

# PREIT<sup>®</sup>

*Supplemental Financial and Operating Information*

*Quarter Ended September 30, 2015*

*[www.preit.com](http://www.preit.com)*

**NYSE: PEI**

**NYSE: PEIPRA, PEIPRB**

***Pennsylvania Real Estate Investment Trust***  
***Supplemental Financial and Operating Information***  
***September 30, 2015***

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# *Pennsylvania Real Estate Investment Trust*

## *Company Information*

### **Background**

Pennsylvania Real Estate Investment Trust, founded in 1960 and one of the first equity REITs in the U.S., has a primary investment focus on retail shopping malls. Our portfolio currently consists of a total of 40 retail properties, 36 of which are operating retail properties, three which are development properties, and one which is under redevelopment (The Gallery at Market East). The 36 operating retail properties have a total of 27.1 million square feet and include 30 enclosed malls and six other retail properties. The operating properties are located in 11 states in the eastern half of the United States, primarily in the Mid-Atlantic region. PREIT is headquartered in Philadelphia, Pennsylvania.

If you would like to participate in our quarterly conference call or would like additional information about PREIT, please contact:

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### **Research Coverage**

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**NOTE: Press release announcements are available on the Company's website at [www.preit.com](http://www.preit.com).**

**Pennsylvania Real Estate Investment Trust**  
**Market Capitalization and Capital Resources**  
*(in thousands, except per share amounts)*

	Quarter Ended September 30,		Year Ended December 31,	
	2015	2014	2014	2013
<b><u>TRADING INFORMATION</u></b>				
Common Shares				
High Price per share	\$ 23.26	\$ 21.14	\$ 24.35	\$ 22.54
Low Price per share	\$ 18.65	\$ 18.65	\$ 16.35	\$ 14.20
Closing Share Price (at the end of period)	\$ 19.83	\$ 19.94	\$ 23.46	\$ 18.98
Series A Preferred Shares				
High Price per share	\$ 26.68	\$ 26.79	\$ 27.24	\$ 28.06
Low Price per share	\$ 26.04	\$ 25.88	\$ 25.04	\$ 24.77
Closing Share Price (at the end of period)	\$ 26.15	\$ 26.45	\$ 26.24	\$ 25.16
Series B Preferred Shares				
High Price per share	\$ 26.46	\$ 26.41	\$ 26.41	\$ 26.86
Low Price per share	\$ 25.09	\$ 25.07	\$ 23.53	\$ 23.05
Closing Share Price (at the end of period)	\$ 25.35	\$ 25.90	\$ 25.89	\$ 23.73
<b><u>MARKET CAPITALIZATION</u></b>				
<b><u>EQUITY CAPITALIZATION</u></b>				
Common Shares Outstanding	69,190	68,787	68,801	68,293
OP Units Outstanding	8,343	2,129	2,122	2,129
Total Common Shares and OP Units Outstanding	77,533	70,916	70,923	70,422
<b>Equity Market Capitalization - Common Shares and OP Units</b>	<b>\$ 1,537,489</b>	<b>\$ 1,414,074</b>	<b>\$ 1,663,848</b>	<b>\$ 1,336,614</b>
<b>Series A Preferred Shares, Nominal Value</b>	<b>115,000</b>	<b>115,000</b>	<b>115,000</b>	<b>115,000</b>
<b>Series B Preferred Shares, Nominal Value</b>	<b>86,250</b>	<b>86,250</b>	<b>86,250</b>	<b>86,250</b>
<b>Total Equity Market Capitalization</b>	<b>\$ 1,738,739</b>	<b>\$ 1,615,324</b>	<b>\$ 1,865,098</b>	<b>\$ 1,537,864</b>
<b><u>DEBT CAPITALIZATION</u></b>				
Secured Debt Balance	\$ 1,593,655	\$ 1,609,941	\$ 1,598,257	\$ 1,701,101
Unsecured Debt Balance <sup>(1) (2)</sup>	460,000	130,000	130,000	130,000
<b>Debt Capitalization</b>	<b>2,053,655</b>	<b>1,739,941</b>	<b>1,728,257</b>	<b>1,831,101</b>
<b>TOTAL MARKET CAPITALIZATION</b>	<b>\$ 3,792,394</b>	<b>\$ 3,355,265</b>	<b>\$ 3,593,355</b>	<b>\$ 3,368,965</b>
<i>Equity Capitalization/Total Market Capitalization</i>	<b>45.8%</b>	<b>48.1%</b>	<b>51.9%</b>	<b>45.6%</b>
<i>Debt Capitalization/Total Market Capitalization</i>	<b>54.2%</b>	<b>51.9%</b>	<b>48.1%</b>	<b>54.4%</b>
<i>Unsecured Debt Balance/Total Debt</i>	<b>22.4%</b>	<b>7.5%</b>	<b>7.5%</b>	<b>7.1%</b>
<b><u>DISTRIBUTIONS PER COMMON SHARE</u></b>				
Ordinary Dividends <sup>(3)</sup>	\$ 0.03	\$ 0.03	\$ 0.11	\$ -
Non-Dividend Distributions <sup>(3)</sup>	0.17	0.17	0.69	0.74
Distributions per common share	<b>\$ 0.21</b>	<b>\$ 0.20</b>	<b>\$ 0.80</b>	<b>\$ 0.74</b>
Annualized Dividend Yield <sup>(4)</sup>	4.2%	4.0%	3.4%	3.9%
<b><u>CAPITAL RESOURCES</u></b>				
<b>Cash and Cash Equivalents</b>	\$ 36,157	\$ 59,057	\$ 47,721	\$ 41,867
<b>Revolving Facility</b>	400,000	400,000	400,000	400,000
Amount Outstanding	(60,000)	-	-	(130,000)
Letters of Credit	(7,852)	(7,135)	(7,135)	-
Available Revolving Facility	332,148	392,865	392,865	270,000
<b>Term Loans</b>	400,000	250,000	250,000	-
Amount Borrowed	(400,000)	(130,000)	(130,000)	-
Available Term Loans	-	120,000	120,000	-
<b>TOTAL</b>	<b>\$ 368,305</b>	<b>\$ 571,922</b>	<b>\$ 560,586</b>	<b>\$ 311,867</b>
<b>Shelf Registration</b>	\$ 1,000,000	\$ 568,750	\$ 1,000,000	\$ 568,750

<sup>(1)</sup> The unsecured debt balance includes a Revolving Facility balance of \$60,000 as of September 30, 2015 and \$130,000 as of December 31, 2013.

<sup>(2)</sup> The unsecured debt balance includes a Term Loan balance of \$400,000 as of September 30, 2015 and \$130,000 as of December 31, 2014 and September 30, 2014, respectively.

<sup>(3)</sup> Tax status of 2015 dividend payment will be available in January 2016.

<sup>(4)</sup> Based on closing share price at the end of the period.

**Pennsylvania Real Estate Investment Trust**  
**Statement of Operations - Quarters Ended September 30, 2015 and September 30, 2014**  
**Proportionate Consolidation Method**  
*(in thousands)*

	Quarter Ended September 30, 2015			Quarter Ended September 30, 2014		
	GAAP	PREIT's share of unconsolidated partnerships <sup>(1)</sup>	Total (Non GAAP Measure)	GAAP	PREIT's share of unconsolidated partnerships <sup>(1)</sup>	Total (Non GAAP Measure)
<b>REVENUE:</b>						
Base rent	\$ 68,378	\$ 8,228	\$ 76,606	\$ 66,908	\$ 8,764	\$ 75,672
Expense reimbursements	31,790	3,244	35,034	31,057	3,663	34,720
Percentage rent	866	10	876	542	12	554
Lease termination revenue	1,431	49	1,480	644	-	644
Other real estate revenue	2,355	505	2,860	2,638	324	2,962
Total real estate revenue	104,820	12,036	116,856	101,789	12,763	114,552
Other income	2,216	-	2,216	3,348	-	3,348
Total revenue	107,036	12,036	119,072	105,137	12,763	117,900
<b>EXPENSES:</b>						
Operating expenses:						
Property operating expenses:						
CAM and real estate taxes	(33,004)	(2,863)	(35,867)	(33,092)	(3,112)	(36,204)
Utilities	(5,311)	(366)	(5,677)	(5,520)	(376)	(5,896)
Other property operating expenses	(4,428)	(701)	(5,129)	(4,315)	(811)	(5,126)
Total property operating expenses	(42,743)	(3,930)	(46,673)	(42,927)	(4,299)	(47,226)
Depreciation and amortization	(36,108)	(3,142)	(39,250)	(34,240)	(2,504)	(36,744)
General and administrative expenses	(7,554)	-	(7,554)	(8,373)	-	(8,373)
Provision for employee separation expense	(136)	-	(136)	(85)	-	(85)
Acquisition costs and other expenses	(427)	(21)	(448)	(723)	(20)	(743)
Total operating expenses	(86,968)	(7,093)	(94,061)	(86,348)	(6,823)	(93,171)
Interest expense, net <sup>(2)</sup>	(19,668)	(2,558)	(22,226)	(20,071)	(2,734)	(22,805)
Impairment of assets	(51,412)	-	(51,412)	(2,297)	-	(2,297)
Total expenses	(158,048)	(9,651)	(167,699)	(108,716)	(9,557)	(118,273)
Loss before equity in income of partnerships and gain (loss) on sale of interest in real estate	(51,012)	2,385	(48,627)	(3,579)	3,206	(373)
Equity in income of partnerships	2,385	(2,385)	-	3,206	(3,206)	-
Gain (loss) on sale of interest in real estate	12,386	-	12,386	(513)	-	(513)
Net loss	(36,241)	-	(36,241)	(886)	-	(886)
Less: net loss attributed to noncontrolling interest	3,901	-	3,901	27	-	27
Net loss attributable to PREIT	(32,340)	-	(32,340)	(859)	-	(859)
Less: preferred share dividends	(3,962)	-	(3,962)	(3,962)	-	(3,962)
Net loss attributable to PREIT common shareholders	\$ (36,302)	\$ -	\$ (36,302)	\$ (4,821)	\$ -	\$ (4,821)

<sup>(1)</sup> PREIT's proportionate share of partnership operations is "grossed up" to reflect the Company's share of the total revenue and expenses of the underlying properties.

<sup>(2)</sup> Net of capitalized interest expense of \$758 and \$201 for the quarters ended September 30, 2015 and 2014, respectively.

**Pennsylvania Real Estate Investment Trust**  
**Statement of Operations - Nine Months Ended September 30, 2015 and September 30, 2014**  
**Proportionate Consolidation Method**  
*(in thousands)*

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	GAAP	PREIT's share of unconsolidated partnerships <sup>(1)</sup>	Total (Non GAAP Measure)	GAAP	PREIT's share of unconsolidated partnerships <sup>(1)</sup>	Total (Non GAAP Measure)
<b>REVENUE:</b>						
Base rent	\$ 200,069	\$ 24,990	\$ 225,059	\$ 209,896	\$ 22,550	\$ 232,446
Expense reimbursements	93,840	10,933	104,773	96,287	9,787	106,074
Percentage rent	1,712	106	1,818	1,455	80	1,535
Lease termination revenue	1,898	64	1,962	898	12	910
Other real estate revenue	6,967	1,199	8,166	8,005	930	8,935
Real estate revenue	304,486	37,292	341,778	316,541	33,359	349,900
Other income	4,300	-	4,300	4,807	-	4,807
Total revenue	308,786	37,292	346,078	321,348	33,359	354,707
<b>EXPENSES:</b>						
Operating expenses:						
Property operating expenses:						
CAM and real estate taxes	(100,073)	(10,124)	(110,197)	(107,723)	(7,911)	(115,634)
Utilities	(15,419)	(1,238)	(16,657)	(19,571)	(807)	(20,378)
Other operating expenses	(12,416)	(2,240)	(14,656)	(11,713)	(1,978)	(13,691)
Total property operating expenses	(127,908)	(13,602)	(141,510)	(139,007)	(10,696)	(149,703)
Depreciation and amortization	(105,938)	(9,365)	(115,303)	(107,610)	(6,069)	(113,679)
General and administrative expenses	(25,624)	-	(25,624)	(26,224)	-	(26,224)
Provision for employee separation expenses	(136)	-	(136)	(4,961)	-	(4,961)
Acquisition costs and other expenses	(5,696)	(62)	(5,758)	(3,329)	(20)	(3,349)
Total operating expenses	(265,302)	(23,029)	(288,331)	(281,131)	(16,785)	(297,916)
Interest expense, net <sup>(2)</sup>	(60,939)	(7,764)	(68,703)	(61,792)	(8,182)	(69,974)
Impairment of assets	(86,319)	-	(86,319)	(19,695)	-	(19,695)
Total expenses	(412,560)	(30,793)	(443,353)	(362,618)	(24,967)	(387,585)
Loss before equity in income of partnerships, gain on sale of non operating real estate and gain (loss) on sale of interest in real estate	(103,774)	6,499	(97,275)	(41,270)	8,392	(32,878)
Equity in income of partnerships	6,499	(6,499)	-	8,392	(8,392)	-
Gain on sale of non operating real estate	43	-	43	-	-	-
Gain (loss) on sale of interest in real estate	12,386	-	12,386	(414)	-	(414)
Net loss	(84,846)	-	(84,846)	(33,292)	-	(33,292)
Less: net loss attributed to noncontrolling interests	8,073	-	8,073	1,004	-	1,004
Net loss attributable to PREIT	(76,773)	-	(76,773)	(32,288)	-	(32,288)
Less: preferred share dividends	(11,886)	-	(11,886)	(11,886)	-	(11,886)
Net loss attributable to PREIT common shareholders	\$ (88,659)	\$ -	\$ (88,659)	\$ (44,174)	\$ -	\$ (44,174)

<sup>(1)</sup> PREIT's proportionate share of partnership operations is "grossed up" to reflect the Company's share of the total revenue and expenses of the underlying properties.

<sup>(2)</sup> Net of capitalized interest expense of \$1,562 and \$494 for the nine months ended September 30, 2015 and 2014, respectively.

# Pennsylvania Real Estate Investment Trust

## Statement of Net Operating Income <sup>(1)</sup>

(in thousands)

<u>SAME STORE RETAIL/NON SAME STORE</u>	Quarter Ended September 30, 2015			Quarter Ended September 30, 2014		
	Same	Non Same	Total (Non GAAP Measure)	Same	Non Same	Total (Non GAAP Measure)
<b>Real estate revenue:</b>						
Base rent	\$ 69,130	\$ 7,476	\$ 76,606	\$ 67,765	\$ 7,907	\$ 75,672
Expense reimbursements	32,385	2,649	35,034	32,167	2,553	34,720
Percentage rent	848	28	876	523	31	554
Lease termination revenue	1,386	94	1,480	252	392	644
Other real estate revenue	2,348	512	2,860	2,502	460	2,962
<b>TOTAL REAL ESTATE REVENUE</b>	<b>106,097</b>	<b>10,759</b>	<b>116,856</b>	<b>103,209</b>	<b>11,343</b>	<b>114,552</b>
<b>Property operating expenses:</b>						
CAM and real estate taxes	(32,496)	(3,371)	(35,867)	(32,064)	(4,140)	(36,204)
Utilities	(4,949)	(728)	(5,677)	(5,304)	(592)	(5,896)
Other property operating expenses	(4,117)	(1,012)	(5,129)	(3,773)	(1,353)	(5,126)
<b>TOTAL PROPERTY OPERATING EXPENSES</b>	<b>(41,562)</b>	<b>(5,111)</b>	<b>(46,673)</b>	<b>(41,141)</b>	<b>(6,085)</b>	<b>(47,226)</b>
<b>NET OPERATING INCOME</b>	<b>\$ 64,535</b>	<b>\$ 5,648</b>	<b>\$ 70,183</b>	<b>\$ 62,068</b>	<b>\$ 5,258</b>	<b>\$ 67,326</b>
<b>% change</b>						
<b>Same Store NOI variance</b>	<b>2015</b>	<b>2014 to 2015</b>	<b>2014</b>			
Same Store NOI <sup>(2)</sup>	\$ 64,535	4.0%	\$ 62,068			
Same Store NOI excluding lease terminations	\$ 63,149	2.2%	\$ 61,816			
<b>Nine Months Ended September 30, 2015</b>						
<b>Nine Months Ended September 30, 2014</b>						
<u>SAME STORE RETAIL/NON SAME STORE</u>	Same	Non Same	Total (Non GAAP Measure)	Same	Non Same	Total (Non GAAP Measure)
<b>Real estate revenue:</b>						
Base rent	\$ 204,142	\$ 20,917	\$ 225,059	\$ 201,912	\$ 30,534	\$ 232,446
Expense reimbursements	96,763	8,010	104,773	95,835	10,239	106,074
Percentage rent	1,771	47	1,818	1,483	52	1,535
Lease termination revenue	1,804	158	1,962	517	393	910
Other real estate revenue	7,132	1,034	8,166	7,329	1,606	8,935
<b>TOTAL REAL ESTATE REVENUE</b>	<b>311,612</b>	<b>30,166</b>	<b>341,778</b>	<b>307,076</b>	<b>42,824</b>	<b>349,900</b>
<b>Property operating expenses:</b>						
CAM and real estate taxes	(98,744)	(11,453)	(110,197)	(99,075)	(16,559)	(115,634)
Utilities	(14,822)	(1,835)	(16,657)	(17,624)	(2,754)	(20,378)
Other operating expenses	(11,849)	(2,807)	(14,656)	(10,232)	(3,459)	(13,691)
<b>TOTAL PROPERTY OPERATING EXPENSES</b>	<b>(125,415)</b>	<b>(16,095)</b>	<b>(141,510)</b>	<b>(126,931)</b>	<b>(22,772)</b>	<b>(149,703)</b>
<b>NET OPERATING INCOME</b>	<b>\$ 186,197</b>	<b>\$ 14,071</b>	<b>\$ 200,268</b>	<b>\$ 180,145</b>	<b>\$ 20,052</b>	<b>\$ 200,197</b>
<b>% change</b>						
<b>Same store NOI variance</b>	<b>2015</b>	<b>2014 to 2015</b>	<b>2014</b>			
Same Store NOI <sup>(2)</sup>	\$ 186,197	3.4%	\$ 180,145			
Same Store NOI excluding lease terminations	\$ 184,393	2.7%	\$ 179,628			

<sup>(1)</sup> PREIT's proportionate share of partnership operations is "grossed up" to reflect the Company's share of the total revenue and expenses of the underlying properties.

<sup>(2)</sup> Same Store NOI definition can be found on page 25.

**Pennsylvania Real Estate Investment Trust**  
**Computation of Earnings Per Share**

*(in thousands, except per share amounts)*

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net loss	\$ (36,241)	\$ (886)	\$ (84,846)	\$ (33,292)
Noncontrolling interest	3,901	27	8,073	1,004
Dividends on preferred shares	(3,962)	(3,962)	(11,886)	(11,886)
Dividends on unvested restricted shares	(76)	(87)	(240)	(293)
Net loss used to calculate loss per share - basic and diluted	\$ (36,378)	\$ (4,908)	\$ (88,899)	\$ (44,467)
Basic and diluted loss per share:	\$ (0.53)	\$ (0.07)	\$ (1.29)	\$ (0.65)
Weighted average common shares outstanding	69,173	68,769	69,097	68,669
Weighted average unvested restricted shares	(366)	(438)	(387)	(497)
Weighted average shares outstanding - basic	68,807	68,331	68,710	68,172
Weighted average effect of common share equivalents <sup>(1)</sup>	-	-	-	-
Total weighted average shares outstanding - diluted	68,807	68,331	68,710	68,172

<sup>(1)</sup> The Company had net losses used to calculate earnings per share for all periods presented. Therefore, the effect of common share equivalents of 352 and 672 for the quarters ended September 30, 2015 and 2014, respectively, and 423 and 596 for the nine months ended September 30, 2015 and 2014, respectively, are excluded from the calculation of diluted loss per share because they would be antidilutive.



**Pennsylvania Real Estate Investment Trust**  
**Funds From Operations and Funds Available for Distribution**

*(in thousands, except per share amounts)*

	Quarter Ended September 30, 2015			Quarter Ended September 30, 2014		
	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)
<b>FUNDS FROM OPERATIONS (FFO)</b>						
Real estate revenue	\$ 104,820	\$ 12,036	\$ 116,856	\$ 101,789	\$ 12,763	\$ 114,552
Property operating expenses	(42,743)	(3,930)	(46,673)	(42,927)	(4,299)	(47,226)
<b>NET OPERATING INCOME</b>	<b>62,077</b>	<b>8,106</b>	<b>70,183</b>	<b>58,862</b>	<b>8,464</b>	<b>67,326</b>
General and administrative expenses	(7,554)	-	(7,554)	(8,373)	-	(8,373)
Provision for employee separation expense	(136)	-	(136)	(85)	-	(85)
Other income	2,216	-	2,216	3,348	-	3,348
Acquisition costs and other expenses	(427)	(21)	(448)	(723)	(20)	(743)
Interest expense, net	(19,668)	(2,558)	(22,226)	(20,071)	(2,734)	(22,805)
Depreciation on non real estate assets	(378)	-	(378)	(363)	-	(363)
Preferred share dividends	(3,962)	-	(3,962)	(3,962)	-	(3,962)
<b>Funds from operations attributable to common shareholders and OP Unit holders</b>	<b>32,168</b>	<b>5,527</b>	<b>37,695</b>	<b>28,633</b>	<b>5,710</b>	<b>34,343</b>
Depreciation on real estate assets	(35,730)	(3,142)	(38,872)	(33,877)	(2,504)	(36,381)
Equity in income of partnerships	2,385	(2,385)	-	3,206	(3,206)	-
Impairment of assets	(51,412)	-	(51,412)	(2,297)	-	(2,297)
Gain (loss) on sale of interest in real estate	12,386	-	12,386	(513)	-	(513)
Preferred share dividends	3,962	-	3,962	3,962	-	3,962
<b>Net loss</b>	<b>\$ (36,241)</b>	<b>\$ -</b>	<b>\$ (36,241)</b>	<b>\$ (886)</b>	<b>\$ -</b>	<b>\$ (886)</b>
<b>Funds from operations attributable to common shareholders and OP Unit holders</b>	<b>\$ 32,168</b>	<b>\$ 5,527</b>	<b>\$ 37,695</b>	<b>\$ 28,633</b>	<b>\$ 5,710</b>	<b>\$ 34,343</b>
Provision for employee separation expenses	136	-	136	85	-	85
Mortgage prepayment penalty and accelerated amortization of financing costs	41	-	41	-	-	-
Acquisition costs	2	-	2	429	-	429
Loss on hedge ineffectiveness	-	-	-	117	-	117
<b>Funds from operations attributable to common shareholders and OP Unit holders, as adjusted</b>	<b>\$ 32,347</b>	<b>\$ 5,527</b>	<b>\$ 37,874</b>	<b>\$ 29,264</b>	<b>\$ 5,710</b>	<b>\$ 34,974</b>

**Pennsylvania Real Estate Investment Trust**  
**Funds From Operations and Funds Available for Distribution (continued)**

*(in thousands, except per share amounts)*

	Quarter Ended September 30, 2015			Quarter Ended September 30, 2014		
	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)
<b>FUNDS AVAILABLE FOR DISTRIBUTION (FAD)</b>						
Funds from operations attributable to common shareholders and OP Unit holders, as adjusted	\$ 32,347	\$ 5,527	\$ 37,874	\$ 29,264	\$ 5,710	\$ 34,974
Adjustments:						
Straight line rent	(687)	(119)	(806)	(341)	(3)	(344)
Recurring capital expenditures	(6,089)	(135)	(6,224)	(6,195)	(303)	(6,498)
Tenant allowances	(5,495)	(292)	(5,787)	(8,597)	(405)	(9,002)
Capitalized leasing costs	(1,610)	-	(1,610)	(1,394)	-	(1,394)
Amortization of above- and below-market lease intangibles	(63)	(47)	(110)	(205)	(52)	(257)
<b>FAD</b>	<b>\$ 18,403</b>	<b>\$ 4,934</b>	<b>\$ 23,337</b>	<b>\$ 12,532</b>	<b>\$ 4,947</b>	<b>\$ 17,479</b>
Weighted average number of shares outstanding			68,807			68,331
Weighted average effect of full conversion of OP Units			8,345			2,129
Effect of common share equivalents			352			672
Total weighted average shares outstanding, including OP Units			<u>77,504</u>			<u>71,132</u>
<b>FUNDS FROM OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS AND OP UNIT HOLDERS</b>			<b>\$ 0.49</b>			<b>\$ 0.48</b>
<b>FUNDS FROM OPERATIONS ATTRIBUTABLE TO COMMON SHAREHOLDERS AND OP UNIT HOLDERS, AS ADJUSTED</b>			<b>\$ 0.49</b>			<b>\$ 0.49</b>
<b>FAD ATTRIBUTABLE TO COMMON SHAREHOLDERS AND OP UNIT HOLDERS</b>			<b>\$ 0.30</b>			<b>\$ 0.25</b>
<b>DIVIDEND PER COMMON SHARE</b>			<b>\$ 0.21</b>			<b>\$ 0.20</b>

**Pennsylvania Real Estate Investment Trust**  
**Funds From Operations and Funds Available for Distribution**

*(in thousands, except per share amounts)*

	Nine Months Ended September 30, 2015			Nine Month Ended September 30, 2014		
	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)
<b>FUNDS FROM OPERATIONS (FFO)</b>						
Real estate revenue	\$ 304,486	\$ 37,292	\$ 341,778	\$ 316,541	\$ 33,359	\$ 349,900
Operating expenses	(127,908)	(13,602)	(141,510)	(139,007)	(10,696)	(149,703)
<b>NET OPERATING INCOME</b>	176,578	23,690	200,268	177,534	22,663	200,197
General and administrative expenses	(25,624)	-	(25,624)	(26,224)	-	(26,224)
Provision for employee separation expense	(136)	-	(136)	(4,961)	-	(4,961)
Other income	4,300	-	4,300	4,807	-	4,807
Acquisition costs and other expenses	(5,696)	(62)	(5,758)	(3,329)	(20)	(3,349)
Interest expense, net	(60,939)	(7,764)	(68,703)	(61,792)	(8,182)	(69,974)
Depreciation on non real estate assets	(1,136)	-	(1,136)	(1,174)	-	(1,174)
Gain on sale of non operating real estate	43	-	43	-	-	-
Preferred share dividends	(11,886)	-	(11,886)	(11,886)	-	(11,886)
<b>Funds from operations attributable to common shareholders and OP Unit holders</b>	<b>75,504</b>	<b>15,864</b>	<b>91,368</b>	<b>72,975</b>	<b>14,461</b>	<b>87,436</b>
Depreciation on real estate assets	(104,802)	(9,365)	(114,167)	(106,436)	(6,069)	(112,505)
Equity in income of partnerships	6,499	(6,499)	-	8,392	(8,392)	-
Impairment of assets	(86,319)	-	(86,319)	(19,695)	-	(19,695)
Gain (loss) on sale of interest in real estate	12,386	-	12,386	(414)	-	(414)
Preferred share dividends	11,886	-	11,886	11,886	-	11,886
<b>Net loss</b>	<b>\$ (84,846)</b>	<b>\$ -</b>	<b>\$ (84,846)</b>	<b>\$ (33,292)</b>	<b>\$ -</b>	<b>\$ (33,292)</b>
<b>Funds from operations attributable to common shareholders and OP Unit holders</b>	<b>\$ 75,504</b>	<b>\$ 15,864</b>	<b>\$ 91,368</b>	<b>\$ 72,975</b>	<b>\$ 14,461</b>	<b>\$ 87,436</b>
Acquisition costs	3,470	-	3,470	2,514	-	2,514
Mortgage prepayment penalty and accelerated amortization of financing costs	1,071	-	1,071	-	-	-
Loss on hedge ineffectiveness	512	-	512	1,354	-	1,354
Provision for employee separation expenses	136	-	136	4,961	-	4,961
<b>Funds from operations attributable to common shareholders and OP Unit holders, as adjusted</b>	<b>\$ 80,693</b>	<b>\$ 15,864</b>	<b>\$ 96,557</b>	<b>\$ 81,804</b>	<b>\$ 14,461</b>	<b>\$ 96,265</b>

**Pennsylvania Real Estate Investment Trust**  
**Funds From Operations and Funds Available for Distribution (continued)**

*(in thousands, except per share amounts)*

	Nine Months Ended September 30, 2015			Nine Month Ended September 30, 2014		
	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)	Consolidated	PREIT's share of unconsolidated partnerships	Total (Non GAAP Measure)
<b>FUNDS AVAILABLE FOR DISTRIBUTION (FAD)</b>						
Funds from operations attributable to common shareholders and OP Unit holders, as adjusted	\$ 80,693	\$ 15,864	\$ 96,557	\$ 81,804	\$ 14,461	\$ 96,265
Adjustments:						
Straight line rent	(1,427)	(337)	(1,764)	(1,164)	(43)	(1,207)
Recurring capital expenditures	(9,509)	(338)	(9,847)	(9,507)	(332)	(9,839)
Tenant allowances	(16,158)	(503)	(16,661)	(19,755)	(523)	(20,278)
Capitalized leasing costs	(4,837)	-	(4,837)	(4,223)	-	(4,223)
Amortization of above- and below-market lease intangibles	(206)	101	(105)	(896)	(95)	(991)
<b>FAD</b>	<b>\$ 48,556</b>	<b>\$ 14,787</b>	<b>\$ 63,343</b>	<b>\$ 46,259</b>	<b>\$ 13,468</b>	<b>\$ 59,727</b>
Weighted average number of shares outstanding			68,710			68,172
Weighted average effect of full conversion of OP Units			6,320			2,129
Effect of common share equivalents			423			596
Total weighted average shares outstanding, including OP Units			<u>75,453</u>			<u>70,897</u>
<b>FFO ATTRIBUTABLE TO COMMON SHAREHOLDERS AND OP UNIT HOLDERS</b>			<b>\$ 1.21</b>			<b>\$ 1.23</b>
<b>FFO ATTRIBUTABLE TO COMMON SHAREHOLDERS AND OP UNIT HOLDERS, AS ADJUSTED</b>			<b>\$ 1.28</b>			<b>\$ 1.36</b>
<b>FAD ATTRIBUTABLE TO COMMON SHAREHOLDERS AND OP UNIT HOLDERS</b>			<b>\$ 0.84</b>			<b>\$ 0.84</b>
<b>DIVIDEND PER COMMON SHARE</b>			<b>\$ 0.63</b>			<b>\$ 0.60</b>
<b>PAYOUT RATIOS</b>						
<b>Payout ratio of FFO</b>			<b>46.2%</b> <sup>(1)</sup>			<b>43.6%</b> <sup>(2)</sup>
<b>Payout ratio of FFO as adjusted</b>			<b>44.1%</b> <sup>(1)</sup>			<b>40.8%</b> <sup>(2)</sup>
<b>Payout ratio of FAD</b>			<b>76.9%</b> <sup>(1)</sup>			<b>70.6%</b> <sup>(2)</sup>

<sup>(1)</sup> Twelve months ended September 30, 2015.

<sup>(2)</sup> Twelve months ended September 30, 2014.

**Pennsylvania Real Estate Investment Trust**  
**2015 Leasing Activity Summary**

	Number	GLA	Avg Gross Rent psf		Change in Gross Rent psf		Annualized Tenant Improvements psf <sup>(2)</sup>
			Previous	New <sup>(1)</sup>	Dollar	%	
<b>New Leases - non anchor tenants less than 10k sf: <sup>(3)</sup></b>							
1st Quarter	23	43,481	N/A	\$ 70.36	\$ 70.36	N/A	\$ 5.73
2nd Quarter	44	94,220	N/A	56.36	56.36	N/A	10.57
3rd Quarter	40	73,446	N/A	47.88	47.88	N/A	5.87
<b>Total/Average</b>	<b>107</b>	<b>211,147</b>	<b>N/A</b>	<b>\$ 56.29</b>	<b>\$ 56.29</b>	<b>N/A</b>	<b>\$ 7.94</b>
<b>New Leases - non anchor tenants 10k sf or greater: <sup>(3)</sup></b>							
1st Quarter	1	13,000	N/A	\$ 22.49	\$ 22.49	N/A	\$ 12.64
2nd Quarter	2	23,785	N/A	15.41	15.41	N/A	1.44
3rd Quarter	5	99,332	N/A	13.82	13.82	N/A	14.06
<b>Total/Average</b>	<b>8</b>	<b>136,117</b>	<b>N/A</b>	<b>\$ 14.93</b>	<b>\$ 14.93</b>	<b>N/A</b>	<b>\$ 11.72</b>
<b>Renewal - non anchor tenants less than 10k sf: <sup>(4)</sup></b>							
1st Quarter	60	137,227	\$ 45.25	\$ 45.95	\$ 0.70	1.5%	\$ 0.18
2nd Quarter	78	255,466	37.64	39.39	1.75	4.6%	-
3rd Quarter	77	181,961	40.96	43.97	3.01	7.3%	0.01
<b>Total/Average</b>	<b>215</b>	<b>574,654</b>	<b>\$ 40.51</b>	<b>\$ 42.41</b>	<b>\$ 1.90</b>	<b>4.7%</b>	<b>\$ 0.05</b>
<b>Renewal - non anchor tenants 10k sf or greater: <sup>(4)</sup></b>							
1st Quarter	1	12,608	\$ 13.00	\$ 13.50	\$ 0.50	3.8%	\$ -
2nd Quarter	9	253,119	23.39	24.38	0.99	4.2%	-
3rd Quarter	2	26,230	57.73	68.36	10.63	18.4%	-
<b>Total/Average</b>	<b>12</b>	<b>291,957</b>	<b>\$ 26.03</b>	<b>\$ 27.86</b>	<b>\$ 1.83</b>	<b>7.1%</b>	<b>\$ -</b>
<b>New Leases - Anchor Tenants:</b>							
1st Quarter	0	-	N/A	\$ -	\$ -	N/A	\$ -
2nd Quarter	1	48,208	N/A	5.23	5.23	N/A	-
3rd Quarter	0	-	N/A	-	-	N/A	-
<b>Total/Average</b>	<b>1</b>	<b>48,208</b>	<b>N/A</b>	<b>\$ 5.23</b>	<b>\$ 5.23</b>	<b>N/A</b>	<b>\$ -</b>
<b>Renewal Leases - Anchor Tenants: <sup>(4)</sup></b>							
1st Quarter	0	-	\$ -	\$ -	\$ -	N/A	\$ -
2nd Quarter	8	963,256	4.59	4.59	-	0.0%	-
3rd Quarter	2	286,293	3.38	3.38	-	0.0%	-
<b>Total/Average</b>	<b>10</b>	<b>1,249,549</b>	<b>\$ 4.31</b>	<b>\$ 4.31</b>	<b>\$ -</b>	<b>0.0%</b>	<b>\$ -</b>

<sup>(1)</sup> New rent is the initial amount payable upon rent commencement. In certain cases, a lower rent may be payable until certain conditions in the lease are satisfied.

<sup>(2)</sup> These leasing costs are presented as annualized costs per square foot and are spread uniformly over the initial lease term.

<sup>(3)</sup> This category includes newly constructed and recommissioned space.

<sup>(4)</sup> This category includes leases for reconfigured spaces and lease extensions.

**Pennsylvania Real Estate Investment Trust**  
**Summarized Sales and Rent Per Square Foot and Occupancy Percentages**

	September 30, 2015						September 30, 2014						Change					
	% Rolling 12 Mo. NOI	Avg Comp Sales	Avg Gross Rent <sup>(1)(2)</sup>	Occ Cost	Occupancy		% Rolling 12 Mo. NOI	Avg Comp Sales	Avg Gross Rent <sup>(1)(2)</sup>	Occ Cost	Occupancy		Avg Comp Sales	Avg Gross Rent <sup>(1)(2)</sup>	Occ Cost	Occupancy		
					Total	Non-Anchor					Total	Non-Anchor				Total	Non-Anchor	
<b>Premier Malls</b>	34.8%	\$ 572	\$ 71.97	13.0%	97.3%	96.0%	33.6%	\$ 518	\$ 68.99	13.7%	96.8%	95.2%	10.4%	4.3%	-0.7%	0.5%	0.8%	
<b>Core Growth Malls - Major Markets</b>	28.9%	\$ 375	\$ 45.40	13.2%	93.3%	91.9%	27.9%	\$ 349	\$ 42.90	13.6%	95.7%	92.3%	7.4%	5.8%	-0.4%	-2.4%	-0.4%	
<b>Core Growth Malls - Market Dominant</b>	17.7%	\$ 377	\$ 44.07	12.4%	96.6%	92.5%	16.5%	\$ 350	\$ 41.19	12.4%	96.1%	91.3%	7.7%	7.0%	0.0%	0.5%	1.2%	
<b>Non Core Malls</b>	8.7%	\$ 292	\$ 29.60	10.9%	91.5%	87.2%	8.4%	\$ 267	\$ 28.29	11.4%	92.3%	88.1%	9.4%	4.6%	-0.5%	-0.8%	-0.9%	
<b>Total Same Store Malls</b>	90.1%	\$ 424	\$ 50.21	12.7%	94.6%	92.3%	86.4%	\$ 387	\$ 47.44	13.2%	95.4%	92.1%	9.6%	5.8%	-0.5%	-0.8%	0.2%	
<b>Non Same Store Redevelopment Mall</b>	2.5%	N/A	\$ 62.89	N/A	81.3%	74.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Total Malls</b>	92.6%	\$ 424	\$ 50.74	12.7%	94.0%	91.1%	86.4%	\$ 387	\$ 47.44	13.2%	95.4%	92.1%	9.6%	7.0%	-0.5%	-1.4%	-1.0%	
<b>Other Retail Properties</b>	3.8%	N/A	\$ 24.54	N/A	94.4%	93.9%	3.5%	N/A	\$ 18.62	N/A	96.9%	96.6%	N/A	31.8%	N/A	-2.5%	-2.7%	
<b>Total Retail Properties</b>	96.4%	N/A	\$ 45.52	N/A	94.0%	91.5%	89.9%	N/A	\$ 42.76	N/A	95.5%	92.6%	N/A	6.5%	N/A	-1.5%	-1.1%	
<b>Sold Properties<sup>(3)</sup></b>	1.7%	N/A	N/A	N/A	N/A	N/A	2.6%	\$ 267	\$ 20.52	N/A	94.5%	87.9%	N/A	N/A	N/A	N/A	N/A	
<b>Other Properties<sup>(4)</sup></b>	1.9%	N/A	N/A	N/A	N/A	N/A	7.5%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<b>Total Portfolio</b>	100.0%	\$ 424	\$ 45.52		94.0%	91.5%	100.0%	\$ 384	\$ 41.38		95.5%	92.3%	10.4%	10.0%		-1.5%	-0.8%	

<sup>(1)</sup> Average gross rent for malls includes all non-anchor space owned by the Company and leased to tenants that occupy individual spaces of less than 10,000 square feet. Average gross rent for other retail properties includes all non-anchor space owned by the Company regardless of size.

<sup>(2)</sup> Average gross rent for mall tenants greater than 10,000 sf was \$19.69 per square foot as of September 30, 2015 and \$18.58 per square foot as of September 30, 2014

<sup>(3)</sup> Sold properties include Springfield Park, Uniontown Mall and Whitehall Mall. Average comp sales information as of September 30, 2014 includes Uniontown Mall

<sup>(4)</sup> Operating metrics for The Gallery at Market East as of September 30, 2015 and 2014, respectively, are excluded because the property is under redevelopment

**Pennsylvania Real Estate Investment Trust**  
**Mall Occupancy Percentage and Sales Per Square Foot**

	September 30, 2015			September 30, 2014			Change		
	Avg Comp Sales <sup>(1)</sup>	Total Occ %	Non Anchor Occup. %	Avg Comp Sales <sup>(1)</sup>	Total Occ %	Non Anchor Occup. %	Avg Comp Sales <sup>(1)</sup>	Total Occ %	Non Anchor Occup. %
<b>Premier Malls</b>									
Cherry Hill Mall	\$661	96.2%	95.4%	\$627	95.1%	94.1%	5.4%	1.1%	1.3%
Willow Grove Park	577	98.8%	97.6%	430	96.2%	92.2%	34.2%	2.6%	5.4%
Lehigh Valley Mall	569	95.9%	93.3%	528	96.8%	94.7%	7.8%	-0.9%	-1.4%
Woodland Mall	553	98.6%	98.6%	524	98.8%	98.8%	5.5%	-0.2%	-0.2%
Jacksonville Mall	490	97.6%	95.3%	454	97.4%	94.9%	7.9%	0.2%	0.4%
Dartmouth Mall	428	98.3%	97.2%	422	98.5%	97.6%	1.4%	-0.2%	-0.4%
<b>Premier Malls Subtotal</b>	<b>\$572</b>	<b>97.3%</b>	<b>96.0%</b>	<b>\$518</b>	<b>96.8%</b>	<b>95.2%</b>	<b>10.4%</b>	<b>0.5%</b>	<b>0.8%</b>
<b>Core Growth Malls - Major Markets</b>									
The Mall at Prince Georges	\$460	98.2%	96.2%	\$438	99.3%	98.5%	5.0%	-1.1%	-2.3%
Patrick Henry Mall	420	96.3%	94.6%	383	97.0%	95.7%	9.7%	-0.7%	-1.1%
Springfield Mall	407	95.8%	95.8%	387	95.2%	95.2%	5.2%	0.6%	0.6%
Valley Mall	397	95.2%	91.7%	363	97.6%	96.0%	9.4%	-2.4%	-4.3%
Francis Scott Key Mall	364	97.8%	96.6%	346	97.7%	96.3%	5.2%	0.1%	0.3%
Moorestown Mall	356	94.4%	87.4%	354	93.1%	84.8%	0.6%	1.3%	2.6%
Exton Square Mall	338	78.5%	82.5%	299	95.3%	89.6%	13.0%	-16.8%	-7.1%
Cumberland Mall	333	89.6%	93.2%	298	94.3%	90.5%	11.7%	-4.7%	2.7%
Plymouth Meeting Mall	320	94.3%	91.3%	318	91.5%	87.1%	0.6%	2.8%	4.2%
Beaver Valley Mall	292	95.8%	90.8%	269	95.9%	91.1%	8.6%	-0.1%	-0.3%
<b>Core Growth Malls - Major Markets Subtotal</b>	<b>\$375</b>	<b>93.3%</b>	<b>91.9%</b>	<b>\$349</b>	<b>95.7%</b>	<b>92.3%</b>	<b>7.4%</b>	<b>-2.4%</b>	<b>-0.4%</b>
<b>Core Growth Malls - Market Dominant</b>									
Viewmont Mall	\$430	98.3%	95.7%	\$382	94.0%	84.3%	12.6%	4.3%	11.4%
Capital City Mall	388	97.1%	94.7%	366	96.7%	94.4%	6.0%	0.4%	0.3%
Wyoming Valley Mall	388	96.0%	88.7%	387	95.8%	87.9%	0.3%	0.2%	0.8%
Valley View Mall	381	95.1%	93.4%	370	95.4%	93.5%	3.0%	-0.3%	-0.1%
Crossroads Mall	380	95.4%	89.9%	330	96.7%	92.8%	15.2%	-1.3%	-2.9%
Magnolia Mall	375	98.8%	97.2%	348	98.4%	96.3%	7.8%	0.4%	0.9%
Logan Valley Mall	327	95.4%	89.0%	291	95.9%	90.3%	12.4%	-0.5%	-1.3%
<b>Core Growth Malls - Market Dominant Subtotal</b>	<b>\$377</b>	<b>96.6%</b>	<b>92.5%</b>	<b>\$350</b>	<b>96.1%</b>	<b>91.3%</b>	<b>7.7%</b>	<b>0.5%</b>	<b>1.2%</b>
<b>Non Core Malls</b>									
Washington Crown Center	\$336	95.4%	91.5%	\$321	89.4%	80.4%	4.7%	6.0%	11.1%
Palmer Park Mall	329	94.6%	82.9%	295	96.1%	87.7%	11.5%	-1.5%	-4.8%
Gadsden Mall	310	95.1%	88.0%	286	98.2%	95.6%	8.4%	-3.1%	-7.6%
Wiregrass Commons Mall	300	90.7%	86.4%	263	93.0%	89.8%	14.1%	-2.3%	-3.4%
New River Valley Mall	282	84.1%	90.8%	258	89.3%	96.0%	9.3%	-5.2%	-5.2%
Lycoming Mall	264	96.8%	93.8%	247	97.0%	94.1%	6.9%	-0.2%	-0.3%
Voorhees Town Center	261	74.6%	74.3%	236	75.3%	75.0%	10.6%	-0.7%	-0.7%
<b>Non Core Malls Subtotal</b>	<b>\$292</b>	<b>91.5%</b>	<b>87.2%</b>	<b>\$267</b>	<b>92.3%</b>	<b>88.1%</b>	<b>9.4%</b>	<b>-0.8%</b>	<b>-0.9%</b>
<b>Total Same Store Malls weighted average</b>	<b>\$424</b>	<b>94.6%</b>	<b>92.3%</b>	<b>\$387</b>	<b>95.4%</b>	<b>92.1%</b>	<b>9.6%</b>	<b>-0.8%</b>	<b>0.2%</b>
<b>Non Same Store Redevelopment Mall</b>									
Springfield Town Center	N/A	81.3%	74.8%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Continuing Malls weighted average</b>	<b>\$424</b>	<b>94.0%</b>	<b>91.1%</b>	<b>\$387</b>	<b>95.4%</b>	<b>92.1%</b>	<b>9.6%</b>	<b>-1.4%</b>	<b>-1.0%</b>
<b>Sold Properties</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$267</b>	<b>94.6%</b>	<b>87.7%</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Malls weighted average</b>	<b>\$424</b>	<b>94.0%</b>	<b>91.1%</b>	<b>\$384</b>	<b>95.4%</b>	<b>92.0%</b>	<b>10.4%</b>	<b>-1.4%</b>	<b>-0.9%</b>
<b>Total Malls excluding Voorhees Town Center</b>	<b>\$428</b>	<b>94.3%</b>	<b>91.6%</b>	<b>\$387</b>	<b>95.7%</b>	<b>92.5%</b>	<b>10.6%</b>	<b>-1.4%</b>	<b>-0.9%</b>

<sup>(1)</sup> Based on reported sales by all comparable non-anchor tenants that lease individual spaces of less than 10,000 square feet and have occupied the space for at least 24 months.

<sup>(2)</sup> Average comp sales and total and non anchor occupancy for The Gallery at Market East as of September 30, 2015 and 2014, respectively, are excluded because the property is under redevelopment.

**Pennsylvania Real Estate Investment Trust**  
*Top Twenty Tenants*

<b>Tenant</b>	<b>Brands</b>	<b>Total Number of Locations <sup>(1)</sup></b>	<b>Percentage of Annualized Gross Rent <sup>(2)</sup></b>
L Brands, Inc.	Bath & Body Works, Henri Bendel, Pink, Victoria's Secret	65	3.7%
Signet Jewelers Limited	J.B. Robinson Jewelers, Kay Jewelers, LeRoy's, Marks and Morgan Jewelers, Piercing Pagoda, Plumb Gold, Shaw's Jewelers, Silver & Gold Connection, Totally Pagoda, Zale's Jewelers	95	3.2%
Foot Locker, Inc.	Champs, Foot Locker, Footaction, House of Hoops by Foot Locker, Kids Foot Locker, Lady Foot Locker, Nike Yardline	56	3.2%
Gap, Inc.	Banana Republic, Gap/Gap Kids/Baby Gap, Old Navy	34	2.6%
American Eagle Outfitters, Inc.	Aerie, American Eagle Outfitters	33	2.6%
J.C. Penney Company, Inc.	JC Penney	23	2.5%
Ascena Retail Group, Inc.	Ann Taylor, Dress Barn, Justice, Lane Bryant, Loft, Maurices	48	1.9%
Dick's Sporting Goods, Inc.	Dick's Sporting Goods	11	1.7%
Macy's, Inc.	Bloomingdale's, Macy's	24	1.7%
Genesco, Inc.	Kidz, Lids, Lids Locker Room, Shi by Journey's, Underground by Journey's	61	1.6%
Sears Holding Corporation	Kmart, Sears	20	1.5%
Luxottica Group S.p.A.	Lenscrafters, Pearle Vision, Sunglass Hut/Watch Station	41	1.4%
Regal Entertainment Group	Regal Cinemas	5	1.3%
Abercrombie & Fitch Co.	abercrombie, Abercrombie & Fitch, Hollister Co.	17	1.3%
Forever 21, Inc.	Forever 21	9	1.3%
Boscov's Department Store	Boscov's	8	1.2%
Advent CR Holdings, Inc.	Charlotte Russe	18	1.2%
The Children's Place Retail Stores, Inc.	The Children's Place	27	1.2%
Shoe Show, Inc.	Shoe Department/Encore	22	1.1%
The Finish Line, Inc.	Finish Line	19	1.0%
<b>Total Top 20 Tenants</b>		<b>636</b>	<b>37.0%</b>
<b>Total Leases</b>		<b>2,597</b>	<b>100.0%</b>

<sup>(1)</sup> Excludes tenants from The Gallery at Market East.

<sup>(2)</sup> Includes PREIT's proportionate share of tenant gross rent from partnership properties based on PREIT's ownership percentage in the respective partnerships.



**Pennsylvania Real Estate Investment Trust**  
**Lease Expirations as of September 30, 2015**  
*(dollars in thousands except psf amounts)*

**Non-Anchors <sup>(1)</sup>**

Lease Expiration Year	Number of Leases Expiring	Gross Leasable Area		Annualized Gross Rent			
		Expiring GLA <sup>(2)</sup>	Percent of Total	Gross Rent in Expiring Year	PREIT's Share of Gross Rent in Expiring Year <sup>(3)</sup>	Percent of PREIT's Total	Average Expiring Gross Rent psf
Holdover	164	440,184	4.1%	\$ 16,438	\$ 15,883	4.6%	\$ 37.34
2015	77	195,850	1.8%	7,584	6,983	2.0%	38.72
2016	400	1,354,239	12.7%	50,466	47,167	13.7%	37.27
2017	400	1,245,072	11.7%	48,633	44,675	12.9%	39.06
2018	272	1,218,040	11.4%	43,446	39,066	11.3%	35.67
2019	249	1,020,975	9.6%	37,024	33,804	9.8%	36.26
2020	172	1,111,747	10.4%	31,031	26,660	7.7%	27.91
2021	136	691,160	6.4%	24,398	21,022	6.1%	35.30
2022	119	491,778	4.6%	21,416	19,032	5.5%	43.55
2023	129	746,101	7.0%	26,759	24,124	7.0%	35.87
2024	158	645,762	6.1%	29,663	27,940	8.1%	45.93
Thereafter	250	1,510,922	14.2%	52,499	39,014	11.3%	34.75
<b>Total/Average</b>	<b>2,526</b>	<b>10,671,830</b>	<b>100.0%</b>	<b>\$ 389,357</b>	<b>\$ 345,370</b>	<b>100.0%</b>	<b>\$ 36.48</b>

**Anchors <sup>(1)</sup>**

Lease Expiration Year	Number of Leases Expiring <sup>(4)</sup>	Gross Leasable Area		Annualized Gross Rent			
		Expiring GLA	Percent of Total	Minimum Gross in Expiring Year	PREIT's Share of Gross Rent in Expiring Year <sup>(3)</sup>	Percent of PREIT's Total	Average Expiring Gross Rent psf
2016	10	990,212	11.9%	\$ 3,707	\$ 3,707	10.5%	\$ 3.74
2017	9	1,319,105	15.9%	4,581	4,229	11.9%	3.47
2018	9	998,143	12.0%	4,406	4,406	12.4%	4.41
2019	16	1,717,860	20.6%	5,777	5,777	16.3%	3.36
2020	11	1,319,127	15.8%	6,401	6,401	18.1%	4.85
2021	7	789,538	9.5%	5,040	3,844	10.9%	6.38
2022	4	521,173	6.3%	2,647	2,647	7.5%	5.08
2023	0	-	0.0%	-	-	0.0%	N/A
2024	0	-	0.0%	-	-	0.0%	N/A
Thereafter	5	667,754	8.0%	4,380	4,380	12.4%	6.56
<b>Total/Average</b>	<b>71</b>	<b>8,322,912</b>	<b>100.0%</b>	<b>\$ 36,939</b>	<b>\$ 35,391</b>	<b>100.0%</b>	<b>\$ 4.44</b>

<sup>(1)</sup> Only includes owned space. Excludes The Gallery at Market East.

<sup>(2)</sup> Does not include tenants occupying space under license agreements with initial terms of less than one year. The GLA of these tenants is 637,321 square feet.

<sup>(3)</sup> Includes PREIT's proportionate share of tenant rent from partnership properties based on PREIT's ownership percentage in the respective partnerships.

<sup>(4)</sup> Accounts for all contiguous anchor space as one lease.

**Pennsylvania Real Estate Investment Trust**

*Property Information as of September 30, 2015*

*(GLA in thousands)*

Properties	State	Ownership	Date Acquired	Year Built/ Last Renovated	Landlord Owned Anchors							Anchor Stores Not Owned						Non-anchor occupied			Total GLA		
					Nordstrom	Macy's	JCPenney	Sears	Boscov's	Bon-Ton	Other(s)	Total	Macy's	JCPenney	Sears	Boscov's	Bon-Ton	Other(s)	Total	Large Format		Small Shop	Vacant
<b>Premier Malls</b>																							
Cherry Hill Mall	NJ	100%	2003	1961/2009	138	-	-	-	-	-	-	138	305	174	-	-	-	-	479	228	429	32	1,306
Dartmouth Mall	MA	100%	1997	1971/2000	-	-	100	108	-	-	-	208	140	-	-	-	-	-	140	142	171	9	670
Jacksonville Mall	NC	100%	2003	1981/2008	-	-	52	117	-	-	73	242	-	-	-	-	-	-	-	113	128	12	495
Lehigh Valley Mall	PA	50%	1973	1977/2007	-	212	-	-	165	-	-	377	-	207	-	-	-	-	207	180	366	39	1,169
Springfield Town Center	VA	100%	2015	1974/2015	-	252	-	-	-	-	-	252	-	209	-	-	-	181	390	266	275	182	1,365
Willow Grove Park	PA	100%	2000-03	1982/2001	40	225	125	-	-	-	-	390	237	-	176	-	-	-	413	87	280	9	1,179
Woodland Mall	MI	100%	2005	1968/1998	-	-	-	-	-	-	-	-	157	255	313	-	-	-	725	167	271	6	1,169
<b>Total Premier Malls</b>					<b>178</b>	<b>689</b>	<b>277</b>	<b>225</b>	<b>165</b>	<b>-</b>	<b>73</b>	<b>1,607</b>	<b>839</b>	<b>845</b>	<b>489</b>	<b>-</b>	<b>-</b>	<b>181</b>	<b>2,354</b>	<b>1,183</b>	<b>1,920</b>	<b>289</b>	<b>7,353</b>
<b>Core Growth Malls - Major Markets</b>																							
Beaver Valley Mall	PA	100%	2002	1970/1991	-	-	126	191	194	-	-	511	205	-	-	-	-	-	205	207	191	40	1,154
Cumberland Mall	NJ	100%	2005	1973/2003	-	-	-	-	-	-	213	213	-	-	-	155	-	118	273	233	157	70	946
Exton Square Mall	PA	100%	2003	1973/2000	-	-	-	144	178	-	-	322	181	-	96	-	-	-	277	68	245	175	1,087
Francis Scott Key Mall	MD	100%	2003	1978/1991	-	-	101	121	-	-	-	222	139	-	-	-	-	-	139	181	200	13	755
Moorestown Mall	NJ	100%	2003	1963/2008	-	-	-	206	203	-	-	409	200	-	-	-	-	121	321	88	200	41	1,059
Patrick Henry Mall	VA	100%	2003	1988/2005	-	-	85	-	-	-	50	135	140	-	-	-	-	145	285	38	243	16	717
Plymouth Meeting Mall	PA	100%	2003	1966/2009	-	-	-	-	189	-	65	254	215	-	-	-	-	-	215	198	240	42	949
The Mall at Prince Georges	MD	100%	1998	1959/2004	-	196	149	-	-	-	135	480	-	-	-	-	-	-	-	155	265	17	917
Springfield Mall	PA	50%	2005	1974/1997	-	-	-	-	-	-	-	-	192	-	-	-	-	196	388	10	203	9	610
Valley Mall	MD	100%	2003	1974/1999	-	-	157	-	-	123	-	280	120	-	123	-	-	-	243	127	229	32	911
<b>Total Core Growth Malls - Major Markets</b>					<b>-</b>	<b>196</b>	<b>618</b>	<b>662</b>	<b>764</b>	<b>123</b>	<b>463</b>	<b>2,826</b>	<b>1,392</b>	<b>-</b>	<b>219</b>	<b>155</b>	<b>-</b>	<b>580</b>	<b>2,346</b>	<b>1,305</b>	<b>2,173</b>	<b>455</b>	<b>9,105</b>

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**Pennsylvania Real Estate Investment Trust**  
**Property Information as of September 30, 2015 (continued)**  
*(GLA in thousands)*

Properties	State	Ownership	Date Acquired	Year Built/ Last Renovated	Landlord Owned Anchors							Anchor Stores Not Owned						Non-anchor occupied			Total GLA		
					Nordstrom	Macy's	JCPenney	Sears	Boscov's	Bon-Ton <sup>(1)</sup>	Other(s)	Total	Macy's	JCPenney	Sears	Boscov's	Bon-Ton	Other(s)	Total	Large Format		Small Shop	Vacant
<b>Core Growth Malls - Market Dominant</b>																							
Capital City Mall	PA	100%	2003	1974/2005	-	-	103	101	-	-	-	204	120	-	-	-	-	-	120	35	196	13	568
Crossroads Mall	WV	100%	2003	1981	-	-	90	87	-	-	78	255	-	-	-	-	-	-	-	74	118	22	469
Logan Valley Mall	PA	100%	2003	1960/1997	-	150	146	159	-	-	-	455	-	-	-	-	-	-	-	82	210	36	783
Magnolia Mall	SC	100%	1997	1979/2007	-	-	104	91	-	-	148	343	-	-	-	-	-	-	-	99	169	8	619
Valley View Mall	WI	100%	2003	1980/2001	-	-	96	-	-	-	-	96	100	-	113	-	42	-	255	98	162	18	629
Viewmont Mall	PA	100%	2003	1968/2006	-	-	193	193	-	-	-	386	140	-	-	-	-	-	140	76	158	11	771
Wyoming Valley Mall	PA	100%	2003	1971/2006	-	146	173	118	-	155	-	592	-	-	-	-	-	-	-	97	185	36	910
<b>Total Core Growth Malls - Market Dominant</b>					-	<b>296</b>	<b>905</b>	<b>749</b>	-	<b>155</b>	<b>226</b>	<b>2,331</b>	<b>360</b>	-	<b>113</b>	-	<b>42</b>	-	<b>515</b>	<b>561</b>	<b>1,198</b>	<b>144</b>	<b>4,749</b>
<b>Non Core Malls</b>																							
Gadsden Mall	AL	100%	2005	1974/1990	-	-	88	112	-	-	101	301	-	-	-	-	-	-	-	96	85	25	507
Lycoming Mall	PA	100%	2003	1978/2007	-	-	62	130	-	60	81	333	120	-	-	-	-	-	120	162	170	22	807
New River Valley Mall	VA	100%	2003	1988/2007	-	-	50	-	-	-	89	139	-	-	-	-	-	-	-	135	116	74	464
Palmer Park Mall	PA	100%	1972/2003	1972/1998	-	-	-	-	192	122	-	314	-	-	-	-	-	-	-	-	119	25	458
Voorhees Town Center	NJ	100%	2003	1970/2007	-	-	-	-	4	-	-	4	224	-	-	173	-	24	421	73	152	78	728
Washington Crown Center	PA	100%	2003	1969/1999	-	-	-	83	-	78	84	245	140	-	-	-	-	-	140	141	122	24	672
Wiregrass Commons Mall	AL	100%	2003	1986/2008	-	-	-	-	-	-	95	95	-	84	-	-	-	248	332	10	170	28	635
<b>Total Non Core Malls</b>					-	-	<b>200</b>	<b>325</b>	<b>196</b>	<b>260</b>	<b>450</b>	<b>1,431</b>	<b>484</b>	<b>84</b>	-	<b>173</b>	-	<b>272</b>	<b>1,013</b>	<b>617</b>	<b>934</b>	<b>276</b>	<b>4,271</b>
<b>Other Retail Properties</b>																							
Street Level Retail (2 properties)	PA	100%	2014	1910/1960	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38	24	8	70
Gloucester Premium Outlets	NJ	25%	2013	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26	260	83	369
Metroplex Shopping Center	PA	50%	1999	2001	-	-	-	-	-	-	67	67	-	-	-	-	-	301	301	354	56	-	778
The Court at Oxford Valley	PA	50%	1997	1996	-	-	-	-	-	-	60	60	-	-	-	-	-	247	247	343	54	1	705
Red Rose Commons	PA	50%	1998	1998	-	-	-	-	-	-	-	-	-	-	-	-	-	200	200	248	15	-	463
<b>Total Other Retail Properties</b>					-	-	-	-	-	-	<b>127</b>	<b>127</b>	-	-	-	-	-	<b>748</b>	<b>748</b>	<b>1,009</b>	<b>409</b>	<b>92</b>	<b>2,385</b>
<b>Portfolio Totals</b>					<b>178</b>	<b>1,181</b>	<b>2,000</b>	<b>1,961</b>	<b>1,125</b>	<b>538</b>	<b>1,339</b>	<b>8,322</b>	<b>3,075</b>	<b>929</b>	<b>821</b>	<b>328</b>	<b>42</b>	<b>1,781</b>	<b>6,976</b>	<b>4,675</b>	<b>6,634</b>	<b>1,256</b>	<b>27,863</b>

**Pennsylvania Real Estate Investment Trust**  
**Department Store Lease Expirations as of September 30, 2015**

Properties	Department Store Tenants											
	Belk	Bon-Ton	Boscov's	Burlington Coat Factory <sup>(1)</sup>	Dillard's	JCPenney	Kohl's	Lord & Taylor	Macy's	Nordstrom	Sears	Target
<b>Premier Malls</b>												
Cherry Hill Mall	-	-	-	-	-	(2)	-	-	(2)	2025	-	-
Dartmouth Mall	-	-	-	-	-	2019	-	-	(2)	-	2021	-
Jacksonville Mall	2016	-	-	-	-	2020	-	-	-	-	2016	-
Lehigh Valley Mall	-	-	2017	-	-	(2)	-	-	2017	-	-	-
Springfield Town Center	-	-	-	-	-	(2)	-	-	2025	-	-	(2)
Willow Grove Park <sup>(3)</sup>	-	-	-	-	-	2032	-	-	2022, (2)	2022	(2)	-
Woodland Mall	-	-	-	-	-	(2)	(2)	-	(2)	-	(2)	-
<b>Core Growth Malls - Major Markets</b>												
Beaver Valley Mall	-	-	2018	-	-	2017	-	-	(2)	-	2016	-
Cumberland Mall	-	-	(2)	2019	-	-	-	-	-	-	-	-
Exton Square Mall <sup>(4)</sup>	-	-	2019	-	-	-	-	-	(2)	-	2019, (2)	-
Francis Scott Key Mall	-	-	-	-	-	2021	-	-	(2)	-	2018	-
Moorestown Mall	-	-	2020	-	-	-	-	(2)	(2)	-	2022	-
Patrick Henry Mall	-	-	-	-	(2)	2020	-	-	(2)	-	-	-
Plymouth Meeting Mall	-	-	2021	-	-	-	-	-	(2)	-	-	-
The Mall at Prince Georges	-	-	-	-	-	2021	-	-	2018	-	-	2019
Springfield Mall	-	-	-	-	-	-	-	-	(2)	-	-	(2)
Valley Mall	-	2019	-	-	-	2019	-	-	(2)	-	(2)	-

(continued on next page)

**Pennsylvania Real Estate Investment Trust**  
**Department Store Lease Expirations as of September 30, 2015 (continued)**

Properties	Department Store Tenants											
	Belk, Inc.	Bon-Ton	Bosco's	Burlington Coat Factory <sup>(1)</sup>	Dillard's	JCPenney	Kohl's	Lord & Taylor	Macy's	Nordstrom	Sears	Target
<b>Core Growth Malls - Market Dominant</b>												
Capital City Mall	-	-	-	-	-	2020	-	-	(2)	-	2019	-
Crossroads Mall	2019	-	-	-	-	2016	-	-	-	-	2016	-
Logan Valley Mall	-	-	-	-	-	2017	-	-	2020	-	2016	-
Magnolia Mall	2021	-	-	-	-	2017	-	-	-	-	2017	-
Valley View Mall	-	(2)	-	-	-	2020	-	-	(2)	-	(2)	-
Viewmont Mall	-	-	-	-	-	2020	-	-	(2)	-	2020	-
Wyoming Valley Mall	-	2017	-	-	-	2017	-	-	2017	-	2016	-
<b>Non Core Malls</b>												
Gadsden Mall	2019	-	-	-	-	2028	-	-	-	-	2019	-
Lycoming Mall	-	2016	-	2019	-	2020	-	-	(2)	-	2018	-
New River Valley Mall	2020	-	-	-	-	2018	-	-	-	-	-	-
Palmer Park Mall	-	2019	2018	-	-	-	-	-	-	-	-	-
Voorhees Town Center	-	-	(2)	-	-	-	-	-	(2)	-	-	-
Washington Crown Center	-	2018	-	-	-	-	-	-	(2)	-	2019	-
Wiregrass Commons Mall	(2)	-	-	2020	(2)	(2)	-	-	-	-	-	-
<b>Other Retail Properties</b>												
Street Level Retail (2 properties)	-	-	-	-	-	-	-	-	-	-	-	-
Gloucester Premium Outlets	-	-	-	-	-	-	-	-	-	-	-	-
Metroplex Shopping Center	-	-	-	-	-	-	-	-	-	-	-	(2)
The Court at Oxford Valley	-	-	-	-	-	-	-	-	-	-	-	-
Red Rose Commons	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total PREIT Owned Department Stores</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>2</b>	<b>15</b>	<b>1</b>
<b>Total Non-PREIT Owned Department Stores</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>0</b>	<b>5</b>	<b>3</b>

<sup>(1)</sup> Total PREIT owned Burlington Coat Factory stores includes one store located at The Gallery at Market East.

<sup>(1)</sup> Department store is not PREIT owned.

<sup>(2)</sup> The property has a Macy's that is PREIT owned and a Bloomingdale's that is not PREIT owned.

<sup>(3)</sup> The property has a Sears that is PREIT owned and a K-Mart that is not PREIT owned.

# Pennsylvania Real Estate Investment Trust

## Condensed Balance Sheet

### Proportionate Consolidation Method <sup>(1)</sup>

(in thousands, except per share amounts)

	September 30, 2015			December 31, 2014		
	GAAP	Share of Unconsolidated Partnerships	Total (Non GAAP Measure)	GAAP	Share of Unconsolidated Partnerships	Total (Non GAAP Measure)
<b>ASSETS</b>						
Investments in real estate, at cost						
Operating properties	\$ 3,467,158	\$ 343,236	\$ 3,810,394	\$ 3,216,231	\$ 332,950	\$ 3,549,181
Construction in progress	131,924	21,703	153,627	60,452	16,578	77,030
Land held for development	8,424	-	8,424	8,721	-	8,721
Total investments in real estate	3,607,506	364,939	3,972,445	3,285,404	349,528	3,634,932
Accumulated depreciation	(1,071,477)	(99,759)	(1,171,236)	(1,061,051)	(97,786)	(1,158,837)
Net investments in real estate	2,536,029	265,180	2,801,209	2,224,353	251,742	2,476,095
Investments in partnerships, at equity	154,588	(154,588)	-	140,882	(140,882)	-
Other assets:						
Cash and cash equivalents	22,136	14,021	36,157	40,433	7,288	47,721
Rent and other receivables <sup>(2)</sup>	36,750	3,743	40,493	40,566	3,970	44,536
Intangible assets, net	23,372	5,015	28,387	6,452	6,071	12,523
Deferred costs and other assets, net	86,717	11,405	98,122	87,017	7,252	94,269
Assets held for sale	13,627	-	13,627	-	-	-
Total assets	<u>\$ 2,873,219</u>	<u>\$ 144,776</u>	<u>\$ 3,017,995</u>	<u>\$ 2,539,703</u>	<u>\$ 135,441</u>	<u>\$ 2,675,144</u>
<b>LIABILITIES AND EQUITY</b>						
Liabilities:						
Mortgage loans	\$ 1,392,270	\$ 201,385	\$ 1,593,655	\$ 1,407,947	\$ 190,310	\$ 1,598,257
Term Loans	400,000	-	400,000	130,000	-	130,000
Revolving Facility	60,000	-	60,000	-	-	-
Tenants' deposits and deferred rent	15,731	2,725	18,456	15,541	4,078	19,619
Distributions in excess of partnership investments	64,238	(64,238)	-	65,956	(65,956)	-
Fair value of derivative instruments	6,029	-	6,029	2,490	-	2,490
Liabilities related to assets held for sale	1,895	-	1,895	-	-	-
Other liabilities	89,738	4,904	94,642	73,032	7,009	80,041
Total liabilities	2,029,901	144,776	2,174,677	1,694,966	135,441	1,830,407
Equity:						
Total equity	843,318	-	843,318	844,737	-	844,737
Total liabilities and equity	<u>\$ 2,873,219</u>	<u>\$ 144,776</u>	<u>\$ 3,017,995</u>	<u>\$ 2,539,703</u>	<u>\$ 135,441</u>	<u>\$ 2,675,144</u>

<sup>(1)</sup> Total includes PREIT's proportionate share of partnership assets and liabilities "grossed up" to reflect the Company's share of the total assets and liabilities of the underlying properties. The consolidated financial statements, which are presented in accordance with GAAP, reflect only the Company's equity in these properties.

<sup>(2)</sup> Total includes straight line rent of \$27.3 million (\$23.8 million consolidated, \$3.5 million unconsolidated) as of September 30, 2015 and \$27.8 million (\$23.7 million consolidated, \$4.1 million unconsolidated) as of December 31, 2014.

**Pennsylvania Real Estate Investment Trust**

*Investment in Real Estate <sup>(1)</sup>*  
(in thousands)

	September 30, 2015				December 31, 2014			
	Operating Properties and Land Held for Development	Construction in Progress	Accumulated Depreciation	Net Real Estate	Operating Properties and Land Held for Development	Construction in Progress	Accumulated Depreciation	Net Real Estate
<b>Consolidated Malls</b>								
Beaver Valley Mall	\$ 74,733	\$ -	\$ 32,899	\$ 41,834	\$ 74,120	\$ -	\$ 30,465	\$ 43,655
Capital City Mall	100,149	8,000	37,017	71,132	99,665	152	34,419	65,398
Cherry Hill Mall	472,965	-	180,936	292,029	470,493	-	163,178	307,315
Crossroads Mall	49,342	196	16,619	32,919	48,872	195	15,098	33,969
Cumberland Mall	70,299	278	19,105	51,472	67,422	375	17,412	50,385
Dartmouth Mall	67,563	-	33,674	33,889	64,544	-	32,540	32,004
Exton Square Mall	158,724	3,584	44,770	117,538	158,622	1	41,473	117,150
Francis Scott Key Mall	90,495	-	31,279	59,216	90,309	1,681	28,480	63,510
Gadsden Mall	37,504	-	7,646	29,858	64,301	-	16,483	47,818
Jacksonville Mall	84,329	-	29,328	55,001	84,173	2	27,148	57,027
Logan Valley Mall	102,058	758	34,253	68,563	100,887	-	32,222	68,665
Lycoming Mall	55,858	-	15,505	40,353	79,240	-	26,547	52,693
Magnolia Mall	90,797	-	39,529	51,268	90,725	-	37,033	53,692
Moorestown Mall	137,657	3,235	43,307	97,585	131,353	2,147	39,061	94,439
New River Valley Mall	51,550	371	23,001	28,920	59,340	-	27,497	31,843
Palmer Park Mall	34,719	-	15,565	19,154	34,717	-	15,003	19,714
Patrick Henry Mall	146,570	-	58,099	88,471	146,434	-	53,642	92,792
Plymouth Meeting Mall	173,485	23	60,038	113,470	169,981	-	54,037	115,944
The Mall at Prince Georges	104,342	-	48,258	56,084	103,738	35	45,879	57,894
Springfield Town Center	417,293	56,129	5,437	467,985	-	-	-	-
Uniontown Mall <sup>(2)</sup>	-	-	-	-	43,751	-	15,973	27,778
Valley Mall	101,242	672	34,512	67,402	100,682	177	32,217	68,642
Valley View Mall	79,044	-	22,396	56,648	78,811	1,032	20,426	59,417
Viewmont Mall	101,129	-	32,547	68,582	98,404	-	29,834	68,570
Voorhees Town Center <sup>(3)</sup>	4,491	-	91	4,400	83,501	589	28,152	55,938
Washington Crown Center	52,052	-	18,138	33,914	51,562	30	16,747	34,845
Willow Grove Park	237,601	-	79,301	158,300	236,236	-	73,260	162,976
Wiregrass Commons Mall	42,226	-	10,321	31,905	56,539	-	16,939	39,600
Woodland Mall	193,815	-	55,729	138,086	192,976	-	51,048	141,928
Wyoming Valley Mall	113,172	-	40,722	72,450	112,074	-	37,980	74,094
<b>Total Consolidated Malls</b>	<b>3,445,204</b>	<b>73,246</b>	<b>1,070,022</b>	<b>2,448,428</b>	<b>3,193,472</b>	<b>6,416</b>	<b>1,060,193</b>	<b>2,139,695</b>
<b>Unconsolidated Malls</b>								
The Gallery at Market East	127,760	19,496	18,897	128,359	126,515	8,965	15,245	120,235
Lehigh Valley Mall	46,497	921	24,369	23,049	46,423	418	23,750	23,091
Springfield Mall	57,268	9	17,824	39,453	57,017	9	16,670	40,356
<b>Total Unconsolidated Malls</b>	<b>231,525</b>	<b>20,426</b>	<b>61,090</b>	<b>190,861</b>	<b>229,955</b>	<b>9,392</b>	<b>55,665</b>	<b>183,682</b>
<b>TOTAL MALLS</b>	<b>\$ 3,676,729</b>	<b>\$ 93,672</b>	<b>\$ 1,131,112</b>	<b>\$ 2,639,289</b>	<b>\$ 3,423,427</b>	<b>\$ 15,808</b>	<b>\$ 1,115,858</b>	<b>\$ 2,323,377</b>

(continued on next page)

**Pennsylvania Real Estate Investment Trust**  
*Investment in Real Estate* <sup>(1)</sup> (continued)  
(in thousands)

	September 30, 2015				December 31, 2014			
	Operating Property and Land Held for Development	Construction in Progress	Accumulated Depreciation	Net Real Estate	Operating Property and Land Held for Development	Construction in Progress	Accumulated Depreciation	Net Real Estate
<b>Consolidated Other Retail Properties</b>								
Monroe Marketplace <sup>(4)</sup>	\$ 1,715	\$ 939	\$ 80	2,574	\$ 1,515	\$ -	\$ 60	\$ 1,455
Pitney Road Plaza <sup>(5)</sup>	-	-	-	-	1,017	20	13	1,024
Sunrise Plaza <sup>(6)</sup>	-	434	-	434	-	-	-	-
Street Level Retail (2 properties)	20,239	3,290	1,375	22,154	20,227	-	785	19,442
<b>Total Consolidated Other Retail Properties</b>	<b>21,954</b>	<b>4,663</b>	<b>1,455</b>	<b>25,162</b>	<b>22,759</b>	<b>20</b>	<b>858</b>	<b>21,921</b>
<b>Unconsolidated Other Retail Properties</b>								
Gloucester Premium Outlets	23,912	493	151	24,254	3,458	6,401	-	9,859
Metroplex Shopping Center	42,913	-	23,285	19,628	42,919	-	22,125	20,794
The Court at Oxford Valley	27,225	-	9,943	17,282	28,242	-	10,532	17,710
Red Rose Commons	11,421	-	3,185	8,236	13,617	1	5,221	8,397
Springfield Park <sup>(7)</sup>	-	-	-	-	8,519	-	2,216	6,303
<b>Total Unconsolidated Other Retail Properties</b>	<b>105,471</b>	<b>493</b>	<b>36,564</b>	<b>69,400</b>	<b>96,755</b>	<b>6,402</b>	<b>40,094</b>	<b>63,063</b>
<b>TOTAL OTHER OPERATING PROPERTIES</b>	<b>\$ 127,425</b>	<b>\$ 5,156</b>	<b>\$ 38,019</b>	<b>\$ 94,562</b>	<b>\$ 119,514</b>	<b>\$ 6,422</b>	<b>\$ 40,952</b>	<b>\$ 84,984</b>
<b>Consolidated Properties Under Development</b>								
Springhills	\$ -	\$ 19,229	\$ -	\$ 19,229	\$ -	\$ 19,230	\$ -	\$ 19,230
White Clay Point	-	34,786	-	34,786	-	34,786	-	34,786
<b>Total Consolidated Properties Under Development</b>	<b>-</b>	<b>54,015</b>	<b>-</b>	<b>54,015</b>	<b>-</b>	<b>54,016</b>	<b>-</b>	<b>54,016</b>
<b>Unconsolidated Properties Under Development</b>								
Pavilion at Market East	6,240	784	2,105	4,919	6,240	784	2,027	4,997
<b>Total Unconsolidated Properties Under Development</b>	<b>6,240</b>	<b>784</b>	<b>2,105</b>	<b>4,919</b>	<b>6,240</b>	<b>784</b>	<b>2,027</b>	<b>4,997</b>
<b>Other Properties</b>								
Land held for development - consolidated	8,424	-	-	8,424	8,721	-	-	8,721
<b>Total Other Properties</b>	<b>8,424</b>	<b>-</b>	<b>-</b>	<b>8,424</b>	<b>8,721</b>	<b>-</b>	<b>-</b>	<b>8,721</b>
<b>TOTAL DEVELOPMENT AND OTHER PROPERTIES</b>	<b>\$ 14,664</b>	<b>\$ 54,799</b>	<b>\$ 2,105</b>	<b>\$ 67,358</b>	<b>\$ 14,961</b>	<b>\$ 54,800</b>	<b>\$ 2,027</b>	<b>\$ 67,734</b>
<b>TOTAL INVESTMENT IN REAL ESTATE</b>	<b>\$ 3,818,818</b>	<b>\$ 153,627</b>	<b>\$ 1,171,236</b>	<b>\$ 2,801,209</b>	<b>\$ 3,557,902</b>	<b>\$ 77,030</b>	<b>\$ 1,158,837</b>	<b>\$ 2,476,095</b>
<b>CONSOLIDATED PROPERTIES</b>	<b>\$ 3,475,582</b>	<b>\$ 131,924</b>	<b>\$ 1,071,477</b>	<b>\$ 2,536,029</b>	<b>\$ 3,224,952</b>	<b>\$ 60,452</b>	<b>\$ 1,061,051</b>	<b>\$ 2,224,353</b>
<b>UNCONSOLIDATED PROPERTIES</b>	<b>343,236</b>	<b>21,703</b>	<b>99,759</b>	<b>265,180</b>	<b>332,950</b>	<b>16,578</b>	<b>97,786</b>	<b>251,742</b>
<b>TOTAL INVESTMENT IN REAL ESTATE</b>	<b>\$ 3,818,818</b>	<b>\$ 153,627</b>	<b>\$ 1,171,236</b>	<b>\$ 2,801,209</b>	<b>\$ 3,557,902</b>	<b>\$ 77,030</b>	<b>\$ 1,158,837</b>	<b>\$ 2,476,095</b>

<sup>(1)</sup> Total includes PREIT's proportionate share of partnership assets and liabilities "grossed up" to reflect the Company's share of the total assets and liabilities of the underlying properties. The consolidated financial statements, which are presented in accordance with GAAP, reflect only the Company's equity in these properties.

<sup>(2)</sup> The Company sold its interest in this property in August 2015.

<sup>(3)</sup> The Company sold its interest in this property in October 2015. In connection with this sale, the Company retained one parcel.

<sup>(4)</sup> Consists of two parcels remaining after the sale of the property in 2010.

<sup>(5)</sup> Consisted of one parcel remaining after the sale of the property in 2010. The Company sold the parcel in July 2015.

<sup>(6)</sup> Consists of two parcels remaining after the sale of the property in 2010.

<sup>(7)</sup> The Company sold its interest in this property in July 2015.



**Pennsylvania Real Estate Investment Trust**  
**Capital Expenditures**  
*(in thousands)*

	Quarter Ended September 30, 2015			Nine Months Ended September 30, 2015		
	Consolidated	Unconsolidated	Total	Consolidated	Unconsolidated	Total
Redevelopment projects with incremental GLA and/or anchor replacement <sup>(1)</sup>	\$ 13,772	\$ 1,426	\$ 15,198	\$ 23,464	\$ 15,105	\$ 38,569
New development projects	-	3,676	3,676	61	14,544	14,605
Renovation with no incremental GLA	208	-	208	1,538	-	1,538
Tenant allowances	5,495	292	5,787	16,158	503	16,661
Recurring capital expenditures:						
CAM expenditures	5,264	135	5,399	8,072	338	8,410
Non-CAM expenditures	825	-	825	1,437	-	1,437
<b>Total recurring capital expenditures</b>	<b>6,089</b>	<b>135</b>	<b>6,224</b>	<b>9,509</b>	<b>338</b>	<b>9,847</b>
<b>Total</b>	<b>\$ 25,564</b>	<b>\$ 5,529</b>	<b>\$ 31,093</b>	<b>\$ 50,730</b>	<b>\$ 30,490</b>	<b>\$ 81,220</b>

<sup>(1)</sup> Net of any tenant reimbursements, parcel sales, tax credits or other incentives.

## Pennsylvania Real Estate Investment Trust

### Debt Analysis as of September 30, 2015

(in thousands)

#### Outstanding Debt

	Fixed Rate <sup>(1)</sup>		% of Total Indebtedness		Variable Rate		% of Total Indebtedness		Total	% of Total Indebtedness	
Consolidated mortgage loans payable	\$	1,386,426	67.5%		\$	5,844	0.3%		\$	1,392,270	67.8%
Unconsolidated mortgage loans payable		181,144	8.8%			20,241	1.0%			201,385	9.8%
Term Loans <sup>(2)</sup>		250,000	12.2%			150,000	7.3%			400,000	19.5%
2013 Revolving Facility		-	0.0%			60,000	2.9%			60,000	2.9%
<b>TOTAL OUTSTANDING DEBT</b>	<b>\$</b>	<b>1,817,570</b>	<b>88.5%</b>		<b>\$</b>	<b>236,085</b>	<b>11.5%</b>		<b>\$</b>	<b>2,053,655</b>	<b>100.0%</b>
<b>AVERAGE STATED INTEREST RATE</b>		<b>4.44%</b>				<b>1.76%</b>				<b>4.13%</b>	

<sup>(1)</sup> Includes variable rate debt swapped to fixed rate debt.

<sup>(2)</sup> In October 2015, the Company effectively swapped \$100.0 million of the variable interest rate term loans to a fixed interest rate of 2.80%.

#### Average Debt Balance

		2013 Revolving							
		Mortgage Debt	Facility	Term Loans	TOTAL				
<b>Beginning Balance</b>	6/30/2015	\$	1,559,385	\$	120,000	\$	400,000	\$	2,079,385
Mortgage loan amortization			(5,834)		-		-		(5,834)
Springfield Park mortgage loan assumption			(4,480)		-		-		(4,480)
Willow Grove Park mortgage loan repayment			(133,513)		-		-		(133,513)
Willow Grove Park mortgage loan refinance			170,000		-		-		170,000
Springfield Mall mortgage loan repayment			(30,845)		-		-		(30,845)
Springfield Mall mortgage loan refinance			32,500		-		-		32,500
Gloucester Premium Outlets construction loan draw			6,442		-		-		6,442
2013 Revolving Facility, net			-		(60,000)		-		(60,000)
<b>Ending Balance</b>	9/30/2015	\$	1,593,655	\$	60,000	\$	400,000	\$	2,053,655
<b>Weighted Average Balance</b>		\$	1,557,814	\$	90,000	\$	400,000	\$	2,047,814

#### Debt Maturities<sup>(1)</sup>

Year	Scheduled Amortization	Mortgage Balance at Maturity	2013 Revolving Facility	Term Loans	Total Debt
2015	\$ 5,953	\$ -	\$ -	\$ -	\$ 5,953
2016	20,763	219,480	-	-	240,243
2017	20,705	153,283	-	-	173,988
2018	20,710	164,156	60,000	-	244,866
2019	21,480	28,050	-	150,000	199,530
Thereafter	80,050	859,025	-	250,000	1,189,075
	<b>\$ 169,661</b>	<b>\$ 1,423,994</b>	<b>\$ 60,000</b>	<b>\$ 400,000</b>	<b>\$ 2,053,655</b>

<sup>(1)</sup> The weighted average period to mortgage loan maturity is 5.84 years, excluding extension options. Includes 100% of mortgage loan debt from consolidated properties and our share of mortgage loan debt from unconsolidated properties, based on our ownership percentage.

#### Weighted Average Mortgage Interest Rates

Year	Balance	Interest Rate
2016	\$ 221,571	5.55%
2017	153,461	5.46%
2018	166,520	3.48%
2019	28,050	4.38%
Thereafter	1,024,053	4.46%
Total	<b>\$ 1,593,655</b>	<b>4.60%</b>

**Pennsylvania Real Estate Investment Trust**  
**Debt Schedule as of September 30, 2015**  
*(in thousands)*

	<u>Debt <sup>(1)</sup></u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Balance at Maturity</u>	<u>Initial Maturity Date</u>	<u>Fully Extended Maturity Date</u>
<b>Fixed Rate Mortgage Loans</b>						
Valley Mall	\$ 79,695	5.49%	\$ 6,129	\$ 78,996	Mar 2016	Mar 2016
Woodland Mall	141,876	5.58%	10,760	140,484	Apr 2016	Apr 2016
The Mall at Prince Georges	150,000	5.51%	8,269	150,000	June 2017	June 2017
Francis Scott Key Mall <sup>(2)</sup>	62,625	3.71%	2,321	62,625	Mar 2018	Mar 2018
Viewmont Mall <sup>(2)</sup>	48,000	3.72%	1,786	48,000	Mar 2018	Mar 2018
Lycoming Mall <sup>(2)</sup>	33,271	3.72%	3,001	30,907	Mar 2018	Mar 2018
New River Valley Mall <sup>(2)(3)</sup>	28,050	4.38%	1,229	28,050	Jan 2019	Jan 2019
Valley View Mall	29,841	5.95%	2,290	27,161	July 2020	July 2020
Lehigh Valley Mall	64,849	5.88%	4,972	58,519	July 2020	July 2020
Red Rose Commons	14,030	5.14%	978	12,378	July 2021	July 2021
The Court at Oxford Valley	28,738	5.56%	2,058	25,782	July 2021	July 2021
Capital City Mall	62,505	5.30%	4,379	54,715	Mar 2022	Mar 2022
Cumberland Mall	48,331	4.40%	3,433	38,157	Aug 2022	Aug 2022
Cherry Hill Mall	294,624	3.90%	16,980	251,120	Sept 2022	Sept 2022
Dartmouth Mall	64,150	3.97%	3,825	53,300	Apr 2023	Apr 2023
Metroplex Shopping Center	41,027	5.00%	2,818	33,502	Oct 2023	Oct 2023
Wyoming Valley Mall	77,495	5.17%	5,124	66,747	Dec 2023	Dec 2023
Patrick Henry Mall	95,963	4.35%	5,748	77,591	July 2025	July 2025
Springfield Mall	32,500	4.45%	1,964	26,299	Oct 2025	Oct 2025
Willow Grove Park	170,000	3.88%	9,599	133,754	Oct 2025	Oct 2025
<b>Total Fixed Rate Mortgage Loans</b>	<b>\$ 1,567,570</b>	<b>4.64%</b>	<b>\$ 97,663</b>	<b>\$ 1,398,087</b>		
<b>Variable Rate Mortgage Loan</b>						
Pavilion East Associates	\$ 3,461	3.00%	\$ 253	\$ 3,283	Aug 2017	Aug 2017
Francis Scott Key Mall	5,844	2.80%	163	5,844	Mar 2018	Mar 2018
Gloucester Premium Outlets	16,780	1.70%	285	16,780	Jun 2018	Jun 2019
<b>Total Variable Rate Mortgage Loan</b>	<b>\$ 26,085</b>	<b>2.12%</b>	<b>\$ 701</b>	<b>\$ 25,907</b>		
<b>Total Mortgage Loans</b>	<b>\$ 1,593,655</b>	<b>4.60%</b>	<b>\$ 98,364</b>	<b>\$ 1,423,994</b>		
<b>CONSOLIDATED MORTGAGE LOANS</b>	<b>\$ 1,392,270</b>	<b>4.55%</b>	<b>\$ 85,036</b>	<b>\$ 1,247,451</b>		
<b>UNCONSOLIDATED MORTGAGE LOANS</b>	<b>201,385</b>	<b>4.97%</b>	<b>13,328</b>	<b>176,543</b>		
<b>2014 5 YEAR TERM LOAN <sup>(2)</sup></b>	<b>150,000</b>	<b>3.02%</b>	<b>4,525</b>	<b>150,000</b>	Jan 2019	Jan 2019
<b>2014 7 YEAR TERM LOAN <sup>(2)</sup></b>	<b>100,000</b>	<b>3.30%</b>	<b>3,297</b>	<b>100,000</b>	Jan 2021	Jan 2021
<b>2015 5 YEAR TERM LOAN VARIABLE <sup>(4)</sup></b>	<b>150,000</b>	<b>1.80%</b>	<b>2,696</b>	<b>150,000</b>	June 2020	June 2020
<b>2013 REVOLVING FACILITY</b>	<b>60,000</b>	<b>1.50%</b>	<b>898</b>	<b>60,000</b>	Jun 2018	Jun 2020
<b>Total</b>	<b>\$ 2,053,655</b>	<b>4.13%</b>	<b>\$ 109,780</b>	<b>\$ 1,883,994</b>		
<b>AMORTIZATION OF DEFERRED FINANCING FEES</b>	<b>-</b>	<b>0.14%</b>	<b>-</b>	<b>-</b>		
<b>EFFECTIVE INTEREST RATE</b>	<b>\$ 2,053,655</b>	<b>4.27%</b>	<b>\$ 109,780</b>	<b>\$ 1,883,994</b>		

<sup>(1)</sup> Includes 100% of debt from consolidated properties and our share of debt from unconsolidated properties, based on our ownership percentage.

<sup>(2)</sup> All or a portion of the loan has been effectively swapped to the fixed interest rate presented.

<sup>(3)</sup> Payments are of interest only until 2017, then principal and interest at a rate to be determined.

<sup>(4)</sup> In October 2015, the Company swapped \$100.0 million of this loan to a fixed interest rate of 2.80%. The balance of this loan will remain variable.

## Pennsylvania Real Estate Investment Trust

### *Selected Debt Ratios* <sup>(1)</sup>

	<u>September 30, 2015</u>
<b>Consolidated Liabilities to Gross Asset Value</b>	50.17%
Ratio of Consolidated Liabilities to Gross Asset Value shall not exceed 60%	
<b>Secured Indebtedness to Gross Asset Value</b>	36.97%
Secured indebtedness to Gross Asset Value may not exceed 60%	
<b>Adjusted EBITDA to Fixed Charges</b>	1.94
Adjusted EBITDA may not be less than 1.50 to 1.00	
<b>Unencumbered Adjusted NOI to Unsecured Interest Expense</b>	7.12
Unencumbered Adjusted NOI to Unsecured Interest Expense may not be less than 1.75 to 1.00	
<b>Unencumbered Debt Yield</b>	18.71%
The ratio of Unencumbered Adjusted NOI to Unsecured Debt may not be less than 11%	

<sup>(1)</sup> The 2013 Revolving Facility agreement dated as of April 17, 2013, as amended, the 2014 Term Loan agreements dated as of January 8, 2014, and 2015 Term Loan agreement dated as of June 26, 2015 contain identical affirmative and negative covenants customarily found in such agreements, including requirements that the Company, on a consolidated basis, maintain certain financial ratios. All capitalized terms used on this page have the meanings ascribed to such terms in the 2013 Revolving Facility, 2014 Term Loans and 2015 Term Loan. In addition to the ratios set forth herein, there are several other ratios set forth in the covenants under the 2013 Revolving Facility, 2014 Term Loans and 2015 Term Loan with which the Company must comply, all of which are described in the Company's 2014 Annual Report on Form 10-K dated February 23, 2015.

**Pennsylvania Real Estate Investment Trust**  
*Definitions*

**Funds From Operations (FFO)**

The National Association of Real Estate Investment Trusts (“NAREIT”) defines Funds From Operations (“FFO”), which is a non-GAAP measure commonly used by REITs, as net income (computed in accordance with GAAP) excluding gains and losses on sales of operating properties; plus real estate depreciation and amortization; and after adjustments for unconsolidated partnerships and joint ventures to reflect funds from operations on the same basis. We compute FFO in accordance with standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition, or that interpret the current NAREIT definition differently than we do. NAREIT’s established guidance provides that excluding impairment write downs of depreciable real estate is consistent with the NAREIT definition.

FFO is a commonly used measure of operating performance and profitability among REITs. We use FFO and FFO per diluted share and unit of limited partnership interest in our operating partnership (“OP Unit”) in measuring our performance against our peers and as one of the performance measures for determining incentive compensation amounts earned under certain of our performance-based executive compensation programs.

FFO does not include gains and losses on sales of operating real estate assets or impairment write downs of depreciable real estate, which are included in the determination of net income in accordance with GAAP. Accordingly, FFO is not a comprehensive measure of our operating cash flows. In addition, since FFO does not include depreciation on real estate assets, FFO may not be a useful performance measure when comparing our operating performance to that of other non-real estate commercial enterprises. We compensate for these limitations by using FFO in conjunction with other GAAP financial performance measures, such as net income and net cash provided by operating activities, and other non-GAAP financial performance measures, such as NOI. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (determined in accordance with GAAP) as an indication of our financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity, nor is it indicative of funds available for our cash needs, including our ability to make cash distributions. We believe that net income is the most directly comparable GAAP measurement to FFO.

We also present Funds From Operations, as adjusted, and Funds From Operations per diluted share and OP Unit, as adjusted, which are non-GAAP measures, for the three and nine months ended September 30, 2015 and 2014 to show the effect of mortgage prepayment penalty, accelerated amortization of financing costs, acquisition costs, loss on hedge ineffectiveness and provision for employee separation expense, which had a significant effect on our results of operations, but are not, in our opinion, indicative of our operating performance.

We believe that FFO is helpful to management and investors as a measure of operating performance because it excludes various items included in net income that do not relate to or are not indicative of operating performance, such as gains on sales of operating real estate and depreciation and amortization of real estate, among others. We believe that Funds From Operations, as adjusted, is helpful to management and investors as a measure of operating performance because it makes adjustments to FFO to exclude items that management does not believe are indicative of our operating performance, including but not limited to acquisition costs and loss on hedge ineffectiveness.

**Net Operating Income (NOI)**

NOI (a non-GAAP measure) is derived from real estate revenue (determined in accordance with generally accepted accounting principles, or GAAP, including lease termination revenue) minus property operating expenses (determined in accordance with GAAP), plus our share of revenue and property operating expense of our partnership investments. It does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (determined in accordance with GAAP) as an indication of our financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity. It is not indicative of funds available for our cash needs, including our ability to make cash distributions. We believe that NOI is helpful to management and investors as a measure of operating performance because it is an indicator of the return on property investment and provides a method of comparing property performance over time. We believe that net income is the most directly comparable GAAP measurement to NOI.

NOI excludes other income, general and administrative expense, provision for employee separation expenses, interest expense, depreciation and amortization, gain on sale of interest in non operating real estate, gain on sale of interest in real estate, impairment losses and acquisition costs and other expenses.

**Same Store NOI**

Same store NOI is calculated using retail properties owned for the full periods presented and excludes properties acquired or disposed of or under redevelopment during the periods presented.

**Funds Available for Distribution (FAD)**

FAD is a measure of a real estate company’s cash flows generated by operations and capacity to pay dividends. The Company calculates FAD by starting with FFO as adjusted and subtracting (1) straight-line rent, (2) normalized recurring capital expenditures that are capitalized but necessary to maintain our properties, (3) operational tenant allowances, (4) capitalized leasing costs, and (5) amortization of above- and below-market lease intangibles.

We believe that net income is the most directly comparable GAAP measurement to FAD. We believe FAD provides a meaningful indicator of our ability to fund cash needs and to make cash distributions to equity owners. In addition, we believe that to further understand our liquidity, FAD should be compared with our cash flow from operating activities determined in accordance with GAAP, as presented in our consolidated financial statements. The computation of FAD may not be comparable to FAD reported by other REITs or real estate companies and FAD does not represent cash generated from operating activities determined in accordance with GAAP, and should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of our performance, or as an alternative to net cash flow from operating activities (determined in accordance with GAAP), as a measure of our liquidity.

# *Pennsylvania Real Estate Investment Trust*

## *Forward Looking Statements*

This Quarterly Supplemental and Operating Information 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 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 stated value of preferred shares and our high leverage ratio;
- constraining leverage, unencumbered debt yield, interest and tangible net worth covenants under our Credit Agreements;
- potential losses on impairment of certain long-lived assets, such as real estate, or of intangible assets, such as goodwill, including such losses that we might be required to record in connection with any dispositions of assets;
- changes in the retail industry, including consolidation and store closings, particularly among anchor tenants;
- our ability to sell properties that we seek to dispose of or our ability to obtain estimated sale prices;
- the effects of online shopping and other uses of technology on our retail tenants;
- risks related to development and redevelopment activities;
- current economic conditions and the state of unemployment growth and consumer confidence and spending, and the corresponding effects on tenant business performance, prospects, solvency and leasing decisions and our cash flows, and the value and potential impairment of our properties;
- our ability to refinance our existing indebtedness when it matures, on favorable terms or at all;
- 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 ability to identify and execute on suitable acquisition opportunities and to integrate acquired properties into our portfolio;
- our partnership and joint ventures with third parties to acquire or develop properties;
- our short and long-term liquidity position;
- general economic, financial and political conditions, including credit and capital market conditions, changes in interest rates or unemployment;
- 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;
- acts of violence at malls, including our properties, or other similar spaces, and the potential effect on traffic and sales;
- changes to our corporate management team and any resulting modifications to our business strategies;
- increases in operating costs that cannot be passed on to 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; and
- potential dilution from any capital raising transactions or other equity issuances.