

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

Commission File No. 1-12504

THE MACERICH COMPANY

(Exact name of registrant as specified in its charter)

MARYLAND

(State or other jurisdiction of
incorporation or organization)

95-4448705

(I.R.S. Employer Identification Number)

401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401

(Address of principal executive office, including zip code)

(310) 394-6000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve (12) months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller
reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

Number of shares outstanding as of May 7, 2018 of the registrant's common stock, par value \$0.01 per share: 140,992,474 shares

THE MACERICH COMPANY

FORM 10-Q

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THE MACERICH COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except par value)

(Unaudited)

	March 31, 2018	December 31, 2017
ASSETS:		
Property, net	\$ 6,908,416	\$ 7,109,230
Assets held for sale	142,611	—
Cash and cash equivalents	118,175	91,038
Restricted cash	49,677	52,067
Tenant and other receivables, net	94,081	112,653
Deferred charges and other assets, net	399,153	449,190
Due from affiliates	84,674	82,162
Investments in unconsolidated joint ventures	1,360,486	1,709,522
Total assets	<u>\$ 9,157,273</u>	<u>\$ 9,605,862</u>
LIABILITIES AND EQUITY:		
Mortgage notes payable:		
Related parties	\$ 170,311	\$ 171,569
Others	4,075,936	4,066,511
Total	4,246,247	4,238,080
Bank and other notes payable	657,594	932,184
Accounts payable and accrued expenses	67,430	58,412
Other accrued liabilities	285,447	325,701
Distributions in excess of investments in unconsolidated joint ventures	93,879	83,486
Financing arrangement obligation	398,091	—
Total liabilities	<u>5,748,688</u>	<u>5,637,863</u>
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Common stock, \$0.01 par value, 250,000,000 shares authorized, 141,104,587 and 140,993,985 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	1,411	1,410
Additional paid-in capital	4,549,748	4,510,489
Accumulated deficit	(1,393,418)	(830,279)
Accumulated other comprehensive income (loss)	19	(42)
Total stockholders' equity	<u>3,157,760</u>	<u>3,681,578</u>
Noncontrolling interests	250,825	286,421
Total equity	<u>3,408,585</u>	<u>3,967,999</u>
Total liabilities and equity	<u>\$ 9,157,273</u>	<u>\$ 9,605,862</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Revenues:		
Minimum rents	\$ 142,407	\$ 145,555
Percentage rents	1,884	1,918
Tenant recoveries	68,092	72,412
Other	13,809	15,264
Management Companies	10,542	11,896
Total revenues	<u>236,734</u>	<u>247,045</u>
Expenses:		
Shopping center and operating expenses	74,510	75,897
Management Companies' operating expenses	38,323	28,517
REIT general and administrative expenses	8,019	8,463
Depreciation and amortization	79,937	83,073
	<u>200,789</u>	<u>195,950</u>
Interest expense:		
Related parties	10,169	2,211
Other	42,466	39,090
	<u>52,635</u>	<u>41,301</u>
Total expenses	253,424	237,251
Equity in income of unconsolidated joint ventures	16,872	15,843
Co-venture expense	—	(3,877)
Income tax benefit	2,949	3,484
(Loss) gain on sale or write down of assets, net	(37,512)	49,565
Net (loss) income	<u>(34,381)</u>	<u>74,809</u>
Less net (loss) income attributable to noncontrolling interests	(808)	5,566
Net (loss) income attributable to the Company	<u>\$ (33,573)</u>	<u>\$ 69,243</u>
Earnings per common share—attributable to common stockholders:		
Basic	<u>\$ (0.24)</u>	<u>\$ 0.48</u>
Diluted	<u>\$ (0.24)</u>	<u>\$ 0.48</u>
Weighted average number of common shares outstanding:		
Basic	<u>141,024,000</u>	<u>143,596,000</u>
Diluted	<u>141,050,000</u>	<u>143,655,000</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Net (loss) income	\$ (34,381)	\$ 74,809
Other comprehensive loss:		
Interest rate cap	61	—
Comprehensive (loss) income	(34,320)	74,809
Less net (loss) income attributable to noncontrolling interests	(808)	5,566
Comprehensive (loss) income attributable to the Company	<u>\$ (33,512)</u>	<u>\$ 69,243</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY
CONSOLIDATED STATEMENT OF EQUITY
(Dollars in thousands, except per share data)
(Unaudited)

	Stockholders' Equity							Noncontrolling Interests	Total Equity
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity			
	Shares	Par Value							
Balance at January 1, 2018	140,993,985	\$ 1,410	\$ 4,510,489	\$ (830,279)	\$ (42)	\$ 3,681,578	\$ 286,421	\$ 3,967,999	
Net loss	—	—	—	(33,573)	—	(33,573)	(808)	(34,381)	
Cumulative effect of adoption of ASU 2014-09	—	—	—	(424,859)	—	(424,859)	—	(424,859)	
Interest rate cap	—	—	—	—	61	61	—	61	
Amortization of share and unit-based plans	109,602	1	13,611	—	—	13,612	—	13,612	
Distributions declared (\$0.74) per share	—	—	—	(104,707)	—	(104,707)	—	(104,707)	
Distributions to noncontrolling interests	—	—	—	—	—	—	(9,075)	(9,075)	
Conversion of noncontrolling interests to common shares	1,000	—	—	—	—	—	—	—	
Redemption of noncontrolling interests	—	—	(46)	—	—	(46)	(19)	(65)	
Adjustment of noncontrolling interests in Operating Partnership	—	—	25,694	—	—	25,694	(25,694)	—	
Balance at March 31, 2018	<u>141,104,587</u>	<u>\$ 1,411</u>	<u>\$ 4,549,748</u>	<u>\$ (1,393,418)</u>	<u>\$ 19</u>	<u>\$ 3,157,760</u>	<u>\$ 250,825</u>	<u>\$ 3,408,585</u>	

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net (loss) income	\$ (34,381)	\$ 74,809
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) on sale or write down of assets, net	37,512	(49,565)
Depreciation and amortization	81,524	84,551
Amortization of premium on mortgage notes payable	(235)	(926)
Amortization of share and unit-based plans	11,003	13,805
Straight-line rent adjustment	(2,683)	(1,884)
Amortization of above and below-market leases	152	193
Provision for doubtful accounts	1,354	1,318
Income tax benefit	(2,949)	(3,484)
Equity in income of unconsolidated joint ventures	(16,872)	(15,843)
Distributions of income from unconsolidated joint ventures	155	—
Change in fair value of financing arrangement obligation	4,382	—
Co-venture expense	—	3,877
Changes in assets and liabilities, net of acquisitions and dispositions:		
Tenant and other receivables	11,699	8,757
Other assets	11,473	12,618
Due from affiliates	(2,512)	(12,015)
Accounts payable and accrued expenses	13,239	4,285
Other accrued liabilities	(17,893)	(17,792)
Net cash provided by operating activities	<u>94,968</u>	<u>102,704</u>
Cash flows from investing activities:		
Development, redevelopment, expansion and renovation of properties	(49,242)	(33,013)
Property improvements	(4,968)	(4,350)
Proceeds from repayment of notes receivable	202	212
Deferred leasing costs	(13,384)	(11,267)
Distributions from unconsolidated joint ventures	418,333	114,528
Contributions to unconsolidated joint ventures	(40,990)	(26,593)
Proceeds from sale of assets	1,450	167,649
Net cash provided by investing activities	<u>311,401</u>	<u>207,166</u>

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in thousands)
(Unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Cash flows from financing activities:		
Proceeds from mortgages, bank and other notes payable	120,000	200,000
Payments on mortgages, bank and other notes payable	(387,643)	(263,927)
Deferred financing costs	(132)	(142)
Stock repurchases	—	(132,550)
Redemption of noncontrolling interests	(65)	(15)
Dividends and distributions	(113,782)	(110,621)
Distributions to co-venture partner	—	(4,302)
Net cash used in financing activities	(381,622)	(311,557)
Net increase (decrease) in cash and cash equivalents	24,747	(1,687)
Cash, cash equivalents and restricted cash, beginning of period	143,105	143,997
Cash, cash equivalents and restricted cash, end of period	<u>\$ 167,852</u>	<u>\$ 142,310</u>
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	<u>\$ 46,418</u>	<u>\$ 40,462</u>
Non-cash investing and financing transactions:		
Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities	<u>\$ 36,286</u>	<u>\$ 24,712</u>
Accrued stock repurchase costs	<u>\$ —</u>	<u>\$ 8,552</u>
Conversion of Operating Partnership Units to common stock	<u>\$ —</u>	<u>\$ 638</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(Dollars in thousands, except per share amounts)****(Unaudited)****1. Organization:**

The Macerich Company (the "Company") is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers (the "Centers") located throughout the United States.

The Company commenced operations effective with the completion of its initial public offering on March 16, 1994. As of March 31, 2018, the Company was the sole general partner of and held a 93% ownership interest in The Macerich Partnership, L.P. (the "Operating Partnership"). The Company was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code").

The property management, leasing and redevelopment of the Company's portfolio is provided by the Company's management companies, Macerich Property Management Company, LLC, a single member Delaware limited liability company, Macerich Management Company, a California corporation, Macerich Arizona Partners LLC, a single member Arizona limited liability company, Macerich Arizona Management LLC, a single member Delaware limited liability company, Macerich Partners of Colorado LLC, a single member Colorado limited liability company, MACW Mall Management, Inc., a New York corporation, and MACW Property Management, LLC, a single member New York limited liability company. All seven of the management companies are collectively referred to herein as the "Management Companies."

All references to the Company in this Quarterly Report on Form 10-Q include the Company, those entities owned or controlled by the Company and predecessors of the Company, unless the context indicates otherwise.

2. Summary of Significant Accounting Policies:*Basis of Presentation:*

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements and have not been audited by an independent registered public accounting firm.

The Company's sole significant asset is its investment in the Operating Partnership and as a result, substantially all of the Company's assets and liabilities represent the assets and liabilities of the Operating Partnership. In addition, the Operating Partnership has investments in a number of variable interest entities ("VIEs").

The Operating Partnership's VIEs included the following assets and liabilities:

	March 31, 2018	December 31, 2017
Assets:		
Property, net	\$ 288,521	\$ 288,881
Other assets	59,321	60,586
Total assets	<u>\$ 347,842</u>	<u>\$ 349,467</u>
Liabilities:		
Mortgage notes payable	\$ 128,449	\$ 129,436
Other liabilities	74,841	72,705
Total liabilities	<u>\$ 203,290</u>	<u>\$ 202,141</u>

All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share amounts)****(Unaudited)****2. Summary of Significant Accounting Policies: (Continued)**

The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements for the interim periods have been made. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying consolidated balance sheet as of December 31, 2017 has been derived from the audited financial statements but does not include all disclosures required by GAAP.

Recent Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue From Contracts With Customers (ASC 606)," which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard states that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." While the standard specifically references contracts with customers, it may apply to certain other transactions such as the sale of real estate or equipment. The standard applies to the Company's recognition of management companies and other revenues. The Company's adoption of the standard on January 1, 2018 did not have an impact on the pattern of revenue recognition for management companies and other revenues.

Additionally, under ASC 606, the Company changed its accounting for its joint venture in Chandler Freehold from a co-venture arrangement to a financing arrangement (See Note 11—Financing Arrangement). Upon adoption of the standard on January 1, 2018, the Company replaced its \$31,150 distributions in excess of co-venture obligation (See Note 8—Deferred Charges and Other Assets, net) with a financing arrangement obligation of \$393,709 on its consolidated balance sheets. This resulted in the recognition of a \$424,859 increase in the Company's accumulated deficit as a cumulative effect adjustment under the modified retrospective method of adoption.

In February 2016, the FASB issued ASU 2016-02, which sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The standard requires that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in negotiating a lease. Under existing standards, certain of these costs are capitalizable and therefore this new standard may result in certain of these costs being expensed as incurred after adoption. Under the standard, lessees apply a dual approach, classifying leases as either finance or operating leases. A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months, regardless of their lease classification. The Company is a lessee on ground leases at certain properties, on certain office space leases and on certain other improvements and equipment. The standard will impact the accounting and disclosure requirements for these leases. The standard is effective for the Company under a modified retrospective approach beginning January 1, 2019. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

On November 17, 2016, the FASB issued ASU 2016-18, "Restricted Cash," which requires that the statement of cash flows explain the change during a reporting period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. This standard states that transfers between cash, cash equivalents, and restricted cash are not part of the entity's operating, investing, and financing activities. Therefore, restricted cash should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. On January 1, 2018, the Company adopted the standard and retrospectively applied the guidance of the standard to the prior period presented, which resulted in an increase of \$63 in net cash provided by investing activities on its consolidated statements of cash flows for the three months ended March 31, 2017.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

2. Summary of Significant Accounting Policies: (Continued)

Recent Accounting Pronouncements: (Continued)

The following table presents a reconciliation of the beginning of period and end of period cash, cash equivalents and restricted cash reported on the Company's consolidated balance sheets to the totals shown on its consolidated statements of cash flows:

	For the Three Months Ended March 31,	
	2018	2017
Beginning of period		
Cash and cash equivalents	\$ 91,038	\$ 94,046
Restricted cash	52,067	49,951
Cash, cash equivalents and restricted cash	<u>\$ 143,105</u>	<u>\$ 143,997</u>
End of period		
Cash and cash equivalents	\$ 118,175	\$ 92,296
Restricted cash	49,677	50,014
Cash, cash equivalents and restricted cash	<u>\$ 167,852</u>	<u>\$ 142,310</u>

On January 5, 2017, the FASB issued ASU 2017-01, "Business Combinations," which clarifies the definition of a business. The objective of the standard is to add further guidance that assists entities in evaluating whether a transaction will be accounted for as an acquisition of an asset or a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If so, the set of transferred assets and activities are not a business and should be treated as an asset acquisition. The guidance also requires a business to include at least one substantive process and narrows the definition of outputs. The primary difference between business combinations and asset acquisitions is the recognition of transaction costs, which are expensed as period costs for business combinations and capitalized for asset acquisitions. The Company's adoption of this standard on January 1, 2018 did not have a significant impact on its consolidated financial statements.

In February 2017, the FASB issued ASU No. 2017-05, "Other Income-Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets," which clarifies the scope of asset derecognition and adds further guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with non-customers. The Company has concluded that property sales represent transactions with non-customers. Sales of property generally represent only one performance obligation and are recognized when an enforceable contract is in place, collectability is ensured and control is transferred to the buyer. The Company's adoption of this standard on January 1, 2018 did not have a significant impact on its consolidated financial statements.

In August 2017, the FASB issued ASU 2017-12, "Targeted Improvements to Accounting for Hedging Activities," which aims to (i) improve the transparency and understandability of information conveyed to financial statement users about an entity's risk management activities by better aligning the entity's financial reporting for hedging relationships with those risk management activities and (ii) reduce the complexity of and simplify the application of hedge accounting by preparers. The standard is effective for the Company beginning January 1, 2019, with early adoption permitted. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

3. Earnings per Share ("EPS"):

The following table reconciles the numerator and denominator used in the computation of EPS for the three months ended March 31, 2018 and 2017 (shares in thousands):

	For the Three Months Ended March 31,	
	2018	2017
Numerator		
Net (loss) income	\$ (34,381)	\$ 74,809
Less net (loss) income attributable to noncontrolling interests	(808)	5,566
Net (loss) income attributable to the Company	(33,573)	69,243
Allocation of earnings to participating securities	(244)	(184)
Numerator for basic and diluted EPS—net income attributable to common stockholders	<u>\$ (33,817)</u>	<u>\$ 69,059</u>
Denominator		
Denominator for basic EPS—weighted average number of common shares outstanding	141,024	143,596
Effect of dilutive securities(1):		
Share and unit-based compensation plans	26	59
Denominator for diluted EPS—weighted average number of common shares outstanding	<u>141,050</u>	<u>143,655</u>
EPS—net (loss) income attributable to common stockholders:		
Basic	<u>\$ (0.24)</u>	<u>\$ 0.48</u>
Diluted	<u>\$ (0.24)</u>	<u>\$ 0.48</u>

(1) Diluted EPS excludes 90,619 convertible preferred partnership units for the three months ended March 31, 2018 and 2017 as their impact was antidilutive. Diluted EPS excludes 10,291,217 and 10,591,428 Operating Partnership units ("OP Units") for the three months ended March 31, 2018 and 2017, respectively, as their impact was antidilutive.

4. Investments in Unconsolidated Joint Ventures:

The Company has made the following recent investments and dispositions in its unconsolidated joint ventures:

On March 17, 2017, the Company's joint venture in Country Club Plaza sold an office building for \$78,000, resulting in a gain on sale of assets of \$4,580. The Company's pro rata share of the gain on the sale of assets of \$2,290 was included in equity in income from unconsolidated joint ventures. The Company used its share of the proceeds to fund repurchases under the 2017 Stock Buyback Program (See Note 13—Stockholders' Equity).

On September 18, 2017, the Company's joint venture in Fashion District Philadelphia sold its ownership interest in an office building for \$61,500, resulting in a gain on sale of assets of \$13,078. The Company's pro rata share of the gain on the sale of assets of \$6,539 was included in equity in income from unconsolidated joint ventures. The Company used its share of the proceeds to fund repurchases under the 2017 Stock Buyback Program (See Note 13—Stockholders' Equity).

On December 14, 2017, the Company's joint venture in Westcor/Queen Creek LLC sold land for \$30,491, resulting in a gain on sale of assets of \$14,853. The Company's share of the gain on sale was \$5,436, which was included in equity in income of unconsolidated joint ventures. The Company used its portion of the proceeds to pay down its line of credit and for general corporate purposes.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

4. Investments in Unconsolidated Joint Ventures: (Continued)

On February 16, 2018, the Company's joint venture in Fashion District Philadelphia sold its ownership interest in an office building for \$41,800, resulting in a gain on sale of assets of \$5,545. The Company's pro rata share of the gain on the sale of assets of \$2,773 was included in equity in income from unconsolidated joint ventures. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures.

Combined and Condensed Balance Sheets of Unconsolidated Joint Ventures:

	March 31, 2018	December 31, 2017
Assets(1):		
Property, net	\$ 8,994,424	\$ 9,052,105
Other assets	602,553	635,838
Total assets	<u>\$ 9,596,977</u>	<u>\$ 9,687,943</u>
Liabilities and partners' capital(1):		
Mortgage and other notes payable(2)	\$ 5,979,160	\$ 5,296,594
Other liabilities	388,245	405,052
Company's capital	1,822,298	2,188,057
Outside partners' capital	1,407,274	1,798,240
Total liabilities and partners' capital	<u>\$ 9,596,977</u>	<u>\$ 9,687,943</u>
Investments in unconsolidated joint ventures:		
Company's capital	\$ 1,822,298	\$ 2,188,057
Basis adjustment(3)	(555,691)	(562,021)
	<u>\$ 1,266,607</u>	<u>\$ 1,626,036</u>
Assets—Investments in unconsolidated joint ventures	<u>\$ 1,360,486</u>	<u>\$ 1,709,522</u>
Liabilities—Distributions in excess of investments in unconsolidated joint ventures	<u>(93,879)</u>	<u>(83,486)</u>
	<u>\$ 1,266,607</u>	<u>\$ 1,626,036</u>

(1) These amounts include the assets of \$3,068,722 and \$3,106,105 of Pacific Premier Retail LLC (the "PPR Portfolio") as of March 31, 2018 and December 31, 2017, respectively, and liabilities of \$1,864,302 and \$1,872,227 of the PPR Portfolio as of March 31, 2018 and December 31, 2017, respectively.

(2) Included in mortgage and other notes payable are amounts due to an affiliate of Northwestern Mutual Life ("NML") of \$704,402 and \$482,332 as of March 31, 2018 and December 31, 2017, respectively. NML is considered a related party because it is a joint venture partner with the Company in Macerich Northwestern Associates—Broadway Plaza. Interest expense on these borrowings was \$4,958 and \$3,160 for the three months ended March 31, 2018 and 2017, respectively.

(3) The Company amortizes the difference between the cost of its investments in unconsolidated joint ventures and the book value of the underlying equity into income on a straight-line basis consistent with the lives of the underlying assets. The amortization of this difference was \$4,103 and \$4,027 for the three months ended March 31, 2018 and 2017, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

4. Investments in Unconsolidated Joint Ventures: (Continued)

Combined and Condensed Statements of Operations of Unconsolidated Joint Ventures:

	PPR Portfolio	Other Joint Ventures	Total
<i>Three Months Ended March 31, 2018</i>			
Revenues:			
Minimum rents	\$ 32,739	\$ 127,708	\$ 160,447
Percentage rents	432	1,811	2,243
Tenant recoveries	11,400	48,104	59,504
Other	1,017	11,091	12,108
Total revenues	45,588	188,714	234,302
Expenses:			
Shopping center and operating expenses	9,681	61,321	71,002
Interest expense	16,726	33,032	49,758
Depreciation and amortization	24,484	62,412	86,896
Total operating expenses	50,891	156,765	207,656
Gain on sale or write down of assets, net	—	970	970
Net (loss) income	\$ (5,303)	\$ 32,919	\$ 27,616
Company's equity in net (loss) income	\$ (616)	\$ 17,488	\$ 16,872
<i>Three Months Ended March 31, 2017</i>			
Revenues:			
Minimum rents	\$ 33,536	\$ 123,503	\$ 157,039
Percentage rents	730	1,738	2,468
Tenant recoveries	11,439	47,915	59,354
Other	1,026	11,511	12,537
Total revenues	46,731	184,667	231,398
Expenses:			
Shopping center and operating expenses	9,760	62,195	71,955
Interest expense	16,726	32,279	49,005
Depreciation and amortization	26,275	62,879	89,154
Total operating expenses	52,761	157,353	210,114
(Loss) gain on sale or write down of assets, net	(35)	4,581	4,546
Net (loss) income	\$ (6,065)	\$ 31,895	\$ 25,830
Company's equity in net (loss) income	\$ (962)	\$ 16,805	\$ 15,843

Significant accounting policies used by the unconsolidated joint ventures are similar to those used by the Company.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

5. Derivative Instruments and Hedging Activities:

The Company recorded other comprehensive income related to the marking-to-market of an interest rate cap agreement of \$61 for the three months ended March 31, 2018. There were no derivatives outstanding during the three months ended March 31, 2017.

The following derivative was outstanding at March 31, 2018:

Property	Notional Amount	Product	LIBOR Rate	Maturity	Fair Value
Santa Monica Place	\$ 300,000	Cap	4.00%	12/9/2019	\$ 65

The above interest rate cap agreement was designated as a hedging instrument with a fair value (Level 2 measurement) of \$65 and \$11 at March 31, 2018 and December 31, 2017, respectively, was included in deferred charges and other assets, net.

6. Property, net:

Property, net consists of the following:

	March 31, 2018	December 31, 2017
Land	\$ 1,527,460	\$ 1,567,152
Buildings and improvements	6,164,004	6,385,035
Tenant improvements	616,955	620,352
Equipment and furnishings	183,434	187,998
Construction in progress	391,222	366,996
	8,883,075	9,127,533
Less accumulated depreciation	(1,974,659)	(2,018,303)
	\$ 6,908,416	\$ 7,109,230

Depreciation expense was \$67,944 and \$68,956 for the three months ended March 31, 2018 and 2017, respectively.

The (loss) gain on sale or write down of assets, net was \$(37,512) and \$49,565 for the three months ended March 31, 2018 and 2017, respectively.

The loss on sale or write down of assets, net for the three months ended March 31, 2018 includes an impairment loss of \$36,338 on SouthPark Mall and \$1,043 on Promenade at Casa Grande. The impairment losses are due to the reduction of the estimated holding period of the properties. The gain on sale or write down of assets, net for the three months ended March 31, 2017 includes a gain of \$59,713 on the sale of Cascade Mall and Northgate Mall (See Note 15 —Dispositions) offset in part by a loss of \$10,138 on the write down of an investment in non-real estate assets.

The following table summarizes certain of the Company's assets that were measured on a nonrecurring basis as a result of impairment losses recorded for the three months ended March 31, 2018 as described above:

	Total Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2018	\$ 49,000	\$ —	\$ 49,000	\$ —

The fair values relating to the impairments were based on sales contracts.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and per square foot amounts)

(Unaudited)

7. Tenant and Other Receivables, net:

Included in tenant and other receivables, net is an allowance for doubtful accounts of \$3,139 and \$2,786 at March 31, 2018 and December 31, 2017, respectively. Also included in tenant and other receivables, net are accrued percentage rents of \$1,373 and \$8,711 at March 31, 2018 and December 31, 2017, respectively, and a deferred rent receivable due to straight-line rent adjustments of \$64,538 and \$61,859 at March 31, 2018 and December 31, 2017, respectively.

8. Deferred Charges and Other Assets, net:

Deferred charges and other assets, net consist of the following:

	March 31, 2018	December 31, 2017
Leasing	\$ 213,550	\$ 232,819
Intangible assets:		
In-place lease values	99,339	108,432
Leasing commissions and legal costs	24,830	25,958
Above-market leases	152,270	164,040
Deferred tax assets	31,517	29,006
Deferred compensation plan assets	51,983	52,221
Distributions in excess of co-venture obligation(1)	—	31,150
Other assets	56,313	66,990
	<u>629,802</u>	<u>710,616</u>
Less accumulated amortization(2)	<u>(230,649)</u>	<u>(261,426)</u>
	<u>\$ 399,153</u>	<u>\$ 449,190</u>

(1) See Note 11—Financing Arrangement.

(2) Accumulated amortization includes \$68,181 and \$74,507 relating to in-place lease values, leasing commissions and legal costs at March 31, 2018 and December 31, 2017, respectively. Amortization expense of in-place lease values, leasing commissions and legal costs was \$3,835 and \$6,004 for the three months ended March 31, 2018 and 2017, respectively.

The allocated values of above-market leases and below-market leases consist of the following:

	March 31, 2018	December 31, 2017
<i>Above-Market Leases</i>		
Original allocated value	\$ 152,270	\$ 164,040
Less accumulated amortization	(52,021)	(60,210)
	<u>\$ 100,249</u>	<u>\$ 103,830</u>
<i>Below-Market Leases(1)</i>		
Original allocated value	\$ 118,089	\$ 120,573
Less accumulated amortization	(56,029)	(55,489)
	<u>\$ 62,060</u>	<u>\$ 65,084</u>

(1) Below-market leases are included in other accrued liabilities.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and per square foot amounts)

(Unaudited)

9. Mortgage Notes Payable:

Mortgage notes payable at March 31, 2018 and December 31, 2017 consist of the following:

Property Pledged as Collateral	Carrying Amount of Mortgage Notes(1)				Effective Interest Rate(2)	Monthly Debt Service(3)	Maturity Date(4)
	March 31, 2018		December 31, 2017				
	Related Party	Other	Related Party	Other			
Chandler Fashion Center(5)	\$ —	\$ 199,920	\$ —	\$ 199,904	3.77%	\$ 625	2019
Danbury Fair Mall	103,737	103,736	104,599	104,598	5.53%	1,538	2020
Fashion Outlets of Chicago(6)	—	199,379	—	199,298	3.32%	527	2020
Fashion Outlets of Niagara Falls USA	—	111,981	—	112,770	4.89%	727	2020
Freehold Raceway Mall(5)	—	398,088	—	398,050	3.94%	1,300	2029
Fresno Fashion Fair	—	323,311	—	323,261	3.67%	971	2026
Green Acres Commons(7)	—	127,105	—	107,219	4.38%	413	2021
Green Acres Mall	—	289,684	—	291,366	3.61%	1,447	2021
Kings Plaza Shopping Center	—	444,688	—	447,231	3.67%	2,229	2019
Oaks, The	—	195,576	—	196,732	4.14%	1,064	2022
Pacific View	—	123,650	—	124,397	4.08%	668	2022
Queens Center	—	600,000	—	600,000	3.49%	1,744	2025
Santa Monica Place(8)	—	296,550	—	296,366	3.38%	771	2022
SanTan Village Regional Center	—	123,919	—	124,703	3.14%	589	2019
Towne Mall	—	21,053	—	21,161	4.48%	117	2022
Tucson La Encantada	66,574	—	66,970	—	4.23%	368	2022
Victor Valley, Mall of	—	114,631	—	114,617	4.00%	380	2024
Vintage Faire Mall	—	262,403	—	263,818	3.55%	1,256	2026
Westside Pavilion(9)	—	140,262	—	141,020	4.49%	783	2022
	<u>\$ 170,311</u>	<u>\$ 4,075,936</u>	<u>\$ 171,569</u>	<u>\$ 4,066,511</u>			

(1) The mortgage notes payable balances include the unamortized debt premiums. Debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in various acquisitions and are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method. The loan on Fashion Outlets of Niagara Falls USA had a premium of \$2,398 and \$2,630 at March 31, 2018 and December 31, 2017, respectively.

The mortgage notes payable also include unamortized deferred finance costs that are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method. Unamortized deferred finance costs were \$16,997 and \$17,838 at March 31, 2018 and December 31, 2017, respectively.

(2) The interest rate disclosed represents the effective interest rate, including the debt premiums and deferred finance costs.

(3) The monthly debt service represents the payment of principal and interest.

(4) The maturity date assumes that all extension options are fully exercised and that the Company does not opt to refinance the debt prior to these dates. These extension options are at the Company's discretion, subject to certain conditions, which the Company believes will be met.

(5) A 49.9% interest in the loan has been assumed by a third party in connection with the Company's joint venture in Chandler Freehold (See Note 11—Financing Arrangement).

(6) The loan bears interest at LIBOR plus 1.50%. At March 31, 2018 and December 31, 2017, the total interest rate was 3.32% and 3.02%, respectively.

(7) On March 1, 2018, the Company borrowed the remaining \$20,000 available under the loan agreement on the property. The loan bears interest at LIBOR plus 2.15%. At March 31, 2018 and December 31, 2017, the total interest rate was 4.38% and 4.07%, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

9. Mortgage Notes Payable: (Continued)

(8) The loan bears interest at LIBOR plus 1.35%. At March 31, 2018 and December 31, 2017, the total interest rate was 3.38% and 3.13%, respectively.

(9) On March 1, 2018, the Company entered into an agreement to contribute the underlying property into an unconsolidated joint venture (See Note 14—Collaborative Arrangement).

Most of the mortgage loan agreements contain a prepayment penalty provision for the early extinguishment of the debt.

The Company's mortgage notes payable are secured by the properties on which they are placed and are non-recourse to the Company.

The Company expects that all loan maturities during the next twelve months will be refinanced, restructured, extended and/or paid-off from the Company's line of credit or with cash on hand.

Total interest expense capitalized was \$4,331 and \$2,634 for the three months ended March 31, 2018 and 2017, respectively.

Related party mortgage notes payable are amounts due to an affiliate of NML. See Note 17—Related Party Transactions for interest expense associated with loans from NML.

The estimated fair value (Level 2 measurement) of mortgage notes payable at March 31, 2018 and December 31, 2017 was \$4,244,902 and \$4,250,816, respectively, based on current interest rates for comparable loans. Fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the property that serves as collateral for the underlying debt.

10. Bank and Other Notes Payable:

Bank and other notes payable consist of the following:

Line of Credit:

The Company has a \$1,500,000 revolving line of credit that bears interest at LIBOR plus a spread of 1.30% to 1.90%, depending on the Company's overall leverage level, and matures on July 6, 2020 with a one-year extension option. The line of credit can be expanded, depending on certain conditions, up to a total facility of \$2,000,000.

Based on the Company's leverage level as of March 31, 2018, the borrowing rate on the facility was LIBOR plus 1.45%. As of March 31, 2018 and December 31, 2017, borrowings under the line of credit were \$660,000 and \$935,000, respectively, less unamortized deferred finance costs of \$6,936 and \$7,548, respectively, at a total interest rate of 3.47% and 3.13%, respectively. The estimated fair value (Level 2 measurement) of the line of credit at March 31, 2018 and December 31, 2017 was \$649,031 and \$919,158, respectively, based on a present value model using a credit interest rate spread offered to the Company for comparable debt.

Prasada Note:

On March 29, 2013, the Company issued a \$13,330 note payable that bears interest at 5.25% and matures on May 30, 2021. The note payable is collateralized by a portion of a development reimbursement agreement with the City of Surprise, Arizona. At March 31, 2018 and December 31, 2017, the note had a balance of \$4,530 and \$4,732, respectively. The estimated fair value (Level 2 measurement) of the note at March 31, 2018 and December 31, 2017 was \$4,515 and \$4,717, respectively, based on current interest rates for comparable notes. Fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the collateral for the underlying debt.

As of March 31, 2018 and December 31, 2017, the Company was in compliance with all applicable financial loan covenants.

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share and per square foot amounts)****(Unaudited)****11. Financing Arrangement:**

On September 30, 2009, the Company formed a joint venture, whereby a third party acquired a 49.9% interest in Chandler Fashion Center, a 1,318,000 square foot regional shopping center in Chandler, Arizona, and Freehold Raceway Mall, a 1,671,000 square foot regional shopping center in Freehold, New Jersey, referred to herein as Chandler Freehold. As a result of the Company having certain rights under the agreement to repurchase the assets after the seventh year of the formation of Chandler Freehold, the transaction did not qualify for sale treatment. The Company, however, is not obligated to repurchase the assets. The transaction was initially accounted for as a co-venture arrangement, and accordingly the assets, liabilities and operations of the properties remain on the books of the Company and a co-venture obligation was established for the net cash proceeds received from the third party less costs allocated to a warrant. The co-venture obligation was increased for the allocation of income to the co-venture partner and decreased for distributions to the co-venture partner.

Upon adoption of ASC 606 on January 1, 2018, the Company changed its accounting for Chandler Freehold from a co-venture arrangement to a financing arrangement. Accordingly, the Company replaced its \$31,150 distributions in excess of co-venture obligation (See Note 8—Deferred Charges and Other Assets, net) with a financing arrangement liability of \$393,709 on its consolidated balance sheets. This resulted in the recognition of a \$424,859 increase in the Company's accumulated deficit as a cumulative effect adjustment under the modified retrospective method of adoption. The fair value (Level 3 measurement) of the financing arrangement obligation was based upon a multiple on net operating income of 21 times, a discount rate of 5.8% and market rents per square foot of \$20 to \$225. The fair value of the financing arrangement obligation is sensitive to these significant unobservable inputs and a change in these inputs may result in a significantly higher or lower fair value measurement. Under the standard, distributions to the partner and subsequent changes in fair value of the financing arrangement obligation are recognized as interest expense in the Company's consolidated statements of operations.

During the three months ended March 31, 2018, the Company incurred interest expense of \$8,022 in connection with the financing arrangement that consisted of i) a charge of \$4,382 to adjust the fair value of the financing arrangement obligation during the period, ii) distributions of \$2,002 to its partner representing the partner's share of net income, and iii) distributions of \$1,638 to its partner in excess of the partner's share of net income.

12. Noncontrolling Interests:

The Company allocates net income of the Operating Partnership based on the weighted average ownership interest during the period. The net income of the Operating Partnership that is not attributable to the Company is reflected in the consolidated statements of operations as noncontrolling interests. The Company adjusts the noncontrolling interests in the Operating Partnership at the end of each period to reflect its ownership interest in the Company. The Company had a 93% ownership interest in the Operating Partnership as of March 31, 2018 and December 31, 2017. The remaining 7% limited partnership interest as of March 31, 2018 and December 31, 2017 was owned by certain of the Company's executive officers and directors, certain of their affiliates and other third party investors in the form of OP Units. The OP Units may be redeemed for shares of stock or cash, at the Company's option. The redemption value for each OP Unit as of any balance sheet date is the amount equal to the average of the closing price per share of the Company's common stock, par value \$0.01 per share, as reported on the New York Stock Exchange for the 10 trading days ending on the respective balance sheet date. Accordingly, as of March 31, 2018 and December 31, 2017, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was \$593,454 and \$671,592, respectively.

The Company issued common and preferred units of MACWH, LP in April 2005 in connection with the acquisition of the Wilmorite portfolio. The common and preferred units of MACWH, LP are redeemable at the election of the holder. The Company may redeem them for cash or shares of the Company's stock at the Company's option and they are classified as permanent equity.

Included in permanent equity are outside ownership interests in various consolidated joint ventures. The joint ventures do not have rights that require the Company to redeem the ownership interests in either cash or stock.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and per square foot amounts)

(Unaudited)

13. Stockholders' Equity:

2017 Stock Buyback Program:

On February 12, 2017, the Company's Board of Directors authorized the repurchase of up to \$500,000 of its outstanding common shares as market conditions and the Company's liquidity warrant. Repurchases may be made through open market purchases, privately negotiated transactions, structured or derivative transactions, including ASR transactions, or other methods of acquiring shares, from time to time as permitted by securities laws and other legal requirements.

During the period from February 12, 2017 to December 31, 2017, the Company repurchased a total of 3,627,390 of its common shares for \$221,428, representing an average price of \$61.01 per share. The Company funded the repurchases from the net proceeds of the sale of Cascade Mall and Northgate Mall (See Note 15—Dispositions), its share of the proceeds from the sale of ownership interests in office buildings at Fashion District Philadelphia and Country Club Plaza (See Note 4—Investments in Unconsolidated Joint Ventures) and from borrowings under its line of credit. There were no repurchases during the three months ended March 31, 2018.

At-The-Market Stock Offering Program ("ATM Program"):

On August 20, 2014, the Company entered into an equity distribution agreement with a number of sales agents (the "ATM Program") to issue and sell, from time to time, shares of common stock, par value \$0.01 per share, having an aggregate offering price of up to \$500,000. The ATM Program expired by its terms in August 2017. No shares were sold under the ATM Program.

14. Collaborative Arrangement:

On March 1, 2018, the Company formed a 25/75 joint venture with a third party, whereby the Company agreed to contribute Westside Pavilion, a 755,000 square foot regional shopping center in Los Angeles, California in exchange for a cash payment of \$142,500. The Company expects to complete the transfer during the next twelve months. Both partners share operating control of the property and the Company will be reimbursed by the outside partner for 75% of the carrying cost of the property, which are defined in the agreement as operating expenses in excess of revenues, debt service and capital expenditures.

Since March 1, 2018, the Company has accounted for the operations of Westside Pavilion as a collaborative arrangement. Accordingly, the Company has reduced minimum rents, percentage rents, tenant recoveries, other revenue, shopping center and operating expenses and interest expense by its partner's 75% share and recorded a receivable due from its partner, which will be settled upon completion of the transfer of the property. The Company's partner's reimbursable 75% share of mortgage loan principal payments and capital expenditures are recorded as a receivable and a deferred gain that will be recognized when the transfer is completed.

Additionally, the Company has classified the long-lived assets of Westside Pavilion as held for sale on its consolidated balance sheet as of March 1, 2018 and has ceased the recognition of depreciation and amortization expense.

15. Dispositions:

The following are recent dispositions of properties:

On January 18, 2017, the Company sold Cascade Mall, a 589,000 square foot regional shopping center in Burlington, Washington; and Northgate Mall, a 750,000 square foot regional shopping center in San Rafael, California, in a combined transaction for \$170,000, resulting in a gain on the sale of assets of \$59,713. The proceeds were used to pay off the mortgage note payable on Northgate Mall and to repurchase shares of the Company's common stock under the 2017 Stock Buyback Program (See Note 13—Stockholders' Equity).

On November 16, 2017, the Company sold 500 North Michigan Avenue, a 326,000 square foot office building in Chicago, Illinois for \$86,350, resulting in a gain on sale of assets of \$14,597. The Company used the proceeds from the sale to pay down its line of credit and for other general corporate purposes.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and per square foot amounts)

(Unaudited)

16. Commitments and Contingencies:

The Company has certain properties that are subject to non-cancelable operating leases. The leases expire at various times through 2098, subject in some cases to options to extend the terms of the lease. Certain leases provide for contingent rent payments based on a percentage of base rental income, as defined in the lease. Rent expense was \$4,236 and \$4,217 for the three months ended March 31, 2018 and 2017, respectively. No contingent rent was incurred during the three months ended March 31, 2018 or 2017.

As of March 31, 2018, the Company was contingently liable for \$60,588 in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

The Company has entered into a number of construction agreements related to its redevelopment and development activities. Obligations under these agreements are contingent upon the completion of the services within the guidelines specified in the agreements. At March 31, 2018, the Company had \$31,916 in outstanding obligations which it believes will be settled in the next twelve months.

17. Related Party Transactions:

Certain unconsolidated joint ventures have engaged the Management Companies to manage the operations of the Centers. Under these arrangements, the Management Companies are reimbursed for compensation paid to on-site employees, leasing agents and project managers at the Centers, as well as insurance costs and other administrative expenses.

The following are fees charged to unconsolidated joint ventures:

	For the Three Months Ended March 31,	
	2018	2017
Management fees	\$ 4,679	\$ 4,480
Development and leasing fees	3,604	5,270
	\$ 8,283	\$ 9,750

Certain mortgage notes on the properties are held by NML (See Note 9—Mortgage Notes Payable). Interest expense in connection with these notes was \$2,147 and \$2,211 for the three months ended March 31, 2018 and 2017, respectively. Included in accounts payable and accrued expenses is interest payable on these notes of \$710 and \$716 at March 31, 2018 and December 31, 2017, respectively. Interest expense from related party transactions for the three months ended March 31, 2018 also includes \$8,022 in connection with the Financing Arrangement (See Note 11—Financing Arrangement).

Due from affiliates includes unreimbursed costs and fees from unconsolidated joint ventures due to the Management Companies. As of March 31, 2018 and December 31, 2017, the amounts due from the unconsolidated joint ventures was \$7,380 and \$5,411, respectively.

In addition, due from affiliates at March 31, 2018 and December 31, 2017 included a note receivable from RED/303 LLC ("RED") that bears interest at 5.25% and matures on May 30, 2021. Interest income earned on this note was \$60 and \$70 for the three months ended March 31, 2018 and 2017, respectively. The balance on this note was \$4,590 and \$4,796 at March 31, 2018 and December 31, 2017, respectively. RED is considered a related party because it is a partner in a joint venture development project. The note is collateralized by RED's membership interest in the development project.

Also included in due from affiliates is a note receivable from Lennar Corporation that bears interest at LIBOR plus 2% and matures upon the completion of certain milestones in connection with the development of Fashion Outlets of San Francisco. Interest income earned on this note was \$749 and \$611 for the three months ended March 31, 2018 and 2017, respectively. The balance on this note was \$72,704 and \$71,955 at March 31, 2018 and December 31, 2017, respectively. Lennar Corporation is considered a related party because it is a joint venture partner in Fashion Outlets of San Francisco.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and per square foot amounts)

(Unaudited)

18. Share and Unit-Based Plans:

Under the Long-Term Incentive Plan ("LTIP"), each award recipient is issued a form of units ("LTIP Units") in the Operating Partnership. Upon the occurrence of specified events and subject to the satisfaction of applicable vesting conditions, LTIP Units (after conversion into OP Units) are ultimately redeemable for common stock of the Company, or cash at the Company's option, on a one-unit for one-share basis. LTIP Units receive cash dividends based on the dividend amount paid on the common stock of the Company. The LTIP may include both market-indexed awards and service-based awards.

The market-indexed LTIP Units vest over the service period of the award based on the percentile ranking of the Company in terms of total return to the stockholders (the "Total Return") per common stock share relative to the Total Return of a group of peer REITs, as measured at the end of the measurement period.

During the three months ended March 31, 2018, the Company granted the following LTIP Units:

Grant Date	Units	Type	Fair Value per LTIP Unit	Vest Date
1/1/2018	65,466	Service-based	\$ 65.68	12/31/2020
1/1/2018	291,326	Market-indexed	\$ 44.28	12/31/2020
1/29/2018	13,632	Service-based	\$ 66.02	2/1/2022
1/29/2018	1,893	Service-based	\$ 66.02	12/31/2020
1/29/2018	7,775	Market-indexed	\$ 48.23	12/31/2020
3/2/2018	99,407	Service-based	\$ 59.04	3/2/2018
	<u>479,499</u>			

The fair value of the marked-indexed LTIP Units granted on January 1, 2018 were estimated on the date of grant using a Monte Carlo Simulation model that assumed a risk free interest rate of 1.98% and an expected volatility of 23.38%. The fair value of the marked-indexed LTIP Units granted on January 29, 2018 were estimated on the date of grant using a Monte Carlo Simulation model that assumed a risk free interest rate of 2.25% and an expected volatility of 23.86%.

The following summarizes the compensation cost under the share and unit-based plans:

	For the Three Months Ended March 31,	
	2018	2017
LTIP Units	\$ 10,108	\$ 14,381
Stock units	3,230	2,612
Stock options	31	4
Phantom stock units	243	177
	<u>\$ 13,612</u>	<u>\$ 17,174</u>

The Company capitalized share and unit-based compensation costs of \$2,609 and \$3,369 for the three months ended March 31, 2018 and 2017, respectively. Unrecognized compensation costs of share and unit-based plans at March 31, 2018 consisted of \$14,647 from LTIP Units, \$6,981 from stock units, \$146 from stock options and \$278 from phantom stock units.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

18. Share and Unit-Based Plans: (Continued)

The following table summarizes the activity of the non-vested LTIP Units, phantom stock units and stock units:

	LTIP Units		Phantom Stock Units		Stock Units	
	Units	Value(1)	Units	Value(1)	Units	Value(1)
Balance at January 1, 2018	636,632	\$ 52.36	4,054	\$ 79.82	151,355	\$ 73.32
Granted	479,499	51.03	4,366	63.03	82,782	59.00
Vested	(99,407)	59.04	(3,639)	70.71	(102,596)	73.42
Forfeited	—	—	(790)	80.20	—	—
Balance at March 31, 2018	<u>1,016,724</u>	<u>\$ 51.08</u>	<u>3,991</u>	<u>\$ 69.67</u>	<u>131,541</u>	<u>\$ 64.24</u>

(1) Value represents the weighted average grant date fair value.

The following table summarizes the activity of the stock appreciations rights ("SARs") and stock options outstanding:

	SARs		Stock Options	
	Units	Value(1)	Units	Value(1)
Balance at January 1, 2018	235,439	\$ 53.83	35,565	\$ 57.32
Granted	—	—	—	—
Exercised	(225,439)	53.95	—	—
Balance at March 31, 2018	<u>10,000</u>	<u>\$ 51.70</u>	<u>35,565</u>	<u>\$ 57.32</u>

(1) Value represents the weighted average exercise price.

19. Income Taxes:

The Company has made taxable REIT subsidiary elections for all of its corporate subsidiaries other than its qualified REIT subsidiaries. The elections, effective for the year beginning January 1, 2001 and future years, were made pursuant to Section 856(l) of the Code. The Company's taxable REIT subsidiaries ("TRSs") are subject to corporate level income taxes which are provided for in the Company's consolidated financial statements. The Company's primary TRSs include Macerich Management Company and Macerich Arizona Partners LLC.

The income tax provision of the TRSs are as follows:

	For the Three Months Ended March 31,	
	2018	2017
Current	\$ 439	\$ —
Deferred	2,510	3,484
Total income tax benefit	<u>\$ 2,949</u>	<u>\$ 3,484</u>

The net operating loss carryforwards are currently scheduled to expire through 2037, beginning in 2025. Net deferred tax assets of \$31,517 and \$29,006 were included in deferred charges and other assets, net at March 31, 2018 and December 31, 2017, respectively.

The tax years 2014 through 2017 remain open to examination by the taxing jurisdictions to which the Company is subject. The Company does not expect that the total amount of unrecognized tax benefit will materially change within the next twelve months.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and per square foot amounts)

(Unaudited)

20. Subsequent Events:

On April 27, 2018, the Company announced a dividend/distribution of \$0.74 per share for common stockholders and OP Unit holders of record on May 8, 2018. All dividends/distributions will be paid 100% in cash on June 1, 2018.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

IMPORTANT INFORMATION RELATED TO FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of The Macerich Company (the "Company") contains or incorporates statements that constitute forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "should," "expects," "anticipates," "intends," "projects," "predicts," "plans," "believes," "seeks," "estimates," "scheduled" and variations of these words and similar expressions. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Forward-looking statements appear in a number of places in this Form 10-Q and include statements regarding, among other matters:

- expectations regarding the Company's growth;
- the Company's beliefs regarding its acquisition, redevelopment, development, leasing and operational activities and opportunities, including the performance of its retailers;
- the Company's acquisition, disposition and other strategies;
- regulatory matters pertaining to compliance with governmental regulations;
- the Company's capital expenditure plans and expectations for obtaining capital for expenditures;
- the Company's expectations regarding income tax benefits;
- the Company's expectations regarding its financial condition or results of operations; and
- the Company's expectations for refinancing its indebtedness, entering into and servicing debt obligations and entering into joint venture arrangements.

Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or the industry to differ materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. Such factors include, among others, general industry, as well as national, regional and local economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates, terms and payments, interest rate fluctuations, availability, terms and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technology, risks of real estate development and redevelopment, acquisitions and dispositions; the liquidity of real estate investments, governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities or other acts of violence which could adversely affect all of the above factors. You are urged to carefully review the disclosures we make concerning these risks and other factors that may affect our business and operating results, under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, as well as our other reports filed with the Securities and Exchange Commission (the "SEC"), which disclosures are incorporated herein by reference. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not intend, and undertakes no obligation, to update any forward-looking information to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, unless required by law to do so.

Management's Overview and Summary

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers located throughout the United States. The Company is the sole general partner of, and owns a majority of the ownership interests in, The Macerich Partnership, L.P. (the "Operating Partnership"). As of March 31, 2018, the Operating Partnership owned or had an ownership interest in 48 regional shopping centers and seven community/power shopping centers aggregating approximately 53 million square feet of gross leasable area. These 55 regional and community/power shopping centers are referred to hereinafter as the "Centers," unless the context otherwise requires. The Company is a self-administered and self-managed real estate investment trust ("REIT") and conducts all of its operations through the Operating Partnership and the Management Companies.

The following discussion is based primarily on the consolidated financial statements of the Company for the three months ended March 31, 2018 and 2017. It compares the results of operations and cash flows for the three months ended March 31, 2018 to the results of operations and cash flows for the three months ended March 31, 2017. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Acquisitions and Dispositions:

The financial statements reflect the following acquisitions, dispositions and changes in ownership subsequent to the occurrence of each transaction.

On January 18, 2017, the Company sold Cascade Mall, a 589,000 square foot regional shopping center in Burlington, Washington; and Northgate Mall, a 750,000 square foot regional shopping center in San Rafael, California, in a combined transaction for \$170.0 million, resulting in a gain on the sale of assets of \$59.7 million. The proceeds were used to pay off the mortgage note payable on Northgate Mall and to repurchase shares of the Company's common stock under the 2017 Stock Buyback Program (See "Other Transactions and Events").

On March 17, 2017, the Company's joint venture in Country Club Plaza sold an office building for \$78.0 million, resulting in a gain on sale of assets of \$4.6 million. The Company's pro rata share of the gain on sale of assets of \$2.3 million was included in equity in income from unconsolidated joint ventures. The Company used its share of the proceeds to fund repurchases under the 2017 Stock Buyback Program (See "Other Transactions and Events").

On September 18, 2017, the Company's joint venture in Fashion District Philadelphia sold its share of an office building for \$61.5 million, resulting in a gain on sale of assets of \$13.1 million. The Company's pro rata share of the gain on sale of assets of \$6.5 million was included in equity in income from unconsolidated joint ventures. The Company used its share of the proceeds to fund repurchases under the 2017 Stock Buyback Program (See "Other Transactions and Events").

On November 16, 2017, the Company sold 500 North Michigan Avenue, a 326,000 square foot office building in Chicago, Illinois for \$86.4 million, resulting in a gain on sale of assets of \$14.6 million. The Company used the proceeds from the sale to pay down its line of credit and for other general corporate purposes.

On December 14, 2017, the Company's joint venture in Westcor/Queen Creek LLC sold land for \$30.5 million, resulting in a gain on sale of assets of \$14.9 million. The Company's share of the gain on sale was \$5.4 million, which was included in equity in income of unconsolidated joint ventures. The Company used its portion of the proceeds to pay down its line of credit and for general corporate purposes.

On February 16, 2018, the Company's joint venture in Fashion District Philadelphia sold its share of an office building for \$41.8 million, resulting in a gain on sale of assets of \$5.5 million. The Company's pro rata share of the gain on the sale of assets of \$2.8 million was included in equity in income from unconsolidated joint ventures. The Company used its portion of the proceeds to pay down its line of credit and for general corporate purposes.

On March 1, 2018, the Company formed a 25/75 joint venture with a third party, whereby the Company agreed to contribute Westside Pavilion, a 755,000 square foot regional shopping center in Los Angeles, California in exchange for a cash payment of \$142.5 million. The Company expects to complete the transfer during the next twelve months. Both partners share operating control of the property and the Company will be reimbursed by the outside partner for 75% of the carrying cost of the property, which are defined in the agreement as operating expenses in excess of revenues, debt service and capital expenditures. Since March 1, 2018, the Company has accounted for the operations of Westside Pavilion as a collaborative arrangement. Accordingly, the Company has reduced minimum rents, percentage rents, tenant recoveries, other revenue, shopping center and operating expenses and interest expense by its partner's 75% share and recorded a receivable due from its partner, which will be settled upon completion of the transfer of the property. The Company's partner's reimbursable 75% share of mortgage loan principal payments and capital expenditures are recorded as a receivable and a deferred gain that will be recognized when the transfer is completed.

Financing Activities:

On February 1, 2017, the Company's joint venture in West Acres replaced the existing loan on the property with a new \$80.0 million loan that bears interest at an effective rate of 4.61% and matures on March 1, 2032. The Company used its share of the excess proceeds to pay down its line of credit and for general corporate purposes.

On March 16, 2017, the Company's joint venture in Kierland Commons replaced the existing loan on the property with a new \$225.0 million loan that bears interest at an effective rate of 3.98% and matures on April 1, 2027. The Company used its share of the excess proceeds to pay down its line of credit and for general corporate purposes.

On September 29, 2017, the Company placed a new \$110.0 million loan on Green Acres Commons that bears interest at LIBOR plus 2.15% and matures on March 29, 2021. The Company expanded the loan and borrowed the additional \$20.0 million available on the loan on March 1, 2018. The Company used the proceeds to pay down its line of credit and for general corporate purposes.

On October 19, 2017, the Company's joint venture in Chandler Fashion Center and Freehold Raceway Mall ("Chandler Freehold") replaced the existing loan on Freehold Raceway Mall with a new \$400.0 million loan that bears interest at an effective rate of 3.94% and matures on November 1, 2029. The Company used its share of the net proceeds to pay down its line of credit and for general corporate purposes.

On November 1, 2017, the Company paid off the \$95.0 million mortgage loan payable on Stonewood Center. The Company funded the repayment of the mortgage loan payable from borrowings under its line of credit.

On December 4, 2017, the Company replaced the existing loan on Santa Monica Place with a new \$300.0 million loan that bears interest at LIBOR plus 1.35% and matures on December 9, 2022, including three one-year extension options. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 4.00%. The Company used the net proceeds to pay down its line of credit and for general corporate purposes.

On January 22, 2018, the Company's joint venture in Fashion District Philadelphia obtained a \$250.0 million term loan that bears interest at LIBOR plus 2.0% and matures on January 22, 2023. Concurrent with the loan closing, the joint venture borrowed \$150.0 million on the term loan and borrowed the remaining \$100.0 million on March 26, 2018. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On March 29, 2018, the Company's joint venture in Broadway Plaza placed a \$450.0 million loan on the property that bears interest at an effective rate of 4.19% and matures on April 1, 2030. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

Redevelopment and Development Activities:

The Company's joint venture is proceeding with the development of Fashion District Philadelphia, a redevelopment of an 850,000 square foot shopping center in Philadelphia, Pennsylvania. The project is expected to be completed in 2018. The total cost of the project is estimated to be between \$305.0 million and \$365.0 million, with \$152.5 million to \$182.5 million estimated to be the Company's pro rata share. The Company has funded \$134.8 million of the total \$269.6 million incurred by the joint venture as of March 31, 2018.

The Company is currently in the process of redeveloping the 250,000 square foot former Sears store at Kings Plaza Shopping Center. The Company expects to complete the project in the second quarter of 2018. As of March 31, 2018, the Company has incurred \$81.3 million in costs and anticipates the total cost of the project to be between \$95.0 million and \$100.0 million.

Other Transactions and Events:

On February 12, 2017, the Company's Board of Directors authorized the repurchase of up to \$500.0 million of its outstanding common shares as market conditions and the Company's liquidity warrant. Repurchases may be made through open market purchases, privately negotiated transactions, structured or derivative transactions, including ASR transactions, or other methods of acquiring shares, from time to time as permitted by securities laws and other legal requirements. During the period from February 12, 2017 to December 31, 2017, the Company repurchased a total of 3,627,390 of its common shares for \$221.4 million, representing an average price of \$61.01 per share. The Company funded the repurchases from the net proceeds of the sale of Cascade Mall and Northgate Mall (See "Acquisitions and Dispositions"), its share of the proceeds from the sale of ownership interests in office buildings at Fashion District Philadelphia and Country Club Plaza (See "Acquisitions and Dispositions") and from borrowings under its line of credit. No repurchases were made during the three months ended March 31, 2018.

On January 1, 2018, upon adoption of ASU 2014-09, "Revenue From Contracts With Customers (ASC 606)", the Company changed its accounting for Chandler Freehold from a co-venture arrangement to a financing arrangement ("Financing Arrangement"). As a result, the Company no longer records co-venture expense for its partner's share of the income of Chandler Freehold. Under the Financing Arrangement, the Company recognizes interest expense on (i) the changes in fair value of the Financing Arrangement obligation, (ii) any payments to the joint venture partner equal to their pro rata share of net income and (iii) any payments to the joint venture partner less than or in excess of their pro rata share of net income.

On February 1 and 2, 2018, the Company reduced its workforce by approximately 10 percent. The Company incurred a one-time charge of \$12.7 million in connection with the workforce reduction during the three months ended March 31, 2018. As a result of the workforce reduction, the Company anticipates expenses, exclusive of the one-time charge, will be reduced by approximately \$10.0 million during the year ending December 31, 2018.

Inflation:

In the last five years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically throughout the lease term. These rent increases are either in fixed increments or based on using an annual multiple of increases in the Consumer Price Index ("CPI"). In addition, approximately 5% to 15% of the leases for spaces 10,000 square feet and under expire each year, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. The Company has generally entered into leases that require tenants to pay a stated amount for operating expenses, generally excluding property taxes, regardless of the expenses actually incurred at any Center, which places the burden of cost control on the Company. Additionally, certain leases require the tenants to pay their pro rata share of operating expenses.

Seasonality:

The shopping center industry is seasonal in nature, particularly in the fourth quarter during the holiday season when retailer occupancy and retail sales are typically at their highest levels. In addition, shopping malls achieve a substantial portion of their specialty (temporary retailer) rents during the holiday season and the majority of percentage rent is recognized in the fourth quarter. As a result of the above, earnings are generally higher in the fourth quarter.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Some of these estimates and assumptions include judgments on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectible accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, capitalization of costs and fair value measurements. The Company's significant accounting policies are described in more detail in Note 2—Summary of Significant Accounting Policies in the Company's Notes to the Consolidated Financial Statements. However, the following policies are deemed to be critical.

Revenue Recognition:

Minimum rental revenues are recognized on a straight-line basis over the term of the related lease. The difference between the amount of rent due in a year and the amount recorded as rental income is referred to as the "straight line rent adjustment." Currently, 45% of the mall store and freestanding store leases contain provisions for CPI rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases. Percentage rents are recognized when the tenants' specified sales targets have been met. Estimated recoveries from certain tenants for their pro rata share of real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred. Other tenants pay a fixed rate and these tenant recoveries are recognized as revenues on a straight-line basis over the term of the related leases.

Property:

Maintenance and repair expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc., are capitalized and depreciated over their estimated useful lives. Gains and losses are recognized upon disposal or retirement of the related assets and are reflected in earnings.

Property is recorded at cost and is depreciated using a straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Tenant improvements	5 - 7 years
Equipment and furnishings	5 - 7 years

Capitalization of Costs:

The Company capitalizes costs incurred in redevelopment, development, renovation and improvement of properties. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. These capitalized costs include direct and certain indirect costs clearly associated with the project. Indirect costs include real estate taxes, insurance and certain shared administrative costs. In assessing the amounts of direct and indirect costs to be capitalized, allocations are made to projects based on estimates of the actual amount of time spent on each activity. Indirect costs not clearly associated with specific projects are expensed as period costs. Capitalized indirect costs are allocated to development and redevelopment activities based on the square footage of the portion of the building not held available for immediate occupancy. If costs and activities incurred to ready the vacant space cease, then cost capitalization is also discontinued until such activities are resumed. Once work has been completed on a vacant space, project costs are no longer capitalized. For projects with extended lease-up periods, the Company ends the capitalization when significant activities have ceased, which does not exceed the shorter of a one-year period after the completion of the building shell or when the construction is substantially complete.

Acquisitions:

The Company allocates the estimated fair value of acquisitions to land, building, tenant improvements and identified intangible assets and liabilities, based on their estimated fair values. In addition, any assumed mortgage notes payable are recorded at their estimated fair values. The estimated fair value of the land and buildings is determined utilizing an “as if vacant” methodology. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair value basis at the acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under property and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) leasing commissions and legal costs, which represent the value associated with “cost avoidance” of acquiring in-place leases, such as lease commissions paid under terms generally experienced in the Company’s markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the “assumed vacant” property to the occupancy level when purchased; and (iii) above or below-market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Leasing commissions and legal costs are recorded in deferred charges and other assets and are amortized over the remaining lease terms. The value of in-place leases are recorded in deferred charges and other assets and amortized over the remaining lease terms plus any below-market fixed rate renewal options. Above or below-market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the contractual terms are above or below-market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases. The remaining lease terms of below-market leases may include certain below-market fixed-rate renewal periods. In considering whether or not a lessee will execute a below-market fixed-rate lease renewal option, the Company evaluates economic factors and certain qualitative factors at the time of acquisition such as tenant mix in the Center, the Company’s relationship with the tenant and the availability of competing tenant space. The initial allocation of purchase price is based on management’s preliminary assessment, which may change when final information becomes available. Subsequent adjustments made to the initial purchase price allocation are made within the allocation period, which does not exceed one year. The purchase price allocation is described as preliminary if it is not yet final. The use of different assumptions in the allocation of the purchase price of the acquired assets and liabilities assumed could affect the timing of recognition of the related revenues and expenses.

The Company immediately expenses costs associated with business combinations as period costs.

Remeasurement gains are recognized when the Company obtains control of an existing equity method investment to the extent that the fair value of the existing equity investment exceeds the carrying value of the investment.

Asset Impairment:

The Company assesses whether an indicator of impairment in the value of its properties exists by considering expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include projected rental revenue, operating costs and capital expenditures as well as estimated holding periods and capitalization rates. If an impairment indicator exists, the determination of recoverability is made based upon the estimated undiscounted future net cash flows, excluding interest expense. The amount of impairment loss, if any, is determined by comparing the fair value, as determined by a discounted cash flows analysis or a contracted sales price, with the carrying value of the related assets. The Company generally holds and operates its properties long-term, which decreases the likelihood of their carrying values not being recoverable. Properties classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell.

The Company reviews its investments in unconsolidated joint ventures for a series of operating losses and other factors that may indicate that a decrease in the value of its investments has occurred which is other-than-temporary. The investment in each unconsolidated joint venture is evaluated periodically, and as deemed necessary, for recoverability and valuation declines that are other-than-temporary.

Fair Value of Financial Instruments:

The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions.

Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company calculates the fair value of financial instruments and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. When the fair value reasonably approximates the carrying value, no additional disclosure is made.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. As these deferred leasing costs represent productive assets incurred in connection with the Company's provision of leasing arrangements at the Centers, the related cash flows are classified as investing activities within the Company's consolidated statements of cash flows. Costs relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. The ranges of the terms of the agreements are as follows:

Deferred lease costs	1 - 15 years
Deferred financing costs	1 - 15 years

Results of Operations

Many of the variations in the results of operations, discussed below, occurred because of the transactions affecting the Company's properties described in Management's Overview and Summary above, including the Redevelopment Properties, the Joint Venture Centers and the Disposition Properties (as defined below).

For purposes of the discussion below, the Company defines "Same Centers" as those Centers that are substantially complete and in operation for the entirety of both periods of the comparison. Non-Same Centers for comparison purposes include those Centers or properties that are going through a substantial redevelopment often resulting in the closing of a portion of the Center ("Redevelopment Properties") and properties that have been disposed of ("Disposition Properties"). The Company moves a Center in and out of Same Centers based on whether the Center is substantially complete and in operation for the entirety of both periods of the comparison. Accordingly, the Same Centers consist of all consolidated Centers, excluding the Redevelopment Properties and the Disposition Properties, for the periods of comparison.

For the comparison of the three months ended March 31, 2018 to the three months ended March 31, 2017, the Redevelopment Properties are Paradise Valley Mall and Westside Pavilion.

For comparison of the three months ended March 31, 2018 to the three months ended March 31, 2017, the Disposition Properties are 500 North Michigan Avenue, Cascade Mall and Northgate Mall.

Unconsolidated joint ventures are reflected using the equity method of accounting. The Company's pro rata share of the results from these Centers is reflected in the Consolidated Statements of Operations as equity in income of unconsolidated joint ventures.

The Company considers tenant annual sales per square foot (for tenants in place for a minimum of twelve months or longer and 10,000 square feet and under), occupancy rates (excluding large retail stores or "Anchors") and releasing spreads (i.e. a comparison of initial average base rent per square foot on leases executed during the trailing twelve months to average base rent per square foot at expiration for the leases expiring during the trailing twelve months based on the spaces 10,000 square feet and under) to be key performance indicators of the Company's internal growth.

Tenant sales per square foot increased from \$639 for the twelve months ended March 31, 2017 to \$686 for the twelve months ended March 31, 2018. Occupancy rate decreased from 94.3% at March 31, 2017 to 94.0% at March 31, 2018. Releasing spreads increased 14.7% for the twelve months ended March 31, 2018. These calculations exclude Centers under development or redevelopment and property dispositions (See "Acquisitions and Dispositions" and "Other Transactions and Events" in Management's Overview and Summary).

Releasing spreads remained positive as the Company was able to lease available space at higher average rents than the expiring rental rates, resulting in a releasing spread of \$7.57 per square foot (\$59.12 on new and renewal leases executed compared to \$51.55 on leases expiring), representing a 14.7% increase for the trailing twelve months ended March 31, 2018. The Company expects that releasing spreads will continue to be positive for the remainder of 2018 as it renews or relets leases that are scheduled to expire. These leases that are scheduled to expire represent 1.0 million square feet of the Centers, accounting for 13.3% of the gross leasable area ("GLA") of mall stores and freestanding stores, for spaces 10,000 square feet and under, as of March 31, 2018.

During the trailing twelve months ended March 31, 2018, the Company signed 228 new leases and 370 renewal leases comprising approximately 1.0 million square feet of GLA, of which 700,000 square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was \$59.12 per square foot for the trailing twelve months ended March 31, 2018 with an average tenant allowance of \$26.95 per square foot.

Comparison of Three Months Ended March 31, 2018 and 2017

Revenues:

Minimum and percentage rents (collectively referred to as "rental revenue") decreased by \$3.2 million, or 2.2%, from 2017 to 2018. The decrease in rental revenue is attributed to a decrease of \$3.6 million from the Redevelopment Properties and \$0.7 million from the Disposition Properties offset in part by an increase of \$1.1 million from the Same Centers. Rental revenue includes the amortization of above and below-market leases, the amortization of straight-line rents and lease termination income. The amortization of above and below-market leases was \$0.2 million in 2017 and 2018. The amortization of straight-line rents increased from \$1.9 million in 2017 to \$2.7 million in 2018. Lease termination income decreased from \$2.0 million in 2017 to \$1.7 million in 2018.

Tenant recoveries decreased \$4.3 million, or 6.0%, from 2017 to 2018. The decrease in tenant recoveries is attributed to a decrease of \$3.1 million from the Same Centers, \$0.9 million from the Redevelopment Properties and \$0.3 million from the Disposition Properties.

Management Companies' revenue decreased from \$11.9 million in 2017 to \$10.5 million in 2018. The decrease in Management Companies' revenue is due to a decrease in development and leasing fees from unconsolidated joint ventures.

Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased \$1.4 million, or 1.8%, from 2017 to 2018. The decrease in shopping center and operating expenses is attributed to a decrease of \$2.4 million from the Redevelopment Properties and \$0.5 million from the Disposition Properties offset in part by an increase of \$1.5 million from the Same Centers.

Management Companies' Operating Expenses:

Management Companies' operating expenses increased \$9.8 million from 2017 to 2018. The increase is attributed to a one-time charge of \$12.7 million in connection with the Company's reduction in work force in 2018 (See "Other Transactions and Events" in Management's Overview and Summary) offset in part by a reduction in payroll and share and unit-based compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses decreased by \$0.4 million from 2017 to 2018.

Depreciation and Amortization:

Depreciation and amortization decreased \$3.1 million from 2017 to 2018. The decrease in depreciation and amortization is attributed to a decrease of \$1.7 million from the Same Centers, \$1.3 million from the Redevelopment Properties and \$0.1 million from the Disposition Properties.

Interest Expense:

Interest expense increased \$11.3 million from 2017 to 2018. The increase in interest expense was attributed to an increase of \$8.0 million from the Financing Arrangement (See "Other Transactions and Events" in Management's Overview and Summary), \$2.4 million from the Same Centers and \$2.2 million in interest expense from borrowings under the Company's line of credit offset in part by a decrease of \$1.2 million from the Redevelopment Properties and \$0.1 million from the Disposition Properties.

The above interest expense items are net of capitalized interest, which increased from \$2.6 million in 2017 to \$4.3 million in 2018.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures increased \$1.0 million from 2017 to 2018.

(Loss) Gain on Sale or Write Down of Assets, net:

The change in (loss) gain on sale or write down of assets, net was \$87.1 million, resulting from a gain of \$49.6 million in 2017 and a loss of \$37.5 million in 2018. The change in (loss) gain on sale or write down of assets, net is primarily due to an impairment losses of \$36.3 million on SouthPark Mall and \$1.0 million on Promenade at Casa Grande in 2018, the gain of \$59.7 million on the sale of Cascade Mall and Northgate Mall in 2017 (See "Acquisitions and Dispositions" in Management's Overview and Summary) and the loss of \$10.1 million on the write down of an investment in non-real estate assets in 2017. The impairment losses on SouthPark Mall and Promenade at Casa Grande were due to the reduction in the estimated holding periods of the properties.

Net (Loss) Income:

The change in net (loss) income was \$109.2 million from 2017 to 2018, resulting from net income of \$74.8 million in 2017 and net loss of \$34.4 million in 2018. The change in net (loss) income is primarily attributed to the change in the (loss) gain on sale or write down of assets, net of \$87.1 million as discussed above.

Funds From Operations ("FFO"):

Primarily as a result of the factors mentioned above, FFO attributable to common stockholders and unit holders—diluted decreased 7.6% from \$133.6 million in 2017 to \$123.5 million in 2018. For a reconciliation of FFO attributable to common stockholders and unit holders and FFO attributable to common stockholders and unit holders—diluted to net income attributable to the Company, the most directly comparable GAAP financial measure, see "Funds From Operations ("FFO")" below.

Operating Activities:

Cash provided by operating activities decreased from \$102.7 million in 2017 to \$95.0 million in 2018. The decrease is primarily due to the changes in assets and liabilities and the results as discussed above.

Investing Activities:

Cash provided by investing activities increased \$104.2 million from 2017 to 2018. The increase in cash provided by investing activities is primarily attributed to an increase in distributions from unconsolidated joint ventures of \$303.8 million offset in part by a decrease in cash proceeds from the sale of assets of \$166.2 million, an increase in development, redevelopment and renovation costs of \$16.2 million and an increase in contributions to unconsolidated joint ventures of \$14.4 million.

The increase in distributions from unconsolidated joint ventures is primarily due to the distribution of the Company's share of proceeds from the loans placed on Broadway Plaza and Fashion District Philadelphia (See "Financing Activities" in Management's Overview and Summary) and the sale of an ownership interest in an office building at Fashion District Philadelphia (See "Acquisitions and Dispositions" in Management's Overview and Summary) in 2018. The decrease in cash proceeds from the sale of assets is attributed to the sales of Cascade Mall and Northgate Mall in 2017 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Financing Activities:

Cash used in financing activities increased \$70.1 million from 2017 to 2018. The increase in cash used in financing activities is primarily due to an increase in payments on mortgages, bank and other notes payable of \$123.7 million and a decrease in proceeds from mortgages, bank and other notes payable of \$80.0 million offset in part by the repurchases of the Company's common stock of \$132.6 million in 2017 (See "Other Transactions and Events" in Management's Overview and Summary).

Liquidity and Capital Resources

The Company anticipates meeting its liquidity needs for its operating expenses, debt service and dividend requirements for the next twelve months through cash generated from operations, distributions from unconsolidated joint ventures, working capital reserves and/or borrowings under its unsecured line of credit. The following tables summarize capital expenditures incurred at the Centers (at the Company's pro rata share):

(Dollars in thousands)	For the Three Months Ended March 31,	
	2018	2017
Consolidated Centers:		
Acquisitions of property and equipment	\$ 4,826	\$ 4,350
Development, redevelopment, expansion and renovation of Centers	37,659	18,471
Tenant allowances	2,089	1,515
Deferred leasing charges	5,041	5,030
	<u>\$ 49,615</u>	<u>\$ 29,366</u>
Joint Venture Centers:		
Acquisitions of property and equipment	\$ 1,910	\$ 562
Development, redevelopment, expansion and renovation of Centers	25,877	29,880
Tenant allowances	904	912
Deferred leasing charges	2,827	2,126
	<u>\$ 31,518</u>	<u>\$ 33,480</u>

The Company expects amounts to be incurred during the next twelve months for tenant allowances and deferred leasing charges to be comparable or less than 2017 and that capital for those expenditures will be available from working capital, cash flow from operations, borrowings on property specific debt or unsecured corporate borrowings. The Company expects to incur between \$200 million and \$300 million during the next twelve months for development, redevelopment, expansion and renovations. Capital for these major expenditures, developments and/or redevelopments has been, and is expected to continue to be, obtained from a combination of debt or equity financings, which are expected to include borrowings under the Company's line of credit and construction loans.

The Company has also generated liquidity in the past, and may continue to do so in the future, through equity offerings and issuances, property refinancings, joint venture transactions and the sale of non-core assets. For example, the Company's recently completed sales of Cascade Mall, Northgate Mall and 500 North Michigan Avenue (See "Acquisitions and Dispositions" in Management's Overview and Summary), the sales of ownership interests in office buildings at Fashion District Philadelphia and Country Club Plaza in 2017 and 2018 (See "Acquisitions and Dispositions" in Management's Overview and Summary) and the financing of Broadway Plaza in 2018. The Company used the proceeds from these transactions to pay down its line of credit and for other general corporate purposes, which included the repurchases of the Company's common stock under the 2017 Stock Buyback Program (See "Other Transactions and Events" in Management's Overview and Summary). Furthermore, the Company has filed a shelf registration statement, which registered an unspecified amount of common stock, preferred stock, depository shares, debt securities, warrants, rights, stock purchase contracts and units that may be sold from time to time by the Company. The Company expects any additional repurchases of the Company's common stock under the 2017 Stock Buyback Program to be funded by future sales of non-core assets, borrowings under its line of credit and/or refinancing transactions.

The capital and credit markets can fluctuate and, at times, limit access to debt and equity financing for companies. As demonstrated by the Company's recent activity as discussed below, the Company has been able to access capital; however, there is no assurance the Company will be able to do so in future periods or on similar terms and conditions. Many factors impact the Company's ability to access capital, such as its overall debt level, interest rates, interest coverage ratios and prevailing market conditions. In the event that the Company has significant tenant defaults as a result of the overall economy and general market conditions, the Company could have a decrease in cash flow from operations, which could result in increased borrowings under its line of credit. These events could result in an increase in the Company's proportion of floating rate debt, which would cause it to be subject to interest rate fluctuations in the future.

The Company's total outstanding loan indebtedness at March 31, 2018 was \$7.7 billion (consisting of \$4.9 billion of consolidated debt, less \$424.6 million of noncontrolling interests, plus \$3.2 billion of its pro rata share of unconsolidated joint venture debt). The majority of the Company's debt consists of fixed-rate conventional mortgage notes collateralized by individual properties. The Company expects that all of the maturities during the next twelve months will be refinanced, restructured, extended and/or paid off from the Company's line of credit or cash on hand.

The Company believes that the pro rata debt provides useful information to investors regarding its financial condition because it includes the Company's share of debt from unconsolidated joint ventures and, for consolidated debt, excludes the Company's partners' share from consolidated joint ventures, in each case presented on the same basis. The Company has several significant joint ventures and presenting its pro rata share of debt in this manner can help investors better understand the Company's financial condition after taking into account our economic interest in these joint ventures. The Company's pro rata share of debt should not be considered as a substitute for the Company's total consolidated debt determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to the Company's financial information prepared in accordance with GAAP.

The Company has a \$1.5 billion revolving line of credit facility that bears interest at LIBOR plus a spread of 1.30% to 1.90%, depending on the Company's overall leverage level, and matures on July 6, 2020 with a one-year extension option. The line of credit can be expanded, depending on certain conditions, up to a total facility of \$2.0 billion. All obligations under the facility are unconditionally guaranteed only by the Company. Based on the Company's leverage level as of March 31, 2018, the borrowing rate on the facility was LIBOR plus 1.45%. At March 31, 2018, total borrowings under the line of credit were \$660.0 million less unamortized deferred finance costs of \$6.9 million with a total interest rate of 3.47%.

Cash dividends and distributions for the three months ended March 31, 2018 were \$113.8 million. A total of \$95.0 million was funded by operations. The remaining \$18.8 million was funded from distributions from unconsolidated joint ventures, which were included in the cash flows from investing activities section of the Company's Consolidated Statement of Cash Flows.

At March 31, 2018, the Company was in compliance with all applicable loan covenants under its agreements.

At March 31, 2018, the Company had cash and cash equivalents of \$118.2 million.

Off-Balance Sheet Arrangements:

The Company accounts for its investments in joint ventures that it does not have a controlling interest or is not the primary beneficiary using the equity method of accounting and those investments are reflected on the consolidated balance sheets of the Company as investments in unconsolidated joint ventures.

Additionally, as of March 31, 2018, the Company was contingently liable for \$60.6 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

Contractual Obligations:

The following is a schedule of contractual obligations as of March 31, 2018 for the consolidated Centers over the periods in which they are expected to be paid (in thousands):

Contractual Obligations	Payment Due by Period				
	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than five years
Long-term debt obligations (includes expected interest payments)(1)	\$ 5,675,826	\$ 213,286	\$ 1,983,128	\$ 1,664,281	\$ 1,815,131
Operating lease obligations(2)	254,157	10,265	18,774	18,067	207,051
Purchase obligations(2)	31,916	31,916	—	—	—
Other long-term liabilities	290,817	203,394	17,603	19,688	50,132
	<u>\$ 6,252,716</u>	<u>\$ 458,861</u>	<u>\$ 2,019,505</u>	<u>\$ 1,702,036</u>	<u>\$ 2,072,314</u>

(1) Interest payments on floating rate debt were based on rates in effect at March 31, 2018.

(2) See Note 16—Commitments and Contingencies in the Company's Notes to Consolidated Financial Statements.

Funds From Operations ("FFO")

The Company uses FFO in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to GAAP measures. The National Association of Real Estate Investment Trusts ("Nareit") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization, impairment write-downs of real estate and write-downs of investments in an affiliate where the write-downs have been driven by a decrease in the value of real estate held by the affiliate and after adjustments for unconsolidated joint ventures. As a result of changes in the accounting standard ASC 606 effective January 1, 2018, the Company began treating its joint venture in Chandler Freehold as a Financing Arrangement for accounting purposes. In connection with this treatment, the Company recognizes financing expense on (i) the changes in fair value of the financing arrangement obligation, (ii) any payments to the joint venture partner equal to their pro rata share of net income and (iii) any payments to the joint venture partner less than or in excess of their pro rata share of net income. The Company excludes from its definition of FFO the noted expense related to the changes in fair value and for the payments to the joint venture partner less than or in excess of their pro rata share of net income. Although the Nareit definition of FFO predates this guidance for accounting for financing arrangements, the Company believes that excluding the noted expense resulting from the Financing Arrangement is consistent with the key objective of FFO as a performance measure and it allows the Company's current FFO to be comparable with the Company's FFO from prior quarters. Adjustments for unconsolidated joint ventures are calculated to reflect FFO on the same basis.

FFO and FFO on a diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. The Company believes that such a presentation also provides investors with a meaningful measure of its operating results in comparison to the operating results of other REITs. The Company further believes that FFO on a diluted basis is a measure investors find most useful in measuring the dilutive impact of outstanding convertible securities.

The Company believes that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP, and is not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO, as presented, may not be comparable to similarly titled measures reported by other REITs.

Management compensates for the limitations of FFO by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of FFO and a reconciliation of net income to FFO and FFO-diluted. Management believes that to further understand the Company's performance, FFO should be compared with the Company's reported net income and considered in addition to cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements.

Funds From Operations ("FFO") (Continued)

The following reconciles net income attributable to the Company to FFO and FFO-diluted for the three months ended March 31, 2018 and 2017 (dollars and shares in thousands):

	For the Three Months Ended March 31,	
	2018	2017
Net (loss) income attributable to the Company	\$ (33,573)	\$ 69,243
Adjustments to reconcile net income attributable to the Company to FFO attributable to common stockholders and unit holders—basic and diluted:		
Noncontrolling interests in the Operating Partnership	(2,450)	5,108
Loss (gain) on sale or write down of assets, net—consolidated assets	37,512	(49,565)
Add: noncontrolling interests share of gain on sale or write down of assets—consolidated assets	590	—
Add: gain on sale of undepreciated assets—consolidated assets	807	—
Less: loss on write-down of non-real estate assets—consolidated assets	—	(10,138)
Loss (gain) on sale or write down of assets—unconsolidated joint ventures, net(1)	157	(2,269)
Add: (loss) gain on sale of undepreciated assets—unconsolidated joint ventures(1)	(2,085)	660
Depreciation and amortization—consolidated assets	79,937	83,073
Less: noncontrolling interests in depreciation and amortization—consolidated assets	(3,641)	(3,893)
Depreciation and amortization—unconsolidated joint ventures(1)	43,584	44,765
Less: depreciation on personal property	(3,345)	(3,381)
Financing expense in connection with the adoption of ASC 606 (Chandler Freehold)	6,020	—
FFO attributable to common stockholders and unit holders—basic and diluted	<u>\$ 123,513</u>	<u>\$ 133,603</u>
Weighted average number of FFO shares outstanding for:		
FFO attributable to common stockholders and unit holders—basic (2)	151,316	154,187
Adjustments for impact of dilutive securities in computing FFO-diluted:		
Share and unit based compensation plans	26	59
FFO attributable to common stockholders and unit holders—diluted (3)	<u>151,342</u>	<u>154,246</u>

(1) Unconsolidated joint ventures are presented at the Company's pro rata share.

(2) Calculated based upon basic net income as adjusted to reach basic FFO. Includes 10.3 million and 10.6 million OP Units for the three months ended March 31, 2018 and 2017, respectively.

(3) The computation of FFO—diluted shares outstanding includes the effect of share and unit-based compensation plans using the treasury stock method. It also assumes the conversion of MACWH, LP common and preferred units to the extent that they are dilutive to the FFO—diluted computation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is interest rate risk. The Company has managed and will continue to manage interest rate risk by (1) maintaining a ratio of fixed rate, long-term debt to total debt such that floating rate exposure is kept at an acceptable level, (2) reducing interest rate exposure on certain long-term floating rate debt through the use of interest rate caps and/or swaps with matching maturities where appropriate, (3) using treasury rate locks where appropriate to fix rates on anticipated debt transactions, and (4) taking advantage of favorable market conditions for long-term debt and/or equity.

The following table sets forth information as of March 31, 2018 concerning the Company's long-term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value (dollars in thousands):

	Expected Maturity Date						Total	Fair Value
	For the twelve months ended March 31,							
	2018	2019	2020	2021	2022	Thereafter		
CONSOLIDATED CENTERS:								
Long-term debt:								
Fixed rate	\$ 51,145	\$ 794,034	\$ 595,726	\$ 82,870	\$ 439,174	\$ 1,672,427	\$ 3,635,376	\$ 3,638,575
Average interest rate	4.04%	3.51%	4.56%	4.18%	4.19%	3.64%	3.85%	
Floating rate	—	200,000	130,000	960,000	—	—	1,290,000	1,259,873
Average interest rate	—%	3.16%	3.81%	3.26%	—%	—%	3.30%	
Total debt— Consolidated Centers	<u>\$ 51,145</u>	<u>\$ 994,034</u>	<u>\$ 725,726</u>	<u>\$ 1,042,870</u>	<u>\$ 439,174</u>	<u>\$ 1,672,427</u>	<u>\$ 4,925,376</u>	<u>\$ 4,898,448</u>
UNCONSOLIDATED JOINT VENTURE CENTERS:								
Long-term debt (at Company's pro rata share):								
Fixed rate	\$ 28,805	\$ 34,484	\$ 149,553	\$ 42,025	\$ 362,193	\$ 2,347,560	\$ 2,964,620	\$ 2,995,136
Average interest rate	3.68%	3.69%	3.81%	3.69%	3.66%	3.85%	3.82%	
Floating rate	9,419	9,779	34,493	15,000	162,500	—	231,191	224,410
Average interest rate	3.40%	3.38%	3.49%	2.87%	3.63%	—%	3.54%	
Total debt— Unconsolidated Joint Venture Centers	<u>\$ 38,224</u>	<u>\$ 44,263</u>	<u>\$ 184,046</u>	<u>\$ 57,025</u>	<u>\$ 524,693</u>	<u>\$ 2,347,560</u>	<u>\$ 3,195,811</u>	<u>\$ 3,219,546</u>

The consolidated Centers' total fixed rate debt at March 31, 2018 and December 31, 2017 was \$3.6 billion. The average interest rate on such fixed rate debt at March 31, 2018 and December 31, 2017 was 3.85%. The consolidated Centers' total floating rate debt at March 31, 2018 and December 31, 2017 was \$1.3 billion and \$1.5 billion, respectively. The average interest rate on such floating rate debt at March 31, 2018 and December 31, 2017 was 3.30% and 2.98%, respectively.

The Company's pro rata share of the unconsolidated joint venture Centers' fixed rate debt at March 31, 2018 and December 31, 2017 was \$3.0 billion and \$2.7 billion, respectively. The average interest rate on such fixed rate debt at March 31, 2018 and December 31, 2017 was 3.82%, and 3.79% respectively. The Company's pro rata share of the unconsolidated joint venture Centers' floating rate debt at March 31, 2018 and December 31, 2017 was \$231.2 million and \$106.3 million, respectively. The average interest rate on such floating rate debt at March 31, 2018 and December 31, 2017 was 3.54% and 2.86%, respectively.

In addition, the Company has assessed the market risk for its floating rate debt and believes that a 1% increase in interest rates would decrease future earnings and cash flows by approximately \$15.2 million per year based on \$1.5 billion of floating rate debt outstanding at March 31, 2018.

The fair value of the Company's long-term debt is estimated based on a present value model utilizing interest rates that reflect the risks associated with long-term debt of similar risk and duration. In addition, the method of computing fair value for mortgage notes payable included a credit value adjustment based on the estimated value of the property that serves as collateral for the underlying debt (See Note 9—Mortgage Notes Payable and Note 10—Bank and Other Notes Payable in the Company's Notes to the Consolidated Financial Statements).

Item 4. Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation as of March 31, 2018, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is (a) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In addition, there has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION**Item 1. Legal Proceedings**

None of the Company, the Operating Partnership, the Management Companies or their respective affiliates are currently involved in any material legal proceedings, although from time-to-time they are involved in various legal proceedings that arise in the ordinary course of business.

Item 1A. Risk Factors

There have been no material changes to the risk factors relating to the Company set forth under the caption "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 1, 2018, the Company, as general partner of the Operating Partnership, issued 1,000 shares of common stock of the Company upon the redemption of 1,000 OP Units by a limited partner of the Operating Partnership. These shares of common stock were issued in a private placement to the limited partner, who is an accredited investor pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
January 1, 2018 to January 31, 2018	—	\$ —	—	\$ 278,707,048
February 1, 2018 to February 28, 2018	—	—	—	\$ 278,707,048
March 1, 2018 to March 31, 2018	—	—	—	\$ 278,707,048
	—	\$ —	—	

- (1) On February 12, 2017, the Company's Board of Directors authorized the repurchase of up to \$500.0 million of the Company's outstanding common shares from time to time as market conditions warrant.

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits

Exhibit Number	Description
2.1	Master Agreement, dated November 14, 2014, by and among Pacific Premier Retail LP, MACPT LLC, Macerich PPR GP LLC, Queens JV LP, Macerich Queens JV LP, Queens JV GP LLC, 1700480 Ontario Inc. and the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date November 14, 2014).
3.1	Articles of Amendment and Restatement of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-11, as amended (No. 33-68964)) (Filed in paper - hyperlink is not required pursuant to Rule 105 of Regulation S-T).
3.1.1	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 30, 1995) (Filed in paper - hyperlink is not required pursuant to Rule 105 of Regulation S-T).
3.1.2	Articles Supplementary of the Company (with respect to the first paragraph) (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
3.1.3	Articles Supplementary of the Company (Series D Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date July 26, 2002).
3.1.4	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-3, as amended (No. 333-88718)).
3.1.5	Articles of Amendment of the Company (declassification of Board) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
3.1.6	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date February 5, 2009).
3.1.7	Articles of Amendment of the Company (increased authorized shares) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
3.1.8	Articles of Amendment of the Company (to eliminate the supermajority vote requirement to amend the charter and to clarify a reference in Article NINTH) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 30, 2014).
3.1.9	Articles Supplementary of the Company (election to be subject to Section 3-803 of the Maryland General Corporation Law) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date March 17, 2015).
3.1.10	Articles Supplementary of the Company (Series E Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date March 18, 2015).
3.1.11	Articles Supplementary of the Company (reclassification of Series E Preferred Stock to Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 7, 2015).
3.1.12	Articles Supplementary of the Company (repeal of election to be subject to Section 3-803 of the Maryland General Corporation Law) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 28, 2015).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 21, 2016).
10.1*	Change In Control Agreement between the Company and Ann C. Menard, effective February 24, 2018.
10.2*	Employment Agreement between the Company and Thomas E. O'Hern, effective April 26, 2018.
10.3*	Amended and Restated Offer of Employment between the Company and Ann C. Menard, effective April 30, 2018.
31.1	Section 302 Certification of Arthur Coppola, Chief Executive Officer
31.2	Section 302 Certification of Thomas O'Hern, Chief Financial Officer
32.1**	Section 906 Certifications of Arthur Coppola and Thomas O'Hern
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Regulation S-K.

** Furnished herewith.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE MACERICH COMPANY

By: _____ /s/ THOMAS E. O'HERN

Thomas E. O'Hern

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: May 7, 2018

**THE MACERICH COMPANY
CHANGE IN CONTROL AGREEMENT**

THIS AGREEMENT (this “**Agreement**”) is entered into by and between THE MACERICH COMPANY, a Maryland corporation (the “**Company**”), and Ann C. Menard (the “**Executive**”), effective as of February 24, 2018 (the “**Agreement Date**”).

SECTION 1. PURPOSE

The Board of Directors of the Company believes that it is in the best interests of the Company to encourage the continued dedication to the Company of certain of the Company’s and its Subsidiaries’ employees in the face of potentially distracting circumstances arising from the possibility or occurrence of a change in control of the Company, and the Company is authorized to enter into, and has entered into, this Agreement for this purpose. The purpose of this Agreement is to provide severance benefits in the event the Executive incurs a Qualified Termination during the Change in Control Period. The execution of this Agreement in no event guarantees the Executive severance benefits in the event the Executive is terminated by the Company or the Employer prior to a Change in Control.

SECTION 2. DEFINITIONS

(a) “Accrued Obligations” means, with respect to the Executive, the sum of the Executive’s (i) Base Salary through the Date of Termination to the extent earned and not theretofore paid, (ii) accrued vacation pay and/or personal days to the extent earned and payable in connection with the termination of employment pursuant to the Company’s policy, (iii) accrued annual incentive bonus for the fiscal year immediately preceding the year in which the Date of Termination occurs, to the extent such bonus is determined to otherwise have been earned based on the Company’s achievement of applicable performance targets but not theretofore paid, and (iv) vested rights under any equity, compensation or benefit plan, policy, practice or program or any other contract or agreement with the Company or the Employer including, without limitation, any acceleration of vesting of equity awards that shall occur upon a Qualifying Termination as set forth in the applicable equity award agreement and/or equity incentive plan pursuant to which such awards have been granted (“Double Trigger Equity Vesting”). Accrued Obligations described in clauses (i) and (ii) shall be paid in a lump sum in cash within the time required by law but in no event more than 30 days after the Date of Termination. Accrued Obligations described in clause (iii) shall be paid at such time as annual incentive bonuses for such fiscal year are otherwise paid pursuant to the terms of the applicable plan but in no event later than 75 days after the end of such fiscal year. Accrued Obligations described in clause (iv) (including without limitation the Double Trigger Equity Vesting) shall be paid at such time(s) as required under the terms of the applicable plan or program.

(b) “Base Salary” means the annual base rate of compensation payable as salary to the Executive by the Employer as of the Executive’s Date of Termination or as of

immediately prior to the first day of the Change in Control Period, whichever is higher, before deductions of voluntary deferrals authorized by the Executive or required by law to be withheld from the Executive by the Employer, and excludes all other extra pay such as overtime, pensions, severance payments, bonuses, stock incentives, living or other allowances, and other benefits and perquisites.

(c) “Board” means the Board of Directors of the Company.

(d) “Bonus” means, with respect to the Executive, the average of the annual incentive bonuses awarded to the Executive in respect of the immediately preceding three years (including, for the avoidance of doubt, the grant date fair value of any annual incentive bonuses awarded in the form of cash and/or equity, but excluding for the avoidance of doubt, any equity incentive awards granted as part of the Company’s long-term equity incentive award program, which exists separate and apart from the Company’s annual short-term incentive bonus program). In the event a Change in Control occurs prior to the date on which an annual incentive bonus has been awarded to the Executive by the Company, the Executive’s Bonus shall equal one hundred fifty percent (150%) of the Executive’s Base Salary as of such date. In the event a Change in Control occurs prior to the date on which three annual incentive bonuses have been awarded to the Executive by the Company, the Executive’s Bonus shall equal either the bonus awarded to the Executive if only one annual incentive bonus has been awarded or the average of the annual incentive bonuses awarded to the Executive.

(e) “Cause” with respect to the Executive, means a termination of service based upon a finding by the Employer, acting in good faith based on upon the information then known to the Employer, that the Executive:

- (i) has failed to perform job duties in a material respect without proper cause; or
- (ii) been convicted of or pled guilty or nolo contendere to a felony; or
- (iii) committed an act of fraud, dishonesty or gross misconduct which is materially injurious to the Employer or the Company.

Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Applicable Board (as defined below) or upon the instructions of an executive officer of the Company or the Executive’s direct or indirect supervisor, or based upon the advice of counsel or independent accountants for the Employer or the Company shall be conclusively presumed for purposes of this Agreement to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Employer or the Company. For purposes of the definition of Cause, “Applicable Board” means the Board or, if the Company is not publicly- traded, the board of directors of the ultimate parent of the Company.

A termination for Cause shall be deemed to occur on the date on which the Employer first delivers written notice to the Executive of a finding of termination for Cause; provided, however, that such termination shall only occur following the Executive’s failure to

cure, within ten days after receiving notice from the Company of an allegation of an act or failure to act of the kind described in clause (i) or (ii) above, to the extent the Company determines such act or failure to act is curable.

(f) “Change in Control” means any of the following:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (such individual, entity or group, a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 33% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliate of the Company or successor or (iv) any acquisition by any entity pursuant to a transaction that complies with (f)(iii)(1), (f)(iii)(2) or (f)(iii)(3) below;

(ii) individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and her/his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets directly or through one or more subsidiaries (“Parent”)) in substantially the same proportions as their ownership immediately prior to such Business Combination of the

Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 20% existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(g) “Change in Control Period” means the period commencing upon the consummation of a Change in Control and ending 24 months after such Change in Control.

(h) “Code” means Internal Revenue Code of 1986, as amended.

(i) “Company” means The Macerich Company, a Maryland corporation, or, from and after a Change in Control, the successor to the Company in any such Change in Control.

(j) “Compensation Committee” means the Compensation Committee of the Board.

(k) “Date of Termination” means, with respect to the Executive, the effective date of termination of the Executive’s employment with the Employer.

(l) “Employer” means Macerich Management Company or other Subsidiary that employs the Executive, or, from and after the Change in Control, any other subsidiaries of the successor to the Company that employs the Executive.

(m) “Good Reason” means an action taken by the Employer, without the Executive’s written consent thereto, resulting in a material negative change in the employment relationship. For these purposes, a “material negative change in the employment relationship” shall include, without limitation, any one or more of the following reasons, to the extent not remedied by the Employer within 30 days after receipt by the Employer of written notice from the Executive provided to the Company within 90 days (the “Cure Period”) of the Executive’s knowledge of the occurrence of an event or circumstance set forth in clauses (i) through (v) below specifying in reasonable detail such occurrence:

(i) the assignment to the Executive of any duties materially inconsistent in any respect with the Executive’s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other material diminution

in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity);

(ii) a change in the Executive's principal office location to a location further away from the Executive's home which is more than 30 miles from the Executive's current principal office;

(iii) the taking of any action by the Employer to eliminate long-term incentive compensation or benefit plans in which the Executive participated in or was eligible to participate in immediately prior to a Change in Control without providing substitutes therefor, to materially reduce benefits thereunder or to substantially diminish other fringe benefits; provided that if neither a surviving entity nor its parent following a Change in Control is a publicly-held company, the failure to provide stock-based incentive compensation or benefits shall not be deemed Good Reason if compensation or benefits of comparable value, using a recognized valuation methodology, are substituted therefor; and provided further that a reduction or elimination in the aggregate of not more than 10% in aggregate employee benefits in connection with across the board reductions or modifications affecting similarly situated persons of comparable rank in the Employer or a combined organization shall not constitute Good Reason;

(iv) any one or more reductions in the Executive's Base Salary and/or Target Bonus that, individually or in the aggregate, exceed 10% of the Executive's Base Salary and Target Bonus, in the aggregate; or

(v) any material breach by the Employer of the Executive's service agreement (if one exists).

In the event that the Employer fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Executive's "termination of employment" must occur, if at all, within 120 days of the end of the Cure Period but not later than the last day of the Change in Control Period (such that, for the avoidance of doubt, if an event giving rise to a claim of Good Reason first occurs within 120 days prior to the last day of the Change in Control Period, the Company acknowledges that the Executive may resign for Good Reason prior to the expiration of the 30-day notice and/or applicable Cure Period, if applicable).

(n) "Pro-Rata Bonus" means a pro-rated annual incentive bonus otherwise payable under the Company's applicable annual incentive bonus plan pursuant to which the Executive was eligible to earn a bonus for the year of termination, determined by multiplying the Executive's Target Bonus by a fraction, the numerator of which is the number of days the Executive is employed in the year of termination and the denominator of which is 365.

(o) "Qualified Termination" means (i) any termination of employment of the Executive by the Employer (other than for Cause or because of the Executive's death or Total Disability) during a Change in Control Period, and (ii) any termination of employment by the Executive for Good Reason during a Change in Control Period.

(p) “Severance Payment” means an amount determined pursuant to Schedule A.

(q) “Subsidiary” means any direct or indirect subsidiary of the Company or The Macerich Partnership, L.P., or, from and after the Change in Control, any other subsidiaries of the successor to the Company or The Macerich Partnership, L.P.

(r) “Target Bonus” means the Executive’s target annual incentive bonus that the Executive was eligible to earn under the Company’s applicable annual incentive bonus plan for the year of termination (or the immediately prior year, if such a target annual incentive bonus has not been determined for the year of termination).

(s) “Total Disability” means a “permanent and total disability” within the meaning of Section 22(a)(3) of the Code and such other disabilities, infirmities, afflictions or conditions as the Administrator by rule may include.

SECTION 3. TERM

This Agreement shall be effective as of the Agreement Date and operative during the Change in Control Period; provided, however, that the term of this Agreement shall be automatically extended, if necessary, so that this Agreement remains in full force and effect until all payments required to be made hereunder have been made. References herein to the term of this Agreement shall include the initial term and any additional period for which this Agreement is extended or renewed.

SECTION 4. SEVERANCE BENEFITS FOLLOWING A CHANGE IN CONTROL

(a) If the Executive suffers a Qualified Termination, the Employer shall pay the Executive the Accrued Obligations in accordance with the payment provisions set forth in Section 2(a). In addition, subject to the execution and effectiveness of a Release Agreement substantially in the form set forth in Schedule B, the Executive shall be entitled to the following payments and benefits:

(i) the Executive’s Severance Payment;

(ii) the Executive’s Pro-Rata Bonus;

(iii) outplacement services pursuant to the Company’s outplacement services plan for senior executives, for the period provided in Schedule A;

(iv) a monthly amount for 36 months equal to the sum of (x) the amount of the COBRA continuation (medical, vision and dental) monthly premium rate that would otherwise be payable by the Executive for such COBRA continuation for the Executive and any eligible dependents, as applicable, as of the Date of Termination, plus (y) provided Executive elects and continues COBRA continuation for medical, vision and dental for the maximum period of time permitted under COBRA (and any state equivalent, such as Cal

COBRA), an additional amount (if any) that would cover any incremental federal and state income taxes on the amount payable under this Section 4(a)(iv) for such month (as determined by the Company in its reasonable discretion); and

(v) the amounts payable under Sections 4(a)(i) and (ii) shall be paid out in a lump-sum within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such amounts shall be paid in the second calendar year by the last day of such 60-day period.

The mere occurrence of a Change in Control shall not be treated as a termination of the Executive's employment under this Agreement, nor shall the mere transfer of the Executive's employment to and between the Employer and/or any Subsidiary be treated as a termination under this Agreement.

(b) Cause; Other Than for Good Reason. If the Executive's employment is terminated for Cause during the Change in Control Period or the Executive voluntarily terminates employment without Good Reason, the Executive shall be entitled to only her/his Accrued Obligations through the Date of Termination to the extent theretofore unpaid.

(c) No Duplication of Severance Benefits. This Agreement shall not apply to the extent the Executive is entitled to receive equal or greater severance payments and benefits, in the aggregate, under an Employer severance plan. As of the Agreement Date, the Executive is not entitled to receive any severance payments or benefits under an Employer severance plan.

SECTION 5. REDUCTION OF CERTAIN BENEFITS

(a) Reduction in Benefits. Anything in this Agreement to the contrary notwithstanding, in the event that the receipt of all payments or distributions by the Company or the Employer in the nature of compensation to or for the Executive's benefit, whether paid or payable pursuant to this Agreement or otherwise (a "Payment"), would subject the Executive to the excise tax under Section 4999 of the Code, the accounting firm which audited the Company prior to the corporate transaction which results in the application of such excise tax, or another nationally known accounting or employee benefits consulting firm selected by the Company prior to such corporate transaction (the "Accounting Firm"), shall determine whether to reduce any of the Payments to the Reduced Amount (as defined below). The Payments shall be reduced to the Reduced Amount *only if* the Accounting Firm determines that the Eligible Employee would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Executive's Payments were reduced to the Reduced Amount. If such a determination is not made by the Accounting Firm, the Executive shall receive all Payments to which Executive is entitled to receive.

(b) Order of Reduction. If the Accounting Firm determines that aggregate Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 5 shall be made as soon as reasonably practicable and in no event later than 60 days following the date of termination of employment or such

earlier date as requested by the Company and the Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding on the Company, its Subsidiaries and the Executive. For purposes of reducing the Payments to the Reduced Amount, the Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Payments that are to be paid or become vested the furthest in time from consummation of the Change in Control: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that all amounts or payments that are not subject to calculation under Treas. Reg. § 1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. § 1.280G-1, Q&A-24(b) or (c).

(c) Underpayment or Overpayment. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed (the "Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed (the "Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or a Subsidiary or the Executive which the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, the Executive shall pay any such Overpayment to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent such payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than 60 days following the date on which the Underpayment is determined) by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(d) Reduced Amount and After-Tax Receipt. For purposes hereof, the following terms have the meanings set forth below: (i) "Reduced Amount" shall mean the greatest amount of Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Payments pursuant to this Section 5 and (ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive certifies, in the Executive's sole discretion, as likely to apply to her/him in the relevant tax year(s).

SECTION 6. WITHHOLDING

Notwithstanding anything in this Agreement to the contrary, all payments required to be made by the Employer hereunder to the Executive or her/his estate or beneficiaries shall be subject to the withholding of such amounts relating to taxes as the Employer reasonably may determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, in whole or in part, the Employer may, in its sole discretion, accept other provisions for the payment of taxes and any withholdings as required by law, provided that the Employer is satisfied that all requirements of law affecting its responsibilities to withhold compensation have been satisfied.

SECTION 7. NO DUTY TO MITIGATE

The Executive's payments received hereunder shall be considered severance pay in consideration of past service, and entitlement thereto shall not be governed by any duty to mitigate damages by seeking further employment. In addition, no payments received hereunder shall be offset by any payments or benefits the Executive may receive from any future employer.

SECTION 8. AMENDMENT, SUSPENSION OR TERMINATION

Prior to a Change in Control, this Agreement may be amended, suspended or terminated by the Compensation Committee at any time following the second anniversary of the Agreement Date; provided, however, that, after the second anniversary of the Agreement Date, any amendment, suspension or termination that reduces benefits or otherwise adversely impairs the Executive's ability to receive any of the severance payments or benefits that could be provided under this Agreement will not be effective until 12 months after notice of any such change is provided to the Executives. No such amendment, suspension or termination will be effective if a Change in Control occurs during the 12-month notice period and no such amendment, suspension or termination may occur after a Change in Control. This Agreement may otherwise be amended, suspended or terminated by the Compensation Committee following the expiration of the Change in Control Period and the satisfaction of all obligations the Company may have to the Executive under this Agreement.

SECTION 9. GOVERNING LAW; DISPUTE RESOLUTION

(a) This Agreement shall be governed by the laws of the United States to the extent applicable and otherwise by the laws of the State of California, excluding the choice of law rules thereof.

(b) On and after a Change in Control, any controversy or claim arising out of or relating to this Agreement, its enforcement, arbitrability or interpretation, or because of an alleged breach, default or misrepresentation in connection with any of its provisions, or arising out of or relating in any way to the Executive's employment or termination of the same or conduct thereafter, including, without limiting the generality of the foregoing, any alleged violation of statute, common law or public policy, shall be submitted to final and binding arbitration, to be

held in Los Angeles County, California, before a single arbitrator, in accordance with California Civil Procedure Code §§ 1280 *et seq.* The arbitrator shall be selected by mutual agreement of the parties or, if the parties cannot agree, then by striking from a list of arbitrators supplied by the American Arbitration Association or JAMS/Endispute. The arbitrator shall issue a written opinion revealing, however briefly, the essential findings and conclusions upon which the arbitrator's award is based. The Company will pay the arbitrator's fees and arbitration expenses and any other costs associated with the arbitration hearing. The Company agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), to the full extent permitted by law, all legal fees and expenses that the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus, in each case, interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code. In order to avoid the imposition of taxes and penalties on the Executive under Section 409A of the Code, (i) in no event shall the payments by the Company under this Section 9(b) be made later than the end of the calendar year next following the calendar year in which such fees and expenses were incurred, and the Executive shall be required to have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred, (ii) the amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, (iii) the Executive's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit and (iv) the Company's obligations to pay such legal fees and expenses shall apply to amounts incurred during the Executive's remaining lifetime (or, if longer, through the 20th anniversary of the Effective Date). Nothing in this paragraph shall affect the Executive's or the Company's ability to seek from a court injunctive or equitable relief.

SECTION 10. SEVERABILITY

If any part of any provision of this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provision or the remaining provisions of this Agreement.

SECTION 11. DISCLAIMER OF RIGHTS

No provision in this Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Employer, or to interfere in any way with any contractual or other right or authority of the Employer either to increase or decrease the compensation or other payments to any individual at any time, to terminate any employment or other relationship between any individual and the Employer or to require the Employer to pay severance for any termination of employment prior to a Change in Control. The obligation of the Employer to pay any benefits pursuant to this Agreement shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. This Agreement shall in no way be interpreted to require the Employer to transfer any

amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any participant or beneficiary under the terms of this Agreement.

SECTION 12. CAPTIONS

The use of captions in this Agreement is for the convenience of reference only and shall not affect the meaning of any provision of this Agreement.

SECTION 13. NUMBER AND GENDER

With respect to words used in this Agreement, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

SECTION 14. SECTION 409A

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's "separation from service" within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered "nonqualified deferred compensation" subject to Section 409A(a) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death. Each payment under this Agreement constitutes a separate payment for purposes of Section 409A of the Code.

(b) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Employer or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(d) To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive’s termination of employment, then such payments or benefits shall be payable only upon the Executive’s “separation from service.” All references to the Executive’s termination of employment under this Agreement shall only occur if the same also constitutes a “separation from service” as defined under Section 409A of the Code. The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(e) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the day and year first herein above written.

EXECUTIVE: /s/ Ann C. Menard
Ann C. Menard

Company, a Maryland corporation

The Macerich

Thomas E. O’Hern Thomas E. O’Hern

By: /s/

Senior Executive Vice President and Chief Financial Officer

Schedule A Severance Payment

Severance Payment: 3 times the sum of Base Salary and Bonus

Outplacement Services: The highest level of outplacement benefits provided for under the outplacement services agreement in effect immediately prior to the Date of Termination for 12 months.

Schedule B

Release Agreement

THIS RELEASE AGREEMENT is entered into as of ___, 20___ (the "Effective Date"), by (the "Employee") in consideration of the severance payments and benefits (collectively, the "Severance Payment") provided to the Employee by The Macerich Company ("Company") pursuant to The Macerich Company Change in Control Agreement (the "Agreement"). All capitalized terms used in this Release Agreement and not otherwise defined shall be as defined in the Agreement.

1. Waiver and Release. The Employee, on her/his own behalf and on behalf of her/his heirs, executors, administrators, attorneys and assigns, hereby unconditionally and irrevocably releases, waives and forever discharges Company and each of its affiliates, parents, successors, predecessors, and the subsidiaries, directors, owners, members, shareholders, officers, agents, and employees of the Company and its affiliates, parents, successors, predecessors, and subsidiaries (collectively, all of the foregoing are referred to as the "Employer"), from any and all causes of action, claims and damages, including attorneys' fees, whether known or unknown, foreseen or unforeseen, presently asserted or otherwise arising through the date of her/his signing of this Release Agreement, concerning her/his employment or separation from employment. This release includes, but is not limited to, any claim or entitlement to salary, bonuses, any other payments, benefits or damages arising under any federal law (including, but not limited to, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Employee Retirement Income Security Act of 1974, the Americans with Disabilities Act, Executive Order 11246, the Family and Medical Leave Act, and the Worker Adjustment and Retraining Notification Act, each as amended) and any other federal, state, local or foreign law relating to notice of employment termination or to severance pay; any claim arising under any state or local laws, ordinances or regulations (including, but not limited to, any state or local laws, ordinances or regulations requiring that advance notice be given of certain workforce reductions); and any claim arising under any common law principle or public policy, including, but not limited to, all suits in tort or contract, such as wrongful termination, defamation, emotional distress, invasion of privacy or loss of consortium.

The Employee understands that by signing this Release Agreement she/he is waiving any right to monetary recovery or individual relief should any federal, state or local agency (including the Equal Employment Opportunity Commission) pursue any claim on her/his behalf arising out of or related to her/his employment with and/or separation from employment with the Employer. The Employee understands that this Release Agreement, does not limit or interfere with the Employee's right, without notice to or authorization of the Employer, to file a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other self-regulatory organization or any other federal, state or local governmental agency or commission (each a "Governmental Agency"), or to testify, assist or participate in any investigation, hearing or proceeding conducted by a Governmental Agency in the event Employee file a charge or complaint with a Governmental Agency, or a Governmental Agency asserts a claim on the Employee's behalf, the Employee agrees that the Employee's release of claims in this Release Agreement shall nevertheless bar the Employee's right (if any) to any monetary or other recovery (including reinstatement) with respect to released claims, except that the Employee does not waive: (i) the Employee's right to receive an award from the

Securities and Exchange Commission pursuant to Section 21 F of the Securities Exchange Act of 1934, and (ii) any other claims or administrative charges which cannot be waived by law.

The Employee expressly waives the benefits of Section 1542 of the California Civil Code which provides that:

“A general release does not extend to claims which the creditor does not know or suspect to exist in her/his favor at the time of executing the release, which if known by her/him must have materially affected her/his settlement with the debtor.”

The Employee, being aware of said code section, understands and acknowledges the significance and consequences of such specific waiver of Section 1542 and agrees to expressly waive any rights Employee may have thereunder, as well as under any other statute or common law principles of similar effect. The Employee hereby assumes full responsibility for any injuries, damages or losses that the Employee may incur as a result of such waiver.

2. Acknowledgments. The Employee is signing this Release Agreement knowingly and voluntarily. She/he acknowledges that:

- (a) He or she is hereby advised by the Company to discuss all aspects of this Release Agreement with an attorney before signing this Release Agreement;
- (b) He or she has relied solely on her/his own judgment and/or that of her/his attorney regarding the consideration for and the terms of this Release Agreement and is signing this Release Agreement knowingly and voluntarily of her/his own free will;
- (c) He or she is not entitled to the Severance Payment unless she/he agrees to and fully complies with the terms of this Release Agreement;
- (d) He or she has been given at least [twenty-one (21)] [forty-five (45)] calendar days to consider this Release Agreement (the “Consideration Period”). If she/he signs this Release Agreement before the end of the Consideration Period, she/he acknowledges by signing this Release Agreement that such decision was entirely voluntary and that she/he had the opportunity to consider this Release Agreement for the entire Consideration Period.
- (e) He or she may revoke this Release Agreement within seven (7) calendar days after signing it by submitting a written notice of revocation to the Employer. She/he further understands that this Release Agreement is not fully effective until the next business day after the seven (7) day period of revocation has expired without revocation, and that if she/he revokes this Release Agreement within the seven (7) day revocation period, she/he will not receive the Severance Payment;

- (f) He or she has read and understands this Release Agreement and further understands that it includes a general release of any and all known and unknown, foreseen or unforeseen claims presently asserted or otherwise arising through the date of her/his signing of this Release Agreement that she/he may have against the Employer; and
- (g) No statements made or conduct by the Employer has in any way coerced or unduly influenced her/him to execute this Release Agreement.
- (h) Except for the Severance Payment, she/he has been paid all wages, bonuses, compensation, benefits and other amounts that the Employer ever owed to him or her. Further she/he acknowledges and agrees that she/he is not entitled to any other severance pay, benefits or equity rights including without limitation, pursuant to any other severance plan or program or arrangement.

3. No Admission of Liability. This Release Agreement does not constitute an admission of liability or wrongdoing on the part of the Employer, the Employer does not admit there has been any wrongdoing whatsoever against the Employee, and the Employer expressly denies that any wrongdoing has occurred.

4. Entire Agreement. There are no other agreements of any nature between the Employer and the Employee with respect to the matters discussed in this Release Agreement, except as expressly stated herein, and in signing this Release Agreement, the Employee is not relying on any agreements or representations, except those expressly contained in this Release Agreement.

5. Execution. It is not necessary that the Employer sign this Release Agreement following the Employee's full and complete execution of it for it to become fully effective and enforceable.

6. Severability. If any provision of this Release Agreement is found, held or deemed by a court of competent jurisdiction to be void, unlawful or unenforceable under any applicable statute or controlling law, the remainder of this Release Agreement shall continue in full force and effect.

7. Governing Law. This Release Agreement shall be governed by the laws of the State of California, excluding the choice of law rules thereof.

8. Headings. Section and subsection headings contained in this Release Agreement are inserted for the convenience of reference only. Section and subsection headings shall not be deemed to be a part of this Release Agreement for any purpose, and they shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

[Remainder of page intentionally blank]

EMPLOYEE:

B-4

Thomas E. O'Hern
c/o The Macerich Company
401 Wilshire Blvd., Suite 700
Santa Monica, CA 90401

RE: Employment Agreement

Dear Tom:

I am pleased to provide you in writing the offer to become the Chief Executive Officer of The Macerich Company (the "*Company*"). The details of the Company's offer are outlined below and in Annex A, attached hereto:

Title: Chief Executive Officer, effective January 1, 2019.

Board of Directors: You will be nominated for election as an executive member of the Board of Directors on or before July 1, 2018. For clarity, if at any time the Company fails to propose you, without your consent, to be a member of the Board of Directors, such failure shall constitute a material diminution in your position, authority, duties or responsibilities for purposes of qualifying as "Good Reason" under Annex A hereto, the CIC Plan (as such term is defined below), and under all of your equity award agreements, including the Annual Equity Grants provided below. In the event you become an executive member of the Board of Directors, if you subsequently cease to be a member of the Board of Directors, without your consent, such change in status shall also constitute a material diminution in your position, authority, duties or responsibilities for purposes of qualifying as "Good Reason" under Annex A hereto, the CIC Plan, and under all of your equity award agreements, including the Annual Equity Grants provided below.

Base Salary: Your annual base salary ("*Salary*") will be \$800,000 per annum, starting on April 26, 2018, prorated for the remainder of the 2018 calendar year.

Term: April 26, 2018 to April 25, 2021.

Annual Bonus Potential:

You are eligible for a target annual incentive bonus opportunity of 200% of your Salary, effective immediately upon the start of the Term, prorated for the remainder of the 2018 calendar year. For the avoidance of doubt, you will also remain eligible for a target annual incentive bonus opportunity equal to \$900,000 (i.e., 150% of your base salary as in effect prior to April 26, 2018), prorated for the period during 2018 that you served as Chief Financial Officer of the Company. For each calendar year, the Compensation Committee of the Company will determine if your annual incentive bonus (your "Annual Bonus"), which is discretionary, will be paid and in what amount, and if awarded in cash or in fully vested units or fully vested shares. Notwithstanding the foregoing, with respect to your Annual Bonuses payable in relation to services performed by you in 2018, 2019 and 2020, the proportion of your Annual Bonus paid in cash or fully vested units or fully vested shares will be determined by the Compensation Committee and subject to your consent.

Annual Equity Grant:

For each calendar year of the Term, you shall receive an "Annual Equity Grant" in the form of Company Long Term Incentive Plan (LTIP) units, having a target grant date value equal to \$6,000,000 per year. Each annual grant shall be made at the same time (which is expected to occur in the first calendar quarter of the given year), shall be allocated in the same proportion, and shall vest on the same terms, as annual equity grants made to all other executive officers of the Company, as determined by the Compensation Committee of the Board of Directors. As of the date of this agreement, such allocation and vesting are as follows: (1) 25% as a Service-Based LTIP grant (vesting over a three-year period), and (2) 75% as a Performance-Based LTIP grant (vesting for each Performance-Based LTIP grant, based upon a three year relative total shareholder return ("TSR") in accordance with the LTIP). Notwithstanding the foregoing, the remaining terms of this agreement, or anything to the contrary in any applicable equity award agreement provided to you (both Performance-Based and Service-Based LTIP award agreements), including but not limited to the provisions of Section 5 of such equity award agreements, all LTIP grants to you under such agreements shall vest, upon your termination by the Company for no reason or for any reason other than Cause (as defined in Annex A hereto), termination of your employment by you for Good Reason (as defined in Annex A hereto), your death, or Disability (as defined in Annex A hereto), on terms no less favorable than those contained in your 2018 LTIP Unit Award Agreements.

One Time Equity Grant:

You shall be granted \$5,000,000 in fully vested LTIP units on April 26, 2018, based on the Company's closing share price on April 26, 2018 (the "One-Time Equity Grant"). If your employment is terminated for Cause or you resign for any reason other than Good Reason prior to April 26, 2019, you agree to repay one-half of the amount of the One-Time Equity Grant to the Company, as follows: (1) if any LTIP units remain outstanding at such time, you will forfeit one-half of all outstanding LTIP units, (2) if the LTIP units have been converted into shares of common stock of the Company, you will deliver one-half of such shares to the Company, and (3) if the LTIP units have been sold or otherwise converted into value, the recoverable amount shall be one-half of the value of such sale proceeds or such value delivered to you at the time of sale or conversion.

Severance:

You are eligible for the severance benefits set forth in Annex A. This employment agreement, including Annex A hereto, and the CIC Plan identified in the next paragraph, shall each be deemed to be a "Service Agreement" for purposes of Section 5 of all your equity award agreements, including the Annual Equity Grants and One-Time Equity Grant described above. Except as otherwise provided for herein, the vesting and payment of your equity awards upon your termination of employment shall be governed by Section 5 of the applicable equity award agreement (or any similar provisions in a subsequent grant of equity awards), including but not limited to your 2018 LTIP Unit Award Agreements. If there is a Change of Control of the Company (as such term is defined in the CIC Plan), you will receive the benefits as provided under the CIC Plan (in lieu of the benefits provided under Annex A) and pursuant to the provisions of your equity award agreements, with the period of time during which the covenant set forth in Section 5(c) to be in effect through the end of the applicable Performance Period (but in no event less than 12 months).

Change in Control
Severance Plan:

You are an "Eligible Employee" under the Company Change in Control Severance Plan for Senior Executives, dated November 2, 2017 (the "CIC Plan"). In brief, under such plan, your severance benefits as provided therein are a payment equal to (a) three (3) times annual salary plus (b) an average bonus amount, and three (3) years of sponsored COBRA.

Reporting Relationship:

Chairman of the Board, The Macerich Company.

Effective Date:

April 26, 2018.

Termination:

You may terminate your employment for Good Reason, subject to the Severance provisions above and in Annex A, or for any other reason upon thirty (30) days written notice to the Company.

Office Location: Santa Monica Corporate offices.

Health/Dental Insurance: As a full-time employee, you will continue to be eligible for medical and dental benefits. The Company offers several plans and shares the cost of the monthly premium with you. You may choose which plans satisfy your personal and family circumstances. In addition, you have the option to purchase vision coverage and may set up a flexible spending account. The Company reserves the right to modify its benefit program at any time.

401(k) Plan: You will continue to be eligible for, and enrolled in, the Company 401(k) plan. The Company match is 100% of your deferrals for the first 3% and 50% for the next 2% of deferrals for a maximum Company match of 4%.

Deferred Compensation: You continue to be eligible for the Company's Deferred Compensation Plan. Details will be provided to you.

Other Benefits: You will continue to be eligible for the basic life and long-term disability plans the Company currently provides at no cost to you. You have the option to purchase supplemental and dependent life and short-term disability insurance. During the Term, you shall be entitled to fringe benefits on the same basis as those provided generally at any time thereafter to the other members of the Company's management.

Vacation: You will earn paid vacation at the rate of thirty (30) days per year.

Personal Days: You will receive three (3) personal days on April 26, 2018. On January 1, 2019, and every year thereafter, unless otherwise notified, you will receive three (3) personal days per year.

Thomas O'Hern
April 26, 2018

IRC 409A:

Amounts paid under this agreement are intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury regulations and other authoritative guidance issued thereunder ("*Section 409A*"), to the extent such requirements are applicable. This agreement shall be interpreted and administered in accordance with that intent. Consistent with that intent, for benefits that are to be paid in connection with a termination of employment, "termination of employment" shall be limited to such a termination that constitutes a "separation from service" under Section 409A. In the event that you are subject to the payout restrictions that apply to a "specified employee" as defined in Section 409A, the payout of any amount in connection with your separation from service during for the first six months following such separation that would violate Section 409A shall be paid on the first day of the seventh month after your separation from service. Notwithstanding the foregoing, to the extent an exemption from the requirements of Section 409A is available such exemption shall apply and the additional limitations imposed by Section 409A shall not apply. For purposes of application of Section 409A, to the extent applicable, each payment made under this agreement shall be treated as a separate payment.

Sincerely,

/s/ Steven Hash

Steven Hash
Lead Director, The Macerich Company

ACCEPTED

/s/ Thomas O'Hern

Thomas O'Hern

Annex A

Severance Benefit

1. Upon a termination without Cause or resignation with Good Reason (other than in a circumstance where you are eligible for severance benefits under the CIC Plan), in each case, that occurs during the Protected Period, subject to Section 2 of this Annex A, you will be entitled to receive the following payments and benefits:
 - (a) Accrued Obligations – (1) Your base salary through your termination date to the extent earned and not theretofore paid, (2) your accrued vacation pay and/or personal days to the extent earned and payable in connection with the termination of employment pursuant to the Company’s policy, (3) your accrued annual incentive bonus for the fiscal year immediately preceding the year in which your termination date occurs (if any), to the extent such bonus is determined to otherwise have been earned based on the Company’s achievement of applicable performance targets but not theretofore paid, and (4) vested rights under any equity, compensation or benefit plan, policy, practice or program of or any other contract or agreement with the Company including, without limitation, any acceleration of vesting of equity awards as provided in this Agreement or that shall occur upon a “Qualifying Termination” as set forth in the applicable equity award agreement and/or equity incentive plan pursuant to which such awards have been granted. Accrued Obligations described in clauses (1) and (2) shall be paid in a lump sum in cash within the time required by law but in no event more than 30 days after the date of termination and the Accrued Obligation in clause (3) shall be paid at the same time annual cash bonuses are paid to actively employed senior executives of the Company in respect of the applicable performance period, but in no event later than 75 days after the end of the fiscal year. Accrued Obligations described in clause (iv) shall be paid at such time(s) as required under the applicable plan or agreement. In addition and for clarity, and as set forth in this Agreement, all LTIPs granted during the Term of this contract shall, to the extent not previously vested, immediately vest upon termination and shall be deemed Accrued Obligations.
 - (b) Prorated Bonus – Your Annual Bonus (as such term is defined in the agreement to which this Annex A is attached) for the year in which your termination occurs, based on actual performance through the end of the applicable performance period and prorated based on the number of days you were employed by the Company or its affiliate during the applicable performance period. The Prorated Bonus will be paid at the time annual cash bonuses are paid to actively employed senior executives of the Company in respect of the year in which your termination occurs, but in no event later than March 15 of the following year.
 - (c) Severance Payment – An amount equal to (1) the sum of (x) your Base Salary (as such term is defined in the CIC Plan) in effect of the date of your termination and (y) your Bonus (as such term is defined in the CIC Plan), multiplied by (2) the quotient of (I) the number of days remaining in the Term as of the date of termination of your employment, divided by (II) 365, *i.e.*, $(x+y) \times (I/II)$. In the event that your termination of employment occurs prior to the date on which an annual incentive bonus is otherwise payable under the Company annual incentive bonus program in respect of calendar year 2018, your Bonus shall equal your target Bonus in effect as of the date of your termination, including both the prorated target Bonus attributable to your service as Chief Financial Officer of the Company and the prorated target Bonus attributable to your service as Chief Executive Officer of the Company. In the event that your termination of employment occurs prior to the date on which three annual incentive bonuses have been awarded to you by the Company in your capacity as Chief Executive Officer of the Company, your Bonus shall equal the bonus awarded to you if only one annual incentive bonus has been awarded or the average of the annual incentive bonuses awarded to you in your capacity as Chief Executive Officer of the Company. The Severance Payment shall be

paid in a cash lump sum within 60 days after your termination of employment; provided that if the 60-day period begins in one calendar year and ends in a second calendar year, such amounts shall be paid in the second calendar year by the last day of such 60-day period.

(d) COBRA Subsidy – A payment equal to (1) the total amount of the COBRA continuation monthly premium rate that would otherwise be payable by you for such COBRA continuation for you and your eligible dependents as of your termination date, multiplied by (2) 36. The COBRA Subsidy shall be paid in a lump sum within 60 days after your termination of employment; provided that if the 60-day period begins in one calendar year and ends in a second calendar year, such amounts shall be paid in the second calendar year by the last day of such 60-day period.

(e) Outplacement Services. Outplacement services pursuant to the Company’s outplacement plan for senior executives at the level and for the periods described in Schedule A to the CIC Plan.

2. The payments and benefits described in Section 1(b), 1(c) and 1(d) are subject to your execution and non-revocation of a release of claims substantially in the form set forth in Schedule B of the CIC Plan.

3. Death and Disability. If your employment is terminated by reason of your death or Disability during the Term, the Company shall provide your estate or beneficiaries or you, as applicable, with the Accrued Obligations described in Section 1(a).

4. The capitalized terms used in Annex A have the meanings set forth below:

(a) “Cause” has the meaning set forth in Section 2(e) of the CIC Plan.

(b) “CIC Plan” means The Macerich Company Change in Control Severance Plan for Senior Executives, dated November 2, 2017.

(c) The “Company” means the Macerich Company and its subsidiaries.

(d) “Disability” means (1) a “permanent and total disability” within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (“Code”), or (2) your absence from your duties with the Company on a full-time basis for a period of twelve months as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to you or your legal representative (such agreements as to acceptability not to be unreasonably withheld). “Incapacity” as used herein shall be limited only to a condition that substantially prevents you from performing your duties.

(e) “Good Reason” means an action taken by the Company, without your written consent thereto, resulting in a material negative change in the employment relationship. For these purposes, a “material negative change in the employment relationship” shall include, without limitation, any one or more of the following reasons, to the extent not remedied by the Company within 30 days after receipt by the Company of written notice from you provided to the Company within 90 days (the “Cure Period”) of your knowledge of the occurrence of an event or circumstance set forth in clauses (i) through (v) below specifying in reasonable detail such occurrence:

(i) the assignment to you of any duties materially inconsistent in any respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other material diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company’s ceasing to be a publicly traded entity);

(ii) a change in your principal office location to a location further away from your home which is more than 30 miles from your current principal office;

(iii) any one or more reductions in your annual rate of base salary and/or annual target bonus opportunity that, individually or in the aggregate, exceed 10% of your annual rate of base salary and target bonus opportunity, in the aggregate; or

(iv) any material breach by the Company of this letter.

In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, your “termination of employment” must occur, if at all, within 120 days of the end of the Cure Period.

(f) “Protected Period” means period commencing on April 26, 2018 and ending on April 25, 2021.

5. For the avoidance of doubt, your right to receive severance payments and benefits under this Annex A shall terminate on April 25, 2021 and this Annex A shall have no further force and effect thereafter.
6. The following provisions of the CIC Plan shall also apply to this Annex A as if set forth herein: Section 6 (Withholding), Section 7 (No Duty to Mitigate), Section 10 (Governing Law and Dispute Resolution), Section 11 (Severability), Section 12 (Disclaimer of Rights), Section 13 (Captions), Section 14 (Number and Gender), and Section 15 (Section 409A).

Amended and Restated Offer of Employment, dated April 30, 2018

Ms. Ann C. Menard
401 Wilshire Boulevard, Suite 700
Santa Monica, CA 90401

RE: Offer of Employment

Dear Ann:

I am pleased to confirm the terms of your continued employment with The Macerich Company (the "Company"), as outlined below:

Current Title: Executive Vice President, Chief Legal Officer and Secretary

Salary: \$500,000 per annum.

Annual Bonus Potential: You are eligible for an Annual Bonus of 150% of your base compensation ("Salary"). The Compensation Committee of the Company will determine if the Annual Bonus, which is discretionary, will be paid and in what amount and if awarded in cash or in fully vested units or fully vested shares. Notwithstanding the foregoing, with respect to your Annual Bonuses payable in respect of 2018, 2019 and 2020, the proportion of your Annual Bonus paid in cash or fully vested units or fully vested shares will be determined by the Compensation Committee and subject to your consent.

Annual Equity Grant: You are eligible for an Annual Equity Grant to the extent offered to other Officers at the Executive Vice President level in the form of LTIPs at a value equal to one times annual salary. Such grant is currently allocated 25% to time vested (vested over 3 years – 1/3 one year after grant, 1/3 two years after grant and 1/3 three years after grant) and 75% to performance based upon a three year relative total shareholder return ("TSR"). Should the Compensation Committee change the standard for the Annual Equity Grants for Executive Vice Presidents, you would be treated similarly.

One Time Equity Grant: Prior to the date hereof, you received a one-time grant of LTIPs equal to \$900,000. The number of LTIPs was calculated based on PWC's valuation of a Macerich Company LTIP at starting date of employment ($(\$900,000 / \text{LTIP per unit value}) = \text{number of LTIP's granted}$). Vesting to be 25% and the end of year 1, 2, 3 and 4.

Severance: You are eligible for the severance benefits set forth in Annex A. This offer of employment letter, including Annex A hereto, and the Change in Control Agreement identified in the next paragraph, shall each be deemed to be a “Service Agreement” for purposes of Section 5 of all your equity award agreements, including the Annual Equity Grants and One-Time Equity Grant described above. The vesting and payment of your equity awards upon your termination of employment shall be governed by Section 5 of the applicable equity award agreement (or any similar provisions in a subsequent grant of equity awards), including but not limited to all of your 2018 LTIP Unit Award Agreements.

Change in Control Agreement: You are party to a Change in Control Agreement dated February 24, 2018. In brief, three (3) times annual salary plus bonus, and three (3) years of sponsored COBRA.

Reporting Relationship: Chief Executive Officer

Office Location: Santa Monica Corporate

Health/Dental Insurance: As a full-time employee, you are eligible for medical and dental benefits. The Company offers several plans and shares the cost of the monthly premium with you. You may choose which plans satisfy your personal and family circumstances. In addition, you have the option to purchase vision coverage and may set up a flexible spending account. Regardless of the plans you elect, enrollment becomes effective the first day of the month following your first day of employment at the Company. Macerich reserves the right to modify its benefit program at any time.

401(k) Plan: You were automatically enrolled in the 401(k) plan on your first day of hire. The Company match is 100% of your deferrals for the first 3% and 50% for the next 2% of deferrals for a maximum Company match of 4%.

Deferred Compensation: You are eligible for the Company’s Deferred Compensation Plan.

Employee Stock Purchase Program: When eligible you may participate in the Company Employee Stock Purchase Program. The Program allows you to make payroll deductions to purchase Macerich Common Stock at a discount. The program provides the ability to authorize payroll deductions of 1% to 15% of your gross compensation each full payroll period, not to exceed \$26,000 per year.

Other Benefits: You are eligible for the basic life and long-term disability plans the Company currently provides at no cost to you. You have the option to purchase supplemental and dependent life and short-term disability insurance.

Vacation: You will earn paid vacation at the rate of twenty (20) days per year.

Personal Days: You received three (3) personal days upon your start date. On January 1, 2019, and every year thereafter, unless otherwise notified, you will receive three (3) personal days per year.

Sick Days: You received ten (10) sick days upon your start date. On January 1, 2019, and every year thereafter, unless otherwise notified, you will receive ten (10) sick days.

Employment Status: You are an employee at will. Either you or the Company may terminate your employment at any time, for any reason (or for no reason), and with or without advance notice. If your employment with the Company terminates, regardless of the reason, you will not be entitled to and you will not be considered to have earned any bonus or other incentive referenced above (to the extent not actually paid to you by the Company prior to the date your employment terminates), except as provided above under "Severance", as provided in your Change in Control Agreement described above and pursuant to the provisions of your equity award agreements. The Company reserves the right to modify its compensation and benefit programs at any time, with or without advance notice.

Entire Agreement: This letter constitutes the entire agreement between you and the Company with respect to the subject matter hereof and shall supersede your prior offer letter.

Sincerely,

/s/ Thomas E. O'Hern
Thomas E. O'Hern
Sr. Executive Vice President,
Chief Financial Officer and Treasurer

ACCEPTED

/s/ Ann C. Menard
Ann C. Menard

[Signature Page to Amended and Restated Offer Letter with A. Menard]

Annex A

Severance Benefit

1. Upon a termination without Cause or resignation with Good Reason, in each case, that occurs during the Protected Period, subject to Section 2 of this Annex A, you will be entitled to receive the following payments and benefits:
- (a) Accrued Obligations – (1) Your base salary through your termination date to the extent earned and not theretofore paid, (2) your accrued vacation pay and/or personal days to the extent earned and payable in connection with the termination of employment pursuant to the Company’s policy, (3) your accrued annual incentive bonus for the fiscal year immediately preceding the year in which your termination date occurs (if any), to the extent such bonus is determined to otherwise have been earned based on the Company’s achievement of applicable performance targets but not theretofore paid, and (4) vested rights under any equity, compensation or benefit plan, policy, practice or program of or any other contract or agreement with the Company including, without limitation, any acceleration of vesting of equity awards that shall occur upon a “Qualifying Termination” as set forth in the applicable equity award agreement and/or equity incentive plan pursuant to which such awards have been granted. Accrued Obligations described in clauses (1) and (2) shall be paid in a lump sum in cash within the time required by law but in no event more than 30 days after the date of termination and the Accrued Obligation in clause (3) shall be paid at the same time annual cash bonuses are paid to actively employed senior executives of the Company in respect of the applicable performance period, but in no event later than 75 days after the end of the fiscal year. Accrued Obligations described in clause (iv) shall be paid at such time(s) as required under the applicable plan or agreement.
 - (b) Prorated Bonus – Your Bonus (as such term is defined in the CIC Agreement) for the year in which your termination occurs, based on actual performance through the end of the applicable performance period and prorated based on the number of days you were employed by the Company or its affiliate during the applicable performance period. The Prorated Bonus will be paid at the time annual cash bonuses are paid to actively employed senior executives of the Company in respect of the year in which your termination occurs, but in no event later than March 15 of the following year.

Severance Payment – An amount equal to three (3) times the sum of (1) your annual base rate of compensation payable as salary in effect of the date of your termination and (2) your Bonus. In the event that your termination of employment occurs prior to the date on which an annual incentive bonus has been awarded to you by the Company, your Bonus shall equal your target Bonus in effect as of the date of your termination. In the event that your termination of employment occurs prior to the date on which three annual incentive bonuses have been awarded to you by the Company, your Bonus shall equal the bonus awarded to you if only one annual incentive bonus has been awarded or the average of the annual incentive bonuses awarded to you. The Severance Payment shall be paid in a cash lump sum within 60 days after your termination of employment; provided that if the 60-day period begins in one calendar year and ends in a second calendar year, such amounts shall be paid in the second calendar year by the last day of such 60-day period.

- (c) COBRA Subsidy – A payment equal to the total amount of the COBRA continuation monthly premium rate that would otherwise be payable by you for such COBRA continuation for you and your eligible dependents as of your termination date, multiplied by 36. The COBRA Subsidy shall be paid in a lump sum within 60 days after your termination of employment; provided that if the 60-day period begins in one calendar year and ends in a second calendar

year, such amounts shall be paid in the second calendar year by the last day of such 60-day period.

(d) Outplacement Services. Outplacement services pursuant to the Company's outplacement plan for senior executives at the level and for the periods described in Schedule A to your CIC Agreement.

2. The payments and benefits described in Section 1(b), 1(c) and 1(d) are subject to your execution and non-revocation of a release of claims substantially in the form set forth in Schedule B of the CIC Agreement.

3. The capitalized terms used in Annex A have the meanings set forth below:

(a) "Cause" has the meaning set forth in Section 2(e) of your CIC Agreement.

(b) "CIC Agreement" means your Change in Control Agreement, dated as of February 24, 2018, as in effect as of the date hereof.

(c) The "Company." means the Macerich Company and its subsidiaries.

(d) "Good Reason" means an action taken by the Company, without your written consent thereto, resulting in a material negative change in the employment relationship. For these purposes, a "material negative change in the employment relationship" shall include, without limitation, any one or more of the following reasons, to the extent not remedied by the Company within 30 days after receipt by the Company of written notice from you provided to the Company within 90 days (the "Cure Period") of your knowledge of the occurrence of an event or circumstance set forth in clauses (i) through (v) below specifying in reasonable detail such occurrence:

(i) the assignment to you of any duties materially inconsistent in any respect with your position (including status, offices, titles and reporting requirements), authority, duties or responsibilities, or any other material diminution in such position, authority, duties or responsibilities (whether or not occurring solely as a result of the Company's ceasing to be a publicly traded entity);

(ii) a change in your principal office location to a location further away from your home which is more than 30 miles from your current principal office;

(iii) any one or more reductions in your annual rate of base salary and/or annual target bonus opportunity that, individually or in the aggregate, exceed 10% of your annual rate of base salary and target bonus opportunity, in the aggregate; or

(iv) any material breach by the Company of this letter.

In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, your "termination of employment" must occur, if at all, within 120 days of the end of the Cure Period.

(e) "Protected Period" means period commencing on April 20, 2018 and ending on December 31, 2020.

4. For the avoidance of doubt, your right to receive severance payments and benefits under this Annex A shall terminate on December 31, 2020 and this Annex A shall have no further force and effect thereafter.

5. The following provisions of your CIC Agreement shall also apply to this Annex A as if set forth herein: Section 6 (Withholding), Section 7 (No Duty to Mitigate), Section 9 (Governing Law and Dispute Resolution), Section 10 (Severability), Section 11 (Disclaimer of Rights), Section 12 (Captions), Section 13 (Number and Gender), and Section 14 (Section 409A).

THE MACERICH COMPANY
SECTION 302 CERTIFICATION

I, Arthur M. Coppola, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 31, 2018 of The Macerich Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ARTHUR M. COPPOLA

Chairman and Chief Executive Officer

Date: May 7, 2018

THE MACERICH COMPANY
SECTION 302 CERTIFICATION

I, Thomas E. O'Hern, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended March 31, 2018 of The Macerich Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ THOMAS E. O'HERN

Senior Executive Vice President and Chief Financial Officer

Date: May 7, 2018

THE MACERICH COMPANY**WRITTEN STATEMENT****PURSUANT TO****18 U.S.C. SECTION 1350**

The undersigned, Arthur M. Coppola and Thomas E. O'Hern, the Chief Executive Officer and Chief Financial Officer, respectively, of The Macerich Company (the "Company"), pursuant to 18 U.S.C. §1350, each hereby certifies that, to the best of his knowledge:

- (i) the Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2018

/s/ ARTHUR M. COPPOLA

Chairman and Chief Executive Officer

/s/ THOMAS E. O'HERN

Senior Executive Vice President and Chief Financial Officer