

# Investor Day 2012: The Path Forward



PREIT

we're preit  
and we build trust



## Forward Looking Statements

This presentation contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements relate to expectations, beliefs, projections, future plans, strategies, anticipated events, trends and other matters that are not historical facts. These forward-looking statements reflect our current views about future events, achievements or results and are subject to risks, uncertainties and changes in circumstances that might cause future events, achievements or results to differ materially from those expressed or implied by the forward-looking statements. In particular, our business might be materially and adversely affected by uncertainties affecting real estate businesses generally as well as the following, among other factors: our substantial debt and our high leverage ratio; constraining leverage, interest and tangible net worth covenants under our 2010 Credit Facility; potential losses on impairment of certain long-lived assets, such as real estate, or of intangible assets, such as goodwill; potential losses on impairment of assets that we might be required to record in connection with any dispositions of assets; recent changes to our corporate management team and any resulting modifications to our business strategies; our ability to refinance our existing indebtedness when it matures, on favorable terms or at all, due in part to the effects on us of dislocations and liquidity disruptions in the capital and credit markets; our ability to raise capital, including through the issuance of equity or equity-related securities if market conditions are favorable, through joint ventures or other partnerships, through sales of properties or interests in properties, or through other actions; our short- and long-term liquidity position; current economic conditions and their effect on employment, consumer confidence and spending and the corresponding effects on tenant business performance, prospects, solvency and leasing decisions and on our cash flows, and the value and potential impairment of our properties; general economic, financial and political conditions, including credit market conditions, changes in interest rates or unemployment; changes in the retail industry, including consolidation and store closings, particularly among anchor tenants; our ability to maintain and increase property occupancy, sales and rental rates, in light of the relatively high number of leases that have expired or are expiring in the next two years; increases in operating costs that cannot be passed on to tenants; risks relating to development and redevelopment activities; the effects of online shopping and other uses of technology on our retail tenants; concentration of our properties in the Mid-Atlantic region; changes in local market conditions, such as the supply of or demand for retail space, or other competitive factors; potential dilution from any capital raising transactions; possible environmental liabilities; our ability to obtain insurance at a reasonable cost; and existence of complex regulations, including those relating to our status as a REIT, and the adverse consequences if we were to fail to qualify as a REIT. Additional factors that might cause future events, achievements or results to differ materially from those expressed or implied by our forward-looking statements include those discussed in the section of our Annual Report on Form 10-K in the section entitled “Item 1A. Risk Factors” and our Quarterly Reports on Form 10Q. We do not intend to update or revise any forward-looking statements to reflect new information, future events or otherwise.

- **Virtual Property Tour** 8:15
- **Management Presentations** 8:30
  - Strategic Roadmap
  - Implementing our Strategy
  - Measures of Success
- **Q&A** 10:00
- **Virtual Property Tour** 10:20
- **Property Tour** 10:30
  - Willow Grove Park featuring the new Nordstrom Rack and jcpenny
  - Lunch at Willow Grove Park
  - Plymouth Meeting Mall (driving tour)
  - Cherry Hill Mall
  - Moorestown Mall (driving tour)
- **Dinner at Osteria** 6:00



**Joseph F. Coradino**  
**CEO**



Pennsylvania Real Estate Investment Trust™  
**Investor Day 2012: The Path Forward**



**Robert McCadden**  
Executive Vice  
President and CFO  
PREIT Tenure:  
May, 2004



**Bruce Goldman**  
Executive Vice  
President –General  
Counsel & Secretary  
PREIT Tenure:  
September, 2000



**Joseph Aristone**  
Senior Vice President  
Leasing  
PREIT Tenure:  
August, 1994



**Jon Bell**  
Senior Vice President  
and Chief Accounting  
Officer  
PREIT Tenure:  
September, 1999



**Andrew Ioannou**  
Senior Vice President  
Capital Markets &  
Treasurer  
PREIT Tenure:  
June, 2001



**Mario Ventresca, Jr.**  
Senior Vice President  
Asset Management  
& Acquisitions  
PREIT Tenure:  
June, 1994



**Joseph F. Coradino**  
**CEO**

## Company Overview



## Company Overview

<b>History</b>	Founded in 1960 as one of the first publicly held equity REITs
<b>Ticker</b>	Common: PEI; Preferred Series A: PEIPRA; Preferred Series B: PEIPRB
<b>Common Dividend</b>	\$0.64 annually, 3.9% yield, 142 consecutive payments
<b>Portfolio</b>	Approximately 33 million square feet 49 properties, including 38 shopping malls, eight strip and power centers, and three development properties.
<b>Occupancy</b> as of 9/30/12	Total: 92.9% Non-Anchor: 89.1%
<b>Sales</b> as of 9/30/12	\$379 per square foot



## PREIT's Path Forward

### Execution of our strategic objectives...



***...will drive NAV and improve the shareholder value proposition.***

## **Priorities Implemented since becoming CEO**

- **Course Corrections**
  - Flatten organization
  - Reorganize personnel
  - Recruiting new talent
  - Establish a culture of accountability
  - Reduce G&A
- **Implement Operational Enhancements**
  - Create renewed focus on core business
  - Develop property-level strategic plans
  - Focus on improving ROA
  - Modify capital allocation process
  - Revise transactional process
  - Focus on driving ancillary revenues

***Have undergone deep organizational review in order to best implement long term strategy and strategic objectives***

### Strengths

- Well-located Real Estate
- Strong Tenant Relationships
- Redevelopment Expertise
- Solid Portfolio Demographics
- Pioneer of Big Boxes and Alternative Uses
- Regional Dominance

### Weaknesses

- Leverage
- ROA
- Perception of Asset Quality
- Scale
- Articulation of Strategy

### Opportunities

- Operational Improvements
- Unlock Value in Core Portfolio
- Disposition of Non-core Properties
- Reduce Leverage
- Grow our Platform
- Enhanced Investor Communication

### Threats

- Stalled Improvement in US Economy
- Omni-channel Retailing & e-commerce
- Competitive Centers
- Department Store Consolidation

# Strategic Roadmap

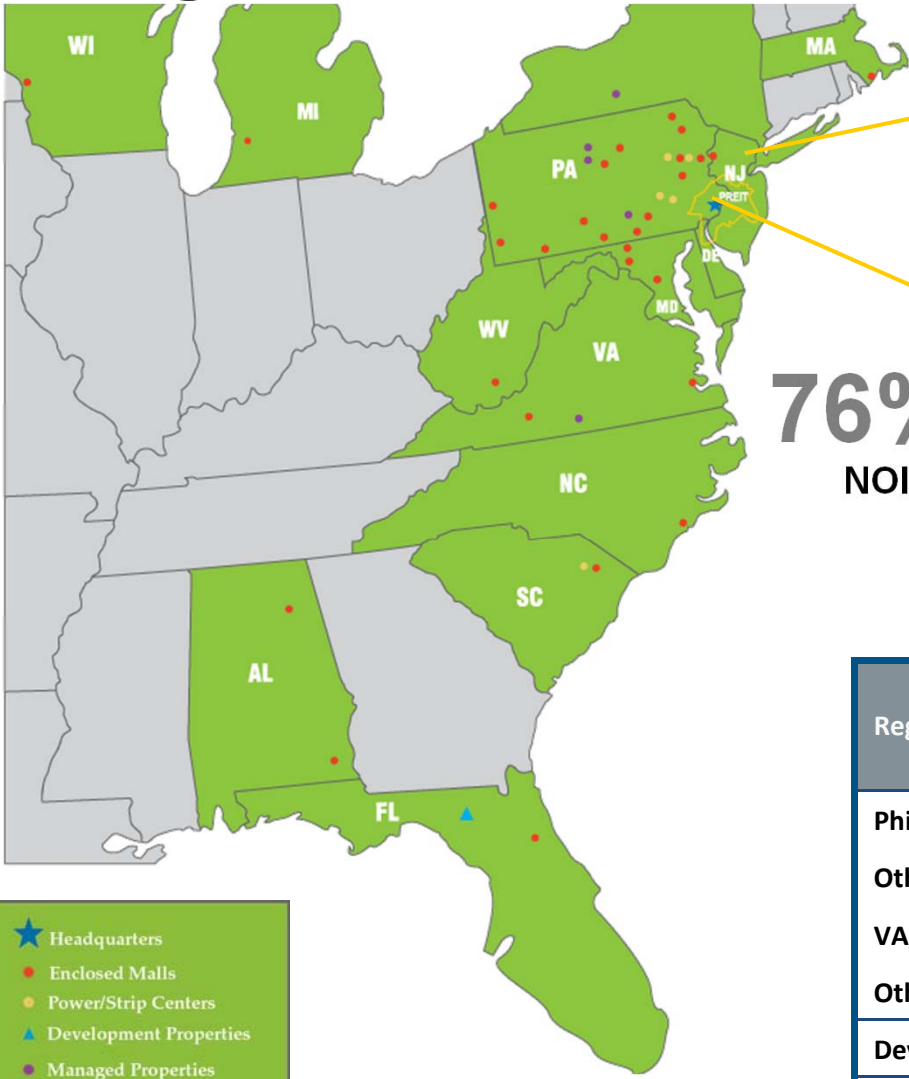
<p><b>Vision</b></p>	<p>Drive shareholder value through creation of dynamic and compelling shopping environments for the retailers, consumers and communities we serve.</p>			
<p><b>Strategic Objectives</b></p>	<p><b>Balance Sheet Improvement</b></p>	<p><b>Operational Excellence</b></p>	<p><b>Elevating Portfolio Quality</b></p>	<p><b>Positioning for Growth</b></p>
<p><b>Implementation Tactics Completed/ Underway</b></p>	<ul style="list-style-type: none"> <li>- Preferred Share offerings</li> <li>- Non-core asset sales</li> </ul>	<ul style="list-style-type: none"> <li>- Monetize sales growth</li> <li>- Drive occupancy</li> <li>- Increase renewal spreads</li> <li>- Manage expense recoveries</li> </ul>	<ul style="list-style-type: none"> <li>- Dispose of non-core properties</li> <li>- Targeted merchandising strategies</li> <li>- Develop &amp; expand quality retailer relationships</li> </ul>	<ul style="list-style-type: none"> <li>- Harvest returns on previous investments</li> <li>- Capitalize on organic opportunities</li> </ul>
<p><b>Future Tactics</b></p>	<ul style="list-style-type: none"> <li>- Replace existing Credit Facility</li> <li>- Opportunistic equity issuance</li> </ul>	<ul style="list-style-type: none"> <li>- Increase ancillary revenues</li> </ul>	<ul style="list-style-type: none"> <li>- Continue to pare portfolio as necessary</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic acquisition program</li> </ul>



## Portfolio Overview



# Geographic Footprint



**76%**  
 NOI from Top 100 MSA

**33%**  
 NOI from Philadelphia Region

- ★ Headquarters
- Enclosed Malls
- Power/Strip Centers
- ▲ Development Properties
- Managed Properties

Region	Malls/ Centers	GLA (000s)	% of GLA
Philadelphia Metro	12	9,873	29.8 %
Other PA, NJ, DE	19	13,145	29.6 %
VA, MD	5	3,696	11.1 %
Other	10	6,454	19.5 %
Development	3	Land	-
<b>TOTAL OWNED</b>	<b>49</b>	<b>33,169</b>	<b>100.0 %</b>

## Portfolio Composition

*Nearly 60% of NOI comes from quality assets with average Sales PSF of \$451*

	# of Properties	Net Operating Income		Comp Store Sales
		% of Total <sup>(1)</sup>	Cumulative %	Tier Average
Mall sales > \$350 psf	17	59.0%	59.0%	\$ 451
Mall sales > \$300 psf	7	16.0%	75.0%	\$ 334
Mall sales < \$300 psf	10	13.2%	88.2%	\$269
Power Centers & Other	5	4.5%	92.7%	N / A
Non-Core properties	7	7.3%	100.0%	\$ 244

<sup>(1)</sup>Based on same store NOI for the Rolling 12 month period ended September 30, 2012

## The AMTRAK Corridor

200 Mile radius around Philadelphia

- Gross Regional Product: \$2.8 trillion
- **5<sup>th</sup> largest economy** in the world
- Densely populated with favorable demographics, psychographics & spending habits

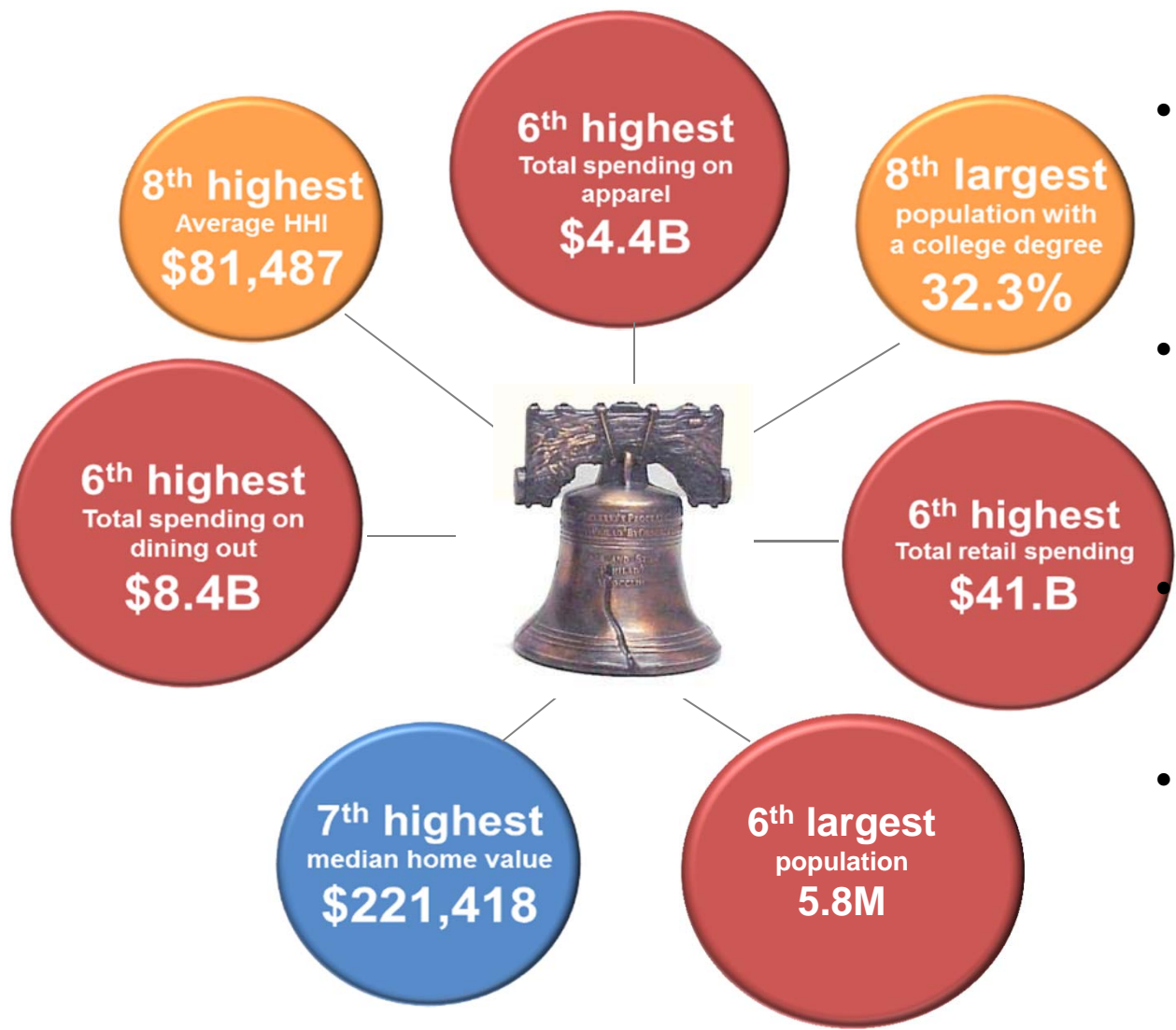


**63% of portfolio  
located here**

<sup>(1)</sup> Source: Select Greater Philadelphia's 2011 Regional Report



# Philadelphia Region Quality



- Ideally situated along I-95 between New York City and Washington DC
- Hub for healthcare, life sciences, higher education and financial services
- Produces one in every five physicians in the US
- Tourism mecca with hundreds of historical, cultural and natural destinations

## Philadelphia Dominance

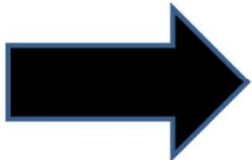
- Controls 45% of enclosed mall GLA in the seven county Philadelphia market
- PREIT malls in the Philadelphia region serve a population of approximately 6 million



***PREIT is a principal landlord in a meaningful MSA***

# Evolution of the Mall

**Yesterday's  
Enclosed Mall**

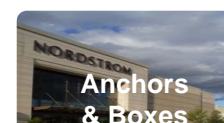


**Today's  
Community Hub**



*We painstakingly consider the behavior of our customers...*

## Creative Solutions



	Dining	Entertainment	Retail Additions	Anchors & Boxes	Mix of Uses
Capital City . PA			X		
Cherry Hill . NJ	X		X	X	
Crossroads . WV				X	X
Dartmouth . MA				X	X
The Gallery . PA				X	X
Jacksonville . NC	X		X	X	
Lycoming. PA				X	
Mall at Prince Georges . MD				X	
Moorestown . NJ	X	X			
New River Valley . VA	X	X		X	X
Patrick Henry . VA	X		X	X	
Plymouth Meeting . PA	X	X	X	X	X
Springfield . PA				X	
Valley . MD	X				X
Voorhees Town Center . NJ	X		X		X
Willow Grove Park . PA	X		X	X	



**Implementing Our Strategy**

**Balance Sheet  
Improvement**

**Operational  
Excellence**

**Elevating  
Portfolio  
Quality**

**Positioning  
for Growth**

## A Look Back

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

- 2003 - Crown and Rouse acquisitions provided impetus for PREIT's redevelopment strategy
- 2004 - Rating agencies were concerned about geographic concentration
- 2005 - Capital availability supported development of competitive centers
- 2006 - Federated's acquisition of May created anchor vacancies
- 2003-09 - Acquisition and development program was financed exclusively with debt capital

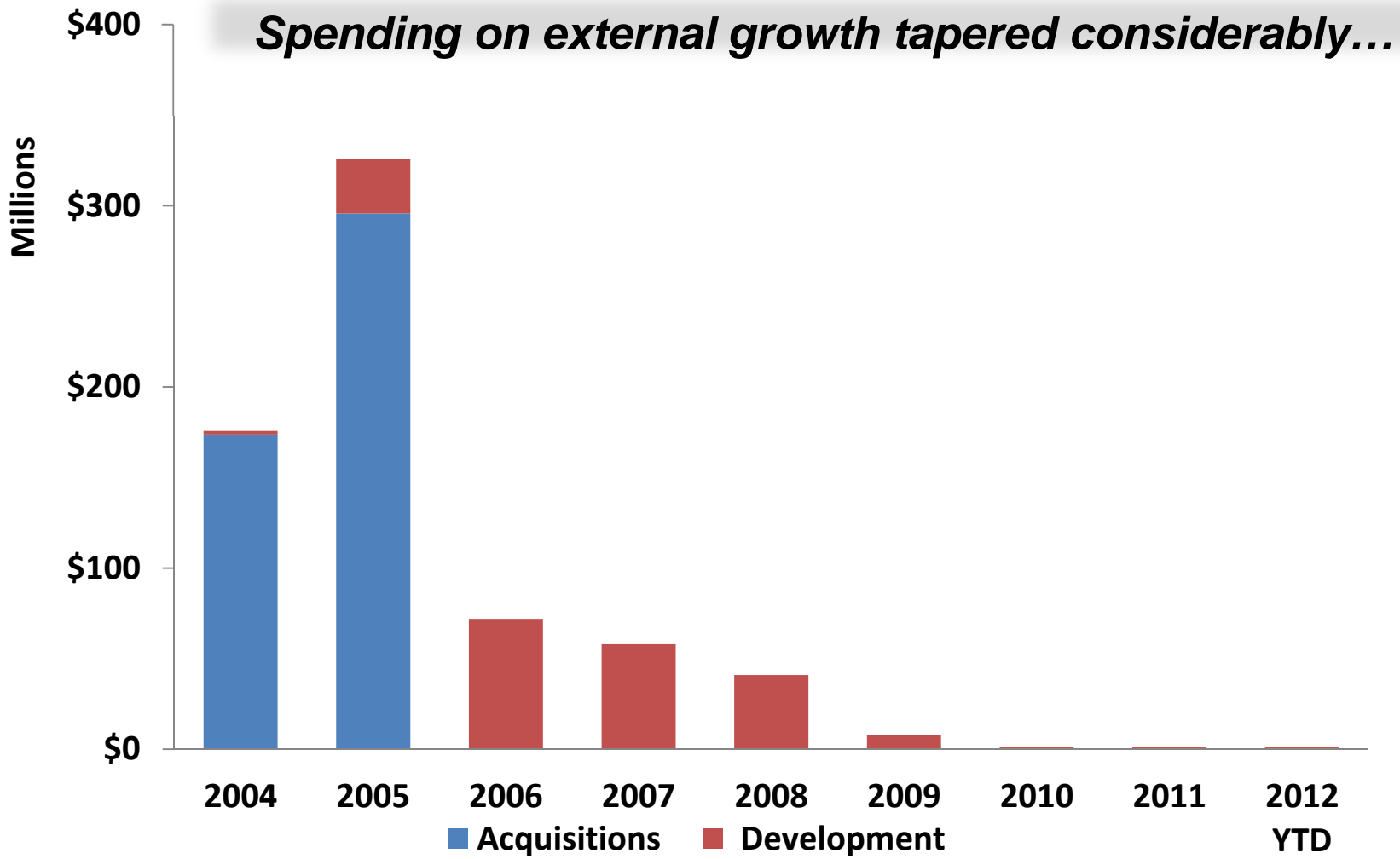
Balance Sheet  
Improvement

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Positioning  
for Growth

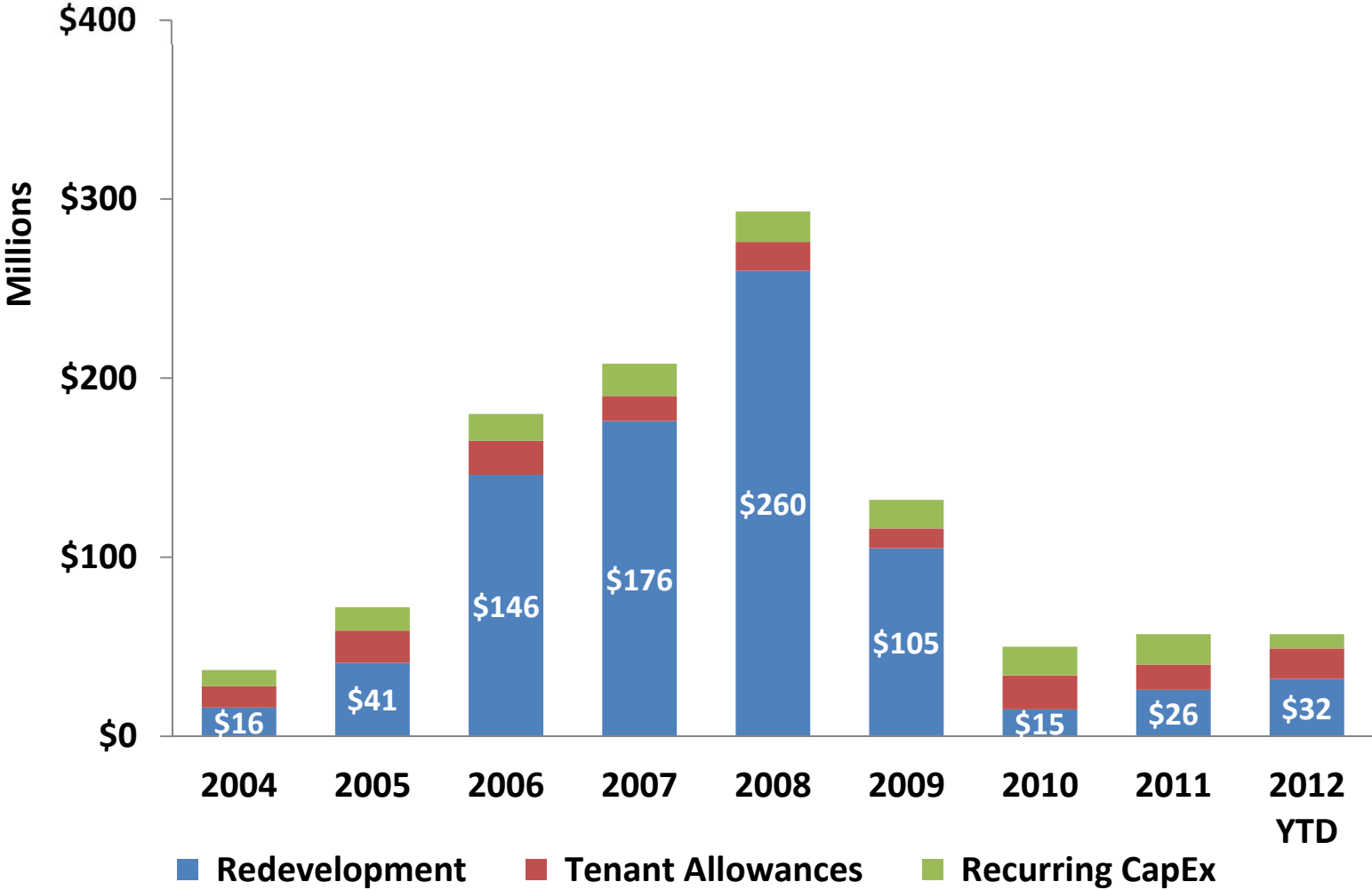
# Acquisitions & Development



# Portfolio Investments

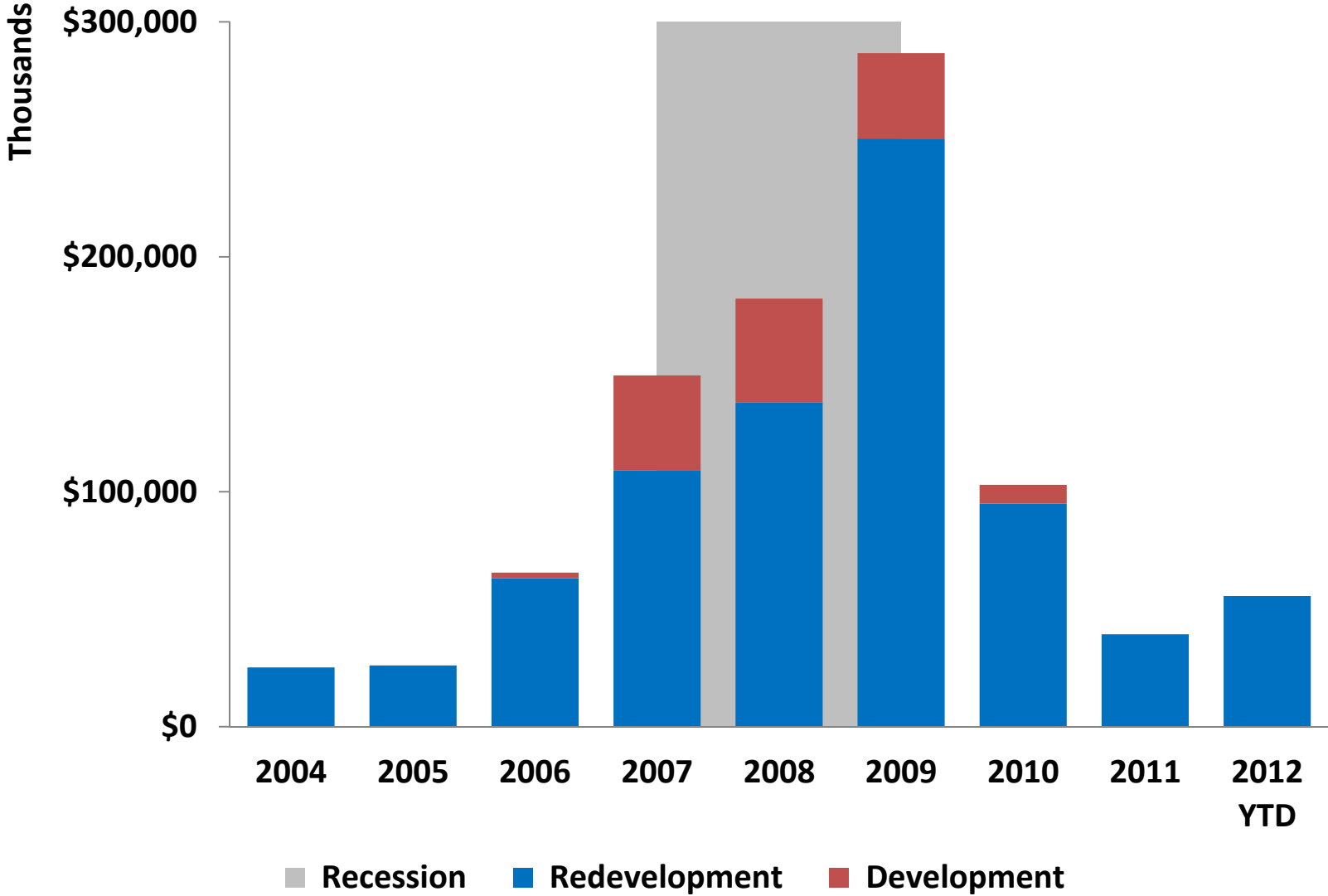
Balance Sheet Improvement    Operational Excellence    Elevating Portfolio Quality    Positioning for Growth

*Majority of portfolio reinvestment has been completed...*



# Assets placed in service

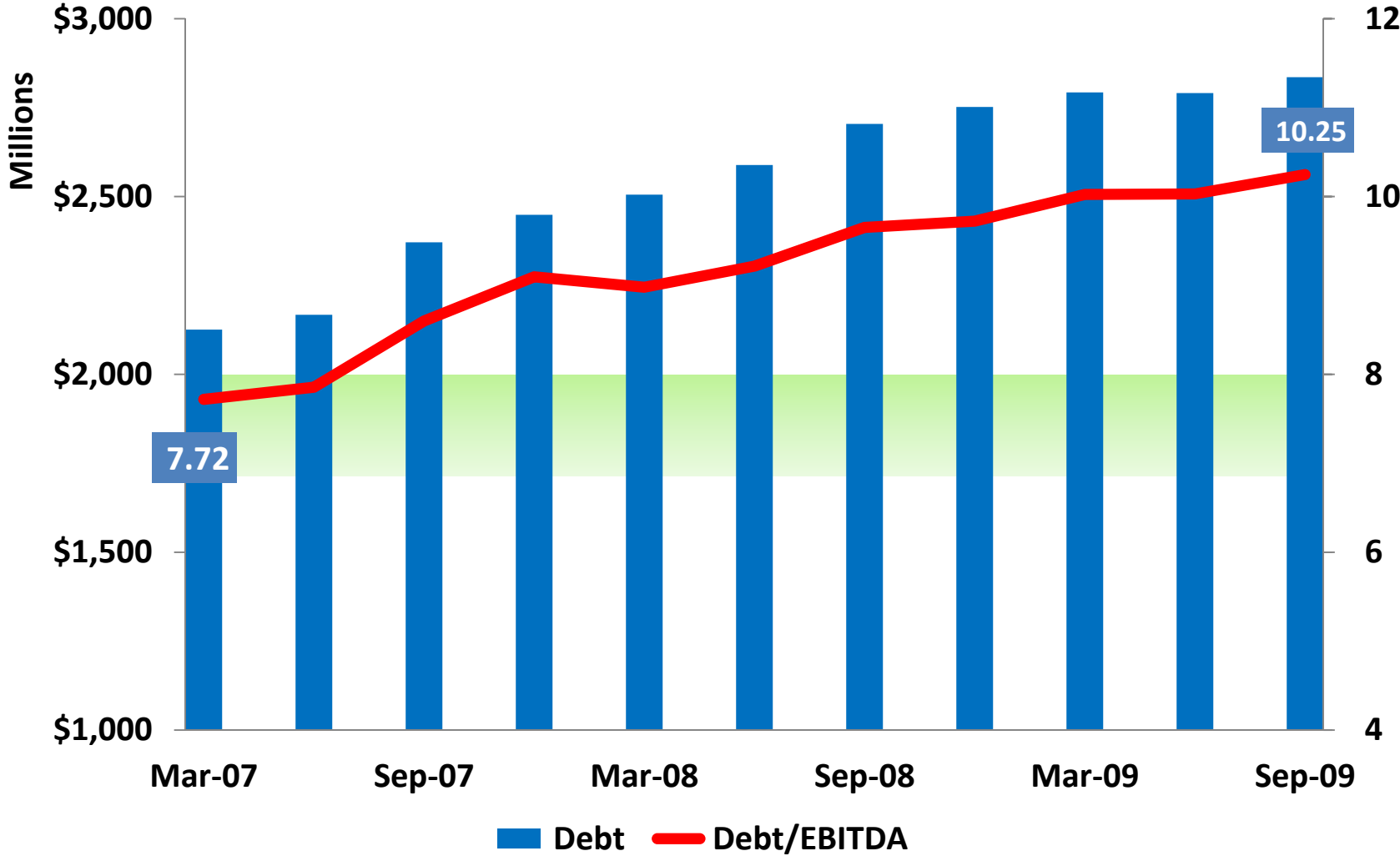
Balance Sheet Improvement    Operational Excellence    Elevating Portfolio Quality    Positioning for Growth





- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality
- Positioning for Growth

# Debt/EBITDA



## Financial Priorities

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Quality

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- Reduce leverage to mitigate risk and create platform for external growth
- Extend debt maturities
- Maintain strong liquidity position
- Unencumber assets to optimize financing options
- Improve the terms of our financial instruments

***Management focused on developing platform built on financial strength***

## Reducing leverage

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

### *A key priority of Management*

- March 2010 – leverage peaked at 71% (debt to GAV)
- May 2010 - \$160M raised in common equity offering
- September 2010 - \$135M generated from sale of power centers
- April 2012 - \$115M Series A preferred (8.25%)
- October 2012 - \$86M Series B preferred (7.375%)
- Pending – sale of power centers and malls
- Pro forma leverage – approximately 60%

# Leverage

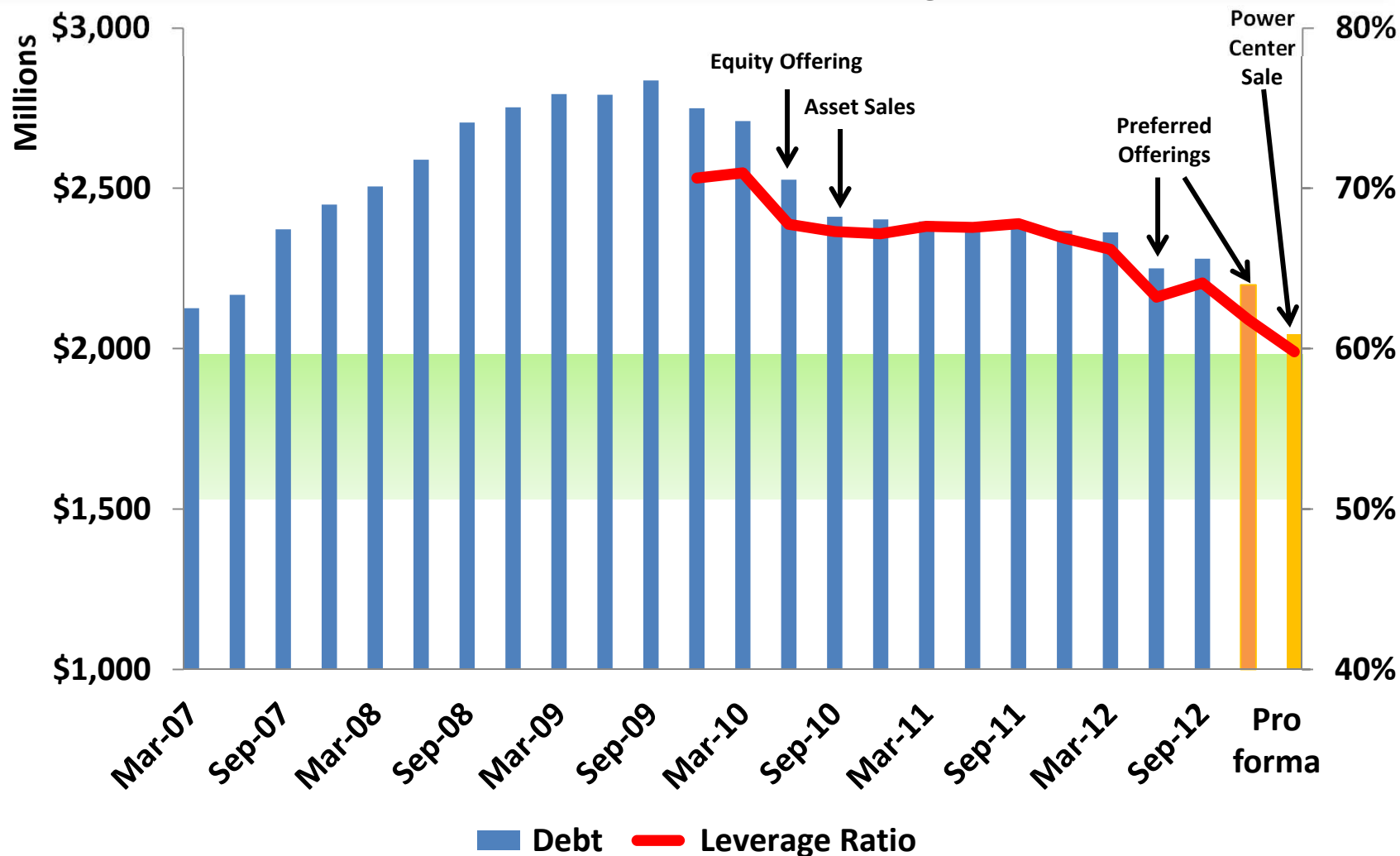
Balance Sheet Improvement

Operational Excellence

Elevating Portfolio Quality

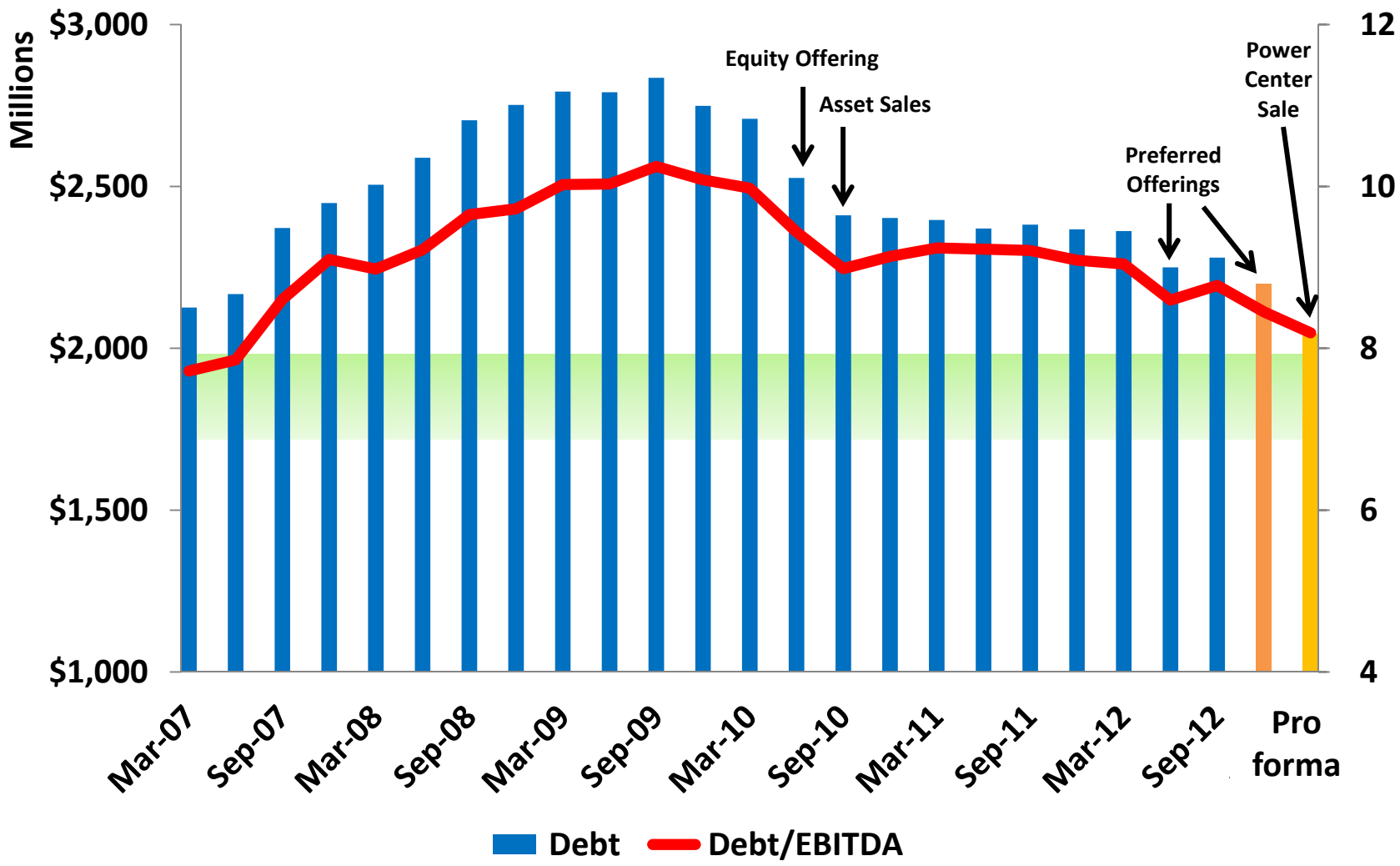
Positioning for Growth

*Steps have been taken in order to achieve < 55% goal in 24 – 36 months*



- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality
- Positioning for Growth

# Debt/EBITDA





Balance Sheet  
Improvement

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Excellence

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Portfolio  
Quality

Positioning  
for Growth

## Completed financings: 2011

Property	Prior Loan Amount (\$M)	Prior Avg Int Rate	New Loan Amount (\$M)	New Avg Int Rate	Interest Savings (\$M)	Net Proceeds (\$M)
801 Market	n/a	n/a	\$27.7	3.73%	n/a	\$27.7
Metroplex	\$57.8	7.25%	\$87.5	5.00%	\$1.3	\$29.7
Red Rose	\$12.1	6.00%	\$15.0	5.14%	\$0.1	\$2.9
Court at Oxford Valley	\$16.0	8.02%	\$30.0	5.56%	\$0.4	\$14.0
<b>Total</b>	<b>\$85.9</b>	<b>7.22%</b>	<b>\$160.2</b>	<b>4.90%</b>	<b>\$1.8</b>	<b>\$74.3</b>

Balance Sheet  
Improvement

Operational  
Excellence

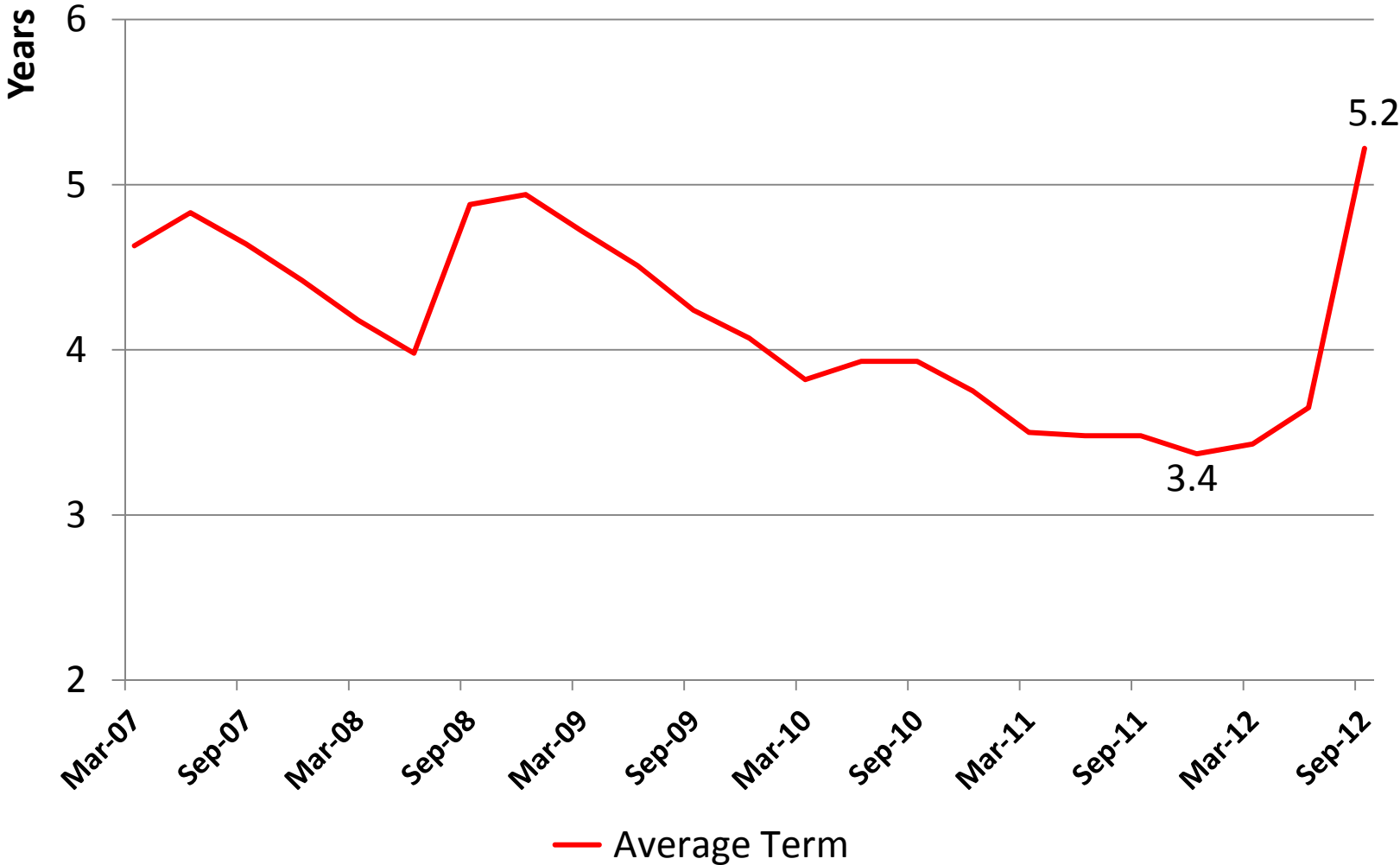
Elevating  
Portfolio  
Quality

Positioning  
for Growth

## Completed financings: 2012

Property	Prior Loan Amount (\$M)	Prior Avg Int Rate	New Loan Amount (\$M)	New Avg Int Rate	Interest Savings (\$M)	Net Proceeds (\$M)
New River Valley	\$28.1	4.66%	\$28.1	4.66%	-	-
Capital City Mall	\$48.2	7.61%	\$65.8	5.30%	\$1.1	\$17.6
Christiana Center	\$44.2	3.52%	\$50.0	4.64%	\$(0.5)	\$5.8
Cumberland Mall	\$41.1	6.42%	\$52.0	4.40%	\$0.8	\$10.9
Cherry Hill Mall	\$231.5	5.44%	\$300.0	3.90%	\$3.6	\$68.5
<b>Total</b>	<b>\$392.9</b>	<b>5.54%</b>	<b>\$495.8</b>	<b>4.25%</b>	<b>\$5.0</b>	<b>\$102.9</b>

# Extending Mortgage Maturities



# Upcoming Maturities

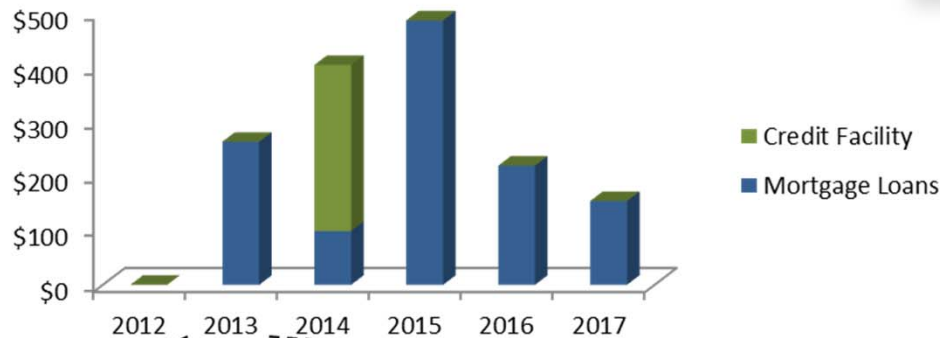
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Positioning for Growth

*Refinancing risk is minimal*

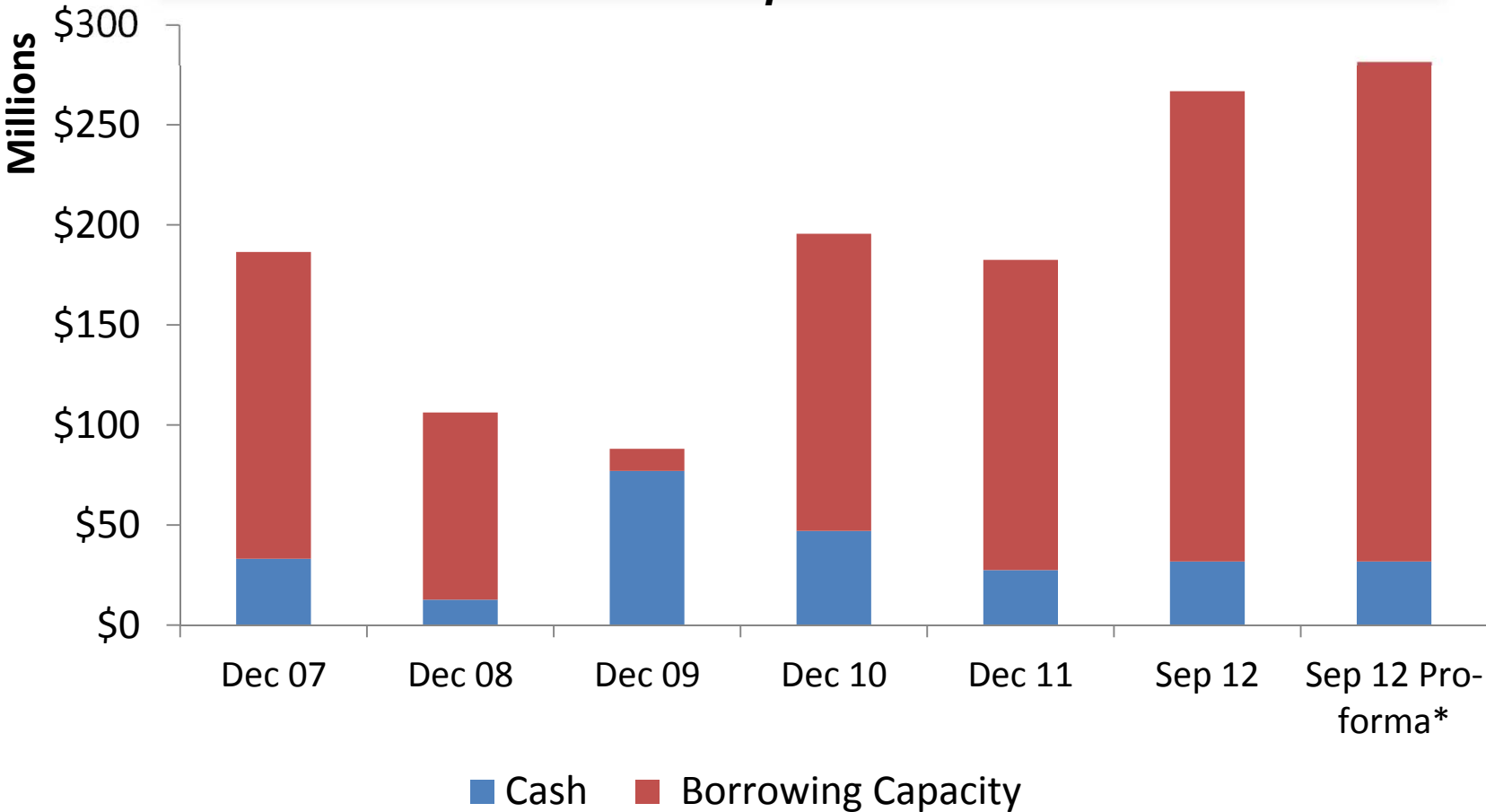


Property	Balance at Maturity	Maturity Date	Interest Rate	% of 2013 Maturity
Dartmouth Mall	\$ 58	June 2013	4.95%	27.1%
Moorestown Mall	\$ 53	June 2013	4.95%	24.8%
Francis Scott Key Mall	\$ 55	December 2013	5.25%	25.7%
Viewmont Mall	\$ 48	December 2013	5.25%	22.4%
<b>TOTAL</b>	<b>\$ 264</b>		<b>5.09%</b>	<b>100.0%</b>

# Liquidity

Balance Sheet Improvement    Operational Excellence    Elevating Portfolio Quality    Positioning for Growth

*We have ample resources...*



\*Reflects Series B Preferred Shares Issuance



# Capital Requirements

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## Current Needs:

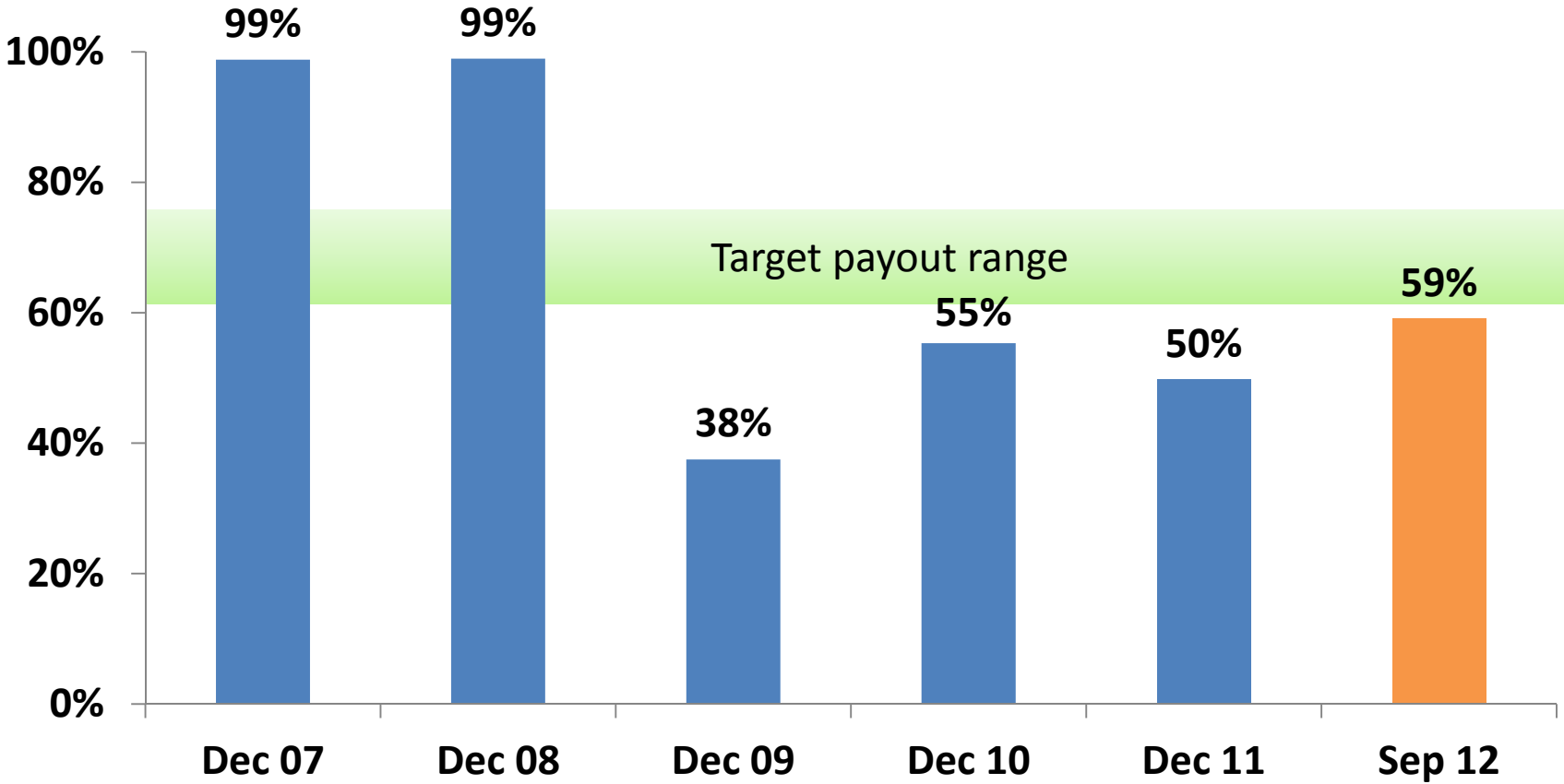
- Recurring CapEx - \$15 to 18M per annum
- Tenant Allowances - \$15 to \$25M per annum
- Existing redevelopment projects - \$20 to \$30M to complete
  - Moorestown
  - Residual spending on existing projects

## Potential Future Considerations:

- Development projects – minimal
- Acquisitions

***Future capital commitments require a careful, measured approach.***

# AFFO Payout Ratio



## A Look Ahead

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- Close sale of non-core assets
- Establish valuation mark for other non-core assets
- Evaluate dividend policy in light of improving operating metrics
- Pursue modification to bank credit facility
- Equity & equity-linked instruments, subject to market conditions

***Goal is to reduce leverage to < 55% in 24 – 36 months.***

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Balance Sheet  
Improvement

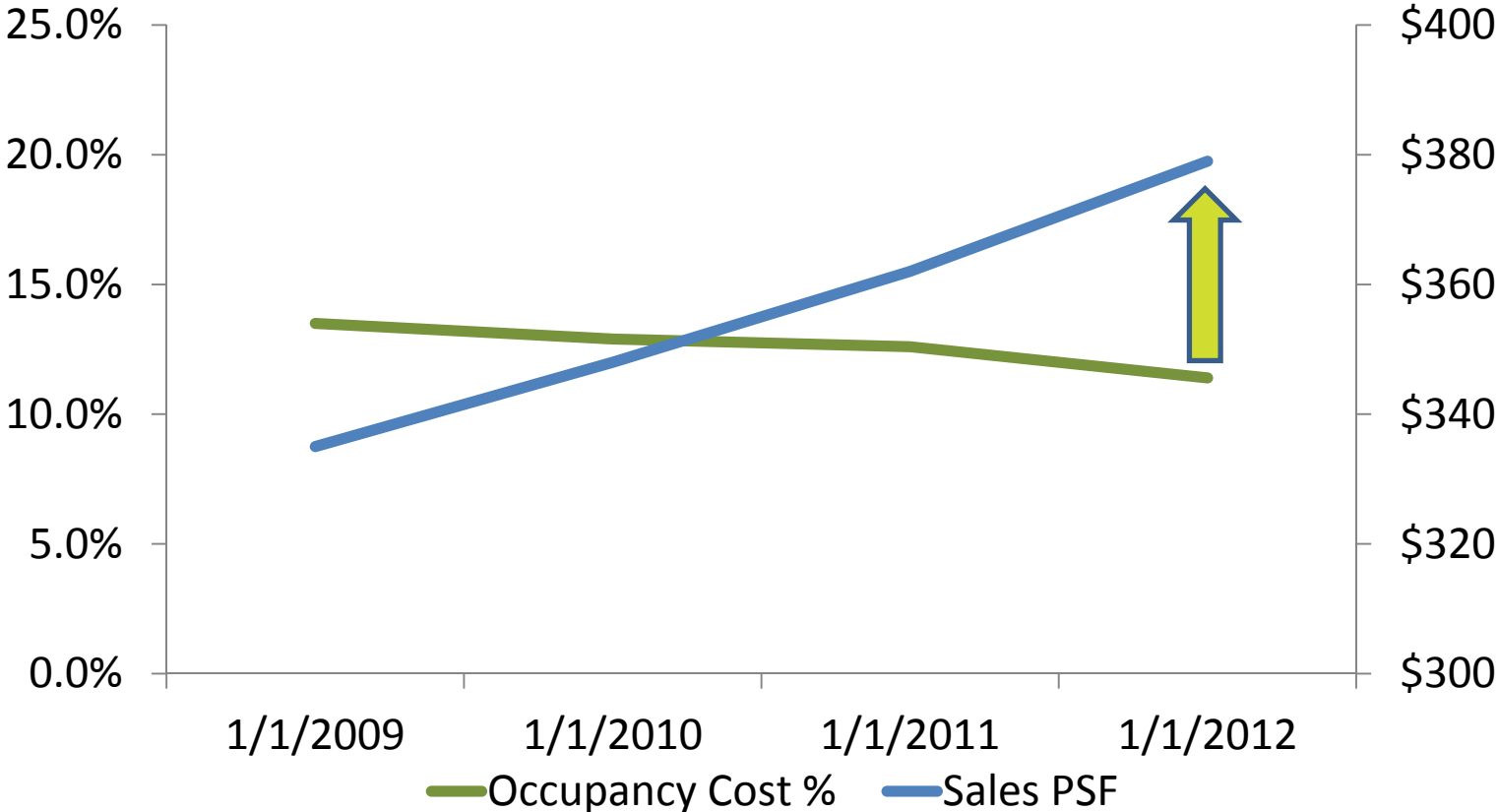
**Operational  
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for Growth

# Monetizing Sales Growth

*Sizable opportunity exists to drive NOI by driving rents  
to keep pace with sales growth...*





## Monetizing Sales Growth

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*From maintaining occupancy at lower productivity malls...*



*...To driving value at better quality, lower cap rate properties*

## Driving Occupancy

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Positioning  
for Growth

- Recent progress
  - Non-anchor mall occupancy increased from 86.4% to 88.5% from 9/09 to 9/12
  - Total mall occupancy increased from 89.7% to 92.9% from 9/09 to 9/12
- New talent
  - Average experience of group: 16 years
- New tenants added to portfolio

# Driving Occupancy

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*Expanding our relationships with quality retailers*

**zumiez**



**COTTON ON**



chico's

POTTERY BARN

FOREVER 21



WHITE HOUSE | BLACK MARKET



francesca's  
COLLECTIONS

rue21®

Soma  
INTIMATES

# Lease Expirations

Balance Sheet Improvement

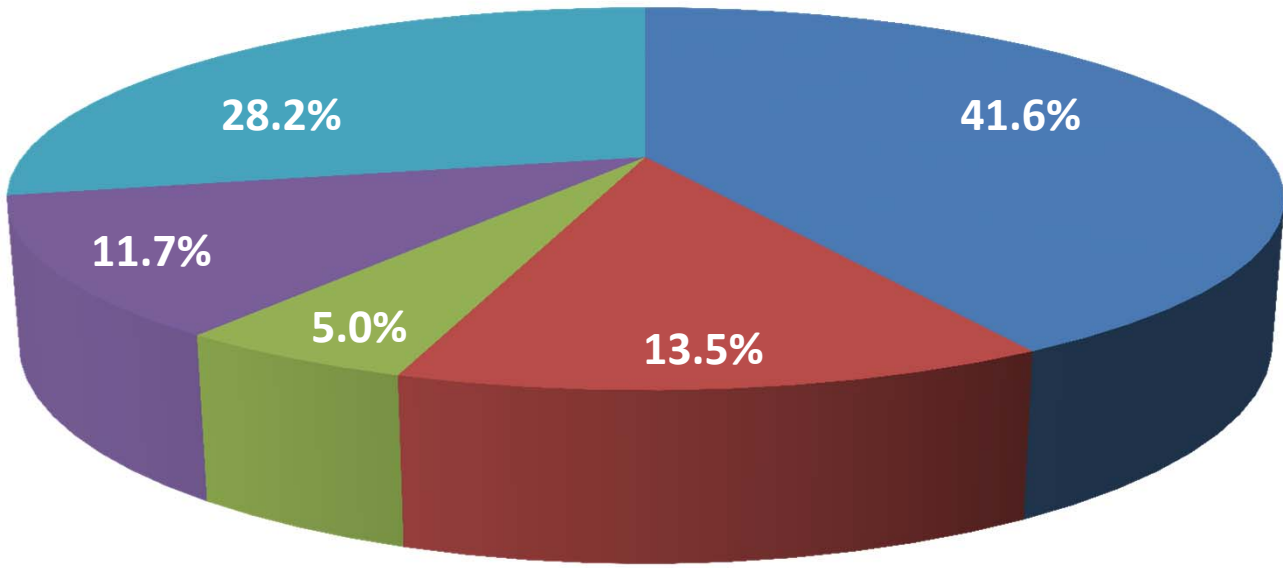
Operational Excellence

Elevating Portfolio Quality

Positioning for Growth

**> 55% of near-term expirations are in our Premier and Core Growth Portfolio**

## 2012-2014 Expirations



■ Core Growth ■ Premier ■ Power Centers ■ Non Core ■ Opportunistic

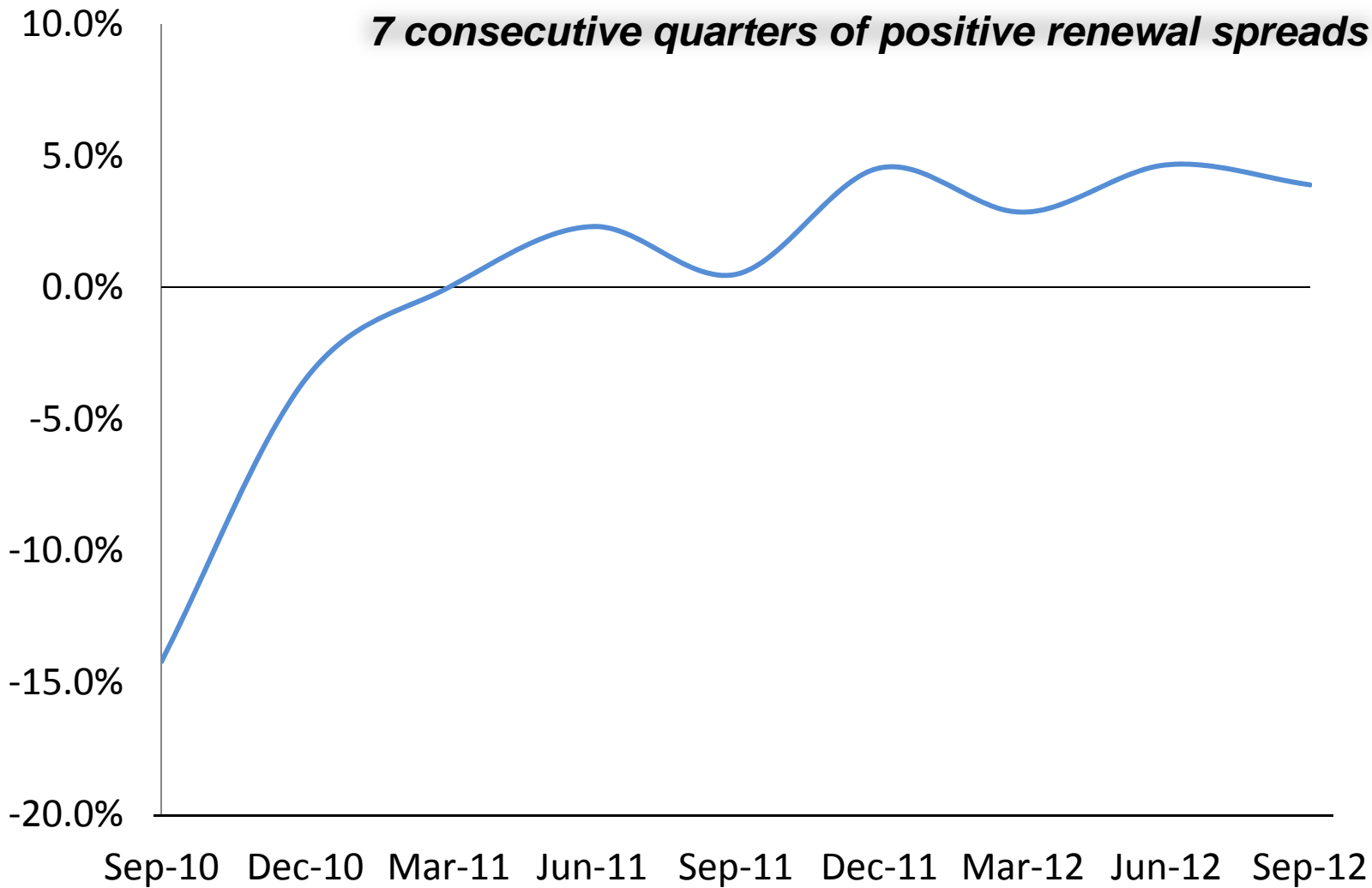
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# Renewal Spreads



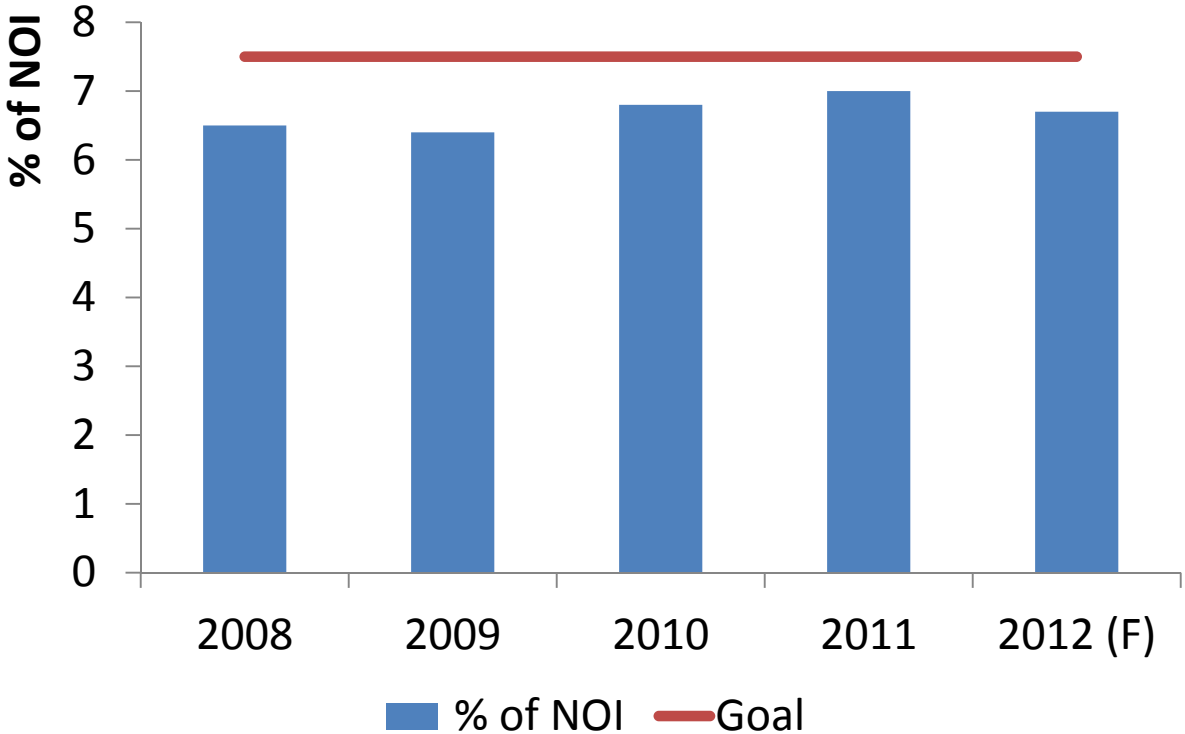
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# Ancillary Revenue



## Sources of Ancillary Revenue:

- Specialty Leasing (excluding temporary in-line space)
- Sponsorship Marketing
- Promotional Income

***Approximately \$2.3 Million of additional NOI could be gained by driving ancillary revenues to 7.5% of NOI***



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# Managing Expense Recoveries

## Expenses

- Controlled with fixed increases
  - Housekeeping and Maintenance
  - Security
  - Landscaping
- Active control programs
  - Utilities
  - Real Estate Taxes

## Revenues

- Fixed CAM program
- Annual increases, providing for certainty of revenue stream

***Business cycle postponed implementation of fixed CAM program***

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## Enclosed Mall Portfolio Segmentation

Premier Properties	Growing in value and will benefit from selective tenant upgrading.
Core Growth Properties	Benefit from either solid trade areas and/or limited competition where value remains to be realized through thorough remerchandising plans and targeted asset strategies.
Opportunistic Properties	Moderate sales with stability in cash flows and tenancy. These properties are likely to either become Core Growth Properties or Non-Core over time.
Non-Core Properties	Properties that are targeted for sale.

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## Premier Properties

*Account for 30.8% of NOI*

	9/11	9/12
Comp Sales	\$500	\$538
Avg. Gross Rent	\$60.10	\$64.85
Occupancy Cost %	13.1%	11.9%
Occupancy	94.3%	94.1%
SS NOI (millions)	\$83.6	\$87.4

Cherry Hill Mall . Cherry Hill, NJ

Lehigh Valley Mall . Allentown, PA

Woodland Mall . Grand Rapids, MI

Jacksonville Mall . Jacksonville, NC

Dartmouth Mall . North Dartmouth, MA

Willow Grove Park . Willow Grove, PA

*...Benefitting from prior redevelopment programs*





# CHERRY HILL MALL

## Cherry Hill, NJ


Balance Sheet Improvement    Operational Excellence    **Elevating Portfolio Quality**    Positioning for Growth

 **\$220M redevelopment successfully transformed property into the region’s fashion & dining destination – over 228,000 sf of new retail added**

 **Unsurpassed visibility & accessibility at Haddonfield Rd & Rt 38. S. Jersey’s busiest intersection; 100,000+ vehicles per day**

 **Well established trade area from surrounding counties and Center City Philadelphia – 146,000 households earn \$100,000 +**

 **Property comp sales at all-time high of \$639/sf**

 **Major employers in area reflect a stable & diverse economy; Cooper Health System, Virtua Health, Lockheed Martin, Campbell Soup, TD Bank & more**



Key Demographics: Trade Area	
Total Population	<b>2,021,568</b>
Total Households	<b>767,727</b>
Median Age	<b>35.4</b>
Average HHI	<b>\$64,975</b>

Source: ESRI

# CHERRY HILL MALL

Cherry Hill, NJ



Sales psf	<b>\$639</b>
Total Occupancy	<b>92.6%</b>
Non-Anchor Occupancy	<b>91.1%</b>

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth

**First-to-Philadelphia market tenants**



**First-to-South Jersey market tenants**



**Other tenants added**







# WOODLAND MALL

## Grand Rapids, MI

Balance Sheet Improvement    Operational Excellence    **Elevating Portfolio Quality**    Positioning for Growth

 Located in the heart of the region's premier retail hub

 Situated at one of the busiest intersections in the state with 85,000 + vehicles per day

 Anchors jcpenny & Sears and flagship Barnes & Noble are among the top performers in their respective companies

 The region enjoys a growing economy fueled by healthcare, technology, and pharmaceutical industries & businesses such as Spectrum Health, Meijer, Steelcase and more

 Region's rapidly growing healthcare sector has added 17,000 jobs and \$1 billion in payroll since 2004



Key Demographics: Trade Area	
Total Population	<b>881,767</b>
Total Households	<b>325,310</b>
Median Age	<b>34.9</b>
Average HHI	<b>\$58,799</b>

Source: ESRI

**WOODLAND MALL**  
**Grand Rapids, MI**



Sales psf	<b>\$529</b>
Total Occupancy	<b>98.2%</b>
Non-Anchor Occupancy	<b>98.2%</b>

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth

J.CREW



POTTERY BARN



FOREVER 21

francesca's  
COLLECTIONS

chico's

ANN TAYLOR

THE LIMITED

VICTORIA'S SECRET




# JACKSONVILLE MALL

## JACKSONVILLE, NC

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth

 Only regional enclosed mall within 50 miles

 Economic impact of nearby USMC Camp LeJueune is over \$3.5 billion, with over 145,000 active and retired military and their families making their home in the region

 Jacksonville, NC ranks 32rd out of the 366 US metros for per capita income

 Over 2,660 rooms in over 30 hotels cater to friends and family of service members

 ULTA and Barnes & Noble are unique to the market and are major traffic drivers.

 Average daily traffic on Wester Boulevard exceeds 46,000 vehicles



Key Demographics: Trade Area	
Total Population	<b>341,139</b>
Total Households	<b>128,014</b>
Median Age	<b>31.4</b>
Average HHI	<b>\$50,249</b>

Source: ESRI

**JACKSONVILLE MALL**  
 Jacksonville, NC

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth



Sales psf	<b>\$504</b>
Total Occupancy	<b>99.6%</b>
Non-Anchor Occupancy	<b>99.1%</b>





Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

# Core Growth Properties

*Account for 44.2% of NOI*

	9/11	9/12
Comp Sales	\$350	\$362
Avg. Gross Rent	\$41.72	\$41.60
Occupancy Cost %	12.7%	11.8%
Occupancy	88.2%	89.5%
SS NOI (millions)	\$121.9	\$125.0

Patrick Henry Mall . Newport News, VA  
 Mall at Prince Georges . Hyattsville, MD  
 Valley View Mall . LaCrosse, WI  
 Springfield Mall . Springfield, PA  
 Wyoming Valley Mall . Wilkes-Barre, PA  
 Gallery at Market East . Philadelphia, PA  
 Viewmont Mall . Scranton, PA  
 Capital City Mall . Camp Hill, PA  
 Valley Mall . Hagerstown, MD  
 Crossroads Mall . Beckley, WV  
 Moorestown Mall . Moorestown, NJ  
 Francis Scott Key Mall . Frederick, MD  
 Magnolia Mall . Florence, SC  
 Exton Square Mall . Exton, PA  
 Plymouth Meeting Mall . Plymouth Meeting, PA  
 Gadsden Mall . Gadsden, AL  
 Cumberland Mall . Vineland, NJ  
 Logan Valley Mall . Altoona, PA

Properties listed by sales per square foot

# CAPITAL CITY MALL


## Camp Hill, PA

Balance Sheet Improvement    Operational Excellence    **Elevating Portfolio Quality**    Positioning for Growth

 **Dominant mall in the region featuring an array of first-to-market retailers**

 **Strong daytime populations bolstered by Federal and State employees. Over 39,000 government workers approximately 8 miles from the center**

 **Local economy has grown to become vastly diversified with a large representation of service-related industries, especially health care and a growing technological industry**

 **Other major employers in region are Penn State, Milton Hershey Medical Center, Giant Food, Hershey Entertainment & Resorts and Rite-Aid**

 **Average daily traffic on adjacent Rt 11/15 is over 83,000 vehicles with direct visibility & accessibility from the highway**



Key Demographics: Trade Area	
Total Population	<b>564,947</b>
Total Households	<b>229,977</b>
Median Age	<b>40.5</b>
Average HHI	<b>\$70,665</b>



**CAPITAL CITY MALL**  
 Camp Hill, PA



Sales psf	<b>\$372</b>
Total Occupancy	<b>96.2%</b>
Non-Anchor Occupancy	<b>93.5%</b>

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth



# CAPITAL CITY MALL

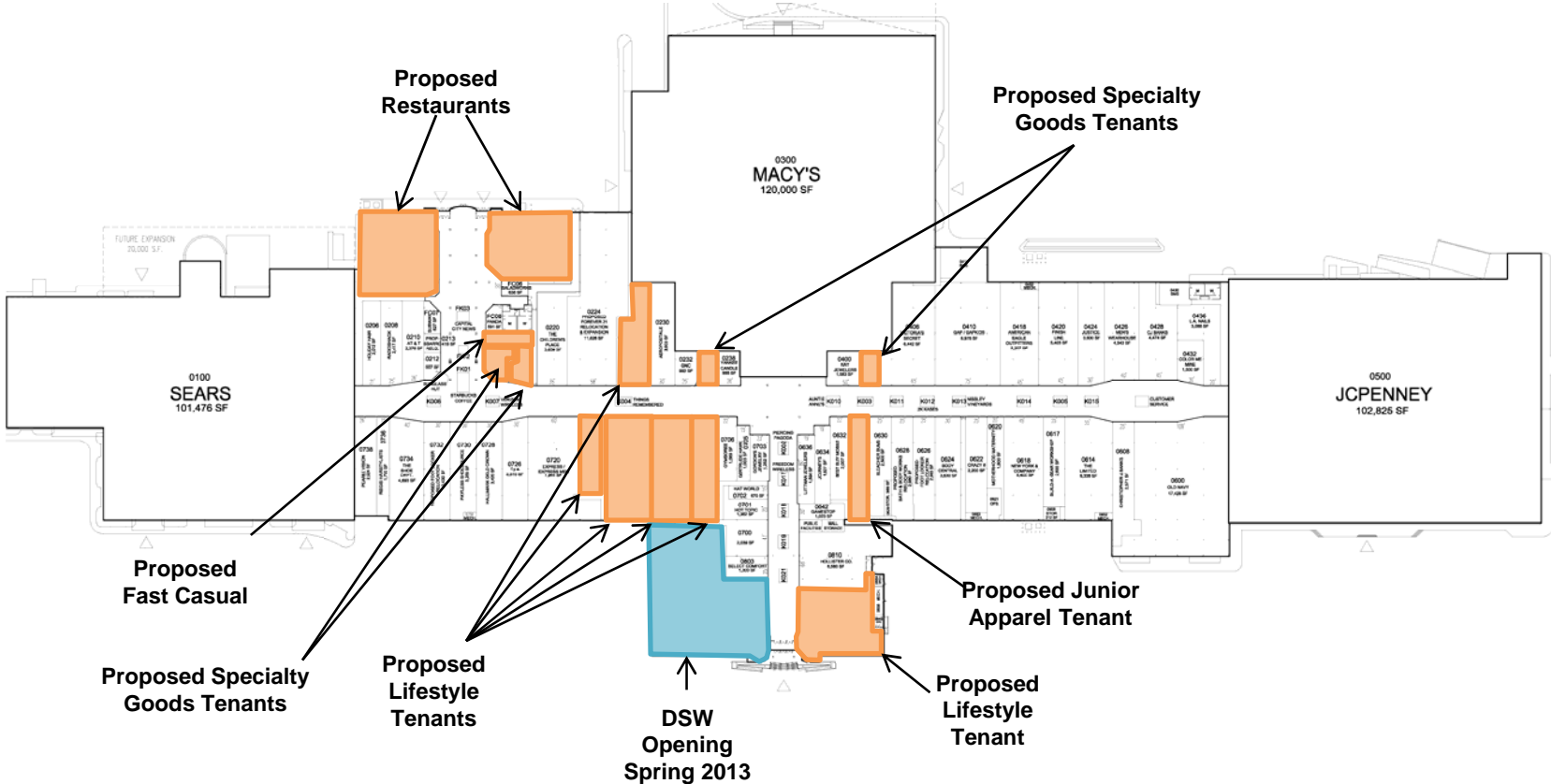
## Camp Hill, PA

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioned for  
Growth



### Strategic Vision

Playing off of the property's market dominance, upgrade merchandise offerings, adding restaurants, lifestyle and in-demand junior retail to become a fashion and dining destination in the Harrisburg market.

## VIEWMONT MALL

### Scranton, PA

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioned for  
Growth



Area's long established, family friendly shopping destination, featuring a wide array of in-demand national retailers



Convenient to I-84, I-81, I-380, Rt 6 & the PA Turnpike – area roads deliver over 70,000 vehicles per day



Over 35,000 high school & college students within the trade area



Top area employers include: US Gov't, Allied Services, Kane Transportation, Commonwealth of PA, Moses Taylor Hospital



Growing regional tourist destination with new attractions dedicated to the area's coal mining and steam train history



Over 1,000 hotel rooms within 1 mile of the mall



### Key Demographics: Trade Area

Total Population	<b>373,182</b>
Total Households	<b>150,629</b>
Median Age	<b>43.1</b>
Average HHI	<b>\$56,279</b>

**VIEWMONT MALL**  
**Scranton, PA**

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioned for Growth



Sales psf	<b>\$377</b>
Total Occupancy	<b>98.7%</b>
Non-Anchor Occupancy	<b>96.6%</b>



THE LIMITED

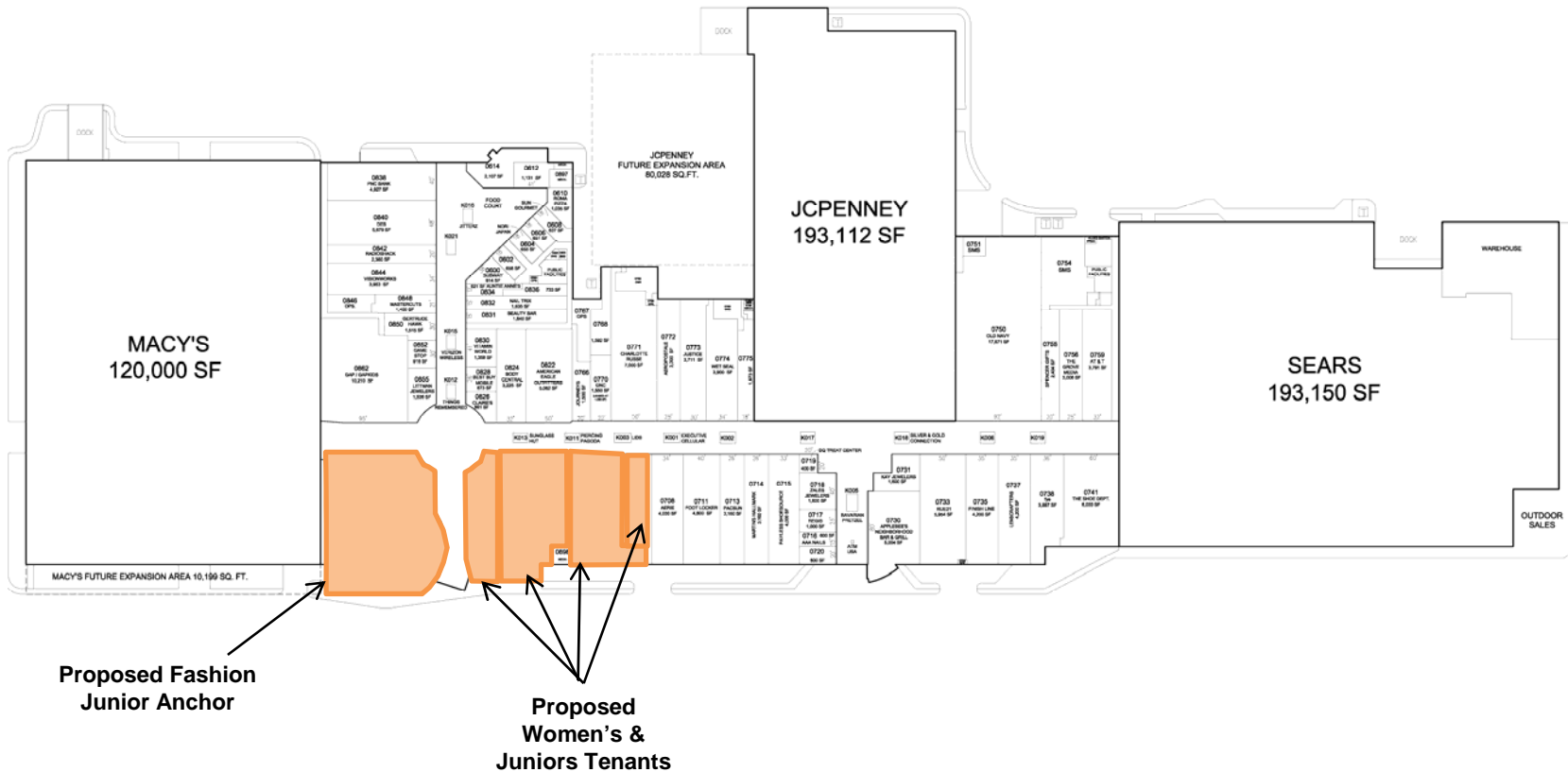
# VIEWMONT MALL Scranton, PA

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth



## Strategic Vision

To solidify our position as the dominant shopping center in the region by becoming the fashion destination, adding first-to-market, in-demand tenants and offering more for our customers by expanding the sit-down dining offerings while replacing underperforming stores and improving our merchandise offerings.



**VALLEY MALL**  
**Hagerstown, MD**

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality
- Positioning for Growth



**Dominant regional enclosed shopping center within 30 miles, attracting shoppers in the tri-state area of MD, PA & WV**



**Located at second busiest intersection in Washington County, accessible to I-81 & I-70. Average Daily Traffic around mall exceeds 110,000**



**Regal Cinemas is the largest stadium seating theatre within 25 miles and is a major driver of mall traffic**



**Washington County is experiencing a population boom as the western edge of Washington DC metro pushes out**



**Top employers include Washington County Public School, First Data, State of Maryland, Meritus Medical Center, CitiGroup Financial**



**Defense, aviation and aerospace Industries growing rapidly in the region**



**Key Demographics:  
Trade Area**

Total Population	<b>492,995</b>
Total Households	<b>188,933</b>
Median Age	<b>39.8</b>
Average HHI	<b>\$63,741</b>

Source: ESRI



**VALLEY MALL**  
**Hagerstown, MD**



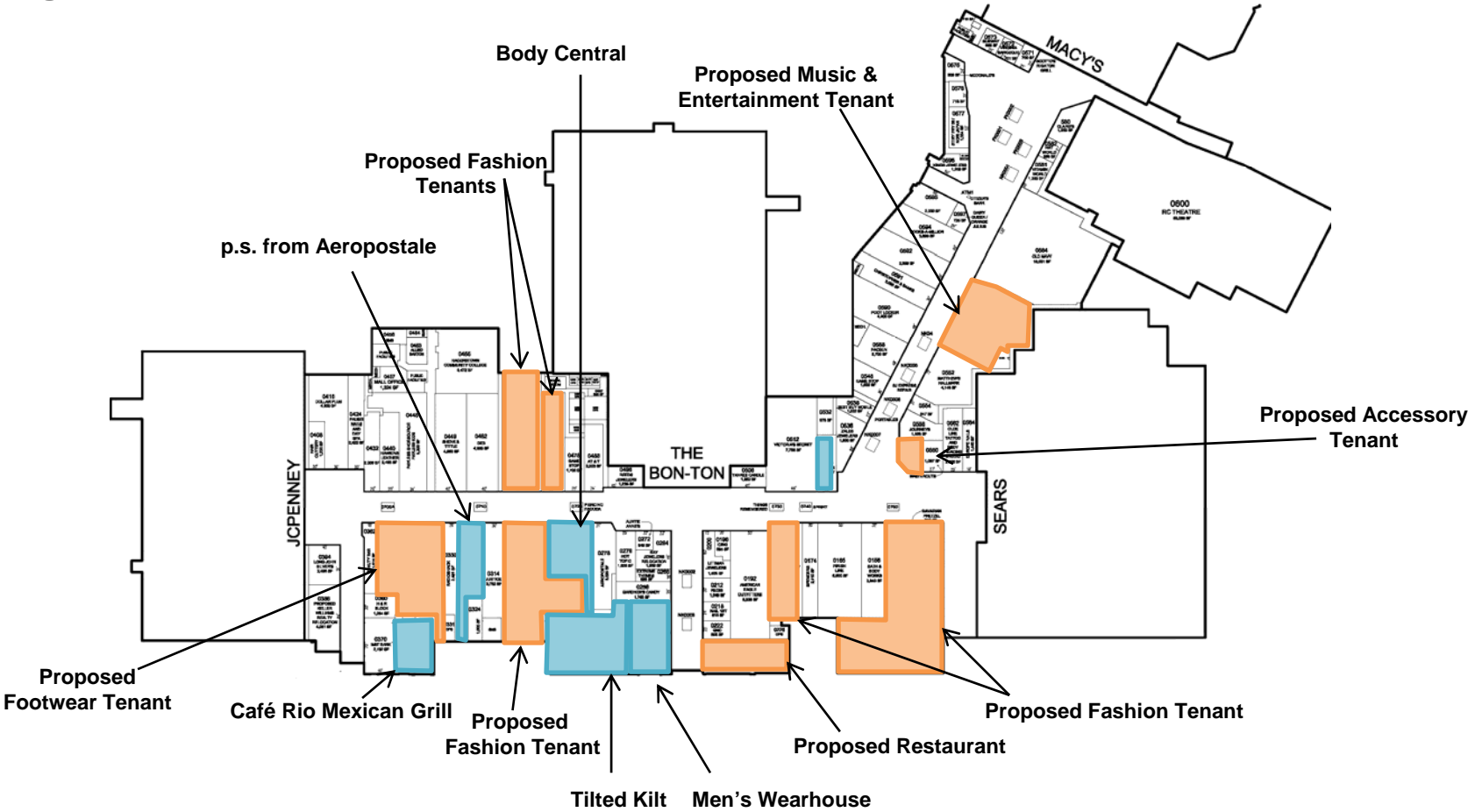
Sales psf	<b>\$368</b>
Total Occupancy	<b>94.7%</b>
Non-Anchor Occupancy	<b>90.9%</b>

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth



**VALLEY MALL**  
**Hagerstown, MD**

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality
- Positioning for Growth



**Strategic Vision**

Enhance the NOI and sales productivity of the property by upgrading the tenant mix to include trendy fashion-forward junior tenants and additional dining options.

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

## Opportunistic Properties

*Account for 13.2% of NOI*

	9/11	9/12	
Comp Sales	\$267	\$269	Palmer Park Mall . Easton, PA
Avg. Gross Rent	\$27.14	\$25.94	Wiregrass Commons Mall . Dothan, AL
Occupancy Cost %	11.4%	9.5%	Uniontown Mall . Uniontown, PA
Occupancy	82.8%	85.4%	New River Valley Mall . Christiansburg, VA
SS NOI (millions)	\$38.6	\$37.5	Lycoming Mall . Pennssdale, PA
			Nittany Mall . State College, PA
			Washington Crown Center . Washington, PA
			South Mall . Allentown, PA
			Beaver Valley Mall . Monaca, PA
			Voorhees Town Center . Voorhees, NJ

Properties listed by sales per square foot

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

## Integrating Non-Retail Uses

- Office
- Government
- Education
- Healthcare
- Community Agencies

**828,000 sf (2.5% of portfolio) is dedicated to non-retail uses**

# Voorhees Town Center Municipal Offices

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality**
- Positioning for Growth





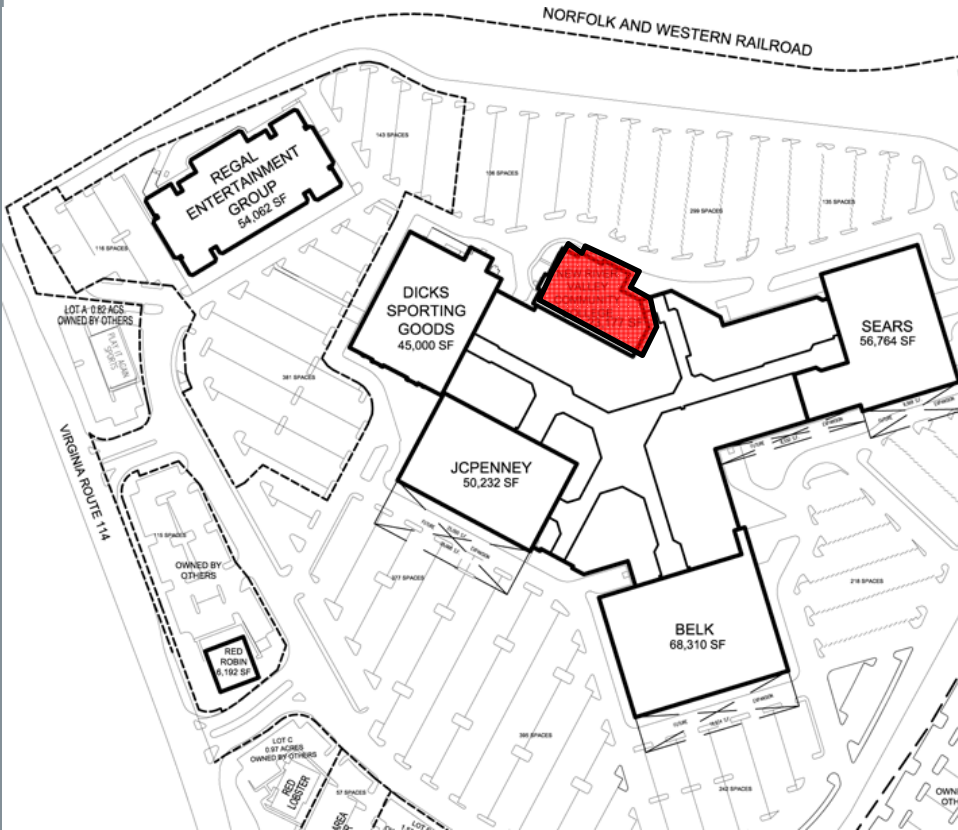
# New River Valley Mall Community College

Balance Sheet  
Improvement

Operational  
Excellence

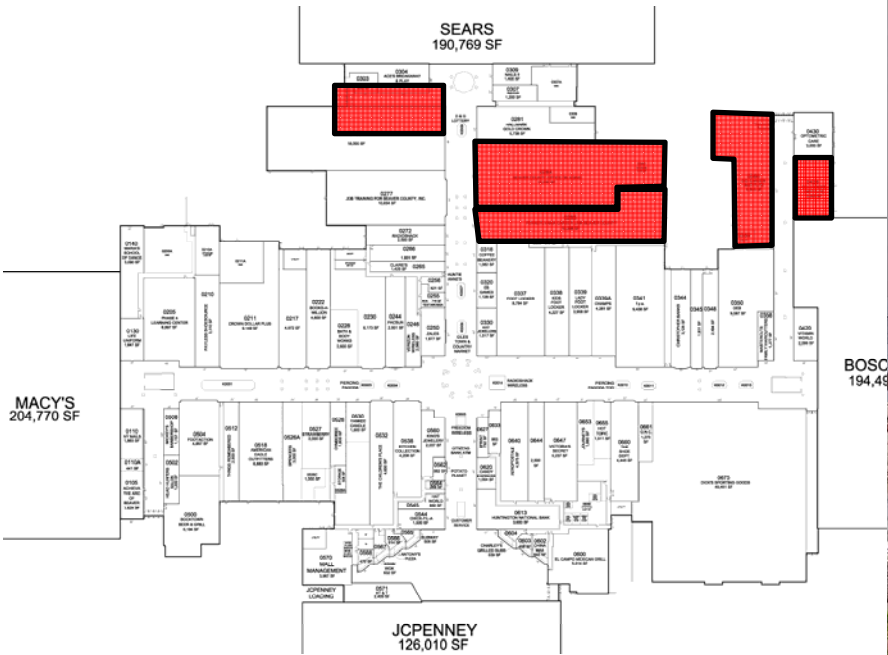
Elevating  
Portfolio  
Quality

Positioned for  
Growth





# Beaver Valley Mall Community Agencies



- Job Training for Beaver Co
- DCI Career Institute
- Beaver Co. Office on Aging
- PA CareerLink

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth



Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

## Non-Core Properties

*Account for 7.3% of NOI*

MALLS	9/11	9/12
Comp Sales	\$242	\$244
Avg. Gross Rent	\$29.08	\$26.84
Occupancy Cost %	13.1%	10.0%
Occupancy	77.5%	77.7%
SS NOI (millions)	\$10.9	\$9.6

Chambersburg Mall . Chambersburg, PA  
 North Hanover Mall . Hanover, PA  
 Orlando Fashion Square . Orlando, FL  
 Phillipsburg Mall . Phillipsburg, NJ

POWER CENTERS	9/11	9/12
Avg. Gross Rent	\$22.47	\$24.29
Occupancy	89.3%	94.5%
SS NOI (millions)	\$10.9	\$11.0

Christiana Center. Newark, DE  
 Paxton Town Center . Harrisburg, PA  
 Commons at Magnolia . Florence, SC

Properties listed by sales per square foot

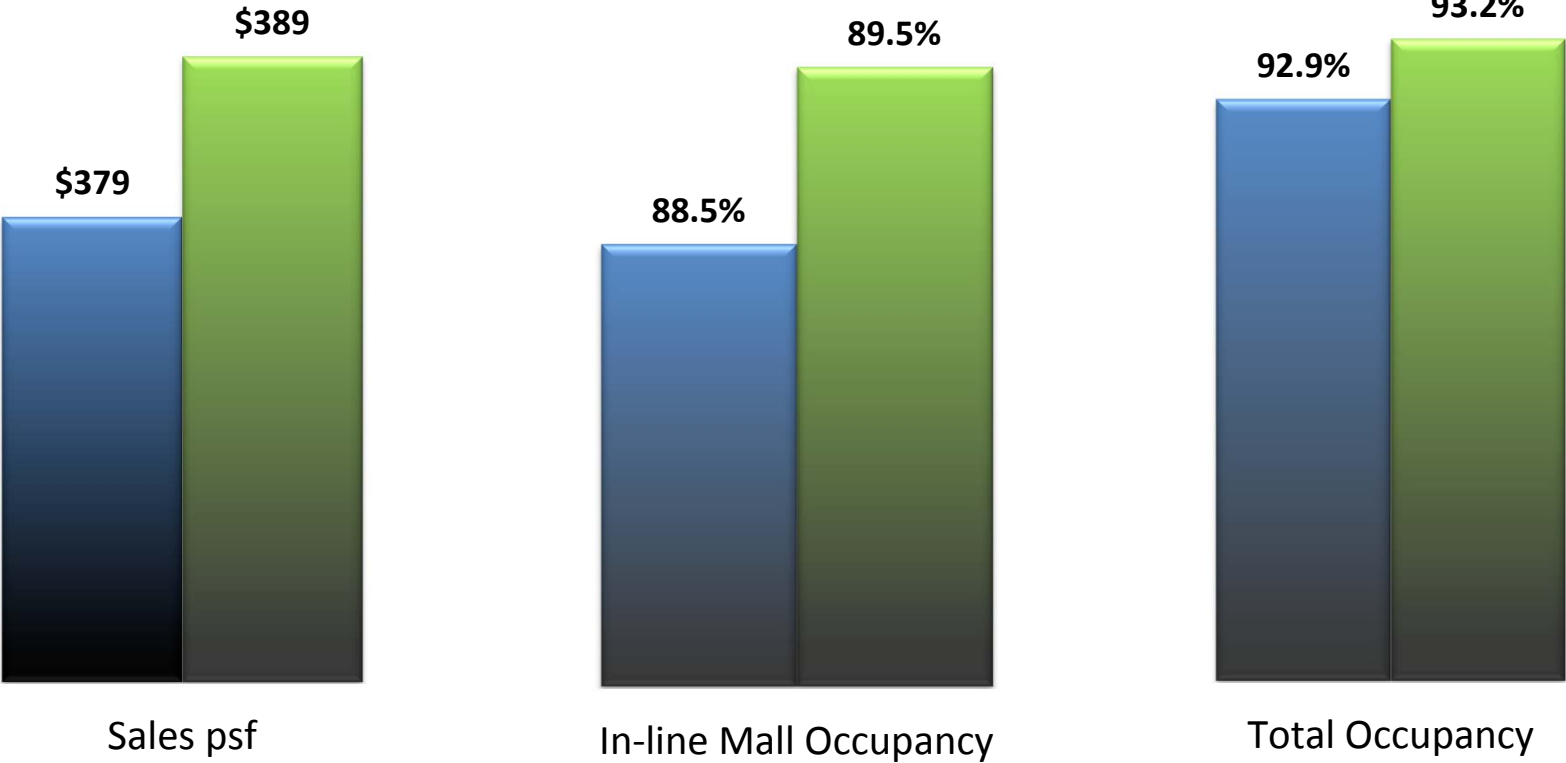
Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

# Impact of Non-Core Dispositions



Marketed assets include Chambersburg Mall, North Hanover Mall, Orlando Fashion Square, Phillipsburg Mall, Christiana Center, The Commons at Magnolia, and Paxton Towne Centre. There can be no assurance that the marketed assets will be sold, or sold within any particular time frame, or that the sales per square foot of the balance of the portfolio will remain static. This slide illustrates the effect if such marketed assets had been sold as of Sept. 30, 2012.

Pennsylvania Real Estate Investment Trust™  
**Investor Day 2012: The Path Forward**



**Balance Sheet  
Improvement**

**Operational  
Excellence**

**Elevating  
Portfolio  
Quality**

**Positioning  
for Growth**



# Acquisition Criteria

Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

## *Future potential growth platform*

- Strategic location
- Fundamentals equal to or better than existing portfolio averages
- NOI growth potential
- Stable or growing demographics
- Opportunity to upgrade tenancy

# Moorestown Mall

*Project underway...*

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality
- Positioning for Growth



**Marc Vetri's Osteria to open in 2013.**  
**Currently negotiating leases for 3 other restaurants.**



**Property vision:**  
**Convenient retail, dining and entertainment environment in a family friendly atmosphere.**

**Regal to open the only 12-Screen Premium Experience Theater concept in the region in Summer 2013.**





# Plymouth Meeting Mall

*Monetizing land...*

- Balance Sheet Improvement
- Operational Excellence
- Elevating Portfolio Quality
- Positioning for Growth



**Incorporate hotel and multi-family uses at well-located property to increase density surrounding the retail.**

# Pennsylvania Real Estate Investment Trust™

## Investor Day 2012: The Path Forward

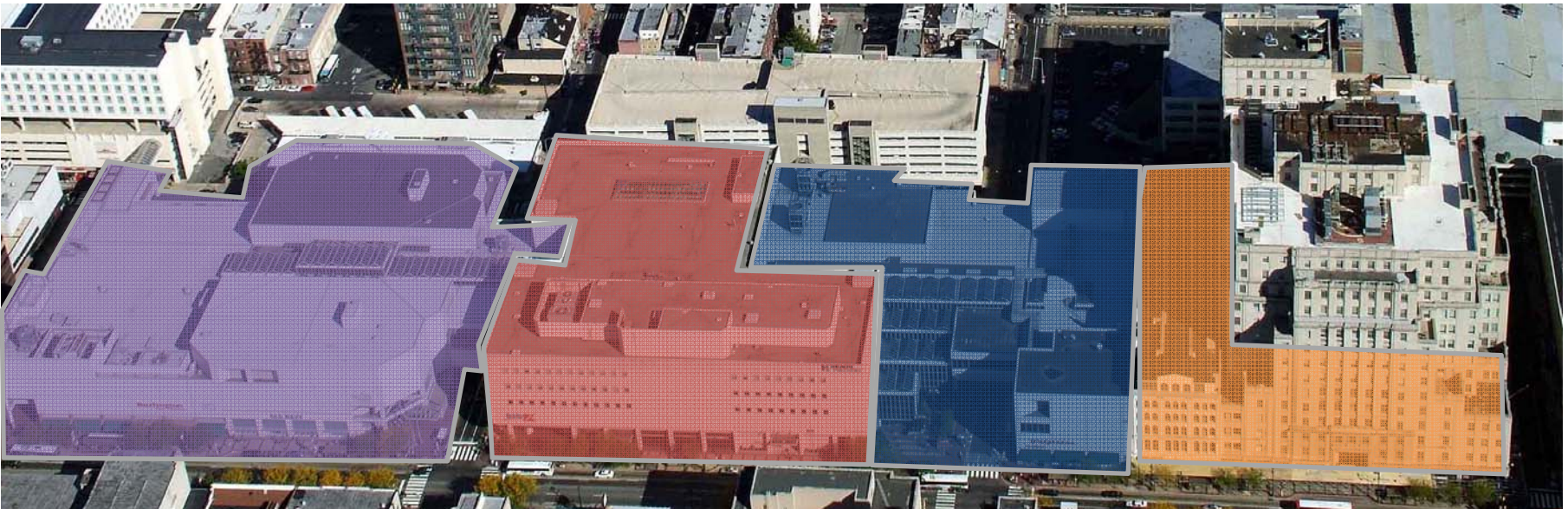
Operational  
Excellence

Elevating  
Portfolio  
Quality

Balance Sheet  
Improvement

Positioned for  
Growth

- **2003 – Gallery I** (\$50 Million)
- **2004 – Gallery II** (\$32 Million)
- **2006 – 801 Market** (\$25 Million)
- **2012 – 907 Market** (\$60 Million) [Pending]



- **Consolidated Ownership Structure**
- **Assemblage of Four Buildings Across Three City Blocks**
- **Control of Entire Building Envelope**



# Pennsylvania Real Estate Investment Trust™

## Investor Day 2012: The Path Forward

Balance Sheet Improvement

Operational Excellence

Elevating Portfolio Quality

Positioning for Growth

### 1 RESIDENTS

- 1.5 million Philadelphia residents
- 179,900 Center City residents
- Philadelphia has the third largest downtown residential population in the nation

### 2 TOURISM

- 4.8 million historic district tourists

### 3 CONVENTIONEERS

- 1.5 million conventioners
- Over 11,000 hotel rooms in Center City

### 4 COMMUTERS

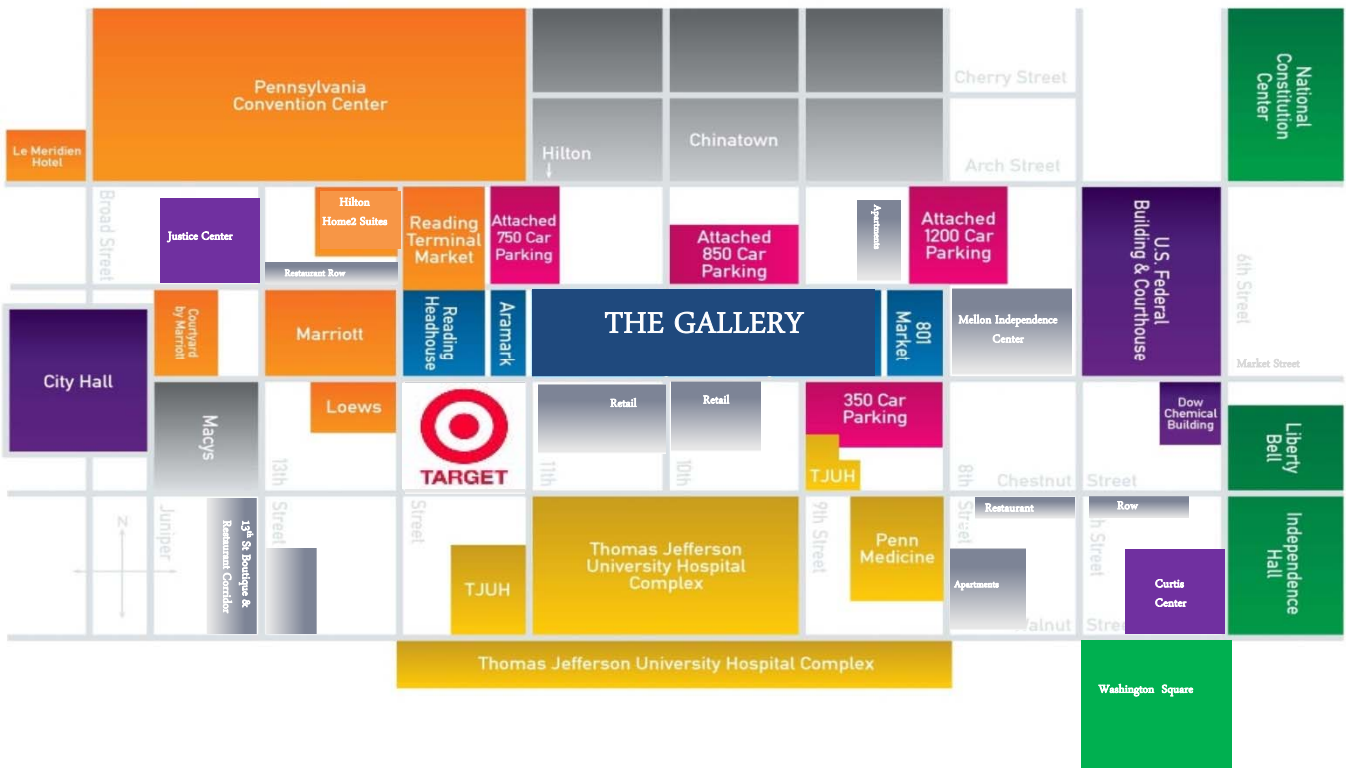
- 20 million commuters
- Connected to regional transportation hub

### 5 HEALTHCARE & EDUCATION

- 115,000 college and university students within three miles
- Five of the nations best hospitals within three miles

### 6 OFFICES

- 87,000 office workers within a half mile
- 40 million square feet of office space in Center City



# Exton Square Mall

## Existing K Mart parcel

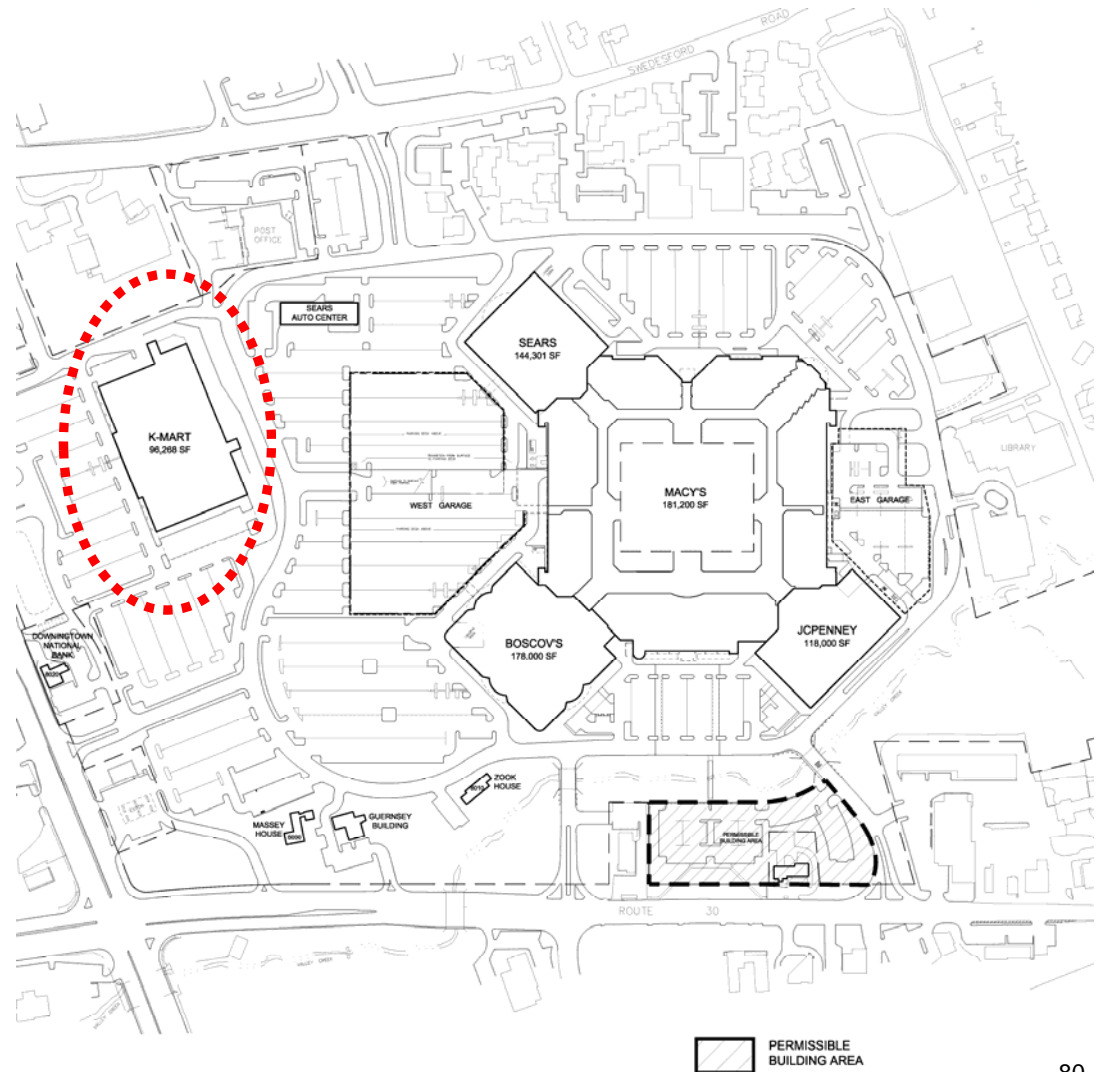
Balance Sheet  
Improvement

Operational  
Excellence

Elevating  
Portfolio  
Quality

Positioning  
for Growth

- Over 60,000 vehicles passing by daily
- Located in Chester County, PA - the 24th richest county in the US
- Parcel is available in 2016
- Strategic to adjacent mall property



**Measuring our Success**



## Key Performance Indicators

Measure of Success	Today	2015
Leverage	62%	< 55%
Debt/EBITDA	8.8	< 7.5
SS NOI Growth	1–2%	> 3%
Total Mall Occupancy	92.6%	95.0%
Occupancy Cost	11.4%	12.5%
Sales PSF	\$379	> \$400



## **Key Takeaways**

- *Dominant player in the Philadelphia market*
- *Focused on improving financial position*
- *60% of NOI comes from quality assets with average sales psf of \$451*
- *Future capital commitments require a careful, measured approach*
- *Significant value to be realized in portfolio by driving occupancy costs and strategic re-tenanting in our Core Growth portfolio*

**We are committed to:  
The Path Forward**

# Investor Day 2012: The Path Forward



PREIT

we're preit  
and we build trust

