PENNSYLVANIA REAL ESTATE INVESTMENT TRUST
Form DEF 14A
April 24, 2013
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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 x 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))**

x 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PENNSYLVANIA REAL ESTATE INVESTMENT TRUST

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

MAY 29, 2013

The Annual Meeting of Shareholders of Pennsylvania Real Estate Investment Trust will be held on Wednesday, May 29, 2013 at 11:00 a.m. Eastern Time at the Hyatt at The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102 for the following purposes:

(1) To elect 11 trustees nominated by the Board of Trustees and named in this Proxy Statement for a term expiring at the 2014 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 2013; 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 5, 2013 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. **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

April 24, 2013

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 29, 2013:

This Proxy Statement and PREIT s Annual Report to Shareholders for the fiscal year ended December 31, 2012 are available at www.preit.com by clicking on Investor Relations, then clicking on SEC Filings and then clicking on Latest Proxy or Latest Annual Report, 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, or PREIT, will be held on Wednesday, May 29, 2013 at 11:00 a.m. Eastern Time at the Hyatt at The Bellevue, 200 South Broad Street, Philadelphia, Pennsylvania 19102. We are mailing this Proxy Statement on or about April 24, 2013 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, 2012 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 5, 2013 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, 56,506,000 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 telephone or through the Internet, in order for all of your shares to 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 2013 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 via telephone or the Internet. For your vote with respect to the election of trustees to be counted, you need to

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communicate your voting instructions to your broker, bank or other financial institution before the date of the 2013 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 11 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 2013 (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 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, 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 Georgeson Inc. to assist us in the solicitation of votes for a fee of $15,000, 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 and on the SEC s website at 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, Rosemarie B. Greco, Leonard I. Korman, Ira M. Lubert, Donald F. Mazziotti, Mark E. Pasquerilla, Charles P. Pizzi, John J. Roberts, George F. Rubin and Ronald Rubin for election at the Annual Meeting as trustees to serve until the Annual Meeting to be held in the spring of 2014 and until their respective successors have been duly elected and have qualified. Each of the nominees other than Mr. Pizzi 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 11 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, 2013. 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

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willingness to participate actively in the work of the Board of Trustees and, in the case of non-management 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 others. Generally, the Nominating and Governance Committee and the Board of Trustees considers it important that nominees have competencies in one or more of the following areas: the real estate industry, public or private 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	**Common Shares Beneficially Owned on March 31, 2013**[(1)]	
Principal Occupation, Affiliations and Qualifications	**Number**	**Percent of Class**[(2)]
Joseph F. Coradino Age: 61 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 director of A.C. Moore Arts & Crafts, Inc. from 2006 to 2011. Trustee of the University of the Arts, Philadelphia, Pennsylvania. 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.	410,544[(3)]	*

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Nominees for the Office of Trustee Principal Occupation, Affiliations and Qualifications	Common Shares Beneficially Owned on March 31, 2013(1) Number	 Percent of Class(2)
M. Walter D Alessio Age: 79 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 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 quasi-governmental and private companies 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.	23,272(4)	*
Rosemarie B. Greco Age: 66 Trustee since: 2012 (and from 1997 to 2011) Founding Principal, Grecoventures Ltd. (business investment and consulting partnership). Former Senior Advisor to the Governor of Pennsylvania on Health Care Reform. Former CEO and President, CoreStates Bank, N.A. and President, CoreStates Financial Corp. Director of Exelon Corporation and trustee of SEI I Mutual Funds. 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 Sunoco, Inc., General Accident Insurance (USA), Cardone Industries, Inc., Genuardi s Family Markets, Inc. and Radian, Inc.; 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. 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	9,258(5)	*

compensation, strategic planning, finance and community and government affairs.

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Nominees for the Office of Trustee Principal Occupation, Affiliations and Qualifications	Common Shares Beneficially Owned on March 31, 2013(1) Number	Percent of Class(2)
Leonard I. Korman	550,182(6)	1.0%

Age: 77

Trustee since: 1996

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.

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

Ira M. Lubert	21,415(7)	*

Age: 63

Trustee since: 2001

Chairman of Independence Capital Partners and of Lubert-Adler Partners, L.P., companies specializing in private equity investments in real estate and other entrepreneurial opportunities. Co-founder and managing partner of LLR Equity Partners, L.P., a venture fund making private equity investments in Mid-Atlantic growth companies and middle market special opportunity situations. Chairman of GF Management, a company that specializes in the ownership and management of hospitality properties. Co-founder of the following funds: LEM Mezzanine Fund, a fund making mortgage loans; Quaker Bio Venture, a private equity fund engaged in making health care and life science investments; Patriot Financial Partners, a private equity fund focused on community banks, thrifts and other financial services related companies; Versa Capital Management, a fund specializing in distressed and special situations, including restructurings and turnarounds, reorganizations and recapitalizations; Rubinstein Partners, a fund specializing in directing and managing value-added office real estate investments; and LBC Partners, a fund that provides middle market financing solutions through debt and co-investments. Member of the Board of Directors of Global Affiliates, Inc. (wellness programs).

Mr. Lubert has founded and serves as the principal executive of several investment funds that engage in the acquisition, financing and management of real estate and other diverse business enterprises. From his experience in these activities, Mr. Lubert brings to the Board of Trustees, among other things, a deep and pragmatic understanding of evaluating and structuring investments in real estate and other businesses, finance and capital markets and organizational strategy and development.

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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2013[1]	
Principal Occupation, Affiliations and Qualifications	**Number**	**Percent of Class[2]**
Donald F. Mazziotti[8]	29,122[9]	*

Age: 67

Trustee since: 2003

Community Development Director, City of Beaverton, Oregon since 2009. Principal, Development Equities & Advisories LLC (real estate development and consulting) since 2005. Senior Vice President, Urban and Mixed Use Development, Harsch Investment Properties, Portland, Oregon, from 2005 to 2007. Chief Executive Officer, Portland Development Commission, 2001 to 2005. Chief Information Officer, State of Oregon, 1998 to 2000. Chairman of Delta Development Group, Inc. (government relations, economic planning and management consulting) from 1995 to 1997. Chief Executive Officer of Delta Development Group, Inc. from 1988 to 1998. Director and audit committee member, Portland State University Foundation, since 2008. Member of the board and audit committee member of privately-held United Fund Advisors, LLC from 2008 to 2012. Member of Crown American Realty Trust Board of Trustees from 1993 to 2003. Deputy Assistant Secretary of Transportation, USDOT, 1978 to 1981.

Prior to joining the Board of Trustees, Mr. Mazziotti served on the board of trustees of Crown American Realty Trust, which was merged into PREIT in 2003. Mr. Mazziotti s experience on the board of trustees of Crown American Realty Trust combined with his extensive experience in state and municipal government, including relating to information technology, his work as a consultant in the area of real estate development and his service on the boards and audit committees of community organizations, adds to the competency of the Board of Trustees in the areas of real estate development, government oversight, regulation and policy, accounting, financial and information technology matters and strategic planning.

Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2013[1]	
Principal Occupation, Affiliations and Qualifications	**Number**	**Percent of Class[2]**
Mark E. Pasquerilla[8] Age: 53 Trustee since: 2003 President, director and sole member of Pasquerilla Enterprises, LP and its subsidiaries since 2006. Officer of Crown American Enterprises, Inc. since 1992 and director since 2012. 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, AmeriServ Life Insurance Company, and AmeriServ Associates, Inc. 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.	119,372[10]	*

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Nominees for the Office of Trustee	Common Shares Beneficially Owned on March 31, 2013[1]	
Principal Occupation, Affiliations and Qualifications	**Number**	**Percent of Class[2]**
Charles P. Pizzi Age: 62 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) and Franklin Square Energy 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 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.	0(11)	*
John J. Roberts Age: 68 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, 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 personnel 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.	18,514(12)	*

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Nominees for the Office of Trustee Principal Occupation, Affiliations and Qualifications	Common Shares Beneficially Owned on March 31, 2013[1] Number	Percent of Class[2]
George F. Rubin[13][14] Age: 70 Trustee since: 1997 Vice Chairman of PREIT since 2004. President and Secretary, PREIT Services, LLC and PREIT-RUBIN, Inc. from 1997 to 2004. Chairman of the Board of Thorncroft Therapeutic Horseback Riding, Inc. Trustee emeritus of Lafayette College. Former treasurer of the Philadelphia Vietnam Veterans Memorial Committee. Appointed by former President George W. Bush to the Veterans Committee on Education. Mr. Rubin has been engaged in all aspects of real estate acquisition, development and management since joining The Rubin Organization following his military service. The Rubin Organization was acquired by PREIT in 1997, and Mr. Rubin serves as a senior executive of PREIT in the areas of property acquisition and disposition and ground-up development. Mr. Rubin adds to the depth of the knowledge of the Board of Trustees concerning the core operations of PREIT, particularly regarding real estate investment and development and project planning and finance.	1,245,644[15]	2.2%
Ronald Rubin[13][14] Age: 81 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 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 Regional Performing Arts Center. 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.	1,222,348[16]	2.1%

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Non-Trustee Executive Officers	Shares Beneficially Owned On March 31, 2013[(1)] Number	Percent of Class[(2)]
Jonathen Bell Age: 45 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.	40,499[(17)]	*
Bruce Goldman Age: 54 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.	90,993[(18)]	*
Robert F. McCadden Age: 55 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.	217,562[(19)]	*
All Trustees and executive officers as a group (14 persons)	4,460,851[(20)]	7.7%

* 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 56,506,000 common shares of beneficial interest outstanding as of March 31, 2013.

(3) Includes 300,946 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, 52,348 Class A units of limited partnership interest in PREIT Associates, L.P. held by Mr. Coradino s spouse, 32,001 Class A units held by a grantor retained annuity trust of which Mr. Coradino is a trustee and Mr. Coradino s spouse is a beneficiary, and 19,238 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.

(4) Includes 18,272 shares that Mr. D Alessio owns directly and 5,000 shares subject to exercisable options.

(5) Includes 4,258 shares that Ms. Greco owns directly and 5,000 shares subject to exercisable options.

(6) Includes 422,703 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 and 10,528 shares held in trusts of which Mr. Korman is a co-trustee and the sole beneficiary. Mr. Korman disclaims beneficial ownership of the 116,531 shares held in trusts of which Mr. Korman is a co-trustee and the 420 shares owned by Mr. Korman s spouse.

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(7) Includes 21,415 shares that Mr. Lubert owns directly.

(8) In accordance with the merger agreement between PREIT and Crown American Realty Trust in 2003, PREIT expanded the size of its Board of Trustees by two in December 2003 and elected Messrs. Pasquerilla and Mazziotti, who were members of Crown s board at the time of the merger, to fill the vacancies created by the expansion.

(9) Includes 8,129 shares that Mr. Mazziotti owns directly, 15,993 shares as to which Mr. Mazziotti shares voting and investment power with his spouse and 5,000 shares subject to exercisable options.

(10) Includes 17,247 shares that Mr. Pasquerilla owns directly, 5,000 shares subject to exercisable options, 45,211 shares held by Marenrico Partnership, and 51,914 shares held by Pasquerilla, LLC, an entity controlled by Mr. Pasquerilla. All of the shares held by Pasquerilla, LLC 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 8,287 shares held by Mr. Pasquerilla directly are in a pledged account with Merrill Lynch.

(11) Mr. Pizzi does not currently own any shares. If elected, Mr. Pizzi 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.

(12) Includes 13,514 shares that Mr. Roberts owns directly and 5,000 shares subject to exercisable options.

(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 and George F. Rubin as trustees of PREIT in 1997 to fill vacancies created by the resignations of two former trustees. Ronald Rubin and George F. Rubin are brothers.

(14) The employment agreements between PREIT and each of Ronald Rubin and George F. Rubin provide that, during the term of their respective employment agreements, the Board of Trustees shall nominate Ronald Rubin and George F. 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.

(15) Includes 279,613 shares that George Rubin owns directly, 330,395 shares held by trusts of which George Rubin is a trustee, 97,999 shares held by a trust of which George Rubin is a trustee, 27,800 shares held by the Non-QTIP Marital Trust under the Will of Richard I. Rubin, of which Ronald Rubin and George Rubin are beneficiaries (the Marital Trust), 7,834 shares held by a trust of which George Rubin is a trustee and beneficiary, 5,750 shares held by trusts of which George Rubin is a trustee, 900 shares held by a trust, the beneficiary of which is George Rubin s daughter, and 1,063 shares held by George Rubin s spouse. George Rubin disclaims beneficial ownership of all the shares owned by his spouse and of all the shares held in trust, except for those shares held by a trust of which he is also a beneficiary. Also includes 494,290 Class A units of limited partnership interest in PREIT Associates, L.P. (86,934 of which are held by the Marital Trust and 169,789 of which are held by grantor retained annuity trusts of which George Rubin is a trustee) that are redeemable for cash or, at PREIT s option, for a like number of common shares. Excludes 5,227 Class A units held by Pan American Office Investments, L.P. George Rubin holds limited partnership interests in Pan American Office Investments, L.P.

(16) Includes 143,386 shares that Ronald Rubin owns directly, 27,800 shares held by 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 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, 119,510 of which are held by grantor retained annuity trusts of which Ronald Rubin is a trustee 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.

(17) Mr. Bell directly owns all 40,499 shares.

(18) Mr. Goldman directly owns all 90,993 shares.

(19) Mr. McCadden directly owns 198,918 shares and shares voting and investment power as to an additional 18,644 shares with his spouse.

(20) Includes 2,876,320 shares held directly or indirectly, 30,000 shares subject to exercisable options and an aggregate of 1,554,532 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 following shares beneficially owned by Mr. Stephen Cohen, a current trustee who is not standing for reelection: 150,732 shares that Mr. Cohen owns directly, 37,056 shares owned by an Indenture of Trust of which Mr. Cohen is a beneficiary, 243,944 shares owned by the Deed of Trust of Sylvan M. Cohen of which Mr. Cohen is a future beneficiary, 153,713 shares owned by the Sylvan M. Cohen Charitable Remainder Trust of which Mr. Cohen is a trustee and 5,000 shares subject to exercisable options. Mr. Cohen has shared voting and investment power with respect to the 153,713 shares owned by the Sylvan M. Cohen Charitable Remainder Trust. In certain instances, two trustees beneficially own the same shares because they share voting or investment power over the shares. These shares have been counted only once in this total.

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 11 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 believed that promoting Mr. Coradino to the role of Chief Executive Officer, while retaining the knowledge and experience of Mr. Rubin as Executive Chairman, has 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 second one-year term as Lead Independent Trustee that commenced on January 1, 2012 and has subsequently appointed him to a third term in that position that commenced on January 1, 2013. 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 provided (i) stability during the transition from Mr. Rubin to Mr. Coradino as CEO, (ii) 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, (iii) an additional mechanism for oversight by the independent trustees, and (iv) a means of enhancing conditions for engagement by the Board in PREIT s decision-making processes. The Board currently includes eight 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, Joseph Coradino and the other employee trustee, George F. Rubin.

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 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, with 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. See the following discussion for more information regarding the risks that are overseen by each committee.

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 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 Stephen B. Cohen, 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 nine times during 2012. Meeting agendas are set by the Chair. The Compensation Committee considers the recommendations of PREIT s Chief Executive Officer in establishing compensation for the named executive officers including Ronald Rubin, and invited the Chief Executive Officer to participate in compensation deliberations by the Compensation Committee concerning PREIT s named executive officers.

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 of developing compensation trends and programs among REITs and other public companies. The consultant also presented, at the Compensation Committee s direction, compensation data from several sources, including a survey of executive compensation among REITs prepared for the National Association of Real Estate Investment Trusts (NAREIT), proprietary databases developed by or available to the consultant and 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, Stephen B. Cohen and Donald F. Mazziotti, met four times during 2012. 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 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.

Nominating and Governance Committee

The Nominating and Governance Committee, which is comprised of Rosemarie B. Greco, Chair, Leonard I. Korman, Donald F. Mazziotti and Mark E. Pasquerilla, met four times during 2012. 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 consider diversity in a broad sense, including differences of viewpoint, background, professional experience and skill, and the resulting diversity of perspectives. 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 candidates qualifications, along with confirmation of the candidates 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 and Donald F. Mazziotti, met twice during 2012. 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.

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 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 13 times during 2012. All of the trustees attended at least 75% of Board and applicable committee meetings in 2012, except Ira Lubert. 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, except John Roberts.

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, 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

More than half (8 out of 11) of the members of PREIT s Board of Trustees are independent trustees. 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 that PREIT s Board of Trustees uses 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 8 members of PREIT s 11 member Board satisfy the New York Stock Exchange s independence requirements and PREIT s guidelines: Stephen B. Cohen, M. Walter D Alessio, Rosemarie B. Greco, Leonard I. Korman, Ira M. Lubert, Donald F. Mazziotti, Mark E. Pasquerilla and John J. Roberts. If elected, Mr. Pizzi will also satisfy the New York Stock Exchange independence requirements and PREIT s guidelines.

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.

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

Compensation Committee Interlocks and Insider Participation

No member of PREIT s Compensation Committee is or was during 2012 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.

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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 2012 were made on a timely basis.

2012 Trustee Compensation

Each trustee who is not an employee of PREIT received an annual retainer for 2012 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 three years. In 2012, the Board of Trustees determined that the award of restricted shares to non-employee trustees would be equal in value to $55,000, which equated to 4,258 shares based on the $12.91 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 and the 2008 Restricted Share Plan for Non-Employee Trustees. In addition, it has been the practice of PREIT to grant each newly-elected trustee an option to purchase 5,000 shares that vests over four years.

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 2012.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	Option Awards ($)	Total ($)
Dorrit J. Bern(2)	15,000	0	0	15,000
Stephen B. Cohen	84,000	55,865	0	139,865
M. Walter D Alessio	98,000	55,865	0	153,865
Rosemarie B. Greco(3)	54,000	55,865	21,735	131,600
Leonard I. Korman	75,500	55,865	0	131,365
Ira M. Lubert	51,500	55,865	0	107,365
Donald F. Mazziotti	66,500	55,865	0	122,365
Mark E. Pasquerilla	60,500	55,865	0	116,365
John J. Roberts	87,500	55,865	0	143,365

(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, 2012.

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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, 2012.

Name	Restricted Shares	Total Options	Exercisable Options	Unexercisable Options
Stephen B. Cohen	8,129	5,000	5,000	0
M. Walter D Alessio	8,129	5,000	5,000	0
Rosemarie B. Greco	4,258	5,000	0	5,000
Leonard I. Korman	8,129	0	0	0
Ira M. Lubert	8,129	0	0	0
Donald F. Mazziotti	8,129	5,000	5,000	0
Mark E. Pasquerilla	8,129	5,000	5,000	0
John J. Roberts	8,129	5,000	5,000	0

(2) Ms. Bern did not stand for reelection at the 2012 Annual Meeting of Shareholders.

(3) Ms. Greco was awarded 5,000 options in 2012 in connection with becoming a trustee; the amount reported in the Option Awards column for Ms. Greco represents the grant date fair value of these options as determined in accordance with Topic 718.

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) preferring equity compensation to cash compensation; (iii) conditioning the vesting of equity or equity based compensation on corporate performance 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 business goals; and (v) requiring named executive officers to own minimum stated amounts of our securities.

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 relative total shareholder return (TSR) thresholds 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 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 Company for the three years ended on December 31, 2012, which placed the Company at the 90th percentile of the companies in the relevant index, the maximum number of shares were issued pursuant to the RSUs awarded in 2010.

The structure of our annual cash incentive awards in 2012 was modified from the structure used in prior years to permit the Compensation Committee to consider, in addition to FFO per share, the key metrics of same store net operating income, the leverage ratio of the Company under its principal credit facility, the success of management in selling non-core assets and the ratio of general and administrative expenses to gross revenue, which were important to the goals of the Company for the year. 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. In the case of Mr. Ronald Rubin, his 2012 cash incentive opportunity award was based

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upon the success of the transition of his former duties as Chief Executive Officer. See Compensation Compensation Discussion and Analysis Components of Executive Compensation 2. Cash Incentive Compensation.

The general and administrative costs of the Company, which include executive compensation expense, as a percentage of revenues, declined in 2012. In addition, ongoing compensation payable to senior executive officers has been reduced by the separation during 2012 of three senior officers, 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 2013 Annual Meeting of the Shareholders pursuant to the applicable disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2012 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 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; George F. Rubin, Vice Chairman; Robert F. McCadden, Executive Vice President and Chief Financial Officer; Bruce Goldman, Executive Vice President, General Counsel and Secretary; and Edward A. Glickman, our former President and Chief Operating Officer.

Each of the named executive officers other than Mr. Glickman currently has an employment agreement, which is described in this Proxy Statement under 2012 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 2012, as determined by the Compensation Committee. Mr. Glickman s employment agreement was terminated in 2012 in connection with his departure from the Company.

Executive Transition and 2012 Performance

Significant changes occurred during 2012 in the composition of our senior executive team. Most important, Mr. Ronald Rubin, our Chief Executive Officer, initiated a transition of the role of CEO to Mr. Joseph F. Coradino, who had served since joining the Company in 1997 as the executive chiefly responsible for our leasing operations, property management and redevelopments and as a key member of senior management. Our Board of Trustees endorsed Mr. Rubin s initiative and, on June 7, 2012, the date of our Annual Meeting of Shareholders, the transition formally took place. Mr. Rubin was elected to the position of Executive Chairman, with the responsibility of assisting in the transition of the CEO role, supporting Mr. Coradino in his new office and furthering the objectives of the Company.

In addition, three senior executive officers, the former Chief Operating Officer and two executive vice presidents, separated from the Company last year. Although the costs associated with the separations and the transition described above resulted in a charge to earnings for 2012 and 2013, the result is both a reduction in ongoing operating expenses and a smaller executive team. This team has a sharper delineation of responsibilities and a focus on the articulated objectives for the Company set forth by Mr. Coradino and described in our Annual Report on Form 10-K for the year ended December 31, 2012.

Immediately upon his selection by the Board in March 2012 and the announcement of his appointment, Mr. Coradino began to plan and implement the transition, including defining, and in many cases expanding, the roles of key executives and establishing long-term goals for the Company, communicating those goals to Company employees and encouraging a more collaborative effort among the departments within the Company for the achievement of those goals.

These efforts contributed to operational and financial improvements since the beginning of 2012, which included:

- TSR of 76% for 2012, which ranks in the 99th percentile of the MSCI US REIT Index, and 141% for the three-year period, which ranks in the 90th percentile;

- 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) by approximately 450 basis points;

- an increase in same store sales for the third consecutive year to \$378 per square foot, from \$370 per square foot;

- an increase in Same Store Net Operating Income;
- FFO as adjusted per diluted share within the Company s guidance range;
- an increase in lease renewal spreads over the prior rent;
- successful completion of two capital market transactions; and
- initiating the sales of three non-core assets that closed in early 2013.

The Compensation Committee met four times during 2012 to consider appropriate amendments to the employment agreements of Mr. Coradino and Mr. Rubin to reflect the transition in their roles. In connection with the amendment to Mr. Coradino s agreement, the Compensation Committee approved a grant to Mr. Coradino of 100,000 restricted shares that will vest in three equal annual installments commencing June 7, 2013. The grant was made in recognition of the significance to the Company of Mr. Coradino s service as Chief Executive Officer and the substantial additional responsibilities associated with that office. The grant of an equity award is also consistent with the emphasis of the Compensation Committee on the use of equity to compensate our named executive officers as a means of aligning their long-term interests with those of the Company and our shareholders. Also, in connection with the amendment to his employment agreement, Mr. Coradino agreed to reduce the interest rate applied to his non-qualified supplemental retirement plan (annual contributions under which were increased from $35,000 to $50,000) to 5% from 10% per year, to the elimination of any reimbursement for excise taxes he might incur in connection with any severance payable upon a change of control of the Company and, commencing June 7, 2014, to reduce his severance payment, in connection with a termination without cause or for good reason (not related to a change of control), to 1.1 times his base salary and average bonus (as determined under his employment agreement) from the $2,344,524 early separation payment he would be entitled to prior to June 7, 2014.

Mr. Rubin s amended employment contract provides for a founder s retirement payment of $3,500,000 payable to Mr. Rubin if he separates from the Company for any reason except a voluntary termination without good reason prior to June 7, 2013 or termination by the Company for cause at any time. The Compensation Committee provided the founder s retirement payment to recognize Mr. Rubin s contributions to the Company as its Chief Executive Officer from 1997 to 2012 and the thoughtful and deliberate manner in which he facilitated the orderly transition of his office over a reasonable period of time. As part of the amendments to his employment agreement, Mr. Rubin agreed to reduce the interest rate applied to his non-qualified supplemental retirement plan (annual contributions under which were reduced from $100,000 to $71,500 for 2012 and $50,000 thereafter) to 5% from 10% per annum, to the elimination of any reimbursement for excise taxes he might incur in connection with any severance payable upon a change of control of the Company and to eliminate any severance payments under his employment agreement.

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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 one year.

We require a double-trigger (both a change of control of the Company and timely termination of employment without cause or for good reason) before agreed cash severance benefits are paid.

We review market data relative to 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 the executive s intentional misconduct or fraud.

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

What We Don t Do

We strongly discourage hedging and pledging transactions.

We do not pay excess 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.

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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) limiting fixed, base salary so that the largest component of compensation of a named executive officer consists of equity and incentive compensation; (ii) preferring equity compensation to cash compensation; (iii) conditioning the vesting of equity or equity based compensation principally on corporate performance 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 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 the Compensation Committee s philosophy, base salary increases were limited to 3% in 2012 for each of the named executive officers, other than Mr. Glickman, whose salary was increased by $25,000 pursuant to the terms of his employment agreement. In connection with Mr. Coradino becoming Chief Executive Officer, his base salary was increased further, from approximately $434,000 to $550,000, to account for his increased responsibilities. Mr. Ronald Rubin s base salary was reduced from approximately $580,000 to $300,000, effective upon his transition from Chief Executive Officer to Executive Chairman.

Consistent with prior years, the 2012 long-term equity program consisted of two components. The first component, which is performance-based, consisted of the grant of restricted share units, or RSUs, that vest and under which shares are issued, based upon the TSR of PREIT during the three-year period ending December 31, 2014 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 is 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 2012 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 2012 business plan. The Compensation Committee had the discretion to adjust the threshold, target and outperformance levels of FFO established under the awards if, in the judgment of the Compensation Committee, our reported FFO did not reflect our performance in 2012 in a manner consistent with the purposes of the cash incentive awards. Although FFO was the primary factor for determining cash incentive compensation for 2012, it was not expected to be the sole factor, and the Compensation Committee had the discretion to consider other business performance factors, including, principally, same store net operating income, the leverage ratio of the Company under its principal credit facility, the success of management in selling non-core assets and the ratio of general and administrative expenses to gross revenue, and to accord them such weight as the Compensation Committee deemed appropriate. In the case of Mr. Ronald Rubin, his 2012 cash incentive opportunity award was based upon the success of the transition of his former duties as Chief Executive Officer. In the case of Mr. Goldman, 65% of his 2012 cash incentive opportunity award was based upon achievement of FFO per share and other business performance factors, and, because the performance of some of his duties as general counsel might not have as direct a connection to business performance metrics, the balance of his award was based upon his individual performance.

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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:

- constraints on base salary increases (except upon significant changes in responsibilities);
- 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 policies discussed later in this Compensation Discussion and Analysis section;
- the expiration of performance based equity awards without issuance of shares when 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; and
- 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 by the Compensation Committee.

At the 2012 Annual Meeting, 95.4% of votes cast were voted in favor of the Company s executive compensation, while 3.9% 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.

Compensation Committee Process and General Considerations

The Compensation Committee devoted all nine of its meetings in 2012, including meetings in connection with the Chief Executive Officer transition, to executive compensation for that year. In addition, the Compensation Committee met in 2013 to discuss payment of cash incentive opportunity awards for 2012. The Compensation Committee considered, among other matters:

- the objectives and policies of its compensation programs for 2012 and later years;
- information on compensation of senior executives derived from industry surveys and proxy statements for prior years for a group of 17 REITs deemed comparable to PREIT for this purpose;
- 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;
- 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 2012; and
- at four of its meetings in 2012, the Compensation Committee discussed Mr. Coradino s promotion to Chief Executive Officer and Mr. Ronald Rubin s transition to Executive Chairman, and the resulting changes in their employment agreements and compensation.

In setting 2012 compensation, the Compensation Committee considered our performance during 2011 in view of the financial goals set forth under our 2011 business plan, which was approved by the Board of Trustees. The Compensation Committee also solicited and considered the recommendations of Messrs. Coradino and Ronald Rubin regarding the components and amounts of compensation to be paid to the named executive officers in 2012.

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 have a material adverse effect on PREIT.

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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 was asked by the Nominating and Governance Committee to advise on trustee compensation matters and may be engaged by the Compensation Committee for special projects. All of the work performed by the consultant in 2012 related to executive officer and trustee compensation. Judith Baker, our Senior Vice President-Human Resources, 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;
- 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.

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 survey of executive compensation among REITs prepared for the National Association of Real Estate Investment Trusts (NAREIT), a proprietary database provided by the consultant and proxy statements of a group of REITs (the peer group) deemed comparable to PREIT. The peer group for 2012 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 Compensation Committee made no changes to the peer group for purposes of compensation deliberations for 2012. The peer group consisted of the following REITs: Brandywine Realty Trust, CBL & Associates Properties, Corporate Office Properties Trust, Cousins Properties Incorporated, Developers Diversified Realty Corp., Equity One, Inc., Federal Realty Investment Trust, Glimcher Realty Trust, Highwoods Properties, Inc., Liberty Property Trust, Macerich Company, PS Business Parks, Inc., Regency Centers Corp., Tanger Factory Outlet Centers, Inc., Taubman Centers, Inc., Washington Real Estate Investment Trust and Weingarten Realty Investors.

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In determining compensation for 2012, the Compensation Committee compared (i) the total 2011 compensation of the named executive officers to the total compensation paid to the executive officers in the peer group as reported in their 2011 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 excluding gains and losses on sales of operating properties, extraordinary items (computed in accordance with United States generally accepted accounting principles, or 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 PREIT 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.

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 consultant s proprietary database and the NAREIT survey because it is a smaller comparison group that is more similar to us in terms of total capitalization, revenues, number of properties, number of employees, geographic location and other business characteristic 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 reviews 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, Messrs. Coradino and Ronald Rubin, with assistance from our Senior Vice President-Human Resources, Judith Baker, and after consultation with other senior officers, made 2012 compensation recommendations for our officers, including the other named executive officers. The Compensation Committee discussed these recommendations with Messrs. Coradino and Rubin and invited them to participate in the Compensation Committee s deliberations concerning compensation for the named executive officers. Discussions concerning the 2012 compensation of the named executive officers other than Messrs. Coradino and Ronald Rubin occurred at multiple meetings of the Compensation Committee. The 2012 compensation for

Messrs. Coradino and Ronald Rubin were set forth in their respective amended and restated employment agreements, each entered into on April 25, 2012 and effective as of June 7, 2012, the date on which Mr. Coradino became Chief Executive Officer and Mr. Ronald Rubin became Executive Chairman.

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 2012 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 incent them to stay 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 associated with equity based compensation. The mix of the compensation components as set forth in the 2012 Summary Compensation Table on page 40 is shown below on an aggregate basis for the named executive officers.

(1) Long term incentive compensation consisted largely of equity awards made in 2012 and 2011. In addition, because of constraints on the number of shares available in 2009 under our equity incentive plans, we made performance-based, long term incentive awards in 2009 that were tied to TSR and paid in the form of cash. The measurement period for these cash incentives ended December 31, 2011, and because performance goals were achieved, and the awards were earned and paid in cash, their value is required to be included in 2011 compensation, together with the value of the equity awards made in 2011 that vest in future years.

(2) Includes contributions to and interest on non-qualified retirement plans, our contributions to 401(k) Plan accounts of the named executive officers, and core benefits (such as medical insurance) that we pay for our employees generally. Excludes a $2,787,359 separation payment made to Mr. Glickman in connection with his departure from the Company.

Components of Executive Compensation

1. 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 2012, the employment agreement for each named executive officer established a minimum base salary. In the case of each named executive officer, other than Mr. Glickman, that minimum base salary may be increased at the discretion of the Compensation Committee. Once increased, the base salary may not be decreased. Mr. Glickman s employment agreement provided for annual increases in base salary of at least $25,000. Mr. Glickman waived this requirement for 2010 and 2011, but not for 2012.

The Compensation Committee approved a 3% increase in 2012 base salaries for each of the named executive officers other than Mr. Glickman. The decision to increase base salaries 3% was consistent with the recommendation for substantially all of our officers. The Compensation Committee viewed the increase as appropriate based on peer group and other data it reviewed. The decision to grant only a modest increase in base salary was consistent with the goal of the Compensation Committee to emphasize the performance based and equity components of compensation.

In addition to these increases, in connection with Mr. Coradino becoming Chief Executive Officer, his base salary was increased to $550,000 from approximately $434,000 effective as of June 7, 2012. In setting Mr. Coradino s new base salary, the Committee considered the increase in his responsibilities upon becoming Chief Executive Officer and the level of his salary compared to chief executive officers at peer group companies. In connection with Mr. Ronald Rubin becoming Executive Chairman, his salary was reduced to $300,000 from approximately $580,000 effective as of June 7, 2012. In setting Mr. Ronald Rubin s new base salary, the Committee considered the new role he would be assuming, his responsibilities in that role, and his importance to the transition in the leadership of the Company.

2. Cash Incentive Compensation

Each named executive officer was eligible to receive annual cash incentive compensation equal to a specified percentage of his 2012 base salary. Prior to 2011, the sole factor determining the level of the annual cash incentive opportunity for our named executive officers had been FFO per share. In 2011, the Compensation Committee retained the authority to determine up to 20% of the annual cash incentive compensation on supplemental corporate performance factors selected by the Compensation Committee. In 2012, the annual cash incentive opportunity awards were further modified to state that, while FFO per share remained the primary corporate performance factor, it was not expected to be the sole factor determining cash incentive compensation. Other factors were enumerated for possible consideration by the Compensation Committee, including principally same store net operating income, the leverage ratio of the Company under its principal credit facility, the success of management in selling non-core assets and the ratio of general and administrative expenses to gross revenue. The Compensation Committee also had the discretion to adjust the threshold, target and outperformance levels of FFO established under the awards if, in its judgment, PREIT s reported FFO did not reflect its performance in a manner consistent with the purpose of the awards. For each of the named executive officers other than Mr. Ronald Rubin and Mr. Goldman, 100% of their 2012 cash incentive opportunity award was determined by the corporate performance of the Company based upon FFO and other factors under the awards. For Mr. Ronald Rubin, his 2012 cash incentive opportunity award was based upon the success of the transition of his former duties as Chief Executive Officer. For Mr. Goldman, 65% of his 2012 cash incentive opportunity award was based on the same corporate performance factors as our other named executive officers and 35% was based on his individual performance.

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Having the annual cash incentive opportunity awards for most of the named executive officers 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. The decision to focus on our 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, as adjusted when appropriate, and other enumerated performance factors.

The 2012 annual cash incentive opportunity awards were designed to achieve the objectives of the 2012 business plan prepared by management and approved by the Board of Trustees. The goals 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 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 paid would have been at the outperformance level. The potential incentive compensation for 2012 for the named executive officers was equal to the following percentages of their base salaries.

	Threshold	Target	Outperformance
Joseph F. Coradino(1)	50%	100%	200%
Ronald Rubin(1)	50%	100%	200%
George F. Rubin	32.5%	65%	130%
Robert F. McCadden	30%	60%	120%
Bruce Goldman(2)	30%	60%	120%
Edward A. Glickman	32.5%	65%	130%

(1) Based on blended base salary for 2012.

(2) These percentages apply both to the portion of Mr. Goldman s award based on corporate performance and the portion based on individual performance.

The Compensation Committee set the target for FFO at $1.87 to $1.91 per diluted share, which was within the range of our 2012 FFO guidance announced on February 23, 2012. The FFO per diluted 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 that there should be an approximately 7.5% spread between the mid-point of the target level and each of the threshold and outperformance levels. Accordingly, the threshold and outperformance levels were set at $1.75 per diluted share and $2.03 per diluted share, respectively. No specific numerical goals were established for enumerated corporate performance factors other than FFO per share, and such determinations, as well as determinations concerning the relative weight to be accorded to the other corporate performance factors specified under the awards, are made by the Compensation Committee.

The Compensation Committee determined that incentive compensation for 2012, based upon FFO and the other principal corporate performance factors, should be paid at the target level to all officers whose 2012 incentive compensation was based in whole or in part on corporate performance. In making this determination, the Compensation Committee considered the combined negative effect on FFO per share in 2012 resulting from several events not directly related to our core business operations. These events included expenses associated with (i) Mr. Glickman s separation from employment as well as the separation from employment of other officers of the Company, (ii) arrangements under the amended and restated employment agreement entered into in 2012 with Mr. Ronald Rubin, and (iii) the early repayment by the Company in 2012 of a portion of the term loan component of its principal credit facility. The Compensation Committee also considered the net dilutive effect on FFO per share of preferred shares sold by the Company in two separate offerings in 2012, after giving effect to interest savings from the use of the proceeds to repay debt. In the judgment of the Compensation

Committee, these charges to FFO resulted from decisions and events that did not reflect the corporate performance of the Company in 2012. Without these items, the Compensation Committee noted that FFO per share for 2012 would have been within the target range of $1.87 to $1.91 per share. The Compensation Committee also considered improvements in each of the four principal corporate performance factors other than FFO per share, deeming the improvements to provide additional evidence of corporate performance at the target level in 2012. Accordingly, the Compensation Committee exercised its discretion under the awards to adjust the target range of FFO per share to $1.61 to $1.65. Consequently, the annual cash incentive opportunity awards for 2012 were paid out at the target level because our FFO per share was $1.63. The Compensation Committee has exercised similar discretion in other years, such as in 2011 when the awards would have been paid at the outperformance level if FFO were calculated excluding asset impairments, in accordance with the NAREIT definition of FFO. The Compensation Committee, however, considered operating and other factors in addition to FFO per share in that year, as well as relative TSR, and determined that PREIT s performance reflected above target performance, but not the exceptional performance that would warrant awards at the outperformance level, and exercised its discretion to reduce the 2011 awards accordingly.

The amended and restated employment agreement with Mr. Ronald Rubin provided for his cash incentive to be based upon the success of the transition of the duties of the Chief Executive Officer from Mr. Rubin to Mr. Coradino as determined by the Compensation Committee, after consultation with Mr. D Alessio, the Lead Independent Trustee, Mr. Coradino and Mr. Rubin. After such consultation, based on the success of the transition, the Compensation Committee determined to award Mr. Rubin incentive compensation for 2012 at the target level. Based upon the recommendation of Mr. Coradino, the Compensation Committee also approved an incentive cash payment to Mr. Goldman at the target level of $66,252 for the individual performance component of his award. As a result of the determinations by the Committee summarized above, the cash incentive payments for 2012 to each of the named executive officers were (i) $499,974 to Joseph F. Coradino, (ii) $420,670 to Ronald Rubin, (iii) $282,177 to George Rubin, (iv) $249,215 to Robert McCadden, (v) $123,038 to Bruce Goldman and (vi) $0 to Edward Glickman. In addition, Mr. Coradino advised the Compensation Committee that Messrs. Goldman and McCadden had performed exceptional services in connection with the management transition and had assumed greater responsibilities as a result of the management changes during 2012. He recommended that, in recognition of their special efforts, they each receive an additional discretionary bonus of $25,000, which the Compensation Committee granted.

3. 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.

a. Restricted Share Units (RSUs). One-half of the value of the 2012 long term compensation awards was granted in the form of RSUs (excluding the one-time grant to Mr. Coradino in recognition of his promotion to Chief Executive Officer). Under the 2012 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 during 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 on the achievement of TSR for the measurement period of January 1, 2012 through December 31, 2014 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 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 agreements, if at all, based on our relative TSR performance through that date.

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 each 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. Mr. Ronald Rubin s RSUs would also remain outstanding as described above if his employment is voluntarily terminated after June 7, 2013. All of Mr. Glickman s RSUs remain outstanding following his departure from the Company in 2012 and they will vest or expire without issuance of any shares based on the actual TSR as determined at the end of the relevant measurement period.

b. Restricted Shares. Restricted shares awarded in 2012 generally vest in three equal installments on or about February 15, 2013, 2014 and 2015, 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 dividends 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 is aligned with the long term interests of our shareholders.

In connection with the amendment to Mr. Coradino s agreement, the Compensation Committee approved a grant to Mr. Coradino of 100,000 restricted shares that will vest in three equal annual installments commencing June 7, 2013. The grant was made in recognition of the significance to the Company of Mr. Coradino s service as Chief Executive Officer and the substantial additional responsibilities associated with that office.

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 each 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 each named executive officer s employment agreement. As previously disclosed, Mr. Ronald Rubin s unvested restricted shares also vest upon his voluntary termination of employment after June 7, 2013. Under the employment agreement with Mr. Glickman, all of his unvested time based restricted shares vested in connection with his departure from the Company in 2012.

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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. 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 and Vice Chairman are required to maintain an aggregate value equal to three times their base salaries, 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. Net shares received is defined to mean a number of shares equivalent to the after-tax value of shares delivered to an officer after deducting, in the case of shares acquired upon the exercise of a stock option, the exercise price for the shares. In addition, even after satisfying the ownership guidelines, each covered officer is required to retain 50% of the net shares received under an equity based compensation plan for a one year period after the vesting of shares or the exercise of options.

Non-employee trustees are required, within five years after becoming a trustee, to maintain ownership of at least 5,000 of our shares. All trustees are in compliance with our share ownership and retention guidelines, or are expected to be within the allotted time period.

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. 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.

Hedging

Trustees and certain officers are strongly discouraged from hedging their positions in our common shares.

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 2012 Executive Compensation Potential Payments Upon Termination or Change of Control beginning on page 50. 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 49 represent the total value that a named executive officer would have received if such officer s employment had terminated on December 31, 2012 under the circumstances discussed beginning on page 50. The severance arrangements serve

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to discourage named executive officers from voluntarily terminating their employment to accept other empl oyment 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. Under the amended and restated employment agreement for 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 or a voluntary termination before June 7, 2013. The founder s retirement payment is included in the discussion under 2012 Executive Compensation Potential Payments Upon Termination or Change of Control beginning on page 50.

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 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 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 and Ronald Rubin for good reason within specified periods before or after a change of control, neither has the right to receive any reimbursement for excise tax payments that may arise under Section 4999 of the Code. However, pursuant to agreements entered into several years ago that have not otherwise been required to be amended, two named executive officers are 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 payments imposed by Section 4999 of the Code. Mr. George Rubin is entitled to a sum equal to the amount of the excise tax payment. 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.

In connection with Mr. Glickman s separation from PREIT in 2012, we entered into a separation agreement with Mr. Glickman. The terms of Mr. Glickman s separation agreement are discussed further under 2012 Executive Compensation Potential Payments Upon Termination or Change of Control on page 50.

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

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intended to aid in the retention of named executive officers by providing a determinable amount of cash available upon retirement. The table on page 49 lists the amounts credited to the accounts of the named executive officers.

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.

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 that 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 2012 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 2012 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

Stephen B. Cohen, Chair

M. Walter D Alessio

Leonard I. Korman

John J. Roberts

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2012 EXECUTIVE COMPENSATION

2012 Summary Compensation Table

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, other than Mr. Goldman who became a named executive officer in 2012.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Grant Date Fair Value of Stock Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)(5)	Total ($)
Joseph F. Coradino	2012	499,974	0	3,035,077	499,974	13,018	63,670	4,111,713
	2011	421,473	0	813,087	507,478	34,050	48,470	1,824,558
Chief Executive Officer and Trustee	2010	413,209	0	1,047,854	374,230	25,036	48,470	1,908,799
Ronald Rubin	2012	420,670	420,670	1,189,412	0	38,682	80,107	2,149,541
	2011	562,648	0	1,428,187	824,010	105,824	108,622	3,029,291
Executive Chairman and Trustee	2010	562,648	0	1,877,395	587,967	78,272	105,181	3,211,463
George F. Rubin	2012	434,118	0	882,403	282,177	42,654	58,636	1,699,988
	2011	421,473	0	813,087	507,478	34,050	59,090	1,835,178
Vice Chairman and Trustee	2010	413,209	0	1,047,854	374,230	25,036	59,090	1,919,419
Robert F. McCadden	2012	415,358	25,000	777,605	249,215	24,171	35,000	1,526,349
	2011	403,260	0	716,532	446,704	18,984	34,800	1,620,280
Executive Vice President and Chief Financial Officer	2010	395,353	0	923,422	330,515	13,671	34,800	1,697,761
Bruce Goldman	2012	315,483	91,252	344,257	123,038	28,369	35,000	937,399
Executive Vice President and General Counsel								
Edward A. Glickman	2012	382,748	0	1,028,260	0(6)	40,787	2,930,110	4,381,905
	2011	524,237	0	931,485	616,028	40,708	108,363	2,220,821
Former President and Chief Operating Officer and Former Trustee	2010	513,958	0	1,200,456	465,475	30,815	64,449	2,275,153

(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 $1,316,943; Ronald Rubin $1,007,274; George F. Rubin $734,326; Robert F. McCadden $647,115; Bruce Goldman $286,482, and Edward A. Glickman $855,703. See 2012 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.

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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 Form 10-K for the fiscal year ended December 31, 2012.

(2) The amounts shown in the Non-Equity Incentive Plan Compensation column are comprised of, for 2012 and 2010, amounts paid in respect of the annual incentive plan, as determined by the Compensation Committee in accordance with the plan and the awards thereunder, and for 2011, (a) amounts paid in respect of the annual incentive plan and (b) cash amounts paid in respect of the performance incentive units originally granted in 2009; See Compensation 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 sole basis for determining amounts paid under the annual cash incentive opportunity plan in 2010, and was the primary basis for such payments in 2012 and 2011. In 2012, 35% of Mr. Goldman s annual cash incentive award and all of Mr. Ronald Rubin s annual cash incentive award were related to individual performance and are therefore reported in the Bonus column, instead of the Non-Equity Incentive Plan Compensation column. The amounts paid in respect of the performance incentive units in 2011 were as determined pursuant to the terms of the 2009-2011 Performance Incentive Unit Program. The amounts comprising the total amount shown in 2011 are as follows:

2011	**Annual Incentive Plan ($)**	**Performance Incentive Units ($)**
Joseph F. Coradino	356,145	151,333
Ronald Rubin	548,582	275,428
George F. Rubin	356,145	151,333
Robert F. McCadden	314,543	132,161
Edward A. Glickman	442,980	173,048

(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, Mr. Goldman and Mr. Glickman, and (c) at a rate of 10% compounded annually for Mr. Coradino and Mr. Ronald Rubin prior to 2012, on the cumulative balance held in such officer s supplemental retirement plan account. The applicable federal rate for long term, annual compounding was 2.40% as of December 2012.

(4) The amounts shown in 2012 All Other Compensation are comprised of the following:

2012	**Non-Qualified Retirement Plan Company Contributions ($)**	**Qualified Plan 401(k) Company Contributions ($)**	**Medical and Other Core Benefits ($)**	**Separation Payment ($)**	**Total All Other Compensation ($)**
Joseph F. Coradino	50,000	10,000	3,670	0	63,670
Ronald Rubin	71,500	0	8,607	0	80,107
George F. Rubin	35,000	9,346	14,290	0	58,636
Robert F. McCadden	25,000	10,000	0	0	35,000
Bruce Goldman	25,000	10,000	0	0	35,000
Edward A. Glickman	25,000	10,000	107,751	2,787,359	2,930,110

(5) The grant date value of the PIUs awarded in 2009 was included in All Other Compensation in 2009. The amounts actually earned in respect of these cash awards is reflected in 2011 in Non-Equity Incentive Plan Compensation.

(6) Mr. Glickman entered into a separation agreement during 2012 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 is 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 s annual base salary beginning June 7, 2012 was $550,000 and may be increased thereafter at the discretion of PREIT s Compensation Committee. For 2012, the agreement provides that Mr. Coradino would receive a cash incentive opportunity award equal at target to $499,974 and awards under the long-term equity program of PREIT equal to $1,375,000, divided equally between performance-based RSUs and time based restricted shares, in each case valued as provided under the long-term equity program. The agreement also provided for a special award of 100,000 restricted shares, which, subject generally to Mr. Coradino s continued employment, vest in equal annual installments over a three year period that commenced June 7, 2012. For years subsequent to 2012, 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. 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 s annual base salary from June 7, 2012 forward was set at $300,000. For 2012, the agreement provides that Mr. Rubin would receive a cash incentive award equal at target of $420,670 and awards under the long-term equity program of PREIT equal to $1,051,676, divided equally between performance-based RSUs and time-based restricted shares, in each case valued as provided under the long-term equity program. For 2012, Mr. Rubin s cash incentive payment was determined based upon the success of the transition of his former duties as Chief Executive Officer. For years subsequent to 2012, 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, except that no payment will be made in the event of termination for cause or in the event that Mr. Rubin terminates his employment voluntarily without good reason prior to June 7, 2013. The annual credit to Mr. Rubin s supplemental retirement account was $75,000 in 2012 and will be $50,000 for each year thereafter. 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

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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.

George F. Rubin

George F. Rubin 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. Rubin serves as Vice Chairman of PREIT. Mr. Rubin s salary may be increased each year at the discretion of PREIT s Compensation Committee. In accordance with the agreement, Mr. Rubin is entitled each year to participate in PREIT s cash and equity incentive programs as determined by the Compensation Committee. PREIT is also obligated to credit $35,000 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. 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 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 50, for a description of all such benefits and obligations.

In connection with Mr. Glickman s separation from PREIT in 2012, we entered into a separation agreement with Mr. Glickman. The terms of Mr. Glickman s separation agreement are discussed further under Potential Payments Upon Termination or Change of Control on page 50.

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2012 Grants of Plan-Based Awards

The following table shows information concerning grants of plan-based awards made by PREIT in 2012 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[(1)] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards[(2)] Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)[(3)]	Grant Date Fair Value of Stock and Option Awards ($)[(4)]
Joseph F. Coradino	2012	249,987	499,974	999,948					
	4/23/2012				22,876	45,751	68,627		877,962
	4/23/2012							145,751	2,157,115
	Total	**249,987**	**499,974**	**999,948**	**22,876**	**45,751**	**68,627**	**145,751**	**3,035,077**
Ronald Rubin	4/23/2012				17,497	34,993	52,490		671,516
	4/23/2012							34,993	517,896
	Total				**17,497**	**34,993**	**52,490**	**34,993**	**1,189,412**
George F. Rubin	2012	141,088	282,177	564,353					
	4/9/2012				13,637	27,273	40,910		489,550
	4/9/2012							27,272	392,853
	Total	**141,088**	**282,177**	**564,353**	**13,637**	**27,273**	**40,910**	**21,272**	**882,403**
Robert F. McCadden	2012	124,607	249,215	498,430					
	4/9/2012				12,017	24,034	36,051		431,410