially all aspects of real estate investment,</p>	511,581 <sup>(8)</sup>	*

development and ownership, as well as valuable capabilities in strategic planning and finance.



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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
<p><b>Principal Occupation, Affiliations and Qualifications</b></p> <p>Mark E. Pasquerilla<sup>(9)</sup></p>	122,271 <sup>(10)</sup>	*

Age: 55

Trustee since: 2003

Officer and director of Pasquerilla Enterprises, LP and its subsidiaries since 2006 (Chief Executive Officer since 2013, President from 2006 to 2013). Officer of Crown American Enterprises, Inc. from 1992 to 2013 and director from 2012 to 2013. President and Chairman of Crown Holding Company and its various subsidiaries and affiliates from 1999 to 2006. Vice Chairman and President of Crown Holding Company from 1993 to 1999. Chairman of the Board of Trustees, President and Chief Executive Officer of Crown American Realty Trust from 1999 to 2003. Vice Chairman of Crown American Realty Trust from 1998 to 1999. Trustee of Crown American Realty Trust from 1993 to 2003. Director of AmeriServ Financial, Inc., AmeriServ Financial Bank and AmeriServ Life Insurance Company since 1997. Board member of Concurrent Technologies Corporation, a charitable organization, since 1990. Board member of the Community Foundation for the Alleghenies, a charitable organization, since 1991. Advisory board member of the University of Pittsburgh at Johnstown since 1988. Board member of Johnstown (Pennsylvania) Area Heritage Association; President of the Greater Johnstown Regional Partnership; and Trustee of the International Council of Shopping Centers from 2002 to 2005.

As the Chairman and Chief Executive Officer of Crown American Realty Trust at the time of its merger into PREIT in 2003, Mr. Pasquerilla brings to the Board a broad understanding of the retail real estate industry and knowledge of the properties acquired by PREIT from Crown American Realty Trust and the communities that they serve. Mr. Pasquerilla served as a trustee of the International Council of Shopping Centers, a leading trade organization, and is currently a director of a publicly-owned bank and on the boards of several community organizations. Mr. Pasquerilla's competencies are derived from his business experience and community service activities, and include a knowledge of real estate acquisitions, finance and management, private and public capital markets, organizational development and strategic planning.

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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
Charles P. Pizzi	10,399 <sup>(11)</sup>	*

Age: 64

Trustee since: 2013

Former President and Chief Executive Officer and director of Tasty Baking Company from 2002 until the company's sale in 2011. Director of Brandywine Realty Trust (office and industrial real estate development and management), PHH Corporation (residential mortgage originator), Allied Security Holdings LLC (security officer services), Franklin Square Energy & Power Fund and Franklin Square Global Credit Opportunities Fund. Former director of the Federal Reserve Bank of Philadelphia from 2006 to 2011, including service as Chairman from 2010 to 2011. Former director of the Philadelphia Stock Exchange from 1997 until its acquisition by NASDAQ in 2008. President and Chief Executive officer of the Greater Philadelphia Chamber of Commerce from 1989 to 2002. Director of a variety of civic, educational, charitable and other boards, including the boards of Drexel University and Independence Blue Cross.

Mr. Pizzi's career is unusually extensive and varied, including nine years as president and chief executive officer of a public company, service as a director of companies engaged in real estate, health insurance, construction, engineering, investment and security operations, and a broad range of civic and community leadership and service. By reason of his experience, Mr. Pizzi brings to the Board a diverse combination of business, operational, public company, community and governmental knowledge and skills.

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<b>Nominees for the Office of Trustee</b>	<b>Common Shares Beneficially Owned on March 31, 2015<sup>(1)</sup></b>	
<b>Principal Occupation, Affiliations and Qualifications</b>	<b>Number</b>	<b>Percent of Class<sup>(2)</sup></b>
John J. Roberts	15,008 <sup>(12)</sup>	*
Age: 70		
Trustee since: 2003		
Former Global Managing Partner and member of the Leadership Team, PricewaterhouseCoopers LLP, completing a 35 year career with the firm in 2002. Director, Armstrong World Industries, Inc., Safeguard Scientifics, Inc. and Vonage Holdings Corp. Member of the American Institute of CPAs. Former director of SICOR, Inc., Philadelphia First Corporation, Greater Philadelphia Chamber of Commerce, Urban Affairs Partnership, and the University City Science Center. Former member of the advisory boards of the Kellogg School of Northwestern University, and the University of Southern California School of Accounting. Former trustee of Drexel University.		

By reason of his 35 year career in public accounting, which included service as a senior executive with a global accounting firm, and his service on the boards and audit committees of other public companies, Mr. Roberts brings an exceptionally high level of accounting and audit expertise to the Board and the Audit Committee. His experience has enabled Mr. Roberts to interact knowledgeably and effectively with PREIT's independent auditors and with the accounting and finance managers of PREIT. In addition, his experience as an accounting executive and as a board member of businesses in diverse industries and nonprofit organizations has given Mr. Roberts additional capabilities, including strategic planning and corporate governance.

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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
<p><b>Principal Occupation, Affiliations and Qualifications</b></p> <p>Ronald Rubin<sup>(3)(13)</sup></p>	1,261,833 <sup>(14)</sup>	1.8%

Age: 83

Trustee since: 1997

Executive Chairman of PREIT since 2012. Chairman of PREIT from 2001 to 2012. Chief Executive Officer of PREIT from 1997 to 2012. Chairman and Chief Executive Officer of The Rubin Organization, Inc. (renamed PREIT-RUBIN, Inc. upon its acquisition by PREIT in 1997) from 1992 to 1997. Trustee of the International Council of Shopping Centers. Past Chairman of the Center City District and past Chairman of the Greater Philadelphia Chamber of Commerce. Director of PECO Energy Company, a subsidiary of Exelon Corporation. Director of the Kimmel Center, Inc., Past President of the Jewish Federation of Greater Philadelphia. Co-Chairman of the National Museum of American Jewish History and served on the boards of the Franklin Institute, the Philadelphia Orchestra and the United Jewish Appeal.

Mr. Rubin has been engaged in real estate ownership, development and management for his entire adult life and is widely recognized as a leader in the industry. Prior to becoming Chief Executive Officer of PREIT in 1997, Mr. Rubin was chief executive officer of The Rubin Organization, which was acquired by PREIT in 1997. PREIT acquired The Rubin Organization, in significant part, to secure the leadership and extensive real estate industry knowledge, experience and relationships of Mr. Rubin and the team of executives that he had assembled. Mr. Rubin brings to the Board of Trustees extensive business experience, effective leadership and a vast knowledge of PREIT, its properties and the real estate industry.

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Executive Officers	Shares Beneficially Owned On March 31, 2015 <sup>(1)</sup>	
	Number	Percent of Class <sup>(2)</sup>
Jonathen Bell	42,281 <sup>(15)</sup>	*
Age: 47		
Senior Vice President of PREIT since 2007. Chief Accounting Officer of PREIT since 2006. Vice President-Financial Services of PREIT from 1999 to 2007. From 2003 to 2006, Corporate Controller of PREIT. From 1997 to 1999, controller of Washington REIT in Rockville, Maryland.		
Bruce Goldman	125,566 <sup>(16)</sup>	*
Age: 56		
Executive Vice President and General Counsel of PREIT since 2002, and Secretary of PREIT since 2005. From 2001 to 2002, Senior Vice President-General Counsel of PREIT. From 2000 to 2001, Senior Vice President-Legal of PREIT. From 1997 to 2000, Vice President of New City Development, the development subsidiary of Mirage Resorts, Inc.		
Andrew M. Ioannou	56,134 <sup>(17)</sup>	*
Age: 40		
Executive Vice President-Finance and Acquisitions of PREIT since 2015. Senior Vice President-Capital Markets and Treasurer of PREIT since 2010. Vice President-Capital Markets of PREIT Services, LLC and PREIT-RUBIN, Inc. from 2005 to 2010.		
Robert F. McCadden	289,682 <sup>(18)</sup>	*
Age: 57		
Executive Vice President and Chief Financial Officer of PREIT since 2004. From 2002 to 2004, Partner of KPMG LLP. From 1993 to 2002, Partner of Arthur Andersen LLP. Director of Independence Realty Trust, Inc. (multifamily real estate investment and management) since 2011 and Trustee of Universal Health Realty Income Trust (health care real estate investment and management) since 2013.		
Mario C. Ventresca, Jr.	44,884 <sup>(19)</sup>	*
Age: 48		
Executive Vice President-Operations of PREIT Services, LLC since 2015. Senior Vice President-Asset Management from 2005 to 2015. Vice President-Retail Asset Management Markets from 2000 to 2005.		
All Trustees and executive officers as a group (14 persons)	3,105,170 <sup>(20)</sup>	4.4%

\* Less than one percent.

(1) Unless otherwise indicated in the following footnotes, each trustee and executive officer has sole voting and investment power with respect to all such shares.

(2) Based on 69,116,285 common shares of beneficial interest outstanding as of March 31, 2015.

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- (3) The employment agreements between PREIT and each of Joseph F. Coradino and Ronald Rubin provide that, during the term of their respective employment agreements, the Board of Trustees shall nominate Joseph F. Coradino and Ronald Rubin, respectively, as a candidate for election to the Board of Trustees at each annual meeting at which his term as a trustee is scheduled to expire.
- (4) Includes 404,423 shares that Mr. Coradino owns directly, 6,011 Class A units of limited partnership interest in PREIT Associates, L.P. that Mr. Coradino owns directly, 64,461 Class A units of limited partnership interest in PREIT Associates, L.P. held by Mr. Coradino's spouse, and 39,126 Class A units held by a trust of which Mr. Coradino's spouse is a trustee and his child is a beneficiary. Class A units are redeemable for cash or, at PREIT's option, for a like number of common shares. Mr. Coradino disclaims beneficial ownership of the Class A units held by or for the benefit of his spouse.
- (5) Includes 26,171 shares that Mr. D. Alessio owns directly and 5,000 shares subject to exercisable options.
- (6) Mr. DeMarco does not currently own any shares. If elected, Mr. DeMarco would become subject to our share ownership and retention guidelines for non-employee trustees. He would also become eligible to receive future awards of restricted shares, which we have typically granted annually to our non-employee trustees.
- (7) Includes 12,157 shares that Ms. Greco owns directly and 3,750 shares subject to exercisable options.
- (8) Includes 372,102 shares that Mr. Korman owns directly, 420 shares owned by Mr. Korman's spouse, 116,531 shares held in trusts of which Mr. Korman is a co-trustee, 10,528 shares held in trusts of which Mr. Korman is a co-trustee and the sole beneficiary, and 12,000 shares held by a family foundation. Mr. Korman disclaims beneficial ownership of the 116,531 shares held in trusts of which Mr. Korman is a co-trustee, the 420 shares owned by Mr. Korman's spouse and the 12,000 shares held by the foundation.
- (9) In accordance with the merger agreement between PREIT and Crown American Realty Trust in 2003, PREIT expanded the size of its Board of Trustees and elected Mr. Pasquerilla, who was a member of Crown's board at the time of the merger, to fill a vacancy created by the expansion.
- (10) Includes 25,146 shares that Mr. Pasquerilla owns directly, 45,211 shares held by Marenrico Partnership, and 51,914 shares held by Pasquerilla Enterprises, LP, an entity controlled by Mr. Pasquerilla. All of the shares held by Pasquerilla Enterprises, LP are pledged as collateral to First Commonwealth Bank, 33,575 shares held by Marenrico Partnership are pledged as collateral to Merrill Lynch with respect to a margin account, and 18,903 shares held by Mr. Pasquerilla directly are in a pledged account with Merrill Lynch.
- (11) Includes 7,899 shares that Mr. Pizzi owns directly and 2,500 shares subject to exercisable options.
- (12) Mr. Roberts directly owns all 15,008 shares.
- (13) In accordance with an agreement that PREIT entered into in connection with its 1997 acquisition of The Rubin Organization, Inc., the Board of Trustees of PREIT elected Ronald Rubin as a trustee of PREIT in 1997 to fill a vacancy created by the resignations of a former trustee.
- (14) Includes 182,871 shares that Ronald Rubin owns directly, 27,800 shares held by the Non-QTIP Marital Trust under the Will of Richard I. Rubin, of which Ronald Rubin is a beneficiary (the Marital Trust), 5,000 shares held by a trust of which Ronald Rubin is a trustee and beneficiary, 8,584 shares held by trusts of which Ronald Rubin is a trustee, and 1,037,578 Class A units of limited partnership interest in

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PREIT Associates, L.P. that are redeemable for cash or, at PREIT's option, for a like number of common shares, 86,934 of which are held by the Marital Trust and 5,227 of which are held by Pan American Office Investments, L.P. Ronald Rubin controls and holds substantial ownership interests in Pan American Office Investments, L.P.



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- (15) Mr. Bell directly owns all 42,281 shares.
- (16) Mr. Goldman directly owns 19,232 shares and shares voting and investment power as to an additional 106,334, shares with his spouse.
- (17) Mr. Ioannou directly owns 12,634 shares and shares voting and investment power as to an additional 43,500 shares with his spouse.
- (18) Mr. McCadden directly owns 289,682 shares and shares voting and investment power as to an additional 18,644 shares with his spouse.
- (19) Mr. Ventresca directly owns 25,897 shares and shares voting and investment power as to an additional 18,987 shares with his spouse.
- (20) Includes 1,946,745 shares held directly or indirectly, 11,250 shares subject to exercisable options and an aggregate of 1,147,175 Class A units of limited partnership interest in PREIT Associates, L.P. that are redeemable for cash or, at PREIT's option, for a like number of common shares. Also includes the 33,717 shares owned by Donald F. Mazziotti, a current trustee who is not standing for reelection.
- Majority Voting Standard for Trustee Elections and Board Procedures*

With respect to the election of trustees, assuming a quorum is present, and subject to the majority voting provisions of our corporate governance guidelines described below, the nine nominees receiving the highest number of votes cast at the Annual Meeting will be elected trustees. If you mark your proxy as *Withhold Authority* in the election of any of the trustees, or if you give specific instructions that no vote be cast in the election of any of the trustees, the shares represented by your proxy will not be voted in the election of such trustee(s), but will count toward the establishment of a quorum.

Pursuant to PREIT's corporate governance guidelines, if any nominee for trustee receives a greater number of *Withhold Authority* responses regarding his or her election than votes *FOR* his or her election, that nominee will be required to promptly tender his or her resignation to the Nominating and Governance Committee of the Board of Trustees following certification of the shareholder vote. The Nominating and Governance Committee of the Board of Trustees will consider the resignation offer and recommend to the Board of Trustees whether or not to accept it. The Board of Trustees (excluding such nominee) will act on the Nominating and Governance Committee's recommendation within 90 days following certification of the shareholder vote. Thereafter, the Board of Trustees will promptly disclose its decision as to whether to accept the trustee's resignation offer (and, if applicable, the reasons for rejecting the resignation offer) in a press release to be disseminated in the manner that PREIT's press releases typically are distributed or by other means of public disclosure.

Any trustee tendering his or her resignation pursuant to the procedures described above will not participate in the Nominating and Governance Committee recommendation or any other action of the Board of Trustees regarding whether to accept the resignation. If each member of the Nominating and Governance Committee were to receive a majority of votes marked *Withhold Authority* in the same election, then the independent members of our Board of Trustees who did not receive a majority of votes marked *Withhold Authority* would appoint a committee among themselves (which may consist of some or all of them) to consider the resignations and recommend to the Board of Trustees whether to accept them.

*Board Recommendation*

Our Board of Trustees recommends that shareholders vote *FOR* the election of each of the individuals named in this Proxy Statement and nominated for election as trustees by our Board of Trustees.

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### **CORPORATE GOVERNANCE AND BOARD MATTERS**

#### *Leadership Structure*

In June 2012, Joseph F. Coradino became Chief Executive Officer of PREIT, succeeding Ronald Rubin, who retired as Chief Executive Officer but remains as Executive Chairman. Ronald Rubin had been Chief Executive Officer since 1997 and Chairman since 2001. Mr. Coradino had been a senior officer of PREIT since he joined the Company in 1997 and has been a Trustee of the Company since 2006. The Board of Trustees believes that promoting Mr. Coradino to the role of Chief Executive Officer, while retaining the knowledge and experience of Mr. Rubin as Executive Chairman, facilitated a smooth transition of leadership from Mr. Rubin to Mr. Coradino.

The Board of Trustees also previously appointed M. Walter D. Alessio to a fourth one-year term as Lead Independent Trustee that commenced on January 1, 2014 and extends to the 2015 Annual Meeting of Shareholders of the Company. The scope of Mr. D. Alessio's responsibilities in this role includes board operations, Chief Executive Officer evaluation and succession, Board of Trustees evaluation and recruitment, and, as appropriate, shareholder relations.

The Board believes that this structure, including a Lead Independent Trustee, Executive Chairman and CEO, is appropriate and effective for PREIT because it enables PREIT to continue to benefit from Ronald Rubin's extensive experience, knowledge, relationships and leadership in the real estate industry while it also (i) provides a separate conduit through the Lead Independent Trustee between the independent trustees and the CEO, Executive Chairman and other executive officers of PREIT, as appropriate, (ii) provides an additional mechanism for oversight by the independent trustees, and (iii) provides a means of enhancing conditions for engagement by the Board in PREIT's decision-making processes. The Board currently includes seven non-employee trustees who, by virtue of their collective leadership experience and their positions on the various committees of the Board discussed below, provide significant independent leadership and direction that complements the leadership provided by the Lead Independent Trustee, Ronald Rubin and Joseph F. Coradino.

#### *Role in Risk Oversight*

The full Board is responsible for, and is actively involved in, identifying and overseeing the management of the risks that PREIT faces. The Board retains direct decision making authority regarding the most significant of these risks, and exercises its oversight of management with respect to other risks. With respect to the exercise of direct decision making, the Board generally manages these risks through (i) the allocation of specific duties and responsibilities to its committees, and the interaction of those committees, in performing the duties and responsibilities allocated to them, and (ii) with the engagement of various outside consultants, including our independent auditor and our compensation consultant. The Board typically performs its oversight function through review of reports from the Chairs of these committees, as well as through discussions and reports from management regarding any significant or developing risks. Among other relevant information, the Board receives a report annually from management describing management's methodology for identifying, assessing, mitigating, monitoring and disclosing operational and other risks. In addition, management periodically distributes and discusses with the Board an annotated list of the risks identified and discussed in the most recently filed Annual Report on Form 10-K of PREIT. The Board believes that the leadership structure discussed above, which places significant authority in the hands of its independent trustees while involving employee trustees in Board decision-making, enhances its ability to identify and oversee the risks that PREIT faces.

#### *Committees of the Board*

PREIT has a standing Executive Compensation and Human Resources Committee (the Compensation Committee), a standing Audit Committee, a standing Nominating and Governance Committee and a standing Special Committee under PREIT's Related Party Transactions Policy. PREIT's by-laws authorize the establishment of a standing executive committee to consist of three members. PREIT's Board of Trustees has not

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appointed any members to the executive committee. If duly constituted, the executive committee would be authorized to exercise all of the powers and authority of the Board of Trustees between meetings of the Board of Trustees, except for matters that are expressly reserved by PREIT's by-laws to the full Board of Trustees or to another committee of the Board of Trustees.

*Executive Compensation and Human Resources Committee.* The Compensation Committee is comprised of Charles P. Pizzi, Chair, M. Walter D. Alessio, Leonard I. Korman and John J. Roberts. The principal duties of the Compensation Committee are to set the annual and long term compensation of PREIT's executive officers in light of existing agreements and consistent with compensation objectives and policies established by the Compensation Committee, to make recommendations to PREIT's Board of Trustees regarding incentive compensation and equity-based plans, and to administer these plans. The Compensation Committee does not have the authority to delegate any portion of its responsibilities over the compensation of PREIT's executive officers to others, although it is assisted by, and consults with, others.

The Compensation Committee met seven times during 2014. Meeting agendas are set by the Chair. The Compensation Committee considers the recommendations of PREIT's Chief Executive Officer and Executive Chairman in establishing compensation for the named executive officers other than the Chief Executive Officer and the Executive Chairman, and invited the Chief Executive Officer and the Executive Chairman to participate in compensation deliberations by the Compensation Committee concerning PREIT's named executive officers other than the Chief Executive Officer and the Executive Chairman.

The Compensation Committee has the exclusive authority to retain and terminate the services of executive compensation consultants to assist in the evaluation of executive officer compensation. The Compensation Committee evaluates the conflicts of interest of any consultant retained or to be retained consistent with its charter and applicable law. In October 2010, the Compensation Committee engaged Pay Governance, LLC to serve as the consultant to the Compensation Committee. The consultant periodically advises the Compensation Committee on developing compensation trends and programs among REITs and other public companies. The consultant also presents, from time to time, at the Compensation Committee's direction, compensation data from several sources, including a proprietary survey of executive compensation among REITs prepared for the National Association of Real Estate Investment Trusts ( NAREIT ) and from the proxy statements of selected REITs.

The Compensation Committee's process for setting executive compensation is described under Compensation Compensation Discussion and Analysis.

*Audit Committee.* The Audit Committee, which is comprised of John J. Roberts, Chair, Rosemarie B. Greco, Donald F. Mazziotti and Charles P. Pizzi, met four times during 2014. The principal duties of the Audit Committee are to oversee PREIT's accounting and financial reporting processes and the audit of PREIT's financial statements, to select and retain independent auditors, to review with management and the independent auditors PREIT's annual financial statements and related notes, to review PREIT's internal audit activities, to review with the independent auditors the planned scope and results of the annual audit and their reports and recommendations, and to review with the independent auditors matters relating to PREIT's system of internal controls.

PREIT's audit committee charter provides that no member of the Audit Committee may serve on the audit committee of more than two other public companies unless the Board of Trustees determines that such service would not impair the member's ability to effectively serve on PREIT's Audit Committee. John J. Roberts presently serves on the audit committees of three public companies other than PREIT. The Board of Trustees has considered Mr. Roberts' service on these other audit committees and has determined that Mr. Roberts' service on the other audit committees will not impair his ability to effectively serve in his role on PREIT's Audit Committee.

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*Nominating and Governance Committee.* The Nominating and Governance Committee, which is comprised of Rosemarie B. Greco, Chair, M. Walter D. Alessio, Leonard I. Korman, Donald F. Mazziotti and Mark E. Pasquerilla, met five times during 2014. The principal duties of the Nominating and Governance Committee are to identify individuals qualified to become trustees of PREIT, recommend trustee nominees and trustee committee appointments to the Board of Trustees, review annually the compensation paid to non-employee trustees, develop and recommend a set of governance principles applicable to PREIT, and oversee the evaluation of the performance of PREIT's Board of Trustees and management with respect to matters other than compensation.

While it does not maintain a formal policy on diversity, the Nominating and Governance Committee chooses candidates for the office of trustee without regard to sex, race, religion, national origin or sexual orientation. In selecting candidates for the position of trustee, the Nominating and Governance Committee and the full Board recognize that diversity is valuable to a well-functioning board, aspire to increase Board diversity as an essential element in supporting the attainment of PREIT's strategic objectives, and consider diversity in a broad sense, including differences of perspectives, experiences, expertise, skills and background. Its charter specifies the following minimum qualifications, qualities and skills that a committee-recommended nominee must possess: the highest character and integrity; sufficient experience to enable a meaningful contribution to PREIT and its Board of Trustees; and sufficient time available to devote to PREIT's affairs and to carry out the responsibilities of a trustee. The Nominating and Governance Committee does not solicit recommendations from shareholders regarding trustee nominee candidates, but will consider any such recommendation received in writing and accompanied by sufficient information to enable the Nominating and Governance Committee to assess the candidate's qualifications, along with confirmation of the candidate's consent to serve as a trustee if elected. Such recommendations should be sent care of Bruce Goldman, Executive Vice President, General Counsel and Secretary, Pennsylvania Real Estate Investment Trust, The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102. Any recommendation received from shareholders after January 1 of any year will not be considered until the following year. In addition to considering candidates recommended by shareholders, the Nominating and Governance Committee considers potential candidates recommended by PREIT's current trustees and officers, and is authorized to utilize independent search firms to assist in identifying candidates. The process for screening candidates is the same regardless of the source of the recommendation, but only shareholder recommendations are subject to the January 1 deadline for submission for consideration in any given year. In each case, the Nominating and Governance Committee determines whether a recommended candidate meets PREIT's minimum qualifications and possesses the qualities and skills for trustees, and whether requesting additional information or an interview is appropriate.

*Special Committee Regarding PREIT's Related Party Transactions Policy.* The Special Committee relating to PREIT's Related Party Transactions Policy, which is comprised of M. Walter D. Alessio, Chair, Leonard I. Korman, Donald F. Mazziotti and Mark E. Pasquerilla, did not meet during 2014. The principal duties of the Special Committee are to administer PREIT's Related Party Transactions Policy by reviewing those transactions that PREIT's General Counsel determines to be subject to the policy. See *Other Matters* Related Party Transactions Policy.

### *Meetings of Independent Trustees*

In addition to PREIT's Board and committee meetings, the independent members of PREIT's Board of Trustees meet separately at regularly scheduled meetings. The Lead Independent Trustee presides at these meetings. See *Corporate Governance Guidelines and Codes of Conduct* Trustee Independence.

### *Communicating with the Board of Trustees*

Any interested party wishing to communicate with PREIT's Board of Trustees, the independent trustees or any individual PREIT trustee on a confidential basis may do so in writing addressed, as applicable, to the Board of Trustees, the independent trustees or the individual trustee and sent care of Bruce Goldman, Executive Vice

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President, General Counsel and Secretary, Pennsylvania Real Estate Investment Trust, The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102. PREIT's General Counsel will review any such communication and will deliver such communications to the addressee.

### *Meetings of the Board of Trustees*

The Board of Trustees met 11 times during 2014. All of the trustees attended at least 75% of Board and applicable committee meetings in 2014. The Board of Trustees' policy is that trustees are expected to attend PREIT's Annual Meeting of Shareholders. Last year, all of the trustees attended the Annual Meeting.

### *Corporate Governance Guidelines and Codes of Conduct*

PREIT's corporate governance guidelines, code of business conduct and ethics for non-employee trustees, code of business conduct and ethics for officers and employees (which includes the code of ethics applicable to our chief executive officer, principal financial officer and principal accounting officer), related party transactions policy and the governing charters for the Audit, Nominating and Governance and Compensation Committees of PREIT's Board of Trustees are available free of charge on PREIT's website at [www.preit.com](http://www.preit.com), as well as in print to any shareholder upon request. PREIT's Board of Trustees and Nominating and Governance Committee regularly review corporate governance developments and modify these guidelines, codes and charters as warranted. Any modifications or waivers are reflected on PREIT's website as soon as practicable.

### *Trustee Independence*

All of PREIT's non-employee trustees are independent. Including employee trustees, more than three quarters (seven out of nine) of the members of PREIT's Board of Trustees in the period from 2014 to 2015 are independent. If all of the candidates for trustee at the Annual Meeting are elected, seven out of nine trustees for the period from 2015 to 2016 will again be independent. For a trustee to be considered independent, PREIT's Board of Trustees must determine that the trustee does not have any direct or indirect material relationship with PREIT. PREIT's Board of Trustees has established guidelines to assist it in determining trustee independence, which are contained in the Company's corporate governance guidelines. These guidelines conform to the independence requirements contained in the New York Stock Exchange listing rules. In addition, PREIT's Board of Trustees has adopted categorical standards to assist it in making determinations of independence.

### *Standards of Independence*

The guidelines and the categorical standards used by PREIT's Board of Trustees to determine whether a trustee is independent specify that:

1. Other than in his or her capacity as a trustee or shareholder of PREIT, no independent trustee shall have a material relationship with PREIT (either directly or as a partner, shareholder, officer or other affiliate of an organization, including a charitable organization, that has a material relationship with PREIT). For this purpose, a trustee shall be presumed not to have a material relationship with PREIT if he or she is not and, within the past two years, has not been an executive officer of, or the direct or indirect owner of more than 10% of the equity interest in, any business or professional entity:

that within the last two years has made or received, or going forward proposes to make or receive, payments to or from PREIT or any of its subsidiaries for property or services in excess of 5% of (i) PREIT's consolidated gross revenues for its last full fiscal year, or (ii) the other entity's consolidated gross revenues for its last full fiscal year; or

to which PREIT or any of its affiliates is indebted in an aggregate amount exceeding 5% of PREIT's total consolidated assets as of the end of PREIT's last full fiscal year.

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2. No independent trustee shall have been employed by PREIT, and no immediate family member of an independent trustee shall have been an executive officer of PREIT, within the past three years.
3. No independent trustee shall have received more than \$120,000 in direct annual compensation from PREIT within the past three years, other than trustee and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
4. No independent trustee shall have been affiliated with or employed by a present or former auditor of PREIT within the last three years.
5. Within the last three years, no independent trustee shall have been an employee of another company if an executive officer of PREIT then served on the compensation committee of such other company.
6. Within the last three years, no independent trustee shall have served as an executive officer or employee of a company that made payments to, or received payments from, PREIT for property or services in an amount which, in any single fiscal year, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.
7. No immediate family member of an independent trustee shall fit within the categories prohibited by any of the foregoing (other than with respect to the prohibition on employment by PREIT, which addresses immediate family members directly), and no independent trustee may have any relationships with PREIT that are substantially similar to any of the categories prohibited by the foregoing.
8. Independent trustees shall satisfy any other independence criteria required by applicable law or regulation or established by the Board of Trustees.

The Board of Trustees determined that the following seven members of PREIT's current nine member Board satisfy the New York Stock Exchange's independence requirements and PREIT's guidelines: M. Walter D. Alessio, Rosemarie B. Greco, Leonard I. Korman, Donald F. Mazziotti, Mark E. Pasquerilla, Charles P. Pizzi and John J. Roberts.

All members of each of the Compensation Committee, Audit Committee and Nominating and Governance Committee of PREIT's Board of Trustees must be, and are, independent trustees. Members of the Audit Committee must also, and do, satisfy additional Securities and Exchange Commission independence requirements, which provide that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from PREIT or any of its subsidiaries other than compensation for serving on PREIT's Board of Trustees or on committees of PREIT's Board of Trustees.

### *Board Service*

Over the past three years, five trustees of the Company left the Board of Trustees, most of whom had served for more than 10 years. This year, the Board is recommending the election of Mr. DeMarco as a new independent trustee. Two years ago, Mr. Pizzi joined the Board, and three years ago, the Board welcomed Ms. Greco back following a short break in service. The Nominating and Governance Committee may consider, among other things, the relative mix of the lengths of service of trustees in making recommendations for nominees as trustee.

### *Related Party Transactions Policy*

PREIT's Board of Trustees has adopted a written policy related to the review and approval or ratification of related party transactions. The procedures set forth in the policy do not replace or supersede any other policies or procedures related to the approval of transactions by PREIT as set forth in PREIT's other corporate governance policies or as required by law. See *Other Matters* Related Party Transactions Policy.



**Table of Contents***Compensation Committee Interlocks and Insider Participation*

No member of PREIT's Compensation Committee is or was during 2014 an employee, or is or ever has been an officer, of PREIT or its subsidiaries. No executive officer of PREIT served as a director or a member of the compensation committee of another company, one of whose executive officers serves as a member of PREIT's Board of Trustees or Compensation Committee.

*Section 16(a) Beneficial Ownership Reporting Compliance*

Section 16(a) of the Securities Exchange Act of 1934 requires PREIT's executive officers and trustees and persons who own more than ten percent of a registered class of PREIT's equity securities (collectively, the reporting persons) to file reports of ownership and changes in ownership with the Securities and Exchange Commission and to furnish PREIT with copies of these reports. Based on PREIT's review of the copies of the reports it has received, and written representations received from certain reporting persons with respect to the filing of reports on Forms 3, 4 and 5, PREIT believes that all filings required to be made under Section 16(a) by the reporting persons since the beginning of 2014 were made on a timely basis.

*2014 Trustee Compensation*

Each trustee who is not an employee of PREIT received an annual retainer in 2014 of \$35,000, plus \$1,500 per Board of Trustees or committee meeting in which the trustee participated. In addition, the Lead Independent Trustee receives an additional retainer of \$25,000, the Chair of PREIT's Audit Committee receives an additional retainer of \$15,000, while the Chairs of the Compensation Committee and the Nominating and Governance Committee each receive an additional annual retainer of \$10,000, and the Chair of the Special Committee established under PREIT's Related Party Transactions Policy receives an additional annual retainer of \$5,000. Non-employee trustees also typically receive restricted shares annually which vest over one year.

In 2014, the Board of Trustees determined that the award of restricted shares to non-employee trustees would again be equal in value to \$75,000, which equated to 3,992 shares based on the \$18.79 average of the closing prices of PREIT shares for the 20 trading days prior to the date of grant. The shares were awarded under the Second Amended and Restated 2003 Equity Incentive Plan.

The following table summarizes the fees and other compensation earned by our non-employee trustees for their service on our Board of Trustees and any committees of the Board of Trustees during 2014.

Name	Fees Earned		Total (\$)
	or Paid in Cash (\$)	Stock Awards (\$) <sup>(1)</sup>	
M. Walter D. Alessio	99,500	75,848	175,348
Rosemarie B. Greco	73,500	75,848	149,348
Leonard I. Korman	69,500	75,848	145,348
Donald F. Mazziotti	63,500	75,848	139,348
Mark E. Pasquerilla	57,500	75,848	133,348
Charles P. Pizzi	78,000	75,848	153,848
John J. Roberts	81,500	75,848	157,348
Ira M. Lubert <sup>(2)</sup>	3,000	0	3,000

- (1) The amounts reported in the Stock Awards column represent the grant date fair value as determined in accordance with Topic 718 based on the average of the high and low sale prices of a common share on the date of grant. For information regarding significant factors, assumptions and methodologies used in our computations pursuant to Topic 718, see Note 8, Share Based Compensation, to PREIT's consolidated financial statements included in PREIT's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.



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The following table summarizes the aggregate number of restricted shares and options held by our non-employee trustees at December 31, 2014.

<b>Name</b>	<b>Restricted Shares</b>	<b>Total Options</b>	<b>Exercisable Options</b>	<b>Unexercisable Options</b>
M. Walter D. Alessio	5,412	5,000	5,000	0
Rosemarie B. Greco	5,412	5,000	2,500	2,500
Leonard I. Korman	5,412	0	0	0
Donald F. Mazziotti	5,412	0	0	0
Mark E. Pasquerilla	5,412	0	0	0
Charles P. Pizzi	3,992	5,000	1,250	3,750
John J. Roberts	5,412	0	0	0

(2) Mr. Lubert did not stand for reelection at the 2014 Annual Meeting of Shareholders.

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**COMPENSATION**

**PROPOSAL TWO**

**ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION**

In accordance with Securities and Exchange Commission ( SEC ) requirements, our shareholders have the opportunity to vote, on a non-binding basis, to approve the compensation of our named executive officers, as disclosed in this Proxy Statement in accordance with SEC disclosure rules.

We urge you to read the Compensation Discussion and Analysis section beginning on page 24 and the compensation tables and narrative discussion beginning on page 40 of this Proxy Statement. We believe that the compensation of our named executive officers should be approved for the following reasons:

Compensation decisions are made by independent trustees who are not part of management and comprise the Executive Compensation and Human Resources Committee of our Board of Trustees (the Compensation Committee ). These decisions result from a formal, deliberative process, including advice from an independent compensation consultant selected by the Compensation Committee.

The principal goals of the Compensation Committee are to ensure that the interests of our shareholders and the interests of our named executive officers are aligned and that our named executive officers are motivated to achieve established business objectives in an effort to maximize value for our shareholders. These goals are achieved in five principal ways: (i) limiting fixed, base salary so that the largest component of the compensation of a named executive officer consists of equity and incentive compensation; (ii) emphasizing equity compensation as the principal form of compensation over cash compensation; (iii) conditioning the vesting of equity or equity-based compensation on corporate performance, primarily relative total shareholder return, and/or continued service to PREIT; (iv) tying annual cash incentives to operating performance, as measured primarily, but not exclusively, by Funds From Operations ( FFO ), and taking into consideration additional articulated performance metrics, the achievement of which are deemed important for reaching our strategic and business goals; and (v) requiring named executive officers to own minimum stated amounts of our securities. We believe that FFO is helpful to management and investors as a measure of operating performance because it excludes various items included in net income that do not relate to or are not indicative of operating performance, such as gains on sales of operating real estate and depreciation and amortization of real estate, among others. FFO is a commonly used measure of operating performance and profitability among REITs, and we use FFO as a supplemental non-GAAP measure to compare our performance for different periods to that of our industry peers. The National Association of Real Estate Investment Trusts defines FFO as net income (computed in accordance with GAAP) excluding gains and losses on sales of operating properties, extraordinary items (computed in accordance with GAAP) and significant non-recurring events that materially distort the comparative measurement of company performance over time, plus real estate depreciation and amortization; and after adjustments for unconsolidated partnerships and joint ventures to reflect funds from operations on the same basis.

The equity awards align the interests of our shareholders and our named executive officers by encouraging officers to focus on corporate performance in an effort to generate an increase in share value. Vesting of Restricted Share Units ( RSUs ) granted under our RSU Programs is dependent upon achieving certain relative total shareholder return ( TSR ) levels over a three-year period. The RSUs have directly aligned the interests of our named executive officers with the interests of our shareholders since there has been no vesting for periods when relative returns to shareholders were below the threshold under the applicable RSU Program, and vesting has occurred when relative returns to shareholders met the criteria. RSUs have been awarded in all but one year since 2006 and, based on relative TSR, none of the RSUs had vested prior to December 31, 2012. Due to the relative TSR of the

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Company for the three years ended on December 31, 2014, which placed the Company at the 95th percentile of the companies in the relevant index, resulting in the maximum payout of 150% of the number of RSUs, 345,344 shares were issued pursuant to the RSUs awarded in 2012.

The structure of our annual cash incentive awards in 2014 permitted the Compensation Committee to consider, in addition to FFO per share, the key metrics of growth in same store net operating income, the leverage ratio of the Company under its principal credit facility, occupancy costs as a percentage of tenant sales, return on assets, comparable store sales per square foot, in-line occupancy, gross rent renewal spreads and the ratio of general and administrative costs to gross revenues, which were important to the goals of the Company for the year. These key metrics were directly related to our four key strategic goals for the year: improved operating results, improved balance sheet, improved portfolio quality and positioning the Company for growth. While FFO remained the single most significant metric under the awards, the Compensation Committee had the right to consider these other metrics which, depending upon the judgment of the Committee, in the aggregate could be as or more significant than FFO in determining payments under the awards.

The general and administrative costs of the Company, which include executive compensation expense, as a percentage of revenues, declined slightly in 2014. In addition, ongoing compensation payable to senior executive officers has been reduced meaningfully by the separation of three senior officers during 2012 and one additional senior officer during 2014, none of whom has been replaced at a comparable compensation level.

We seek the approval of the resolution set forth below:

RESOLVED, that the shareholders of PREIT approve, on an advisory basis, the compensation of the named executive officers as disclosed in the Proxy Statement for the 2015 Annual Meeting of Shareholders pursuant to the applicable disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2014 Summary Compensation Table and the other related tables and accompanying narrative.

This say on pay vote is advisory, and is not binding on PREIT, the Board of Trustees or the Compensation Committee. However, we value the opinions of our shareholders and annually seek their approval in this say on pay vote. The Compensation Committee will consider the results of the vote on the resolution and evaluate whether any actions in response to the vote are necessary in connection with future compensation determinations.

### *Board Recommendation*

Our Board of Trustees recommends that shareholders vote FOR the advisory approval of the Company's executive compensation as disclosed in this Proxy Statement.

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**COMPENSATION DISCUSSION AND ANALYSIS**

*Introduction*

This Compensation Discussion and Analysis ( CD&A ) focuses on the compensation of our named executive officers: Joseph F. Coradino, Chief Executive Officer; Ronald Rubin, Executive Chairman; Robert F. McCadden, Executive Vice President and Chief Financial Officer; Bruce Goldman, Executive Vice President, General Counsel and Secretary; and George F. Rubin, our former Vice Chairman.

Each of the named executive officers other than George Rubin currently has an employment agreement, which is described in this Proxy Statement under 2014 Executive Compensation Employment Agreements beginning on page 42. The employment agreements established minimum base salaries and eligibility to participate in cash incentive and equity programs in 2014, as determined by the Compensation Committee. George Rubin's employment with the Company ended on May 29, 2014, and the Company and Mr. Rubin entered into a separation agreement that was consistent with the separation provisions of Mr. Rubin's prior employment agreement.

*2014 Performance*

PREIT's Board of Trustees and Mr. Joseph F. Coradino, our Chief Executive Officer, established specific goals for the Company and our key executives: improve the Company's portfolio quality, improve the Company's operating results, strengthen the Company's balance sheet and financial position (lower leverage ratio under our credit facility, lower interest rates, higher liquidity) and position the Company for growth. Mr. Coradino has communicated those goals to our employees and encouraged a collaborative effort among the departments within the Company for the achievement of these goals.

In 2014, Mr. Coradino and our key executives continued to execute the Company's plan to achieve the four key goals, as evidenced by the significant progress made in key metrics:

Total Shareholder Return ( TSR ) of 154.1% for the three-year period ended December 31, 2014, which ranks in the 95th percentile of the companies in the MSCI US REIT Index (that remained in the Index for the full three-year period), and TSR of 28.7% for 2014, which ranks in the 51st percentile of the companies in the MSCI US REIT Index;

an improvement in the quality of the Company's portfolio as evidenced by portfolio metrics following sales of three non-core malls and the Company's 50% interest in a fourth non-core property in 2014;

execution on our growth strategy through the agreement to acquire Springfield Town Center in Springfield, Virginia, which closed in the first quarter of 2015, and the Company's joint venture with The Macerich Company to redevelop The Gallery at Market East in Philadelphia, Pennsylvania;

FFO as adjusted per share increased 2.1%;

Same Store Net Operating Income increased by 3.1%, the largest increase in several years;

there was a further reduction in the leverage ratio of the Company under its principal credit facility (the ratio of Total Liabilities to Gross Asset value, as defined therein) to 47.6% from 48.4% in 2013 and 62.4% in 2012;

occupancy costs as a percentage of sales has increased steadily to 13.0% in 2014 from 12.7% in 2013 and 12.3% in 2012;

return on assets for 2014 was 6.9%, a 10 basis point increase from 2013;

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an increase in same store sales from \$380 per square foot in 2013 to \$394 per square foot in 2014;

an increase in total same store occupancy to 96.7% and in non-anchor same store occupancy to 94.5%;

a 4.0% increase in non-anchor lease renewal spreads over the prior rent; and

a decline in general and administrative expenses as a percentage of revenue from 7.7% in 2013 to 7.4% in 2014.

As described in more detail below, this performance was the basis for the decisions and programs of the Compensation Committee with respect to base salaries, annual incentive plan awards and long-term equity awards to the named executive officers. For example, because the Compensation Committee's performance-based long-term equity awards are designed such that higher relative TSR (above a minimum threshold) results in higher amounts of equity being issued, and because the Company's TSR for the three year period ended December 31, 2014 ranked in the 95th percentile of the companies in the MSCI US REIT Index, which is the outperformance level, our named executive officers received common shares equal to 150% of the RSUs in their accounts under the RSU Program that ended in 2014. Similarly, given the Company's operating performance for the year, the Compensation Committee determined that payouts under the Company's annual incentive plan for 2014 should generally be made at the target level.

*Executive Summary*

The principal goals of the Compensation Committee are to ensure that the interests of our shareholders and our named executive officers are aligned and that our named executive officers are motivated to achieve established business objectives designed to maximize value for our shareholders. These goals are achieved in five principal ways: (i) setting fixed, base salaries so that the largest component of compensation of a named executive officer consists of equity and incentive compensation; (ii) emphasizing equity compensation as the principal form of compensation over cash compensation; (iii) conditioning the vesting of equity or equity-based compensation principally on relative TSR and/or continued service to PREIT; (iv) tying annual cash incentives to operating performance, as measured primarily, but not exclusively, by Funds From Operations ( FFO ) per share, and taking into consideration additional articulated performance metrics, the achievement of which are deemed important for reaching our strategic and business goals; and (v) requiring named executive officers to own minimum stated amounts of our securities.

The Compensation Committee believes that long-term equity awards are particularly well-suited for aligning the interests of our shareholders and our named executive officers. Compensation in the form of equity earned over a multiple-year period helps to ensure that the named executive officers focus on corporate performance that enhances the value of our shares. These objectives are further enhanced by our share retention guidelines, which require our executives to own meaningful amounts of our shares. Consistent with prior years, the 2014 long-term equity program consisted of two components. The first component, which is performance based, consisted of the grant of restricted share units ( RSUs ) that vest and under which shares are issued based upon the TSR of PREIT during the three-year period ending December 31, 2016 relative to the TSR of companies in a broad REIT index. The second component consisted of restricted shares that generally vest in equal, annual installments over a three-year period, provided that the recipient of the restricted shares remains an employee on the vesting date. These time based restricted share grants are intended to retain the services of the officers over the longer term by providing predictable awards for continued service.

The Compensation Committee believes that annual cash incentive opportunity awards further align the interests of our shareholders and our named executive officers by rewarding achievement of key operational goals. Except for Mr. Ronald Rubin, the 2014 annual cash incentive awards provided opportunities for the named executive officers to receive cash payments equal to varying percentages of their base salaries based primarily upon achievement of FFO per share relative to our 2014 business plan. The Compensation Committee had the

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discretion to adjust the threshold, target and outperformance levels of FFO per share established under the awards if, in the judgment of the Compensation Committee, our reported FFO per share did not reflect our performance in 2014 in a manner consistent with the purposes of the cash incentive awards. The Compensation Committee also had the discretion to take into account reported FFO per share as adjusted to exclude certain items that management did not believe reflected the Company's core operating performance. Although FFO per share was the primary factor for determining cash incentive compensation for 2014, it was not expected to be the sole factor, and the Compensation Committee had the discretion to consider other business performance factors, including growth in same store net operating income, the leverage ratio of the Company under its principal credit facility, occupancy costs as a percentage of tenant sales, return on assets, sales per square foot, in-line occupancy, gross rent renewal spreads and the ratio of general and administrative costs to gross revenues, and to accord them such weight as the Compensation Committee deemed appropriate. Each of these other business performance factors relates to, and is indicative of, the achievement of the Company's four key strategic objectives of improving its portfolio quality, its operating results and its balance sheet, and positioning the Company for growth. In the case of Mr. Ronald Rubin, his 2014 cash incentive opportunity award was based upon his efforts in supporting Mr. Coradino and furthering the business goals of the Company.

While base salary increases ranged from no increase to approximately 8.3% in 2014, with the larger increases being awarded to Mr. Coradino and Mr. Goldman to reflect the nature of their roles with the Company and their strong performance in those roles, the Compensation Committee considered carefully the relative mix of base salary to other components of each executive officer's compensation before awarding any increase. The Compensation Committee also viewed each base salary increase as appropriate based on peer group and other data it reviewed.

The Compensation Committee believes that our compensation program has successfully aligned the interests of our shareholders with the interests of our named executive officers, as reflected by:

the emphasis on equity awards, combined with the requirement that equity received by the named executive officers under the awards be retained in accordance with share retention policies discussed later in this Compensation Discussion and Analysis section;

the expiration of performance based equity awards without issuance of shares when relative TSR thresholds have not been achieved for the relevant measurement periods and, conversely, the issuance of shares in connection with long-term incentives when relative TSR thresholds have been achieved or exceeded;

the grant of annual cash incentive opportunity awards based primarily upon FFO per share, the core measure of our operating performance, and other business performance factors deemed relevant to the achievement of the Company's business objectives by the Compensation Committee; and

generally limiting base salary increases to modest amounts absent a significant change in responsibility and/or review of peer group data that suggest our base salaries may be set too low.

### *2014 Voting Results for Advisory Approval of the Company's Executive Compensation*

At the 2014 Annual Meeting, 91.3% of votes cast were voted in favor of the Company's executive compensation, while 8.1% of votes cast were voted against and 0.6% of votes cast abstained. While this vote is advisory, the Compensation Committee noted this shareholder support of its compensation policies.

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*Aspects of Compensation Program Favorable from a Corporate Governance Perspective*

The Committee believes that the executive compensation program includes aspects that align the interests of our shareholders and those of the named executive officers and does not include aspects that could misalign their interests.

**What We Do**

**We align pay with Company performance. Long term performance based equity awards are tied to relative TSR, and annual performance based cash awards are tied to key operational and financial metrics.**

**We require named executive officers to maintain share ownership and retain shares received under equity plans. Our CEO must own common shares having a value of 5 times his salary and our other named executive officers must own common shares having a value of 2-3 times their respective salaries; named executive officers must hold a portion of any equity plan shares they receive for at least one year.**

**Upon a change of control, we require a double-trigger (meaning, in addition to a change of control of the Company, the executive must be timely terminated without cause or resign for good reason) before agreed upon cash severance benefits or payments are paid.**

**We review data derived from our peer group of companies and the REIT industry when making executive compensation decisions.**

**We consider carefully how compensation program design and decisions affect risk-taking by named executive officers.**

**We authorize the Board to recoup ( clawback ) executive compensation that resulted from a misstatement of financial results caused by an executive s intentional misconduct or fraud.**

**What We Don t Do**

**We prohibit hedging and strongly discourage pledging transactions by our non-employee trustees and executive officers.**

**We do not provide any material perquisites.**

**We do not reprice options without shareholder approval.**

**Our Compensation Committee does not permit its compensation consultant to provide any other services to the Company.**



**Our Compensation Committee engages an outside independent compensation consulting firm to advise on executive compensation matters.**

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### *Compensation Committee Process and General Considerations*

The Compensation Committee devoted seven of its meetings in 2014 to executive compensation for that year. In addition, the Compensation Committee has met three times in 2015 to discuss payment of cash incentive opportunity awards for 2014. The Compensation Committee considered, among other matters:

the objectives and policies of its compensation programs for 2014 and later years;

the design of the annual cash incentive and long-term incentive programs in light of the principal objective of aligning the interests of our shareholders and our named executive officers by rewarding outcomes that further the interests of our shareholders;

information on compensation of senior executives at other companies derived from industry surveys and proxy statements for prior years for a group of 17 REITs deemed comparable to PREIT for this purpose;

the amounts of the base salaries to be paid and annual cash incentive opportunity and long-term equity awards to be granted to our named executive officers for 2014 and the allocation among these components; and

the Company's guidance range for its 2014 FFO per share and its goals for certain supplemental corporate performance factors, and the Company's achievements in relation to such FFO guidance and other performance factors.

In setting 2014 compensation, the Compensation Committee also considered our performance during 2013 in view of the financial goals set forth under our 2013 business plan, which was approved by the Board of Trustees. In addition, the Compensation Committee also solicited and considered the recommendations of Mr. Coradino regarding the components and amounts of compensation to be paid to the named executive officers (other than Mr. Coradino) in 2014.

As a part of its annual review of PREIT's compensation policies with respect to all employees, the Compensation Committee also evaluates the risks that are created by those policies, including the risk-taking incentives that those policies may create. Based on that review, the Compensation Committee has concluded that its compensation policies and procedures are not reasonably likely to result in a material adverse effect on PREIT.

### *Compensation Consultant*

The Compensation Committee was assisted in its work by an independent consultant, Pay Governance, LLC. Under its charter, the Compensation Committee has the sole authority to engage (and replace) an executive compensation consultant. In addition to consulting on executive compensation matters, the consultant may be engaged by the Compensation Committee for special projects. All of the work performed by the consultant in 2014 related to executive officer compensation. Mr. Goldman, in his capacity as our Executive Vice President and General Counsel, meets with the Compensation Committee and separately with the consultant on matters relating to the compensation of the named executive officers.

### *Compensation Consultant Independence*

The policies and procedures of Pay Governance, LLC and certain additional facts give the Compensation Committee confidence that the advice it receives from Pay Governance, LLC is objective and not influenced by any relationships that Pay Governance, LLC or its affiliates may have with the Company, its Board of Trustees or management. These policies, procedures and other facts include the following:

Pay Governance, LLC does not provide any other services to the Company;

the fees that Pay Governance, LLC receives from the Company are less than 1% of the total revenues of Pay Governance, LLC;

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the lead consultant from Pay Governance, LLC does not have any business or personal relationship with any member of the Compensation Committee or any executive officer of the Company;

the lead consultant from Pay Governance, LLC does not own any Company securities and is prohibited from doing so per the policies of Pay Governance, LLC;

Pay Governance, LLC has direct access to the Compensation Committee without management intervention and will only provide services at the direction of the Compensation Committee or in support of its charter; and

Pay Governance, LLC will notify the Compensation Committee if the lead consultant provides consulting services to another company where an affiliation exists with a member of management or a member of the Compensation Committee.

The Compensation Committee has assessed the independence of Pay Governance, LLC pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Pay Governance, LLC from serving as an independent consultant to the Compensation Committee.

### *Comparative Peer Groups*

The consultant periodically informs the Compensation Committee of developing compensation trends and programs among REITs and other public companies. The consultant also presents data on executive compensation from several sources, including a proprietary survey of executive compensation among REITs prepared for the National Association of Real Estate Investment Trusts ( NAREIT ), and proxy statements of a group of REITs (the peer group ) deemed comparable to PREIT. The peer group for 2014 compensation purposes consisted of 17 REITs located throughout the United States, many of which own and operate retail properties, although the peer group also included office, industrial, multi-family and diversified REITs. The Compensation Committee, in consultation with the consultant and management, updates the peer group periodically. The peer group consisted of the following REITs: Brandywine Realty Trust, CBL & Associates Properties, Corporate Office Properties Trust, Cousins Properties Incorporated, Equity One, Inc., Federal Realty Investment Trust, Glimcher Realty Trust, Liberty Property Trust, The Macerich Company, PS Business Parks, Inc., Regency Centers Corp., Rouse Properties, Inc., Saul Centers, Inc., Tanger Factory Outlet Centers, Inc., Taubman Centers, Inc., Washington Real Estate Investment Trust and Weingarten Realty Investors. For 2014, in consultation with, and based upon analyses from, the consultant, the Compensation Committee removed Developers Diversified Realty Corp. and Highwoods Properties, Inc. from the peer group and added mall peer company Rouse Properties, Inc. and Saul Centers, Inc. The Compensation Committee believed these changes to the peer group made it more comparable to PREIT in terms of size and property type.

In determining compensation for 2014, the Compensation Committee compared (i) the total 2013 compensation of the named executive officers to the total compensation paid to the executive officers in the peer group as reported in their 2013 proxy statements and in other sources and (ii) the allocation of total compensation of the named executive officers among base salary and cash incentive and equity awards to the allocation of such compensation among base salary and cash incentive and equity awards as reported in the proxy statements for the companies in the peer group and in other sources. The Compensation Committee also compared PREIT's FFO growth rate, TSR and other business performance metrics to the FFO growth rate, TSR and other business performance metrics of the peer group companies. NAREIT defines FFO, which is a non-GAAP measure commonly used by REITs, as net income (computed in accordance with GAAP), excluding gains and losses on sales of operating properties, extraordinary items (computed in accordance with GAAP) and significant non-recurring events that materially distort the comparative measurement of company performance over time, plus real estate depreciation and amortization; and after adjustments for unconsolidated partnerships and joint ventures to reflect funds from operations on the same basis. TSR is a measure of the financial return to shareholders over a specified measurement period. The return consists of dividends on a share of common equity during the period (which are deemed to be reinvested in shares when paid) plus (or minus) the increase (or decrease) in the market value of a share measured from the beginning to the end of the period.

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The comparative compensation data provided background for assessing both the competitiveness of our compensation and the appropriate allocation between the elements of compensation. The Compensation Committee deemed the peer group comparisons to be more relevant to its compensation decisions than the proprietary NAREIT survey provided by the consultant because it is a smaller comparison group that is more similar to the Company in terms of total capitalization, revenues, number of properties, number of employees, geographic location and other business characteristics and pertinent factors. The Compensation Committee does not set specific competitive pay targets or objectives, or otherwise engage in formal benchmarking of the individual components of compensation paid to the named executive officers against executives at peer group companies. The Compensation Committee does, however, generally try to set total compensation, including compensation in the form of performance based awards, for the named executive officers near the middle of the peer group data for their respective positions. The awards are designed to allow for the possibility of greater or lesser compensation based upon our performance.

The Compensation Committee also considers special or unusual matters that affect the metrics used to measure corporate or operational performance for purposes of the performance based elements of compensation. Such matters can directly affect FFO and indirectly affect TSR, the two primary metrics used in the performance based awards. In addition, the Compensation Committee may take into consideration other business performance factors in determining the amount of the payout under the cash incentive opportunity awards. Such other business performance factors may also provide a context for evaluating our FFO performance.

As part of its deliberations, especially with respect to the weighting given to the various components of compensation, the Compensation Committee reviewed internally-prepared tally sheets for each named executive officer. Each of these tally sheets presented the dollar amount of each component of each named executive officer's compensation, as well as potential payments under various performance, termination and change of control scenarios.

### *Role of Our Executive Officers in Executive Compensation*

As previously noted, Mr. Coradino, with assistance from our Executive Vice President and General Counsel, Mr. Goldman, and after consultation with other senior officers, made 2014 compensation recommendations for our officers, including the other named executive officers. The Compensation Committee discussed these recommendations with Mr. Coradino and invited him to participate in the Compensation Committee's deliberations concerning compensation for the named executive officers, other than Mr. Coradino.

### *Compensation Objectives and Policies*

The principal objectives of our compensation program are to ensure that the interests of our shareholders and the interests of our named executive officers are aligned and that our named executive officers are motivated to achieve established business objectives in order to maximize shareholder value. Our compensation program for 2014 consisted of three elements: (i) base salary; (ii) annual cash incentive opportunity; and (iii) equity under a long-term incentive program. These three elements are designed to contain an appropriate level and mix of compensation that emphasizes performance based compensation and equity to align the interests of our shareholders and our named executive officers and, if performance is achieved, to provide the officers with an opportunity for wealth creation. We also seek to motivate the named executive officers by providing a competitive level of base salary and time based restricted shares to encourage them to stay with the Company by having a mechanism to impose an opportunity cost for departing.

The express linkage of program elements to TSR and FFO and other key operating performance metrics, combined with an established share retention policy for the named executive officers, results in a layered approach intended to balance achievement of short-term operating objectives with longer term value creation for our shareholders. FFO is used as the primary, but not sole, measure of short-term performance associated with our cash incentive opportunity awards, and relative TSR is used as the sole measure of long-term performance

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associated with performance based equity based compensation. The mix of the compensation components as set forth in the 2014 Summary Compensation Table on page 40 is shown below on an aggregate basis for the Chief Executive Officer and the named executive officers.

### *Components of Executive Compensation*

#### **Base Salary**

Base salaries are intended to (i) be competitive with companies in the peer group, (ii) provide the named executive officers with a fixed and predictable source of income and (iii) assure that the named executive officers remain committed to PREIT even when conditions do not permit the achievement of short-term performance goals. At the beginning of 2014, the Compensation Committee established a minimum base salary for each named executive officer in accordance with his employment agreement. Once increased, the base salary may not be decreased.

For 2014, Mr. Coradino's salary increased by \$50,000, or approximately 8.3%, and Mr. Ronald Rubin's salary was not increased at all, which the Compensation Committee felt was appropriate in light of the continued transition of their respective roles, as well as the performance of Mr. Coradino as our CEO. Mr. Goldman's salary increased by \$20,000, or approximately 6.2%, which the Compensation Committee felt was appropriate in light of Mr. Goldman's expanding role at the Company and his performance in that role. The Compensation Committee approved a 3.0% increase in 2014 base salaries for Messrs. George Rubin and McCadden. The Compensation Committee viewed all the increases as appropriate based on peer group and other data it reviewed, and it believed the increases in base salary did not disrupt the proper allocation of compensation between fixed base salaries and short and long term incentive compensation.

#### **Cash Incentive Compensation**

*FFO and Corporate Performance Factors in General.* Each named executive officer was eligible to receive annual cash incentive compensation equal to a specified percentage of his 2014 base salary. The Compensation Committee considers FFO per share to be the primary corporate performance factor, but it also may consider supplemental corporate performance factors, including growth in same store net operating income, the leverage ratio of the Company under its principal credit facility, occupancy costs as a percentage of tenant sales, return on

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assets, sales per square foot, in-line occupancy, gross rent renewal spreads and the ratio of general and administrative costs to gross revenues. The Compensation Committee also retained the discretion to adjust the threshold, target and outperformance levels of FFO per share established under the awards if, in its judgment, the Company's reported FFO per share did not reflect its performance in a manner consistent with the purpose of the awards. The Compensation Committee also had the discretion to take into account FFO per share *as adjusted* to exclude certain items that management did not believe reflected the Company's core operating performance.

*2014 Annual Incentive Opportunity Awards.* For each of the named executive officers other than Mr. Ronald Rubin, 100% of the 2014 cash incentive opportunity award was determined by the corporate performance of the Company based upon FFO per share and the other factors under the awards. For Mr. Ronald Rubin, his 2014 cash incentive opportunity award was based upon his efforts in supporting Mr. Coradino and furthering the business goals of the Company.

Having the annual cash incentive opportunity awards for all of the named executive officers except Mr. Rubin depend solely on corporate performance is intended to encourage teamwork. FFO was selected as the primary measure of short-term corporate performance because it is the most commonly used measure of operating performance among REITs and is a key driver of shareholder value. The decision to focus on corporate performance reflects the view that the named executive officers have the greatest ability to influence operating performance and that a substantial portion of their compensation, therefore, should be based upon FFO per share, as adjusted when appropriate, and other enumerated performance factors.

The 2014 annual cash incentive opportunity awards were designed to motivate the named executive officers to achieve the objectives of the 2014 business plan that was prepared by management and approved by the Board of Trustees. The opportunity amounts were expressed in the awards as threshold, target and outperformance levels. If FFO per share and other corporate performance metrics had been below the threshold level, no incentive compensation would have been paid for corporate performance. If FFO per share and other corporate performance metrics had been between the threshold and target levels or between the target and outperformance levels, the amount of the incentive compensation would be determined on a proportionate basis. If FFO per share and other corporate performance metrics had been above the outperformance level, the amount of incentive compensation would have been paid at the outperformance level. The potential incentive compensation for 2014 for the named executive officers was equal to the following percentages of their base salaries.

	Threshold	Target	Outperformance
Joseph F. Coradino	50%	100%	200%
Ronald Rubin	50%	100%	200%
George F. Rubin	32.5%	65%	130%
Robert F. McCadden	30%	60%	120%
Bruce Goldman	30%	60%	120%

*2014 FFO Target, Corporate Performance Factors and 2014 Performance.* At the beginning of 2014, the Compensation Committee set the target range for FFO at \$2.01 to \$2.06 per diluted share, which was consistent with the range of our 2014 FFO guidance announced on February 18, 2014. The FFO per share goals were approved with the expectation that there would be a high probability of achieving the threshold, a likelihood of achieving the target and a modest probability of achieving the outperformance level. The Compensation Committee also decided, as in past years, that there should be an approximately 7.5% spread between the mid-point of the target level range and each of the threshold and outperformance levels. Accordingly, the threshold and outperformance levels were set at \$1.88 per diluted share and \$2.18 per diluted share, respectively. As detailed in the Company's press release announcing its initial 2014 guidance, the FFO per share goals assumed no extraordinary events, such as asset sales or acquisitions, executive separation costs, or losses on hedge ineffectiveness from the early repayment of certain mortgage loans. As such types of items are inherently unpredictable, the Compensation Committee believes it is more appropriate to retain some discretion to adjust the

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FFO per share targets up or down to account for such items rather than to be firmly locked into FFO targets that do not reflect the effects of decisions that the Board of Trustees believes are in the best interests of the Company and its shareholders but that adversely affect FFO per share in the period when the event occurs.

The Compensation Committee also took notice of enumerated corporate performance factors other than FFO per share, such as same store net operating income, leverage and occupancy costs as a percentage of tenant sales, among other things, although no specific numerical goals were established with respect to such factors as part of the awards. The Committee also did not assign a specific relative weight to be accorded to these other corporate performance factors.

In February 2015, the Company reported 2014 FFO per share of \$1.82. The Compensation Committee noted that FFO per share was negatively affected by a total of \$0.22 per share as a result of (i) the sale of certain non-core properties from the portfolio, (ii) the sale in July 2014 of a 50% interest in The Gallery at Market East as part of the Company's redevelopment joint venture with The Macerich Company, (iii) executive separation costs, (iv) extraordinary expenses associated with the Springfield Town Center acquisition agreement and other matters, and (v) losses on hedge ineffectiveness from the early repayment of certain mortgage loans. All of the dispositions, acquisitions and related costs are central to the Company's stated goal of improving the quality of its portfolio, and the Compensation Committee believed that such transactions that are expected to be positive in the long term should not negatively affect the evaluation of the Company's operating metrics under the annual incentive program in the given year in which they occur. Accordingly, the Compensation Committee determined to lower the FFO per share target range for 2014 to \$1.79 to \$1.84 per share, and the Company's FFO per share for 2014 of \$1.82 fell within that revised target range. The Compensation Committee also considered the Company's achievements with respect to the principal corporate performance factors other than FFO per share, including the largest increase in several years in same store net operating income (3.1%), maintenance of leverage under the credit facility (47.6%) below the Company's target level of 50%, increase in occupancy costs as a percentage of tenant sales (13.0%), non-anchor occupancy of 94.0%, a 4.0% increase in non-anchor renewal spreads and return on assets of 6.9%. Based on the Company's results in terms of FFO per share and the other corporate performance factors, the Committee concluded that the Company's performance reflected a strong year, with significant progress toward executing the strategic business plan.

The following table reflects the changes made to the target FFO levels and the Company's actual performance for 2014:

	Threshold	Low End of Target Range	Actual	High End of Target Range	Outperformance
FFO per share	\$ 1.88	\$ 2.01		\$ 2.06	\$ 2.18
Revised FFO per share	\$ 1.68	\$ 1.79		\$ 1.84	\$ 1.95
FFO per share (actual)			\$ 1.82		

*Annual Incentive Plan Payments.* As a result of the determinations by the Committee summarized above, the cash incentive payments for 2014 based on FFO and the other corporate performance factors were made at the target level and were (i) \$650,000 to Mr. Coradino, (ii) \$264,392 to Mr. McCadden and (iii) \$206,968 to Mr. Goldman. In addition, Mr. Coradino advised the Compensation Committee that Messrs. Goldman and McCadden had performed exceptional services in connection with the Company's performance in 2014, particularly in connection with the Springfield Town Center and The Gallery at Market East agreements and other matters. He recommended that, in recognition of their special efforts, they receive additional discretionary bonuses of \$88,130 for Mr. McCadden and \$68,990 for Mr. Goldman, which the Compensation Committee granted. The Compensation Committee also approved a discretionary bonus to Mr. Coradino of \$162,500 based on the same items. In approving the discretionary bonuses, the Compensation Committee took particular note of the leadership and commitment demonstrated by each of Messrs. Coradino, McCadden and Goldman in executing on the goals and objectives first established by the Board of Trustees and Mr. Coradino in 2012 to improve the quality of the Company's portfolio, to improve the Company's operating results, to improve the



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Company's balance sheet and to position the Company for future growth. Beyond the Company's strong relative TSR performance and growth in FFO per share, the Compensation Committee noted the Company's solid performance across the range of operating metrics noted above, as well as the improvements in the Company's portfolio resulting from the disposition of certain non-core assets, and the possibilities for future growth created through the agreement to acquire Springfield Town Center in Springfield, Virginia and the redevelopment joint venture for The Gallery at Market East in Philadelphia, Pennsylvania.

The following table summarizes the annual incentive plan amounts paid to Messrs. Coradino, McCadden and Goldman with respect to 2014:

	2014 Salary	Target Incentive %	Incentive Amount Paid
Joseph F. Coradino	\$ 650,000	100%	\$ 650,000
Robert F. McCadden	\$ 440,653	60%	\$ 264,392
Bruce Goldman	\$ 344,947	60%	\$ 206,968

Mr. Ronald Rubin's annual cash incentive opportunity award for 2014 was based upon his efforts in supporting Mr. Coradino and furthering the business goals of the Company. Based on the Company's success in 2014, the Compensation Committee determined to award Mr. Rubin incentive compensation for 2014 at the target level of 100%, or \$300,000.

Mr. George Rubin left his position with the Company in May 2014 and did not receive an annual cash incentive opportunity award amount.

**Long Term Incentive Awards**

Since 2002, long term compensation awards to our named executive officers have consisted solely of equity (except in 2009), divided evenly between performance based equity awards and time based equity awards.

*Restricted Share Units (RSUs)*. One-half of the value of the 2014 long term compensation awards was granted in the form of RSUs. Under the 2014 RSU Program, an account is established for each named executive officer as of the grant date and is credited with a number of RSUs computed by dividing the stated value of the award by the 20 day average of the closing prices of a share of PREIT through the day preceding the grant date. Amounts equal to the dividends paid on an equivalent number of shares held as of the applicable record date before the end of the three-year measurement period are deemed to be invested in additional RSUs. The number of shares earned with respect to the RSU award will depend upon the achievement of TSR for the measurement period of January 1, 2014 through December 31, 2016 at specified levels relative to the TSR of component companies in the MSCI US REIT Index (the Index). This Index reflects the total return to the shareholders of a broad cross section of publicly-held U.S. REITs. TSR was selected as the sole metric for the RSUs because TSR directly measures the financial return to shareholders over a specified period. As a result, these awards to named executive officers are directly aligned with the long-term economic interests of our shareholders.

The RSUs either vest or expire without the issuance of any shares at the end of the measurement period. A specified percentage of the RSUs in each account on that date will be converted into shares of PREIT and delivered to the named executive officer if the TSR of PREIT for the measurement period equals or exceeds the 25th percentile of the companies in the Index for the same measurement period. If TSR does not equal at least the 25th percentile of the companies in the Index during the measurement period, the named executive officer's entire account associated with that measurement period will expire without the issuance of any shares. If TSR is equal to or above the 25th percentile of companies in the Index during the measurement period, the RSUs (including RSUs resulting from reinvestment of amounts equal to dividends) will vest and there will be issued a number of shares ranging from 50% up to a maximum of 150% (at or above the 75th percentile of companies in the Index) of the number of RSUs. In the event of a change of control, the measurement period for any outstanding RSU Program would end on the date of the change of control, and shares will become payable under those awards, if at all, based on our relative TSR performance through that date.

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RSUs also expire without the issuance of any shares if, during the measurement period, a named executive officer's employment is terminated for cause or voluntarily by the named executive officer without good reason, as those terms are defined in the named executive officer's employment agreement. RSUs will not expire without the issuance of any shares in the event of the termination of a named executive officer's employment by PREIT without cause or by the named executive officer for good reason, or in the event of termination of employment due to disability or death, as those terms are defined in such named executive officer's employment agreement. Under such circumstances, the RSUs will remain outstanding and will vest or expire without the issuance of any shares based on the actual TSR as determined at the end of the relevant measurement period, as if the named executive officer had remained an employee.

*Restricted Shares.* The restricted shares awarded to the named executive officers in 2014 generally vest in three equal installments on or about February 15, 2015, 2016 and 2017, as long as the named executive officer remains an employee on the vesting date. The named executive officers are entitled to receive an amount in cash equal to the amount of dividends that would be paid on unvested time based restricted shares. While the shares remain unvested, this amount is treated as compensation and is deducted from income in the calculation of earnings per share.

The use of time based restricted shares is designed to retain the services of a named executive officer by providing a predictable award for continued service and creating a potentially significant cost to the named executive officer if he were to terminate his employment voluntarily. Moreover, since the award consists of shares which vest over a period of years, the economic interests of the executive in maintaining and enhancing the value of the shares are aligned with the long-term interests of our shareholders.

Vesting of restricted shares accelerates in the event of a change of control of PREIT, a termination of the named executive officer's employment by PREIT without cause, or a termination of employment by the named executive officer for good reason, as each of the terms is defined in the employment agreement of such named executive officer. Unvested restricted shares also vest in the event of termination of employment due to death or disability, as the latter term is defined in such named executive officer's employment agreement.

### *Share Ownership and Retention Guidelines*

Our Board of Trustees has adopted trustee and executive officer share ownership and retention guidelines. The guidelines have been incorporated into our Corporate Governance Guidelines, which are available on our website, [www.preit.com](http://www.preit.com). Under the guidelines, (i) the Chief Executive Officer is required to own securities of PREIT having an aggregate dollar value equal to five times his base salary, (ii) the Executive Chairman is required to maintain an aggregate value equal to three times his base salary, and (iii) the Chief Financial Officer and any other Executive Vice President are required to maintain an aggregate value equal to two times their respective base salaries. Each named executive officer and each other covered officer is required to be in compliance with the retention requirements within five years after becoming such an officer. All officers to whom the share ownership and retention guidelines apply are in compliance with the guidelines.

Until the preceding ownership levels have been met by a covered officer, the guidelines state that each such officer shall retain 100% of the net shares received under an equity based compensation plan. In addition, even after satisfying the ownership guidelines, each covered officer is required to retain 50% of the shares received under an equity based compensation plan for a one year period after the vesting of shares.

Non-employee trustees are required, within five years after becoming a trustee, to maintain ownership of at least five times the base annual board retainer paid to non-employee trustees. All trustees are in compliance with our share ownership and retention guidelines, or are expected to be within the allotted time period.

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### *Recoupment Policy*

We have adopted a policy on recoupment of performance based compensation in the event of the restatement of our financial statements (also known as a clawback policy). The policy has been incorporated into our Corporate Governance Guidelines, which are available on our website, [www.preit.com](http://www.preit.com). The policy provides that if the intentional misconduct or fraud of a senior officer or former senior officer (including any of the named executive officers) causes or partially causes us to restate all or a portion of our financial statements, the Board of Trustees may, to the extent permitted by applicable law, require the repayment of a portion or all of any cash incentive award, vested restricted shares or other incentive-based compensation paid pursuant to grants made on or after January 1, 2008 to such senior officer or former senior officer and/or may cancel any unvested restricted shares, if (1) the amount or vesting of the incentive-based compensation was calculated based upon, or dependent on, the achievement of financial or operating results that were adversely affected by the restatement and (2) the amount or vesting of the incentive-based compensation would have been less if the incentive compensation had been determined in light of the financial or operating results as restated.

### *Anti-Hedging and Anti-Pledging Policy*

Trustees and certain officers are prohibited from hedging their positions in our common shares. Trustees and certain officers are prohibited from holding positions in our securities in a margin account, and may only pledge such securities to secure a loan with the prior approval of our Chief Compliance Officer, who must make a determination that the number and value of such securities is not significant relative to the number of outstanding securities of the applicable class, the market value or trading volume of such securities or the individual's total holdings of our securities.

### *Severance Payments*

Each of the current employment agreements of the named executive officers, other than Mr. Ronald Rubin, provides for severance payments (including vesting of shares) upon a termination of employment. The severance arrangements are described under 2014 Executive Compensation Potential Payments Upon Termination or Change of Control beginning on page 49. The total payments and benefits listed in that section and the balance in the non-qualified retirement plans for a particular named executive officer shown on page 48 represent the total value that a named executive officer would have received if such officer's employment had terminated on December 31, 2014 under the circumstances discussed beginning on page 49. The severance arrangements serve to discourage named executive officers from voluntarily terminating their employment to accept other employment opportunities. In the case of a possible change of control, the severance arrangements also serve to encourage named executive officers to remain focused on their duties during a period of uncertainty. A so-called double trigger requirement applies to severance payable on account of a termination of employment in connection with a change of control. Accordingly, there must be both a change of control (as defined in the applicable employment agreement) and a timely termination of the named executive officer's employment in order for any severance payments to be made, although all restricted shares will vest upon a change in control, and shares will become payable under RSU Programs, if at all, based on our relative TSR performance through the date of the change in control. The function of a double trigger on cash severance payments is to encourage the named executive officers to remain in our employment or in the employment of our successor in the event that the acquiror does not alter the material conditions of employment as reflected by the events that would give rise to a good reason termination.

In the event of a termination of employment without cause or by either of Messrs. Coradino or Ronald Rubin for good reason within specified periods before or after a change of control, neither of such executive officers has the right to receive any reimbursement for excise tax payments that may arise under Section 4999 of the Code. However, pursuant to an agreement entered into several years ago that has not otherwise been required to be amended, Mr. McCadden is entitled to receive, in addition to the amount otherwise payable upon termination for such events, an amount necessary to pay some or all of the excise tax on excess parachute

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payments imposed by Section 4999 of the Code. Mr. McCadden is entitled to receive a sum equal to one-half of the excise tax payment. In no case is the amount of the additional payment grossed-up to cover taxes assessed upon the additional payment.

Under the amended and restated employment agreement for Mr. Ronald Rubin, Mr. Rubin is entitled to a founder's retirement payment of \$3,500,000 upon termination for any reason other than for cause. The founder's retirement payment is included in the discussion under 2014 Executive Compensation Potential Payments Upon Termination or Change of Control beginning on page 49.

Mr. George Rubin's employment with the Company ended on May 29, 2014 and, pursuant to the terms of a separation agreement, he received a separation payment of approximately \$2.6 million, all of his outstanding unvested restricted shares vested, and he remains eligible to receive shares in respect of the Restricted Share Units granted to him under the Company's Restricted Share Unit Programs as if his employment had not terminated, depending upon the achievement of performance levels established by those Programs, which was consistent with the amounts he would have been owed under his employment agreement and the benefits he was entitled to under the terms of the Programs and plans.

### *Share Trading Restrictions*

Officers and trustees are subject to blackout restrictions that prohibit trading in our securities beginning ten days prior to the end of a fiscal quarter and ending on the third business day after the public release of the results for the fiscal period, unless purchases and sales are made under a plan complying with Rule 10b5-1 under the federal securities laws.

### *Non-Qualified Retirement Plans*

An unfunded, non-qualified retirement plan has been established for each of the named executive officers. Under each plan, a specified sum that varies for each named executive officer is credited to his account at the beginning of the year. The amount credited to the account of each named executive officer is based on the employment agreement between the Company and such officer and such required annual contribution is set forth in footnote (4) to the Summary Compensation Table. Interest has accrued on the credited amounts at 10% compounded annually, although for Mr. Coradino and Mr. Ronald Rubin, this accrual rate dropped to 5% beginning January 1, 2012 in connection with the negotiation and amendment of the employment agreements of Mr. Coradino and Mr. Ronald Rubin related to their new roles with the Company in 2012. The account is payable to the named executive officer within 60 days of termination of employment irrespective of the cause for termination (subject to any required delay under Section 409A of the Code). The retirement accounts are intended to aid in the retention of named executive officers by providing a determinable amount of cash available upon retirement. The table on page 48 lists the amounts credited to the accounts of the named executive officers. The amount in the retirement account maintained for Mr. George Rubin was paid out to him in connection with his separation from the Company in 2014.

### *Deferred Compensation*

We do not offer a deferred compensation program under which our senior executives can elect to defer any portion of their cash compensation. We have permitted recipients of RSUs to defer receipt of the shares earned thereunder. As described above in the section entitled Non-Qualified Retirement Plans, we also provide non-elective deferred compensation, as specified in the employment agreements of the named executive officers, which is based solely on employer contributions and credits.

### *No Perquisites*

We do not provide significant perquisites or personal benefits to any of our named executive officers.

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*Benefits Generally Available to Employees*

The named executive officers are entitled to participate in our 401(k) Plan, which is generally available to all of our employees. We match a portion of the contributions of the named executive officers up to specified limits on the same terms as apply to other employees. The named executive officers are also entitled to participate in various insurance programs generally available to our employees, including medical, dental, vision, disability and life insurance.

*Accounting and Tax Considerations*

The RSUs and restricted share grants for 2014 are subject to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Stock Compensation. Under FASB ASC Topic 718, these equity classified awards are measured at grant date fair value determined as described in footnote (1) to the 2014 Summary Compensation Table and not subsequently remeasured. The grant date fair value of an equity-classified award is expensed in our statements of operations over the relevant service period. For tax purposes, however, the equity awards are not deductible prior to the date on which they vest (or in the case of RSUs, prior to the date that shares are issued in respect thereof). Irrespective of when payments are made, the amounts paid under the annual cash incentive opportunity awards were expensed in our statements of operations for the year during which the amounts were earned. The Compensation Committee is aware of the accounting and tax treatment accorded to the equity and cash awards and total cash compensation generally, but the treatment has not been a significant factor in our compensation programs or in the decisions of the Compensation Committee concerning the amount or type of equity award.

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**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with our management. Based on the Compensation Committee's review and discussion of the Compensation Discussion and Analysis with management, the Compensation Committee recommended to the Board of Trustees that the Compensation Discussion and Analysis be included in this Proxy Statement.

SUBMITTED BY THE

EXECUTIVE COMPENSATION AND

HUMAN RESOURCES COMMITTEE OF THE

BOARD OF TRUSTEES

Charles P. Pizzi, Chair

M. Walter D. Alessio

Leonard I. Korman

John J. Roberts

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The following table shows information concerning the compensation recorded by PREIT for the three most recent fiscal years for PREIT's Chief Executive Officer, Chief Financial Officer and other named executive officers.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Grant Date Fair Value of Stock Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>(2)</sup>	Change in Pension Value and Nonqualified Deferred Earnings (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Joseph F. Coradino	2014	650,000	162,000	1,589,879	650,000	13,345	60,400	3,125,624
	2013	600,000	300,000	1,427,200	750,000	20,878	61,894	3,159,972
Chief Executive Officer and Trustee <sup>(5)</sup>	2012	499,974	0	3,035,077	499,974	13,018	63,670	4,111,713
Ronald Rubin	2014	300,000	300,000	293,511	0	36,194	60,400	990,105
	2013	300,000	375,000	292,480	0	59,074	61,483	1,088,037
Executive Chairman and Trustee	2012	420,670	420,670	1,189,412	0	38,682	80,107	2,149,541
Robert F. McCadden	2014	440,653	88,130	774,025	264,392	31,095	35,400	1,633,695
	2013	427,819	40,000	712,351	320,864	23,946	35,200	1,560,180
Executive Vice President and Chief Financial Officer <sup>(5)</sup>	2012	415,358	25,000	777,605	249,215	24,171	35,000	1,526,349
Bruce Goldman	2014	344,947	68,990	363,816	206,968	35,883	35,400	1,056,004
	2013	324,947	125,300	315,376	158,411	27,843	35,200	987,077
Executive Vice President and General Counsel <sup>(5)</sup>	2012	315,483	91,252	344,257	123,038	28,369	35,000	937,399
George F. Rubin	2014	201,779	0	848,047	0	41,928	2,617,903	3,709,657
	2013	447,252	0	808,330	363,392	41,708	52,949	1,713,631
Former Vice Chairman and Former Trustee <sup>(6)</sup>	2012	434,118	0	882,403	282,177	42,654	58,636	1,699,988

- (1) The amounts shown in the Stock Awards column represent the aggregate grant date fair value of Stock Awards granted during the year, as computed in accordance with Topic 718, excluding the effect of estimated forfeitures. Generally, the aggregate grant date fair value is the amount that PREIT expects to expense in its financial statements over the award's vesting schedule. The amounts shown reflect PREIT's accounting expense and do not correspond to the actual value that will be realized by the named executive officers. Valuations with respect to awards of time based restricted shares are reflected in the tables based on the average of the high and low sale prices of a PREIT common share on the date of grant. Valuations with respect to grants of performance based awards are reflected in the tables as determined using a Monte Carlo simulation probabilistic valuation model. With respect to the performance based RSUs, if the highest level of performance were to be achieved, then the number of shares that would be received in respect of such RSUs would be 150% of the number of RSUs granted (plus any additional RSUs deemed acquired as a result of reinvestment of amounts equal to dividends paid on an equivalent number of shares), and the grant date value of such awards (using the original stated value of the RSUs and not including any value attributable to RSUs deemed to be acquired in connection with the subsequent reinvestment of amounts equal to dividends paid on an equivalent number of shares) would have been as follows: Joseph F. Coradino \$1,138,283; Ronald Rubin \$210,141; Robert F. McCadden \$554,168, Bruce Goldman \$260,477, and George F. Rubin \$607,164. See 2014 Grants of Plan-Based Awards. Whether the named executive officers will receive any shares in respect of the performance based awards (RSUs) depends on whether PREIT achieves certain relative performance (TSR) objectives. For information regarding significant factors, assumptions and methodologies used in our computations pursuant to Topic 718 with respect to awards of RSUs, which assumptions included no expirations without the issuance of any shares, see Note 8, Share Based Compensation, to PREIT's consolidated financial statements included in PREIT's Annual Report on

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Form 10-K for the fiscal year ended December 31, 2014.



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- (2) The amounts shown in the Non-Equity Incentive Plan Compensation column are comprised of amounts paid in respect of the annual incentive plan, as determined by the Compensation Committee in accordance with the plan and the awards thereunder; See Compensation Discussion and Analysis Components of Executive Compensation 2. Cash Incentive Compensation. The payments are generally made early in the following year. FFO per share was the primary basis for such payments. In 2014, 2013 and 2012, all of Mr. Ronald Rubin's, and in 2013 and 2012, 35% of Mr. Goldman's, annual cash incentive awards were related to individual performance and are therefore reported in the Bonus column instead of the Non-Equity Incentive Plan Compensation column.
- (3) The amounts shown in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column represent the above-market portion, which is the amount in excess of 120% of the applicable federal rate, of the interest earned on nonqualified deferred compensation plans of the named executive officers, which is credited as follows: (a) at a rate of 5% compounded annually beginning in 2012 for Mr. Coradino and Mr. Ronald Rubin, and (b) at a rate of 10% compounded annually for Mr. George Rubin, Mr. McCadden and Mr. Goldman, on the cumulative balance held in such officer's supplemental retirement plan account. The applicable federal rate for long term, annual compounding was 2.74% as of December 2014.
- (4) The amounts shown in 2014 All Other Compensation are comprised of the following:

	<b>Non-Qualified Retirement Plan Company Contributions</b>	<b>Qualified Plan 401(k) Company Contributions</b>	<b>Medical and Other Core Benefits</b>	<b>Separation Payment</b>	<b>Total All Other Compensation</b>
<b>2014</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Joseph F. Coradino	50,000	10,400	0	0	60,400
Ronald Rubin	50,000	10,400	0	0	60,400
Robert F. McCadden	25,000	10,400	0	0	35,400
Bruce Goldman	25,000	10,400	0	0	35,400
George F. Rubin	35,000	0	13,220	2,569,683	2,617,903

- (5) The amounts shown in the Bonus column for Messrs. Coradino, McCadden and Goldman represent discretionary bonuses awarded by the Compensation Committee in recognition of the exceptional services performed by them in connection with the Springfield Town Center and The Gallery agreements and other matters, and the leadership and commitment demonstrated by each of them in executing on the Company's goals and objectives.
- (6) Mr. George Rubin's employment with the Company terminated on May 29 2014. He entered into a separation agreement during 2014 and received the separation payment shown in All Other Compensation and did not receive an amount in respect of the annual incentive plan.

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**Employment Agreements**

*Joseph F. Coradino*

Joseph F. Coradino's employment agreement with PREIT was amended, effective June 7, 2012, in connection with Mr. Coradino's appointment as the Chief Executive Officer of PREIT. The initial term of Mr. Coradino's agreement was two years from June 7, 2012, extending year-to-year thereafter unless either party gives notice at least 120 days in advance of any expiration date that the term will not be renewed. Mr. Coradino is entitled to participate in cash and equity incentive programs of PREIT as determined by the Compensation Committee. The annual credit to Mr. Coradino's fully vested supplemental retirement account is \$50,000 and the interest accruing on the account is 5.0% per year, compounded annually. The amounts credited to the supplemental retirement plan as of December 31, 2004 (plus earnings thereon) are payable to Mr. Coradino or his beneficiaries within 60 days of the termination of his employment for any reason. The amounts credited to the supplemental retirement plan on and after January 1, 2005 are payable to Mr. Coradino or his beneficiaries within 60 days of the termination (as defined in the employment agreement to effect compliance with or exemption from Section 409A of the Code) of his employment for any reason, subject to a required delay for some payments pursuant to regulations under Section 409A of the Code. The agreement provides for the nomination of Mr. Coradino as a candidate for election to the Board of Trustees so long as his employment under the agreement has not terminated.

*Ronald Rubin*

Ronald Rubin's employment agreement with PREIT was amended, effective June 7, 2012, in connection with the change in Mr. Rubin's role from Chairman and Chief Executive Officer to Executive Chairman of PREIT. The initial term is three years from June 7, 2012, extending year to year thereafter unless either party gives notice at least 120 days in advance of any expiration date that the term will not be renewed. The agreement has been extended one year. Additionally, at any time within 120 days prior to any anniversary of the effective date of Mr. Rubin's agreement, either the Company or Mr. Rubin may request changes in the compensation payable to Mr. Rubin, and if the parties are unable to agree on such requested changes, Mr. Rubin's employment will terminate on the following anniversary of the effective date and, upon such termination, Mr. Rubin will be entitled to the payments and benefits as if Mr. Rubin's employment had been terminated without cause. Mr. Rubin is entitled to participate in cash and equity incentive programs of PREIT as determined by the Compensation Committee. The agreement also provides for a founder's retirement payment to Mr. Rubin of \$3,500,000, which is payable to Mr. Rubin in a single sum upon termination of his employment for any reason. The annual credit to Mr. Rubin's supplemental retirement account is \$50,000. The interest accruing on the account is 5.0% per year, compounded annually. The amounts credited to the supplemental retirement plan as of December 31, 2004 (plus earnings thereon) are payable to Mr. Rubin or his beneficiaries within 60 days of the termination of his employment for any reason. The amounts credited to the supplemental retirement plan on and after January 1, 2005 are payable to Mr. Rubin or his beneficiaries within 60 days of the termination (as defined in the employment agreement to effect compliance with or exemption from Section 409A of the Code) of his employment for any reason, subject to a required delay for some payments pursuant to regulations under Section 409A of the Code. The agreement also provides for the nomination of Mr. Rubin as a candidate for election to the Board of Trustees so long as his employment under the agreement has not terminated.

*Robert F. McCadden*

Robert F. McCadden's employment agreement with PREIT was amended and restated effective as of December 30, 2008 for an initial term through December 31, 2009, and extending year-to-year thereafter unless either party gives notice at least 120 days in advance of any expiration date that the term will not be renewed. Under the agreement, Mr. McCadden serves as Executive Vice President and Chief Financial Officer of PREIT. Mr. McCadden's salary may be increased each year at the discretion of PREIT's Compensation Committee. In accordance with the agreement, Mr. McCadden is entitled each year to participate in PREIT's cash and equity

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incentive programs as determined by the Compensation Committee. PREIT is obligated to credit \$25,000 per year to a supplemental retirement plan account that accrues interest at the rate of 10% per year, compounded annually. The amounts credited to the supplemental retirement plan as of December 31, 2004 (plus earnings thereon) are payable to Mr. McCadden or his beneficiaries within 60 days of the termination of his employment for any reason. The amounts credited to the supplemental retirement plan on and after January 1, 2005 are payable to Mr. McCadden or his beneficiaries within 60 days of the termination (as defined in the employment agreement to effect compliance with or exemption from Section 409A of the Code) of his employment for any reason, subject to a required delay for some payments pursuant to regulations under Section 409A of the Code.

*Bruce Goldman*

Bruce Goldman's employment agreement with PREIT was amended and restated effective as of December 30, 2008 for an initial term through December 31, 2009, and extending year-to-year thereafter unless either party gives notice at least 120 days in advance of any expiration date that the term will not be renewed. Under the agreement, Mr. Goldman serves as Executive Vice President and General Counsel of PREIT. Mr. Goldman's salary may be increased each year at the discretion of PREIT's Compensation Committee. In accordance with the agreement, Mr. Goldman is entitled each year to participate in PREIT's cash and equity incentive programs as determined by the Compensation Committee. PREIT is obligated to credit \$25,000 per year to a supplemental retirement plan account that accrues interest at the rate of 10% per year, compounded annually. The amounts credited to the supplemental retirement plan as of December 31, 2004 (plus earnings thereon) are payable to Mr. Goldman or his beneficiaries within 60 days of the termination of his employment for any reason. The amounts credited to the supplemental retirement plan on and after January 1, 2005 are payable to Mr. Goldman or his beneficiaries within 60 days of the termination (as defined in the employment agreement to effect compliance with or exemption from Section 409A of the Code) of his employment for any reason, subject to a required delay for some payments pursuant to regulations under Section 409A of the Code.

*Named Executive Officers Generally*

Each of the employment agreements for the above named executive officers other than Ronald Rubin also provides for certain severance and other benefits upon certain terminations of employment, as well as certain non-competition/non-solicitation obligations of the executive. Mr. Ronald Rubin's employment agreement, as described above, does not provide for any cash severance payments, although he would receive the founder's retirement payment as described above. See Potential Payments Upon Termination or Change of Control, beginning on page 49, for a description of all such benefits and obligations.

**Table of Contents****2014 Grants of Plan-Based Awards**

The following table shows information concerning grants of plan-based awards made by PREIT in 2014 to PREIT's Chief Executive Officer, Chief Financial Officer and other named executive officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>(3)</sup>	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(4)</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Joseph F. Coradino	2014	325,000	650,000	1,300,000	21,608	43,215	64,823	43,215	758,855
	2/26/2014								831,024
	2/26/2014								
	<b>Total</b>	<b>325,000</b>	<b>650,000</b>	<b>1,300,000</b>	<b>21,608</b>	<b>43,215</b>	<b>64,823</b>	<b>43,215</b>	<b>1,589,879</b>
Ronald Rubin	2/26/2014				3,989	7,978	11,967		140,094
	2/26/2014							7,978	153,417
		<b>Total</b>				<b>3,989</b>	<b>7,978</b>	<b>11,967</b>	<b>7,978</b>
Robert F. McCadden	2014	132,196	264,392	528,784	10,520	21,039	31,559	21,039	369,445
	2/26/2014								404,580
	2/26/2014								
	<b>Total</b>	<b>132,196</b>	<b>264,392</b>	<b>528,784</b>	<b>10,520</b>	<b>21,039</b>	<b>31,559</b>	<b>21,039</b>	<b>774,025</b>
Bruce Goldman	2014	103,484	206,968	413,936	4,945	9,889	14,834	9,889	173,651
	2/26/2014								190,165
	2/26/2014								
	<b>Total</b>	<b>103,484</b>	<b>206,968</b>	<b>413,936</b>	<b>4,945</b>	<b>9,889</b>	<b>14,834</b>	<b>9,889</b>	<b>363,816</b>
George F. Rubin <sup>(5)</sup>	2014	148,264	296,528	593,056	11,526	23,051	34,577	23,051	404,776
	2/26/2014								443,271
	2/26/2014								
	<b>Total</b>	<b>148,264</b>	<b>296,528</b>	<b>593,056</b>	<b>11,526</b>	<b>23,051</b>	<b>34,577</b>	<b>23,051</b>	<b>848,047</b>

(1) The amounts shown under Estimated Future Payouts Under Non-Equity Incentive Plan Awards represent the potential threshold, target and outperformance awards under the 2014 annual cash incentive compensation plan based on FFO per share and other specified corporate performance metrics.

(2) The numbers shown under Estimated Future Payouts Under Equity Incentive Plan Awards represent the number of shares issuable in connection with the RSUs, not including RSUs resulting from the deemed investment of amounts equal to dividends paid on an equivalent number of common shares. See Performance Based Programs Restricted Share Unit Program. The recipient is not entitled to any voting rights in connection with the RSUs. See Compensation Discussion and Analysis for a discussion of the objectives of the RSUs. Whether the named executive officers will receive any shares in respect of the RSUs depends on whether PREIT achieves certain relative performance (TSR) objectives. If the measurement period had ended on December 31, 2014, PREIT would have met the objective for the 2013 RSU grants at a level resulting in an award of shares equal to 121% of the number of RSUs, and PREIT would have met the

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objective for the 2014 RSU grants at a level resulting in an award of shares equal to 102% of the number of RSUs.

- (3) The numbers shown under All Other Stock Awards represent the number of time based restricted shares granted under PREIT's Second Amended and Restated 2003 Equity Incentive Plan. These shares will vest in three equal annual installments beginning on or about February 15th of the year after the date of grant, subject to continued employment. With respect to all 23,051 shares granted to Mr. George Rubin, these shares vested on May 30, 2014. During the period that the restricted shares have not vested, the recipient is

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entitled to vote the shares and to receive an amount equal to the dividends that would have been paid on the shares if they were vested. PREIT made cash distributions to all holders of common shares of \$0.80 per share in 2014. In February 2015, PREIT's Board of Trustees declared a quarterly cash dividend of \$0.21 per share payable in March 2015.

- (4) The amounts shown in the Grant Date Fair Value of Stock and Option Awards column represent the fair value of the awards on the date of grant, as computed in accordance with Topic 718, excluding the effect of estimated forfeitures. Valuations with respect to grants of performance based awards are reflected in the tables as determined using a Monte Carlo simulation probabilistic valuation model. Whether the named executive officers will receive any shares in respect of the performance based awards (RSUs) depends on whether PREIT achieves certain relative performance (TSR) objectives. For information regarding significant factors, assumptions and methodologies used in our computations pursuant to Topic 718 with respect to grants of RSUs, see Note 8, Share Based Compensation, to PREIT's consolidated financial statements included in PREIT's Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Valuations with respect to awards of time based restricted shares are reflected in the tables based on the average of the high and low sale prices of a PREIT common share on the date of grant.
- (5) Potential threshold, target and outperformance awards under the 2014 annual cash incentive compensation plan were established for Mr. George Rubin but were forfeited in connection with his separation from service from the Company.

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**Performance Based Programs**

*Restricted Share Unit ( RSU ) Programs*

In 2012, 2013 and 2014, the Compensation Committee made awards in the form of market based performance contingent restricted share units, or RSUs, under the 2012-2014 Restricted Share Unit Program (for grants made in 2012), the 2013-2015 Restricted Share Unit Program (for grants made in 2013) and the 2014-2016 RSU Program (for grants made in 2014). The RSUs represent the right to earn common shares in the future depending on PREIT's total shareholder return, or TSR, for the three year period (the Measurement Period) ended December 31, 2014 (for grants made in 2012), ending December 31, 2015 (for grants made in 2013) and ending December 31, 2016 (for grants made in 2014) relative to the TSR for the applicable Measurement Period of the component companies in the MSCI US REIT Index (the Index) for those periods. Dividends paid by PREIT during the Measurement Period are deemed to be invested in additional RSUs for the account of the named executive officer at the 20 day average closing price of a share of PREIT ending on the dividend payment date. If TSR is equal to or above the 25<sup>th</sup> percentile of companies in the Index during the Measurement Period, the RSUs (including RSUs resulting from reinvestment of amounts equal to dividends) will vest and there will be issued a number of shares ranging from 50% up to a maximum of 150% (at or above the 75<sup>th</sup> percentile of companies in the Index) of the number of RSUs. The Measurement Periods for the 2013-2015 RSU Program and the 2014-2016 RSU Program are still in progress; accordingly, it cannot yet be determined what portion, if any, of the RSUs granted under those programs will be earned.

Except if there is a change of control, participants may elect to defer delivery of all or a portion of the shares to be awarded to such participant until separation from service or a specified date chosen by the participant. If a participant elects to defer delivery until separation from service, PREIT must deliver the shares to participants who are specified employees, as defined in Section 409A of the Code, upon the earlier of six months after separation from service or death. Participants who elect to defer delivery of their shares will have dividend equivalents credited on their deferred shares which will be reinvested in notional shares (on which dividend equivalents will also be credited and so reinvested). A participant who has elected to defer delivery of his or her shares may elect to receive the shares prior to the scheduled delivery date in the event of an unforeseeable emergency.

If, prior to the last day of the Measurement Period, the named executive officer's employment is terminated by PREIT for a reason other than cause or by the named executive officer for good reason (or, in the case of Mr. Ronald Rubin, voluntary termination) or because of the death or disability of the named executive officer, the named executive officer will remain eligible to receive shares under the program as if his employment had not terminated. If the named executive officer's employment is terminated for any other reason, the named executive officer will forfeit all of the RSUs.

**Table of Contents****Outstanding Equity Awards at 2014 Fiscal Year End**

The following table shows information concerning outstanding equity awards at December 31, 2014, including both awards subject to market-based performance conditions and time based awards, made by PREIT to its Chief Executive Officer, Chief Financial Officer and other named executive officers.

Name	Number of Shares or Units of Stock That Have Not Vested (#) <sup>(1)</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(2)</sup>	Stock Awards	
			Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) <sup>(3)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(2)</sup>
Joseph F. Coradino	118,464	2,779,165	209,196	4,907,738
Ronald Rubin	19,642	460,801	71,145	1,669,062
Robert F. McCadden	42,360	993,766	105,597	2,477,306
Bruce Goldman	19,327	453,411	47,645	1,117,752
George F. Rubin	0	0	118,541	2,780,972

- (1) The numbers shown under Number of Shares or Units of Stock That Have Not Vested represent the number of time based restricted shares granted under PREIT's Second Amended and Restated 2003 Equity Incentive Plan. These shares will vest in three equal annual installments beginning on or about February 15th of the year after the date of grant (except for the grant to Mr. Coradino upon his promotion to Chief Executive Officer, which vests in three equal annual installments on each of the three anniversaries following June 7, 2012), subject to continued employment. The vesting dates of the shares shown in this column are as follows:

Vesting Date	Joseph F. Coradino	Ronald Rubin	Robert F. McCadden	Bruce Goldman	George F. Rubin
2/17/2015	42,988	14,324	21,679	9,789	0
6/8/2015	33,333	0	0	0	0
2/16/2016	27,738	2,659	13,668	6,242	0
2/15/2017	14,405	2,659	7,013	3,296	0
<b>Total</b>	<b>118,464</b>	<b>19,642</b>	<b>42,360</b>	<b>19,327</b>	<b>0</b>

- (2) The market value of shares is based upon the closing market price per share of PREIT's common shares as of December 31, 2014 of \$23.46.

- (3) The amounts shown under Number of Unearned Shares, Units or Other Rights That Have Not Vested represent the aggregate of the number of RSUs, including RSUs acquired as a result of the application of dividends deemed credited to the account of the named executive officer. The amount shown represents the percentage of RSUs that will be earned and delivered as shares: 1) under the 2012 plan, at the outperformance level (these shares were issued on January 29, 2015) and 2) under both the 2013 plan and the 2014 plans assuming PREIT's TSR is at the outperformance level. The vesting or expiration dates of the RSUs shown in this column are as follows:

Vesting Date	Joseph F. Coradino	Ronald Rubin	Robert F. McCadden	Bruce Goldman	George F. Rubin
1/29/2015	76,726	58,684	40,306	17,843	45,738



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<b>Subtotal</b>	<b>76,726</b>	<b>58,684</b>	<b>40,306</b>	<b>17,843</b>	<b>45,738</b>
<b>Expiration Date</b>					
12/31/2015	64,977	0	32,432	14,358	36,801
12/31/2016	67,493	12,461	32,859	15,444	36,002
<b>Subtotal</b>	<b>132,470</b>	<b>12,461</b>	<b>65,291</b>	<b>29,802</b>	<b>72,803</b>
<b>Total</b>	<b>209,196</b>	<b>71,145</b>	<b>105,597</b>	<b>47,645</b>	<b>118,541</b>

**Table of Contents****2014 Option Exercises and Stock Vested**

The following table shows information concerning the 2014 issuance of shares in respect of performance-based RSUs and the 2014 vesting of restricted shares awarded to PREIT's Chief Executive Officer, Chief Financial Officer and other named executive officers. There were no share options exercised by PREIT's Chief Executive Officer, Chief Financial Officer or other named executive officers in 2014.

Name	Stock Awards <sup>(1)</sup>	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Joseph F. Coradino	117,730	2,169,603
Ronald Rubin	109,700	2,034,879
Robert F. McCadden	63,851	1,187,251
Bruce Goldman	28,268	525,618
George F. Rubin	119,700	2,202,842

- (1) The amounts shown in the Number of Shares Acquired on Vesting column represent (a) shares issued in respect of performance-based RSUs awarded under the 2011-2013 RSU Program, and (b) the vesting of time-based restricted shares as follows:

	RSUs		Restricted Shares	
	(#)	(\$)	(#)	(\$)
Joseph F. Coradino	46,643	860,097	71,087	1,309,506
Ronald Rubin	81,929	1,510,771	27,771	524,108
Robert F. McCadden	41,104	757,958	22,747	429,293
Bruce Goldman	18,197	335,553	10,071	190,065
George F. Rubin	46,643	860,097	73,057	1,342,745

**Pension Benefits**

None of our named executive officers participate in or have accrued benefits under qualified or non-qualified defined benefit plans sponsored by us.

**2014 Nonqualified Deferred Compensation**

The following table shows information concerning contributions, earnings, distributions and balances under non-qualified defined contribution and other deferred compensation plans maintained for PREIT's Chief Executive Officer, Chief Financial Officer and other named executive officers.

Name	Registrant Contributions In Last FY (\$) <sup>(1)</sup>	Aggregate Earnings in Last FY (\$) <sup>(2)</sup>	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE (\$) <sup>(3)</sup>
Joseph F. Coradino	50,000	38,976	0	818,492
Ronald Rubin	50,000	105,707	0	2,219,847
Robert F. McCadden	25,000	46,328	0	509,607
Bruce Goldman	25,000	53,641	0	588,068
George F. Rubin	35,000	62,467	860,846	0

- (1) The amounts reported in this column are reported in the Summary Compensation Table under All Other Compensation.



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- (2) The above-market portions of the amounts reported in this column are included in the Summary Compensation Table under Change in Pension Value and Nonqualified Deferred Compensation Earnings, to the extent they exceed 120% of the prevailing long term applicable federal rate.
- (3) Of the amounts reported, the following were previously reported as compensation to the respective named executive officers in the Summary Compensation Table prior to 2014: Joseph F. Coradino (\$581,889); Ronald Rubin (\$1,589,578); Robert F. McCadden (\$355,961); Bruce Goldman (\$402,469); and George F. Rubin (\$593,512).
- See Employment Agreements for a description of the material terms of the supplemental retirement plans of the named executive officers.

**Potential Payments Upon Termination or Change of Control**

Following is a summary of the arrangements that provide for payment to a named executive officer at, following or in connection with any termination, including resignation, severance, retirement or constructive termination, or in connection with a change of control or a change in the named executive officer's responsibilities.

*Termination by Us Without Cause, Termination by the Executive for Good Reason or Our Election Not to Renew the Employment Agreement Not Associated with a Change in Control.* If we terminate Joseph F. Coradino, Ronald Rubin, Robert F. McCadden or Bruce Goldman (each, an Executive) employment for a reason other than for Cause, which is generally defined to include fraud in connection with his employment, theft of PREIT funds, acts which are grounds for termination under our Code of Business Conduct and Ethics, indictment for a crime of moral turpitude, breach of confidentiality or non-competition obligations, continued failure to perform duties 30 days after a written demand specifying the nature of the failure, or repeated abuse of alcohol or drugs, or if an Executive terminates his employment with us for Good Reason, which includes PREIT's material breach of its obligations to the Executive under the employment agreement, a material change in the geographic location at which the Executive provides services, or a material diminution in the Executive's authority, duties or responsibilities (in each case, after 30 days written notice and failure to cure); in the case of Joseph F. Coradino and Ronald Rubin, the Executive is not nominated for election as a trustee; and, in the case of Mr. Ronald Rubin only, if the parties are unable to agree on requested changes in the compensation payable to Mr. Ronald Rubin; or if we elect not to renew the Executive's employment agreement, in any such case not in association with a change in control, then:

PREIT will pay to him (less applicable withholding taxes):

all earned but unpaid amounts under the employment agreement; and

for Mr. Coradino, a cash lump sum severance payment equal to 1.1 times (x) his then-current base salary plus (y) an amount calculated by multiplying such then-current base salary by the average percentage of base salary paid as a bonus in the last three calendar years, (in the case of clause (x), such amount being discounted to present value);

for Mr. Ronald Rubin, a cash lump sum founder's retirement payment equal to \$3,500,000;

for Mr. McCadden and Mr. Goldman, a cash lump sum severance payment equal to two times (x) such Executive's then-current base salary (such amount being discounted to present value) plus (y) an amount calculated by multiplying such then-current base salary by the average percentage of base salary paid as a bonus to such Executive in the last three calendar years; and

in each case, he, his spouse and dependents will continue to receive medical benefits for one year (three years in the case of Mr. Ronald Rubin and two years in the case of Mr. Coradino) to the extent PREIT was paying for such benefits prior to such termination;



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any restricted shares will vest; and

Mr. Ronald Rubin would receive any performance based cash incentive award earned as if his employment had not terminated, pro rata for the number of days he was employed during the year.

*Termination by Us for Cause.* If we terminate the Executive's employment for Cause, then:

PREIT will pay to him (less applicable withholding taxes) all earned but unpaid amounts under the employment agreement;

he, his spouse and dependents will have rights under PREIT's health plans as provided by COBRA; and

he will not engage in, have an interest in or in any way be affiliated with any entity that engages within 25 miles of any property owned by PREIT in any activity that competes with the activity of PREIT for one year following such termination.

*Death or Disability.* Under our employment agreement with each Executive, if the Executive dies during the term of his employment agreement, or if he is unable to perform his duties for 120 days during any 150 day period ( disability ) and PREIT elects to terminate his employment, then:

PREIT will pay to him or his estate (less applicable withholding taxes):

in the case of the disability of the Executive, except Mr. Ronald Rubin, a cash lump sum payment equal to one times (two times in the case of Mr. Coradino) (x) his then-current base salary minus (y) amounts reasonably projected to be paid to the Executive under disability insurance policies for the 12-month period immediately following the Executive's termination of employment (a 24-month period in the case of Mr. Coradino)(such amount being discounted to present value); in the case of Mr. Ronald Rubin's disability, he would receive a cash lump sum founder's retirement payment equal to \$3,500,000;

in the case of the death of the Executive, except Mr. Ronald Rubin, his base salary for a period of 12 months (24 months in the case of Mr. Coradino), paid in accordance with PREIT's normal payroll practices; in the case of the death of Mr. Ronald Rubin, his estate would receive a cash lump sum founder's retirement payment equal to \$3,500,000;

all earned but unpaid amounts under the employment agreement; and

if PREIT achieves its specified performance target(s), the pro rata portion of any amount payable under the annual cash incentive plan with respect to the year of termination that he would have earned had he remained employed with us;

all unvested restricted shares that vest solely based on the passage of time and the Executive's continued employment will vest; and

he, his spouse and dependents will continue to receive medical benefits for the 12-month period (a 24-month period in the case of Mr. Coradino and a 36-month period in the case of Mr. Ronald Rubin) immediately following his termination of employment to the extent PREIT was paying for such benefits prior to such death or disability.

*Voluntary Termination.* If an Executive voluntarily terminates his employment, PREIT will pay to him (less applicable withholding taxes) all earned but unpaid amounts under his employment agreement, and he will have rights under PREIT's health plans as provided by COBRA. If an

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Executive voluntarily terminates his employment with PREIT (other than (i) for Good Reason, (ii) within 10 calendar days following the date that

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PREIT provides the Executive with notice of his base salary and bonus eligibility for such fiscal year or (iii) (except for Mr. Coradino ) within 10 calendar days following April 10<sup>th</sup> of the applicable fiscal year, if such compensation notice has not been received as of that date), the Executive will not engage in, have an interest in or in any way be affiliated with any entity that engages, within 25 miles of any property owned by PREIT, in any activity which competes with the activities of PREIT or its affiliates for one year following such termination.

In the case of Mr. Ronald Rubin, in the event of voluntary termination without good reason, he, his spouse and dependents would continue to receive medical benefits for the 36-month period after such termination. In the event of Mr. Rubin's death during such period, such coverage would continue for his spouse and dependents. In addition, in the event of a voluntary termination, Mr. Rubin would receive a cash lump sum founder's retirement payment equal to \$3,500,000, he would receive any performance based cash incentive award earned as if his employment had not terminated, pro rata for the number of days he was employed during the year, all time based restricted shares would vest, and all performance based restricted share unit awards would remain outstanding and would vest or expire, in whole or in part, based on the applicable performance measures under the award as if his employment had not terminated.

*Restricted Share Unit Programs.* Under the Company's performance based equity programs, if an Executive's employment is terminated by PREIT for a reason other than for Cause or by the Executive for Good Reason or because of the death or disability of the Executive, the Executive will remain eligible to receive shares under the applicable Restricted Share Unit Programs as if his employment had not terminated. If the Executive's employment is terminated for any other reason, he forfeits his RSUs, except as otherwise discussed above for Mr. Ronald Rubin.

*Change of Control.* If there is a change of control of PREIT, then:

the measurement period for any outstanding RSUs would end on the date of the change of control, and shares underlying such awards will become payable, if at all, based on our relative TSR performance through that date;

any restricted shares will vest; and

if Mr. McCadden is required to pay any excise taxes imposed under Section 4999 of the Code, PREIT will reimburse Mr. McCadden for one-half of such taxes, provided that such reimbursement will not be grossed up to cover any excise, income or employment taxes assessed on that additional payment; if Mr. McCadden would receive a higher net after-tax benefit by the reduction of his payments and benefits to the minimum extent necessary to ensure that no such excise taxes apply, his payments and benefits shall be so reduced.

If an Executive's employment is terminated within six months before or 12 months after a change of control of PREIT, by us without Cause (including our election not to renew the agreement), or by him for Good Reason, then:

PREIT will pay to him (less applicable withholding taxes):

all earned but unpaid amounts under the employment agreement;

in the case of each Executive other than Mr. Ronald Rubin, a lump sum cash payment equal to two times (three times in the case of Mr. Coradino) (x) his then-current base salary (discounted to present value if such termination occurs within six months before the change of control) plus (y) an amount calculated by multiplying the then-current base salary by the average percentage of base salary paid as a bonus in the last three calendar years; Mr. Ronald Rubin would receive a cash lump sum founder's retirement payment equal to \$3,500,000; and



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the Executive, his spouse and dependents will continue to receive medical benefits for one year (three years in the case of Mr. Ronald Rubin and two years in the case of Mr. Coradino) to the extent PREIT was paying for such benefits prior to termination.

*All Terminations of Employment*

As described above under Employment Agreements, the amounts credited to the supplemental retirement plan of an Executive as of December 31, 2004 (plus earnings thereon) are payable within 60 days of the termination of employment for any reason. The amounts credited to the supplemental retirement plan of an Executive on and after January 1, 2005 are payable within 60 days of the termination (as defined in the employment agreement to effect compliance with or exemption from Section 409A of the Code) of employment for any reason, subject to a required delay for some payments pursuant to regulations under Section 409A of the Code. As these amounts are provided in the event of any termination of employment and are disclosed above, such amounts are not included in the amounts set forth in the tables below. See 2014 Nonqualified Deferred Compensation.

Mr. George F. Rubin's employment with the Company ended in May 2014, and the payment and benefits he received in connection with his separation from service are set forth below.

Assuming Joseph F. Coradino's employment was terminated under each of these circumstances on December 31, 2014 and/or there was a change of control of PREIT, and without taking into account any value assigned to Mr. Coradino's covenant not compete, such payments and benefits would have had an estimated value of:

Joseph F. Coradino	Lump Sum <sup>(1)</sup> / Base Salary (\$)	Bonus (\$)	Value of Accelerated Equity and Performance Awards (\$)		Other <sup>(2)</sup> (\$)	Total (\$)
			Performance Based	Time Based		
Without Cause, Our Election Not to Renew Employment Agreement, or For Good Reason Not Associated With a Change of Control	706,239	835,131	4,106,349 <sup>(3)</sup>	2,779,165	34,925	8,461,809
Without Cause, Our Election Not to Renew Employment Agreement, or For Good Reason Associated With a Change of Control	1,950,000 <sup>(4)</sup>	2,277,629	4,106,349	2,779,165	34,925	11,148,068
Death	1,300,000	650,000	4,106,349 <sup>(3)</sup>	2,779,165	34,925	8,870,439
Disability	919,509	650,000	4,106,349 <sup>(3)</sup>	2,779,165	34,925	8,489,948
Change of Control (without regard to a termination of employment)	0	0	4,106,349	2,779,165	0	6,885,514

- (1) The amounts set forth in this column are paid in a lump sum upon the occurrence of a listed event, provided that the payment of the amount payable upon the termination of Mr. Coradino's employment in the case of his death will instead be made as a base salary continuation over the 24 month period following his death.
- (2) The amounts shown in this column represent amounts in respect of benefit continuation.
- (3) Represents the value of shares under any RSU program in effect that would have been received by the Executive (or his estate) if the applicable Measurement Period had ended on December 31, 2014 based on our relative TSR performance through, and the closing price as of, that date, and assuming that the relative performance and the price remained the same at the end of the actual Measurement Period.

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(4) Assumes termination occurs within 12 months after a change of control. If termination occurs within six months prior to a change of control, the Executive would receive an amount in respect of base salary of \$1,926,106.

Assuming that Ronald Rubin's employment was terminated under each of these circumstances on December 31, 2014 and/or there was a change of control of PREIT, and without taking into account any value assigned to Mr. Ronald Rubin's covenant not to compete, such payments and benefits would have had an estimated value of:

Ronald Rubin	Lump Sum (\$)	Bonus (\$)	Value of Accelerated Equity and Performance Awards (\$)			Total (\$)
			Performance Based	Time Based	Benefit Continuation (\$)	
Without Cause, Either Party's Election Not to Renew Employment Agreement, or For Good Reason Not Associated With a Change of Control	3,500,000	0	1,575,518 <sup>(1)</sup>	460,801	52,387	5,588,706
Without Cause, Either Party's Election Not to Renew Employment Agreement, or For Good Reason Associated With a Change of Control	3,500,000	0	1,575,518	460,801	52,387	5,588,706
Death	3,500,000	0	1,575,518 <sup>(1)</sup>	460,801	52,387	5,588,706
Disability	3,500,000	0	1,575,518 <sup>(1)</sup>	460,801	52,387	5,588,706
Change of Control (without regard to a termination of employment)	0	0	1,575,518	460,801	0	2,036,319

(1) Represents the value of shares under any RSU program in effect that would have been received by the Executive (or his estate) if the applicable Measurement Period had ended on December 31, 2014 based on our TSR performance through, and the closing price as of, that date, and assuming that the relative performance and the price remained the same at the end of the actual Measurement Period.

Assuming Robert F. McCadden's employment was terminated under each of these circumstances on December 31, 2014 and/or there was a change of control of PREIT, and without taking into account any value assigned to Mr. McCadden's covenant not to compete, such payments and benefits would have had an estimated value of:

Robert F. McCadden	Base Salary (\$)	Bonus (\$)	Value of Accelerated Equity and Performance Awards (\$)			Total (\$)
			Performance Based	Time Based	Other (\$)	
Without Cause, Our Election Not to Renew Employment Agreement, or For Good Reason Not Associated With a Change of Control	862,095	670,671	2,083,530 <sup>(1)</sup>	993,766	17,513	4,627,575
Without Cause, Our Election Not to Renew Employment Agreement, or For Good Reason Associated With a Change of Control	881,306 <sup>(2)</sup>	670,671	2,083,530	993,766	17,513	4,646,786
Death	440,653	264,392	2,083,530 <sup>(1)</sup>	993,766	17,513	3,799,854
Disability	257,738	264,392	2,083,530 <sup>(1)</sup>	993,766	17,513	3,616,939
Change of Control (without regard to a termination of employment)	0	0	2,083,530	993,766	0	3,077,296

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- (1) Represents the value of shares under any RSU program in effect that would have been received by the Executive (or his estate) if the applicable Measurement Period had ended on December 31, 2014 based on our TSR performance through, and the closing price as of, that date, and assuming that the relative performance and the price remained the same at the end of the actual Measurement Period.
- (2) Assumes termination occurs within 12 months after a change of control. If termination occurs within six months prior to a change of control, the Executive would receive the base salary amount listed in the row Without Cause or For Good Reason Not Associated With a Change of Control.

Assuming Bruce Goldman's employment was terminated under each of these circumstances on December 31, 2014 and/or there was a change of control of PREIT, and without taking into account any value assigned to Mr. Goldman's covenant not to compete, such payments and benefits would have had an estimated value of:

Bruce Goldman	Base Salary (\$)	Bonus (\$)	Value of Accelerated Equity and Performance Awards (\$)			Total (\$)
			Performance Based	Time Based	Other (\$)	
Without Cause, Our Election Not to Renew Employment Agreement, or For Good Reason Not Associated With a Change of Control	674,855	521,869	936,712 <sup>(1)</sup>	453,411	16,318	2,603,165
Without Cause, Our Election Not to Renew Employment Agreement, or For Good Reason Associated With a Change of Control	689,894 <sup>(2)</sup>	521,869	936,712	453,411	16,318	2,618,204
Death	344,947	206,968	936,712 <sup>(1)</sup>	453,411	16,318	1,958,356
Disability	163,102	206,968	936,712 <sup>(1)</sup>	453,411	16,318	1,776,511
Change of Control (without regard to a termination of employment)	0	0	936,712	453,411	0	1,390,123

- (1) Represents the value of shares under any RSU program in effect that would have been received by the Executive (or his estate) if the applicable Measurement Period had ended on December 31, 2014 based on our TSR performance through, and the closing price as of, that date, and assuming that the relative performance and the price remained the same at the end of the actual Measurement Period.
- (2) Assumes termination occurs within 12 months after a change of control. If termination occurs within six months prior to a change of control, the Executive would receive the base salary amount listed in the row Without Cause or For Good Reason Not Associated With a Change of Control.

*George F. Rubin*

Mr. George Rubin left his position as PREIT's Vice Chairman at the end of May 2014. Under the terms of his separation from PREIT, Mr. Rubin received a payment of approximately \$2.6 million in connection with his departure, which amount is in addition to the payment of the amounts accrued under his supplemental retirement plan. All of Mr. Rubin's outstanding unvested restricted shares vested, and he remains eligible to receive shares under PREIT's Restricted Share Unit Programs based upon the achievement of the performance metrics established by those programs as if his employment had not terminated. The terms of separation also included a standard mutual general release of all claims. Mr. Rubin's term as a trustee of PREIT expired at the Annual Meeting of Shareholders in May 2014.

**Table of Contents****Equity Compensation Plans**

The following table summarizes PREIT's equity compensation plans as of December 31, 2014:

<b>Plan category</b>	<b>Number of shares to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of shares remaining available for future issuance under equity compensation plans<sup>(1)(3)</sup></b>
Equity compensation plans approved by shareholders	15,000 <sup>(2)</sup>	\$ 23.67	1,544,100
Equity compensation plans not approved by shareholders	0	0	0
<b>Total</b>	<b>15,000<sup>(2)</sup></b>	<b>\$ 23.67</b>	<b>1,544,100</b>

- (1) Does not include shares reflected in the column entitled "Number of shares to be issued upon exercise of outstanding options, warrants and rights."
- (2) Does not include 434,797 restricted shares awarded under PREIT's Second Amended and Restated 2003 Equity Incentive Plan, and does not include 3,252 shares awarded under PREIT's 2008 Restricted Share Plan for Non-Employee Trustees that, in each case, were outstanding and unvested at December 31, 2014.
- (3) Includes 1,454,626 shares available for awards under PREIT's Second Amended and Restated 2003 Equity Incentive Plan as of December 31, 2014, including shares that might become issuable pursuant to the Company's RSU Programs, and 89,474 shares available for issuance under PREIT's Employee Share Purchase Plan.

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**AUDIT**

**PROPOSAL THREE**

**RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR**

The Audit Committee of the Board of Trustees has selected KPMG LLP as PREIT's independent auditor to perform the audit of our financial statements for 2015. KPMG is a registered independent public accounting firm and served as our independent auditor for the year ended December 31, 2014. A representative of KPMG is expected to be present at the Annual Meeting and available to respond to appropriate questions, and will be given an opportunity to make a statement, if the representative so desires.

Although shareholder ratification of our selection of KPMG as our independent auditor is not required by our by-laws or otherwise, the Board of Trustees is submitting the selection of KPMG to our shareholders for ratification as a matter of good corporate practice. Despite ratification, the Audit Committee, in its discretion, may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interest of PREIT. If KPMG is not ratified, the Audit Committee, in its discretion, may select as our independent auditor any registered public accounting firm that it determines would be in the best interest of PREIT.

*Board Recommendation*

The Audit Committee of our Board of Trustees recommends that shareholders vote FOR the ratification of PREIT's selection of KPMG as PREIT's independent auditor to perform the audit of our financial statements for 2015.

**Audit Committee Report**

PREIT's Audit Committee is governed by an amended and restated charter that was originally approved and adopted by PREIT on April 14, 2004. PREIT's Board of Trustees has determined that all of the members of the Audit Committee are financially literate and independent under New York Stock Exchange listing rules and independent under PREIT's own independence guidelines. Each member of the Audit Committee also meets the SEC's additional independence requirements for audit committee members. In addition, PREIT's Board of Trustees has determined that John J. Roberts is an audit committee financial expert, as defined by SEC rules.

PREIT's management has primary responsibility for PREIT's financial statements. KPMG LLP, PREIT's independent auditor for 2014, is responsible for expressing an opinion on the conformity of PREIT's audited financial statements with generally accepted accounting principles. Before PREIT's Annual Report on Form 10-K for the year ended December 31, 2014 was filed with the SEC, the Audit Committee reviewed and discussed with management and KPMG the audited financial statements of PREIT for the year ended December 31, 2014, which included the consolidated balance sheets of PREIT as of December 31, 2014 and 2013, the related consolidated statements of operations, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2014, and the notes thereto. In connection with this review, the Audit Committee, among other things, made inquiries of PREIT's internal auditor and KPMG with respect to the reliability and integrity of PREIT's accounting policies and financial reporting practices, and reviewed with KPMG its views on the quality of PREIT's implementation of accounting principles, disclosure practices and use of accounting estimates in preparing the financial statements.

The Audit Committee discussed with KPMG the matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 16, which includes, among other items, matters related to the conduct of the audit of PREIT's financial statements. The Audit Committee received the written disclosures and

the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG's communications with the Audit Committee concerning independence, and has discussed with KPMG its independence.

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Based on the review and discussions referred to above, the Audit Committee recommended to PREIT's Board of Trustees that PREIT's audited financial statements be included in PREIT's Annual Report on Form 10-K for the year ended December 31, 2014.

SUBMITTED BY THE AUDIT COMMITTEE OF

THE BOARD OF TRUSTEES

John J. Roberts, Chair

Rosemarie B. Greco

Donald F. Mazziotti

Charles P. Pizzi

**Pre-Approval Policies and Procedures**

In accordance with the SEC's auditor independence rules, the Audit Committee pre-approves all audit and permissible non-audit services to be provided to us by our independent auditor. The Audit Committee has delegated pre-approval authority between meetings of the Audit Committee to the Chair of the Audit Committee. The fees listed in the table below were properly pre-approved. The Audit Committee or its Chair considered the nature of the non-audit services provided by KPMG and determined that those services were compatible with the provision of independent audit services by KPMG.

**Additional Information Regarding Our Independent Auditors**

In addition to retaining KPMG to audit PREIT's consolidated financial statements for 2014, PREIT retained KPMG to provide other auditing and advisory services in 2014. PREIT understands the need for KPMG to maintain objectivity and independence in its audit of PREIT's financial statements.

The aggregate fees billed for professional services by KPMG in 2014 and 2013 for these various services were:

<b>Type of Fees</b>	<b>2014</b>	<b>2013</b>
Audit Fees	\$ 837,700	\$ 725,000
Audit-Related Fees	39,000	208,500
Tax Fees	132,100	63,100
Total	\$ 1,008,800	\$ 996,600

In the table above, in accordance with the Securities and Exchange Commission's definitions and rules, audit fees are fees PREIT paid KPMG for professional services for the audit of PREIT's consolidated financial statements included in PREIT's Form 10-K, review of financial statements included in PREIT's Forms 10-Q, including transaction reviews, and for services that are normally provided by the accountant in connection with the review of other filings and consents; audit-related fees are fees for comfort letters and for work performed in connection with S-3 and S-8 registration statements and prospectus supplements thereunder; and tax fees are fees for tax compliance, tax preparation and other tax consultation related to transactions consummated by PREIT during 2014 and 2013.

**Table of Contents****OTHER MATTERS****PROPOSAL FOUR****OTHER MATTERS**

PREIT's management knows of no matters other than those stated above to come before the meeting. However, if any other matters properly come before the meeting, the enclosed proxy confers discretionary authority with respect to those matters.

**Principal Security Holders**

The following table shows information concerning beneficial ownership of PREIT's common shares by the only persons known by PREIT to be the beneficial owners of more than 5% of PREIT's common shares of beneficial interest based on PREIT's review of publicly available filings made with the Securities and Exchange Commission by such persons:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership as of Date of Applicable SEC Filing	Percent of Outstanding Shares as of March 31, 2015
The Vanguard Group, Inc. <sup>(1)</sup>  100 Vanguard Blvd. Malvern, PA 19355	10,101,805	14.7%
BlackRock, Inc. <sup>(2)</sup>  40 East 52nd Street New York, NY 10022	8,313,868	12.1%
Cohen & Steers, Inc. <sup>(3)</sup>  280 Park Avenue, 10th floor New York, NY 10017	7,881,508	11.5%

(1) Based on two Schedules 13G/A filed with the SEC on February 6, 2015 and February 11, 2015. As of December 31, 2014, the Vanguard Group, Inc. had sole voting power over 191,587 of the shares reported and sole dispositive power over 9,945,618 of the shares reported. Of these shares, Vanguard Specialized Funds-Vanguard REIT Index Fund held 5,107,384 shares, approximately 7.4% of the outstanding shares.

(2) Based on a Schedule 13G/A filed with the SEC on January 9, 2015. BlackRock Inc. has sole voting power over 8,129,546 of the shares reported and sole dispositive power over all 8,313,868 of the shares reported. The shares are held in various BlackRock subsidiaries including BlackRock Japan Co. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management North Asia Limited, BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock Investment Management (UK) Ltd, BlackRock Advisors (UK) Limited, BlackRock Fund Managers Ltd, BlackRock Asset Management Ireland Limited, BlackRock Institutional Trust Company, N.A. and BlackRock International Limited. Of these subsidiaries, only BlackRock Fund Advisors individually owns 5% or more of the outstanding shares.

(3) Based on a Schedule 13G/A filed with the SEC on February 13, 2015. As of December 31, 2014, Cohen & Steers, Inc. had sole voting power over 6,623,407 of the shares reported and sole dispositive power over all 7,881,508 of the shares reported. Of these shares, Cohen and Steers Capital Management, Inc. held 7,841,913 shares, approximately 11.4% of the outstanding shares.

**Related Party Transactions Policy**

## Edgar Filing: PENNSYLVANIA REAL ESTATE INVESTMENT TRUST - Form DEF 14A

The PREIT related party transactions policy requires that related party transactions be reviewed and approved or ratified by a special committee comprised of independent trustees. The Board of Trustees has appointed M. Walter D. Alessio, Chair, Leonard I. Korman and Donald F. Mazziotti as the members of the



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Special Committee. Any member of the Special Committee with an interest in a related party transaction will not vote on the approval or ratification of that transaction, but may participate, to the extent requested by the Chair of the Special Committee, in the Special Committee's consideration of that transaction.

Related parties that are covered by the policy include any executive officer, trustee, nominee for trustee or 5% shareholder of PREIT, any immediate family member of those persons, any entity that is owned or controlled by any of the foregoing persons or any entity in which such a person is an executive officer or has a substantial ownership interest. Related party transaction means any transaction or series of similar transactions and any material amendment or modification to such a transaction:

involving an amount of at least \$120,000 in which PREIT is a participant and in which a related party will have a direct or indirect material interest; and

that occurred subsequent to the adoption of the policy and has not previously been approved or ratified pursuant to the policy. The related party transactions policy expressly excepts certain ordinary course transactions from the review, approval and ratification requirements of the policy.

The related party transactions policy requires executive officers and trustees of PREIT to notify PREIT's General Counsel as soon as reasonably practicable of any potential related party transaction. PREIT's General Counsel then determines whether the transaction requires compliance with the related party transactions policy. If the transaction is a related party transaction, full details of the transaction are submitted to the Special Committee. The Special Committee will then determine whether to ratify or approve the transaction. The Special Committee considers, among other things:

the terms of the transaction and whether the terms are fair to PREIT and are on the same basis as if the transaction did not involve a related party;

the reasons for PREIT to enter into the transaction;

whether the transaction would impair the independence of a non-employee trustee;

whether the transaction presents an improper conflict for any trustee or executive officer of PREIT; and

the materiality of the transaction.

PREIT's 2008 acquisition of an interest in a partnership owning an office building located within the boundaries of Cherry Hill Mall, discussed below, was approved pursuant to PREIT's related party transactions policy. PREIT's 2012 amendment to its office lease with an entity in which certain of its officers/trustees have an interest, discussed below, was also approved pursuant to PREIT's related party transactions policy. Except as described below, none of the other transactions described below under Other Transactions and Matters were reviewed, ratified or approved pursuant to PREIT's related party transactions policy because each of the transactions was either entered into before PREIT adopted the policy or is not considered to be a related party transaction under the terms of the policy. Each of the transactions described below were, to the extent deemed necessary and appropriate by the Board of Trustees, reviewed and approved by PREIT's Board of Trustees, the Special Committee and/or, as appropriate, the independent or non-employee members of PREIT's Board of Trustees.

### *Tax Protection Agreement*

On January 22, 2008, PREIT, PREIT Associates, L.P. and another subsidiary of PREIT entered into a Contribution Agreement with Bala Cynwyd Associates, L.P., City Line Associates, Ronald Rubin, Joseph Coradino and three other individuals regarding the acquisition of an

office building located within the boundaries

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of PREIT's Cherry Hill Mall. In connection with that agreement, PREIT and PREIT Associates agreed to provide tax protection to Ronald Rubin, Joseph F. Coradino and two other individuals resulting from the sale of the office building during the eight years following the initial closing.

This tax protection agreement requires PREIT to make payments to the counterparties if PREIT takes certain actions, such as selling the property covered by the agreement, that trigger tax liabilities for the counterparties.

### *Other Transactions and Matters*

PREIT-RUBIN, Inc. currently provides management, leasing and development services for seven properties owned by partnerships and other entities in which Ronald Rubin, collectively with members of his immediate family and affiliated entities, have significant ownership interests. Total revenue earned by PREIT-RUBIN, Inc. for such services was \$0.6 million for the year ended December 31, 2014.

PREIT leases its principal executive offices from Bellevue Associates, an entity in which Ronald Rubin has an interest. In April 2012, we entered into an amendment to our office lease with the landlord, effective June 1, 2012. Under this amendment, we consolidated from approximately 68,100 square feet into approximately 58,000 square feet. The term has been extended for five years to October 31, 2019, and we have the option to renew the amended office lease for up to two additional periods for an aggregate of 10 years, at the then-current market base rental rate calculated in accordance with the terms of the amended office lease. The first extension period shall be no less than three and no more than seven years, at our discretion, and the second shall be for 10 years less the number of years of the first extension. The base rent will be approximately \$1.2 million per year, increasing incrementally to approximately \$1.4 million in 2019. PREIT's total rent expense in 2014 was approximately \$1.2 million. Ronald Rubin, collectively with members of his immediate family and affiliated entities, owns approximately a 50% interest in Bellevue Associates.

George F. Rubin's son, Daniel Rubin, was employed by a subsidiary of PREIT in 2014. Daniel Rubin is Vice President Anchor Leasing of PREIT and his annual salary in 2014 was approximately \$161,000 and in 2015 is approximately \$164,000. In addition, Daniel Rubin received 2,564 restricted shares in 2014 valued at approximately \$49,000 and he received commissions of approximately \$82,000 for leasing activity in 2014.

### **Incorporation by Reference**

The information contained in this Proxy Statement under the headings Compensation Committee Report and Audit Committee Report is not soliciting material, nor is it filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that PREIT specifically incorporates such information by reference in a filing.

### **Shareholders Proposals**

Under SEC rules, certain shareholder proposals may be included in PREIT's proxy statement. Any shareholder desiring to have such a proposal included in PREIT's proxy statement for the annual meeting to be held in 2016 must deliver a proposal in full compliance with Rule 14a-8 under the Securities Exchange Act of 1934 to PREIT's executive offices by December 21, 2015.

Where a shareholder submits a proposal outside of the process described in Rule 14a-8 of the Securities Exchange Act of 1934, the shareholder must comply with the procedures set forth in our trust agreement. The written proposal must be received by our Secretary on or before March 6, 2016 but no earlier than February 4, 2016 (unless our annual meeting is not within 30 days of the anniversary of the prior annual meeting, and then not later than the tenth business day following the date on which notice of the meeting was mailed or disclosed to the public, whichever occurs first). The notice to our Secretary must contain or be accompanied by the

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information required by Section 11.J of our trust agreement and must include, among other things: (i) the name and address of the shareholder intending to bring the business before the meeting; (ii) a representation as to the class, series and number of shares that such shareholder owns of record or beneficially and the respective date or dates on which such shareholder acquired such ownership; (iii) a description of all proxies, agreements, arrangements or understandings between the proposing shareholder and any other person or entity (naming each such person or entity) pursuant to which such shareholder has any right to vote any shares; (iv) the general nature of the business which such shareholder seeks to bring before the meeting and the text of the resolution or resolutions which the shareholder proposes that the shareholders adopt; (v) any material interest in such business by such shareholder, including any anticipated benefit; and (vi) with respect to such shareholder or affiliate of such shareholder, whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including, without limitation, any put, short position, hedged position, borrowing or lending of shares, synthetic or temporary ownership technique, swap, securities loan, option, warrant, convertible security, stock appreciation right, or any other right or security with a value derived, in part or in whole, from the value of any class or series of shares, directly or indirectly owned by such shareholder or affiliate of such shareholder) has been made, the effect or intent of which is to (A) mitigate loss to, or manage the risk or benefit of share price changes for, or to increase or decrease the voting power of, such shareholder or any affiliate of such shareholder with respect to any shares, or (B) provide the shareholder or affiliate of such shareholder with an opportunity to receive directly or indirectly any gain from an increase or decrease in the value of the shares. In addition, the notice must be signed by a shareholder or shareholders entitled to vote at the meeting and holding, individually or collectively, at least two percent of the shares outstanding on the date of such notice. A copy of the full text of the relevant section of the trust agreement, which includes the complete list of the information that must be submitted to us before a shareholder may submit a proposal at the 2016 Annual Meeting, may be obtained upon written request directed to our Secretary at our principal executive office. A copy of our trust agreement is also posted on our website at [www.preit.com](http://www.preit.com).

By Order of the Board of Trustees

Bruce Goldman

Secretary

April 23, 2015

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***PENNSYLVANIA REAL ESTATE INVESTMENT TRUST***

***THE BELLEVUE***

***200 S. BROAD STREET, 3rd Floor***

***PHILADELPHIA, PA 19102***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by Pennsylvania Real Estate Investment Trust in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

**KEEP THIS PORTION FOR YOUR RECORDS**

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

**The Board of Trustees recommends you vote FOR all nominees listed below:**

	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	
				To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.

1. Election of Trustees

..      ..      ..

**Nominees**

- |                       |                        |                       |                       |
|-----------------------|------------------------|-----------------------|-----------------------|
| 01 Joseph F. Coradino | 02 M. Walter D Alessio | 03 Michael J. DeMarco | 04 Rosemarie B. Greco |
| 05 Leonard I. Korman  | 06 Mark E. Pasquerilla | 07 Charles P. Pizzi   | 08 John J. Roberts    |
| 09 Ronald Rubin       |                        |                       |                       |

**The Board of Trustees recommends you vote FOR the following proposals:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
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2. ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION.

..      ..

**For    Against    Abstain**

3. RATIFICATION OF THE SELECTION OF KPMG LLP AS INDEPENDENT AUDITOR FOR 2015.

..      ..

**NOTE: IN THEIR DISCRETION, THE PROXIES ARE AUTHORIZED TO VOTE UPON SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING.**

	<b>Yes</b>	<b>No</b>
Please indicate if you plan to attend this meeting	..	..

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]    Date

Signature (Joint Owners)    Date



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You are urged to sign and return this Proxy so that you may be sure that these shares will be voted.

If you vote your proxy by Internet or telephone, you do NOT need to mail back your proxy card.

You may view the Annual Report and Proxy Statement on the Internet at [www.preit.com](http://www.preit.com)

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, Annual Report is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**Annual Meeting of Shareholders**

**PENNSYLVANIA REAL ESTATE INVESTMENT TRUST**

**June 4, 2015**

**This Proxy is solicited on behalf of the Board of Trustees**

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. NO POSTAGE REQUIRED.

The undersigned, revoking all prior proxies, hereby appoints Ronald Rubin, Joseph F. Coradino, M. Walter D Alessio and Leonard I. Korman, and each and any of them, as proxies of the undersigned, with full power of substitution, to vote and act with respect to all shares of beneficial interest of Pennsylvania Real Estate Investment Trust held of record by the undersigned at the close of business on April 6, 2015 at the Annual Meeting of Shareholders to be held on Thursday, June 4, 2015 and at any adjournment thereof.

**THE SHARES REPRESENTED BY THIS PROXY, WHEN DULY EXECUTED, WILL BE VOTED AS INSTRUCTED ON THE REVERSE SIDE. IF INSTRUCTIONS ARE NOT GIVEN, THEY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED IN PROPOSAL 1, FOR THE ADVISORY APPROVAL OF THE COMPANY S EXECUTIVE COMPENSATION AND FOR THE RATIFICATION OF THE SELECTION OF KPMG LLP AS INDEPENDENT AUDITOR FOR 2015.**

**Continued and to be signed on reverse side**