

LANDandBUILDINGS

Land and Buildings Highlights Substantial Undervaluation of Pennsylvania REIT and Outlines Path to Unlock Shareholder Value

Land and Buildings Issues Letter to PREIT Management and Releases Presentation Outlining Multi-Step Approach to Value Creation

Suggested Plan Could Drive PREIT shares up 55% to the Estimated \$30 per Share Net Asset Value

Stamford, CT— (October 20, 2014) – Today Land and Buildings, an investment firm specializing in publicly traded real estate and real estate related securities, and a shareholder of Pennsylvania Real Estate Investment Trust (“PREIT”) (NYSE: PEI), sent a letter and presentation to the CEO of PREIT.

The letter and presentation suggest several strategic actions to unlock shareholder value at PREIT, and potentially drive the share price to net asset value of \$30 per share – or 55% above the current share price.

The full text of the letter can be found below, and the presentation can be accessed at www.landandbuildings.com.

The full text of the letter is as follows:

October 20, 2014

Joseph F. Coradino
Chief Executive Officer
Pennsylvania Real Estate Investment Trust
200 South Broad Street
Philadelphia, PA 19102-3803

Dear Joe:

Thank you for collaborating with us since the second quarter to discuss ways to unlock the substantial undervaluation of Pennsylvania REIT’s (NYSE: PEI) shares relative to the private market value of the company’s assets. As we have discussed, we believe the net asset value of your mall portfolio is approximately \$30 per share, 55% above the current share priceⁱ.

To management’s credit, PREIT’s mall portfolio has been substantially upgraded over the past several years. 80% of estimated asset value is derived from malls generating an average sales productivity of \$480ⁱⁱ per square foot and Land and Buildings believes these 16 high quality “Keeper” malls are worth \$24 per share alone, or more than 20% above the current stock price. We believe the current stock price reflects less than zero equity value for the bottom 17 malls in the portfolio.

Glimcher Realty Trust’s (NYSE: GRT) recent agreement to sell its mall portfolio to Washington Prime Group (NYSE: WPG) at a 30% premium to the stock price, representing a sub-6%ⁱⁱⁱ cap rate for a portfolio

generating \$473 in sales per square foot^{iv}, clearly highlights the value of the PREIT malls which at the current stock price are trading at a 9% implied cap rate.

Despite your improvements to portfolio quality through new investments and recent success in selling lower quality assets, we believe that PREIT is still largely viewed as a low quality mall company by many investors and analysts. We are sure that you could not disagree more with this misperception.

As we outline in detail in the attached presentation, we believe the clearest path to maximize shareholder value and drive the share price closer to NAV is as follows:

1. Land and Buildings recommends PREIT liquidate its lowest productivity retail assets in a timely manner, transforming the “Keeper” company into a high quality \$480 sales per square foot mall REIT
2. Management should communicate a strategic plan to narrow the discount to NAV, including a liquidation of lowest quality assets, and state that if the valuation gap is not closed within a finite timeframe that PREIT will explore strategic alternatives, including a sale of the entire company

As shareholders of your company, we look forward to continuing to work with you and your team at PREIT to unlock the substantial discount to NAV and position PREIT to earn a cost of capital that will allow management to grow the company and further enhance shareholder value.

All the best,



Jonathan Litt
Founder & CIO
Land and Buildings

cc:

Robert McCadden
Bruce Goldman
Heather Crowell

About Land and Buildings:

Land and Buildings is a registered investment manager specializing in publicly traded real estate and real estate related securities. Land and Buildings seeks to deliver attractive risk adjusted returns by opportunistically investing in securities of global real estate and real estate related companies, leveraging its investment professionals' deep experience, research expertise and industry relationships.

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ⁱ PREIT share price of \$19.46 as of October 16, 2014 closing price

ⁱⁱ Total average sales per square foot for “Keeper” portfolio based on weighted average of Land and Buildings’ estimated NOI per asset using PREIT disclosures as of second quarter 2014 and based on reported sales by all comparable non-anchor tenants that lease individual spaces of 10,000 square feet or less

ⁱⁱⁱ Wall Street Research

^{iv} Based on Glimcher disclosures as of second quarter 2014 for sales for in-line stores with less than 10,000 square feet