

PREIT[®]

INVESTOR UPDATE
AUGUST 2016



PREIT'S TRANSFORMATION

PREIT has made tremendous progress since laying out its plan, in 2012, to create shareholder value by improving **portfolio quality** (through dispositions and remerchandising), strengthening our **balance sheet** (primarily reducing leverage which had peaked over 70%) and driving **operational performance** (through an increased focus on leasing and management of our centers) in an effort to position the Company for **future growth**.

Through a successful effort to sell 14 low-productivity malls and low cap rate power centers, PREIT has raised over \$660 million, reduced leverage to approximately 50% and dramatically improved the quality of our portfolio. This has led to an ability to attract top talent and improved our negotiating position with retailers; together, enabling stronger operating results. Our improved portfolio coupled with our redevelopment pipeline is poised to deliver FFO growth and multiple expansion.

PREIT'S UNIQUE VALUE PROPOSITION

QUALITY PROPERTIES IN HIGH BARRIER-TO-ENTRY MARKETS

- **Control of Philadelphia market**
 - 1 of 2 full line **Nordstrom** stores
 - 1 of 2 full line **Bloomingdales** stores
 - 1 of 2 **PRIMARK** stores
 - Only **LEGOLAND** Discovery Center in region



- **DC Market presence**
 - **25%** of malls in DC market
 - Brand new **Springfield Town Center** marching toward stabilization
 - Repositioning **Mall at PG** to capitalize on over \$1 billion invested in surrounding properties



- **Fashion Outlets of Philadelphia Redevelopment**

- 22 million commuters to the property
- Fastest growing residential population in country
- Anchored by 1st **Century 21** outside of NY Metro



DC, Philadelphia and suburban Maryland ranked among top 10 momentum gainers in job growth based on July BLS update

MEANINGFUL NOI & NAV GROWTH OPPORTUNITIES

- **Redevelopment**

- 6 projects underway for approximately \$250 million generating returns of 8-10%

- **Operational Improvements**

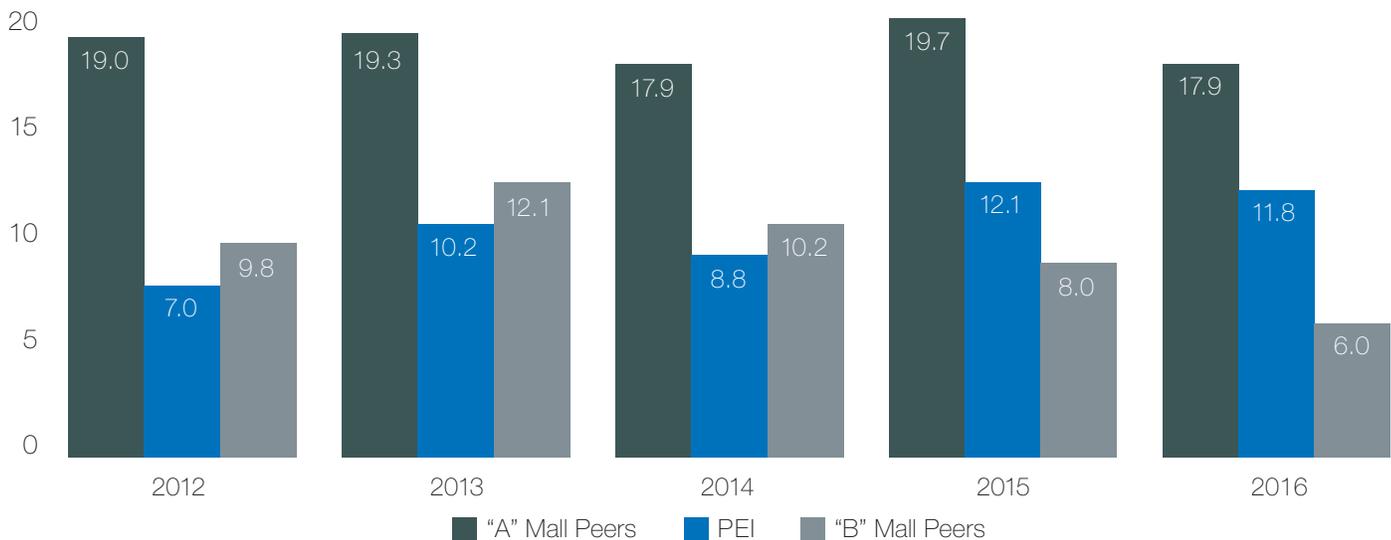
- Robust leasing pipeline leading to **occupancy gains**
- Growing **renewal spreads** driven by improved negotiation position
- Improved **operating margins** based on growth in fixed CAM constituents and common area revenue

SHAREHOLDER VALUE FRAMEWORK

DRIVING VALUE TO EXPAND MULTIPLE

• Historic multiple growth

— Demonstrates improved position in mall REIT universe with opportunity to grow



Source — Green Street Advisors, RE Securities Monthly, June 2012-2016

• Pathway to \$500 psf in sales

— A clear path to \$500 indicates continued movement along quality spectrum

As of 6.30.16	\$458
Excluding Washington Crown Center	\$460
Additional Asset Sales	\$472
Fashion Outlets of Philadelphia (at \$600 psf)	\$508

• Share price sensitivity

— Demonstrates potential to grow share price as multiple expands and FFO from redevelopments and improved operations comes on line

Hypothetical Growth*

		2016 FFO midpoint	5%	10%
		\$ 1.84	\$ 1.93	\$ 2.02
FFO Multiple	13.0	\$ 23.92	\$ 25.12	\$ 26.31
	14.5	\$ 26.68	\$ 28.01	\$ 29.35
	16.0	\$ 29.44	\$ 30.91	\$ 32.38

*For illustrative purposes only

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DEPARTMENT STORE REPOSITIONING CREATES OPPORTUNITY

Currently underway—375,000 sf of new anchor space:



Completed in last 10 years

- 10 Department stores converted to:
 - 5 Anchors
 - 7 Junior Anchors
 - 11 small shops
 - 1 gourmet grocer
 - 2 office uses
- 40% improvement in sales from these boxes
- Currently one vacant anchor in go-forward portfolio
- Value creation opportunity:
 - Average cost to repurpose department stores: **\$150 – \$200 psf**
 - Average rent of Macy's and Sears: **< \$2 psf**
 - Average large format rent in portfolio: **> \$20 psf**

Macy's thoughts

- Anticipated impact is manageable
- Several interested backfills
- Macy's investment in retained store fleet will strengthen the best asset in many markets elevating many core malls

RETAIL ENVIRONMENT

- US is over-retailed – approximately 4x the amount of retail space as other developed countries at 7.3 sf per human
 - We have reduced our retail footprint by **25%**
 - Reduced our Sears exposure by **36%**

We are diversifying our tenant mix:

- Opened **5** Dick's Sporting Goods/Field & Stream stores
- Opened or renovated **4** Movie Theaters
- Added over **15** Fast Fashion merchant locations
- Bringing **4** new entertainment uses

This presentation contains certain "forward-looking statements" within the meaning of the federal securities laws. 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 PREIT's 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. Important factors that might cause future events, achievements or results to differ materially from those expressed or implied by PREIT's forward-looking statements include those discussed in its Annual Report on Form 10-K for the year ended December 31, 2015 in the section entitled "Item 1A. Risk Factors." PREIT does not intend to update or revise any forward-looking statements to reflect new information, future events or otherwise.

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