



PREIT and Macerich Announce Plan to Redevelop and Rebrand The Gallery in Philadelphia

April 15, 2015

PHILADELPHIA, April 15, 2015 /PRNewswire/ -- Pennsylvania Real Estate Investment Trust PREIT (NYSE: [PEI](#)) and The Macerich Company (NYSE: [MAC](#)) (the "Partnership") today announced that they have reached a tentative agreement with the City of Philadelphia on a redevelopment and re-branding of the historic Gallery shopping mall and transit center in the heart of Center City.

If approved by Philadelphia City Council, the Philadelphia School Reform Commission and the Philadelphia Redevelopment Authority, the Gallery will be rebranded as the Fashion Outlets of Philadelphia at Market East following a two-year renovation that will open the site to Market Street and completely reimagine the shopping, dining and entertainment experience for tourists, commuters, office workers, and residents throughout Philadelphia and the region. The project will offer a fusion of outlet retail taking the form of luxury and moderate brands, traditional mall retail, popular flagship retail, artisanal food experiences and entertainment offerings.

"We believe that the proposed redevelopment will position The Gallery as the next great urban marketplace in the United States, capitalizing on its central location where mass transit, tourism, the residential population and employment bases converge," said Joseph F. Coradino, CEO of PREIT. "The redeveloped property will become the foundation of a new, vibrant Market East District, and we are excited to lead this effort."

The redevelopment benefits significantly from the participation of project partner Macerich, one of the nation's top mall owners, operators and developers, with extensive experience in adding value to well-situated assets in densely populated, urban environments. Macerich's market-right development and leasing – exemplified by projects such as the award-winning Fashion Outlets of Chicago that features exceptional brands in an upscale environment just minutes from O'Hare International Airport – succeed for retailers, shoppers and communities.

"The exciting plans for The Gallery are a strong strategic fit for Macerich's proven redevelopment expertise, our leadership in the growing outlet sector and our sizable geographic concentration in the New York City to Washington D.C. corridor," said Art Coppola, Chairman and CEO, Macerich. "Philadelphia is one of the great cities of the world, and this is a tremendous opportunity to create a highly successful, one-of-a-kind retail, dining and entertainment experience."

The project envisions a strong working partnership with the City that would streamline The Gallery's existing complex ownership structure to foster a unified and comprehensive renovation and re-branding of the facility. The tentative agreement calls for public investment from the Commonwealth of Pennsylvania and the City toward the project, which results in an estimated \$235 million net investment by PREIT and Macerich to fund the redevelopment. The City funding must be approved by City Council and the School Reform Commission and the transaction must be approved by the Philadelphia Redevelopment Authority.

Under the proposed redevelopment plan, the Gallery will undergo a top-to-bottom redesign that will reconfigure the 1.5 million square foot mixed-use facility as a bright, new contemporary space that welcomes shoppers and reconnects to Market Street with accessible storefronts, sidewalk cafes, a new streetscape, digital signage and graphics, all complementing the existing office space. Inside, the plan creates an open, well-lit and easily accessible three-block corridor of approximately 125 new stores, including dining and entertainment options. The highlight of the newly-reimagined space will be a stunning new glass-walled Center Court at 9th and Market that will welcome the robust number of tourists, office workers, conventioners and residents alike.

The proposed project includes a two-year construction schedule and a scheduled Grand Reopening in spring 2017. PREIT and Macerich are prepared to begin construction immediately upon obtaining the necessary public approvals.

When completed, the project will ensure improved access to public transit. During construction, ensuring public safety requires the closure of much of the mall during the two-year demolition and construction phase. Commuters will access mass transit during this period through street-level entrances at 8th and Market, 10th and Filbert, 11th and Filbert, and the Reading Terminal Headhouse at 12th and Market streets during the renovation.

"We have worked for more than a decade to reach this point, and we are excited to move forward with a project that will make Philadelphia proud," said Coradino. "The time is right for Market East, and we can't wait to get started."

About PREIT

PREIT is a real estate investment trust specializing in the ownership and management of differentiated retail shopping malls designed to fit the dynamic communities they serve. Founded in 1960 as Pennsylvania Real Estate Investment Trust, the Company owns and operates 30 million square feet of space in properties in 12 states in the eastern half of the United States with concentration in the Mid-Atlantic region and Greater Philadelphia. PREIT is headquartered in Philadelphia, Pennsylvania, and is publicly traded on the NYSE under the symbol PEI. Information about the Company can be found at www.preit.com or on [Twitter](#) or [LinkedIn](#).

About Macerich

Macerich, an S&P 500 company, is a fully integrated self-managed and self-administered real estate investment trust, which focuses on the acquisition, leasing, management, development and redevelopment of regional malls throughout the United States.

Macerich currently owns 54 million square feet of real estate consisting primarily of interests in 51 regional shopping centers. Macerich specializes in successful retail properties in many of the country's most attractive, densely populated markets with significant presence in the Pacific Rim, Arizona, Chicago and the Metro New York to Washington, DC corridor. Additional information about Macerich can be obtained from the Company's website at www.macerich.com.

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