

PREIT

Pennsylvania Real Estate Investment Trust Corporate Governance Guidelines

I. Trustee Qualification Standards

1. Independence Criteria. The majority of the Board of Trustees of Pennsylvania Real Estate Investment Trust (the “Company”) shall be composed of independent Trustees in accordance with the following:
 - Other than in his or her capacity as a Trustee or shareholder of the Company, no independent Trustee shall have a material relationship with the Company (either directly or as a partner, shareholder, officer or other affiliate of an organization (including a charitable organization) that has a material relationship with the Company). For this purpose, a Trustee shall be presumed not to have a material relationship with the Company 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 the Company or any of its subsidiaries for property or services in excess of 5% of (i) the Company’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.
 - to which the Company or any of its affiliates is indebted in an aggregate amount exceeding 5% of the Company’s total consolidated assets as of the end of the Company’s last full fiscal year.
 - No independent Trustee shall have been employed by the Company, and no immediate family member of an independent Trustee shall have been an executive officer of the Company, within the past three years.
 - No independent Trustee shall have received more than \$120,000 in direct annual compensation from the Company 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).
 - No independent Trustee shall have been affiliated with or employed by a present or former auditor of the Company within the last three years.
 - Within the last three years, no independent Trustee shall have been an employee of another company if an executive officer of the Company then served on the compensation committee of such other company.

- 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, the Company 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.
 - No immediate family members 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 the Company, which addresses immediate family members directly), and no independent Trustee may have any relationships with the Company that are substantially similar to any of the categories prohibited by the foregoing.
 - Independent Trustees shall satisfy any other independence criteria required by applicable law or regulation or established by the Board of Trustees.
2. No member of the Board of Trustees may sit on the Boards of more than five other public companies without obtaining the prior approval of the Company's Nominating and Governance Committee provided, however, that the Company's Chief Executive Officer may not sit on the Board of more than two other public companies and other executive officers of the Company who are also Trustees may not sit on the Board of more than one other public company

II. Majority Voting for Trustees

1. In an uncontested election, any nominee for Trustee who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation to the Nominating and Governance Committee of the Board of Trustees following certification of the shareholder vote.
2. The Nominating and Governance Committee shall consider the resignation offer and recommend to the Board of Trustees whether to accept it. The Board of Trustees 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 whether to accept the Trustee's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a press release to be disseminated in the manner that Company press releases typically are distributed or by other means of public disclosure.
3. Any Trustee who tenders his or her resignation pursuant to this provision shall not participate in the Nominating and Governance Committee recommendation or any other Board action regarding whether to accept the resignation offer. However, if each member of the Nominating and Governance Committee received a Majority Withheld Vote at the same election, then the independent Trustees who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves (which may consist of some or all of them) to consider the resignation offers and recommend to the Board of Trustees whether to accept them.

III. Trustee Responsibilities

1. Trustees shall attend all meetings of the Board of Trustees and all meetings of committees of the Board of Trustees of which such Trustee is a member, unless such meetings have been designated as telephonic by the Board Chair or a Committee chair.
2. Trustees shall prepare for meetings by reviewing diligently any and all meeting materials distributed to participants in advance of Board and committee meetings.
3. Non-employee Trustees shall meet at regularly scheduled meetings at least twice per year without any member of management present. The presiding member of such meetings shall rotate at each meeting. Any interested party wishing to raise a concern with the non-employee Trustees on a confidential basis shall do so in writing delivered to The Non-Employee Trustees of Pennsylvania Real Estate Investment Trust, c/o General Counsel, The Bellevue, 200 S. Broad Street, Philadelphia, PA 19102. In addition, if any non-employee Trustee is not an independent Trustee in accordance with the independence criteria set forth in Section I.1. above, then the independent Trustees shall meet separately at least once per year.
4. Individual Trustees who retire or change the principal position they held when they were initially elected to the Board are expected to volunteer to resign from the Board as of the date of retirement or change in position. The Board does not believe that a Trustee in this circumstance necessarily should be required to leave the Board. Rather, the Board believes that the Nominating and Governance Committee should have the opportunity to assess each situation based on the individual circumstances and to make a recommendation to the Board accordingly.

IV. Lead Independent Trustee

1. The Board of Trustees may select a non-employee trustee to serve as the Lead Independent Trustee of the Board for a term as determined by the Board. The scope of the responsibilities of the Lead Independent Trustee is determined by the Board of Trustees, and may include board operations, Chief Executive Officer evaluation and succession, Board of Trustees evaluation and recruitment, and, as appropriate, shareholder relations. The identity of the Lead Independent Trustee shall be set forth in the proxy statement for the Company's annual meeting.

V. Access to Management and Independent Advisors

1. Trustees shall have complete access to management, and shall use sound business judgment to ensure that the use of such access is not unreasonably distracting to management. If in writing, contact with management shall copy the Chief Executive Officer and Chairman of the Board (unless such persons are the subject of such contact, making a copy to such person inadvisable).

2. Trustees shall have access to the Company's independent advisors as appropriate to the fulfillment of legitimate Company business.
3. The Board of Trustees and any committee of the Board shall have the right to retain at the Company's expense additional independent advisors as they shall deem appropriate.

VI. Trustee Compensation

1. Trustees who are executive officers of the Company shall not receive additional compensation for their service as Trustees.
2. The Company believes that compensation for non-employee Trustees should be competitive and should include cash in the form of an annual retainer and a fee for each meeting attended and should encourage increased ownership of Company equity securities in the form of compensation related to the Company's equity securities, such as restricted shares or options.
3. In determining the form and amount of consideration to be paid to a Trustee, the Board of Trustees shall critically evaluate payments of any and all forms of consideration by the Company made directly or indirectly to the Trustee and payments by the Company to organizations with which a Trustee is affiliated.

VII. Trustee Orientation and Continuing Education

1. New Trustees shall meet with management and participate in any orientation program established by the Board of Trustees for the purpose of familiarizing the new Trustee with the Company and with the new Trustee's duties and responsibilities as a member of the Board of Trustees.
2. Each Trustee, at the Company's expense, shall attend continuing education courses, such as the ISS Accredited Director Education Program, as the Trustee deems appropriate related to service in his or her capacity as a member of the Board of a public company.

VIII. Management Succession and Development

1. A primary responsibility of the Board of Trustees in planning for CEO and executive officer succession. The Board is responsible for the succession plan of the CEO and works with the CEO on executive officer development and succession planning for other executive officer positions to provide for continuity in executive management.
2. The Board will review succession planning at least annually. In preparation, the CEO shall submit a succession plan for the CEO and other executive officers to the Board for its review. The succession plan shall cover identification and assessment of internal candidates, development plans for internal candidates, and, as appropriate, identification of external candidates.

3. The criteria used to assess potential CEO candidates shall be formulated by the Board based on the Company's business strategy, and include experience, strategic and leadership qualities.
4. The Board's deliberations on CEO succession shall include an emergency succession plan which addresses the temporary delegation of authority if an unforeseen event such as death or disability occurs that prevents the CEO from continuing to fulfill the role.
5. The Board has, in its discretion and consistent with the foregoing requirements, delegated the day-to-day responsibility for the process of identifying succession candidates for consideration of the Board to the Company's Nominating and Governance Committee with respect to CEO candidates. The Board has also delegated authority to the Executive Compensation and Human Resources Committee to collaborate with the CEO with respect to the development of other executive officers.

IX. Annual Performance Evaluation of Board of Trustees

1. The Board of Trustees shall perform annually an evaluation of its own performance.
2. Such performance evaluation shall include a consideration of whether the Board of Trustees and each Committee of the Board of Trustees are functioning effectively.

X. Trustee and Executive Officer Share Ownership and Retention Guidelines

1. The Board of Trustees expects all non-employee Trustees and Covered Officers to own a meaningful equity interest in the Company to more closely align the interests of non-employee Trustees and executive management with the interests of shareholders. Accordingly, the Board of Trustees has established equity ownership guidelines for non-employee Trustees and Covered Officers. For the purposes of these guidelines, the term "Covered Officers" shall include the Chief Executive Officer, the Executive Chairman, the Vice Chairman, Executive Vice Presidents and Senior Vice Presidents.
2. Each non-employee Trustee shall maintain minimum ownership of PREIT Securities with an aggregate dollar value equal to five times the base annual board retainer paid to non-employee Trustees. Any non-employee Trustee who is prohibited by law or by applicable regulation of his or her employer from having an ownership interest in securities of the Company will be exempt from this requirement.
3. Each Covered Officer shall maintain ownership of PREIT Securities with an aggregate dollar value based on a multiple of such Covered Officer's base salary as follows: Chief Executive Officer, five times; Executive Chairman and Vice Chairman, three times; Executive Vice Presidents, two times; and Senior Vice Presidents, one times.

4. For the purposes of these guidelines, the term “PREIT Securities” includes (a) any class of equity securities of the Company or its subsidiary operating partnership, PREIT Associates, L.P., whether held directly or indirectly or by or for the benefit of immediate family members, (b) vested restricted shares and (c) the after-tax, in the money value of exercisable options, but shall exclude (x) unvested restricted shares, (y) unexercisable options, and (z) shares held in a margin account or pledged as collateral for a loan.
5. Each non-employee Trustee and each Covered Officer must be in compliance with the foregoing requirements within the later of five years from the date of adoption or amendment of these guidelines or five years from the date on which he or she is elected to the Board of Trustees or appointed as a Covered Officer.
6. Each Covered Officer that has met the above share ownership requirements is required to retain 50% of the net shares received under the Company’s equity based compensation plans for a one year period, subject to any greater restriction set forth in the Company’s equity-based compensation plans. Each Covered Officer that has not met the above share ownership requirements is required to retain 100% of the net shares received under the Company’s equity based compensation plans until the above ownership requirements have been satisfied. “Net shares received” means a number of shares equivalent to the after-tax value of shares delivered to the Covered Officer after deducting the exercise price of stock options.

XI. Regarding Any Future Rights Plan

1. The Board of Trustees may not adopt a shareholder rights plan unless such plan is approved by a majority of the independent Trustees. Any such plan adopted by the Board of Trustees shall expire within 24 months after adoption by the Board of Trustees unless such plan is approved by the Company’s shareholders within that time period.

XII. Recoupment Policy

1. If it is determined by the Board of Trustees or an appropriate committee thereof that intentional misconduct or fraud by a senior officer or former senior officer of the Company caused or partially caused the Company to restate all or a portion of its financial statements, the Board of Trustees, in its sole discretion after taking into account such factors as it deems relevant, may, to the extent permitted by law, require repayment of a portion or all of any cash bonus, 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 effect the cancellation of 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 reduced due to 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. For purposes of this policy, “senior officer” shall mean the Chairman, the Chief Executive Officer, the President, a Vice Chairman, an Executive Vice President, the Chief Financial Officer or the Chief Accounting Officer.

From and after January 1, 2008, the terms and conditions of any incentive-based compensation award shall reflect the requirements of this policy. The action permitted to be taken under this policy is in addition to any other rights of action of the Board of Trustees, any committee thereof or the Company under applicable law, contract or compensation plan or arrangement in the event of a restatement of the Company's financial statements.

XIII. Executive Officer Service on Outside Boards or Directors

1. Except as expressly permitted under Section I.2, executive officers of The Company may not accept any appointment or nomination to serve on the board of directors or equivalent body of any for-profit organization without the prior approval of the Company's Nominating and Governance Committee.

XIV. Policy Regarding Hedging and Pledging

1. Non-employee Trustees and executive officers may not engage in any hedging transactions involving Company securities, including the purchase or sale of puts, calls, options or other derivative securities based on Company securities, as well as the purchase of any financial instrument (including prepaid variable forward contracts, equity swaps, collars and exchange funds) designed to hedge or offset any decrease in the market value of Company securities.
2. Except as provided below, non-employee Trustees and executive officers may not hold Company securities in a margin account or pledge Company securities as collateral for a loan. With the prior approval of the Company's Chief Compliance Officer (who shall have determined that the number and value of such securities to be pledged is not significant relative to the outstanding securities of the applicable class, the market value or trading volume of the applicable class of securities, or such individual's total holdings of Company securities), non-employee Trustees and executive officers may pledge Company securities to secure a loan. The prohibition on holding Company securities in a margin account shall not apply to arrangements existing prior to April 22, 2013, provided that the amount of Company securities subject to such arrangements may not be increased after such date.

* These Guidelines shall be made available on the Company's website and, upon request, in print.