

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, 2016

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 or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting 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

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 5, 2016 of the registrant's common stock, par value \$0.01 per share: 148,492,665 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, 2016	December 31, 2015
ASSETS:		
Property, net	\$ 7,526,652	\$ 8,796,912
Cash and cash equivalents	106,505	86,510
Restricted cash	42,233	41,389
Tenant and other receivables, net	113,188	130,002
Deferred charges and other assets, net	505,164	564,291
Due from affiliates	73,087	83,928
Investments in unconsolidated joint ventures	1,844,516	1,532,552
Total assets	<u>\$ 10,211,345</u>	<u>\$ 11,235,584</u>
LIABILITIES AND EQUITY:		
Mortgage notes payable:		
Related parties	\$ 179,935	\$ 181,069
Others	3,732,114	4,427,518
Total	3,912,049	4,608,587
Bank and other notes payable	746,919	652,163
Accounts payable and accrued expenses	64,549	74,398
Accrued dividend	—	337,703
Other accrued liabilities	375,023	403,281
Distributions in excess of investments in unconsolidated joint ventures	20,995	24,457
Co-venture obligation	61,940	63,756
Total liabilities	<u>5,181,475</u>	<u>6,164,345</u>
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Common stock, \$0.01 par value, 250,000,000 shares authorized, 149,455,915 and 154,404,986 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	1,495	1,544
Additional paid-in capital	4,841,291	4,926,630
Accumulated deficit	(175,775)	(212,760)
Total stockholders' equity	4,667,011	4,715,414
Noncontrolling interests	362,859	355,825
Total equity	5,029,870	5,071,239
Total liabilities and equity	<u>\$ 10,211,345</u>	<u>\$ 11,235,584</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,	
	2016	2015
Revenues:		
Minimum rents	\$ 151,048	\$ 190,761
Percentage rents	3,014	3,248
Tenant recoveries	80,173	105,698
Other	13,148	13,003
Management Companies	8,617	5,625
Total revenues	<u>256,000</u>	<u>318,335</u>
Expenses:		
Shopping center and operating expenses	79,324	101,664
Management Companies' operating expenses	27,900	26,468
REIT general and administrative expenses	8,629	8,422
Costs related to unsolicited takeover offer	—	13,572
Depreciation and amortization	86,931	120,618
	<u>202,784</u>	<u>270,744</u>
Interest expense:		
Related parties	2,272	2,729
Other	37,504	50,557
	39,776	53,286
Loss (gain) on early extinguishment of debt, net	3,575	(2,245)
Total expenses	246,135	321,785
Equity in income of unconsolidated joint ventures	11,660	8,274
Co-venture expense	(3,289)	(2,130)
Income tax (expense) benefit	(1,317)	935
Gain on sale or write down of assets, net	434,456	935
Gain on remeasurement of assets	—	22,103
Net income	451,375	26,667
Less net income attributable to noncontrolling interests	30,460	2,056
Net income attributable to the Company	<u>\$ 420,915</u>	<u>\$ 24,611</u>
Earnings per common share—net income attributable to common stockholders:		
Basic	<u>\$ 2.77</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 2.76</u>	<u>\$ 0.15</u>
Weighted average number of common shares outstanding:		
Basic	<u>151,984,000</u>	<u>158,336,000</u>
Diluted	<u>152,103,000</u>	<u>158,544,000</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							Total Equity
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests		
	Shares	Par Value						
Balance at January 1, 2016	154,404,986	\$ 1,544	\$ 4,926,630	\$ (212,760)	\$ 4,715,414	\$ 355,825	\$ 5,071,239	
Net income	—	—	—	420,915	420,915	30,460	451,375	
Amortization of share and unit-based plans	86,204	1	21,398	—	21,399	—	21,399	
Stock repurchases	(5,192,802)	(52)	(120,411)	(279,555)	(400,018)	—	(400,018)	
Distributions declared (\$0.68) per share	—	—	—	(104,375)	(104,375)	—	(104,375)	
Distributions to noncontrolling interests	—	—	—	—	—	(9,720)	(9,720)	
Conversion of noncontrolling interests to common shares	157,527	2	3,106	—	3,108	(3,108)	—	
Redemption of noncontrolling interests	—	—	(23)	—	(23)	(7)	(30)	
Adjustment of noncontrolling interests in Operating Partnership	—	—	10,591	—	10,591	(10,591)	—	
Balance at March 31, 2016	<u>149,455,915</u>	<u>\$ 1,495</u>	<u>\$ 4,841,291</u>	<u>\$ (175,775)</u>	<u>\$ 4,667,011</u>	<u>\$ 362,859</u>	<u>\$ 5,029,870</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,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 451,375	\$ 26,667
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on early extinguishment of debt, net	(8,453)	(2,245)
Gain on sale or write down of assets, net	(434,456)	(935)
Gain on remeasurement of assets	—	(22,103)
Depreciation and amortization	88,176	122,418
Amortization of net premium on mortgage notes payable	(1,050)	(6,903)
Amortization of share and unit-based plans	16,440	14,468
Straight-line rent adjustment	(910)	(386)
Amortization of above and below-market leases	(1,643)	(4,666)
Provision for doubtful accounts	919	1,330
Income tax expense (benefit)	1,317	(935)
Equity in income of unconsolidated joint ventures	(11,660)	(8,274)
Distributions of income from unconsolidated joint ventures	2,035	—
Co-venture expense	3,289	2,130
Changes in assets and liabilities, net of acquisitions and dispositions:		
Tenant and other receivables	4,686	17,836
Other assets	(9,743)	4,310
Due from affiliates	11,123	650
Accounts payable and accrued expenses	(6,166)	18,318
Other accrued liabilities	2,562	450
Net cash provided by operating activities	<u>107,841</u>	<u>162,130</u>
Cash flows from investing activities:		
Acquisitions of property	—	(26,250)
Development, redevelopment, expansion and renovation of properties	(60,895)	(90,157)
Property improvements	(5,311)	(3,855)
Proceeds from notes receivable	932	452
Deferred leasing costs	(7,359)	(9,768)
Distributions from unconsolidated joint ventures	181,900	13,096
Contributions to unconsolidated joint ventures	(350,668)	(33,284)
Proceeds from sale of assets	600,665	1,440
Restricted cash	(849)	(1,694)
Net cash provided by (used in) investing activities	<u>358,415</u>	<u>(150,020)</u>

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

	For the Three Months Ended March 31,	
	2016	2015
Cash flows from financing activities:		
Proceeds from mortgages, bank and other notes payable	2,126,138	815,671
Payments on mortgages, bank and other notes payable	(1,713,094)	(674,569)
Deferred financing costs	(1,927)	(3,476)
Payment of stock issuance costs	—	(304)
Stock repurchases	(400,018)	—
Redemption of noncontrolling interests	(30)	—
Dividends and distributions	(452,225)	(111,462)
Distributions to co-venture partner	(5,105)	(4,716)
Net cash (used in) provided by financing activities	(446,261)	21,144
Net increase in cash and cash equivalents	19,995	33,254
Cash and cash equivalents, beginning of period	86,510	84,907
Cash and cash equivalents, end of period	<u>\$ 106,505</u>	<u>\$ 118,161</u>
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	<u>\$ 32,073</u>	<u>\$ 60,102</u>
Non-cash investing and financing transactions:		
Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities	<u>\$ 22,887</u>	<u>\$ 31,823</u>
Mortgage notes payable assumed in exchange for investments in unconsolidated joint ventures	<u>\$ 997,695</u>	<u>\$ —</u>
Assumption of mortgage note payable from unconsolidated joint venture	<u>\$ —</u>	<u>\$ 50,000</u>
Acquisition of property in exchange for investment in unconsolidated joint venture	<u>\$ —</u>	<u>\$ 76,250</u>
Conversion of Operating Partnership Units to common stock	<u>\$ 3,108</u>	<u>\$ 1,553</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, 2016, 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.

On January 1, 2016, the Company adopted Accounting Standards Update ("ASU") 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis," which made certain changes to both the variable interest model and the voting model, including changes to (1) the identification of variable interests (fees paid to a decision maker or service provider), (2) the variable interest entity ("VIE") characteristics for a limited partnership or similar entity and (3) the primary beneficiary determination. The Company evaluated the new standard and determined that no change was required to its accounting for variable interest entities. However, under the guidance of the new standard, all of the Company's consolidated joint ventures, including the Operating Partnership, now meet the definition and criteria as VIEs and the Company is the primary beneficiary of each VIE.

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 VIEs.

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 VIEs included the following assets and liabilities:

	March 31, 2016	December 31, 2015
Assets:		
Properties, net	\$ 360,666	\$ 362,129
Other assets	76,202	74,075
Total assets	<u>\$ 436,868</u>	<u>\$ 436,204</u>
Liabilities:		
Mortgage notes payable	\$ 138,130	\$ 139,767
Other liabilities	81,932	79,984
Total liabilities	<u>\$ 220,062</u>	<u>\$ 219,751</u>

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

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, 2015. 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, 2015 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 ASU 2014-09, "Revenue From Contracts With Customers," which outlines a comprehensive model for entities to use in accounting for revenue arising from contracts with customers. ASU 2014-09 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 ASU 2014-09 specifically references contracts with customers, it may apply to certain other transactions such as the sale of real estate or equipment. In July 2015, the FASB voted to defer the effective date of ASU 2014-09 by one year. Accordingly, ASU 2014-09 is effective for the Company beginning January 1, 2018, with early adoption permitted beginning January 1, 2017. The Company does not expect the adoption of this standard to have a significant impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected. The Company's adoption of ASU 2015-03 on January 1, 2016 resulted in an adjustment of its consolidated balance sheet at December 31, 2015 to reflect the new presentation required by the standard.

In September 2015, the FASB issued ASU 2015-16, "Simplifying the Accounting for Measurement-Period Adjustments," which requires adjustments to provisional amounts used in business combinations during the measurement period to be recognized in the reporting period in which the adjustment amounts are determined. It also requires the disclosure of the impact on changes in estimates on earnings, depreciation, amortization and other income effects. The Company's adoption of this standard on January 1, 2016 did not have an impact on its 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)

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)," which requires lessees to record operating and financing leases as assets and liabilities on the balance sheet and lessors to expense costs that are not initial direct leasing costs. ASU 2016-02 is effective for the Company beginning January 1, 2019. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation-Stock Compensation (Topic 718)," which amends the accounting for share-based payments, including the income tax consequences, classification of awards and classification on the statement of cash flows. ASU 2016-09 is effective for the Company beginning January 1, 2017. The Company is evaluating the impact of the adoption of this standard on its consolidated financial statements.

3. Earnings per Share ("EPS"):

The following table reconciles the numerator and denominator used in the computation of earnings per share for the three months ended March 31, 2016 and 2015 (shares in thousands):

	For the Three Months Ended March 31,	
	2016	2015
Numerator		
Net income	\$ 451,375	\$ 26,667
Net income attributable to noncontrolling interests	(30,460)	(2,056)
Net income attributable to the Company	420,915	24,611
Allocation of earnings to participating securities	(420)	(148)
Numerator for basic and diluted earnings per share—net income attributable to common stockholders	<u>\$ 420,495</u>	<u>\$ 24,463</u>
Denominator		
Denominator for basic earnings per share—weighted average number of common shares outstanding	151,984	158,336
Effect of dilutive securities:(1)		
Share and unit-based compensation plans	119	208
Denominator for diluted earnings per share—weighted average number of common shares outstanding	<u>152,103</u>	<u>158,544</u>
Earnings per common share—net income attributable to common stockholders:		
Basic	<u>\$ 2.77</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 2.76</u>	<u>\$ 0.15</u>

(1) Diluted EPS excludes 138,759 and 140,490 convertible preferred units for the three months ended March 31, 2016 and 2015, respectively, as their impact was antidilutive.

Diluted EPS excludes 10,820,343 and 10,516,523 Operating Partnership units ("OP Units") for the three months ended March 31, 2016 and 2015, respectively, as their impact was antidilutive.

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share amounts)****(Unaudited)****4. Investments in Unconsolidated Joint Ventures:**

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

On February 17, 2015, the Company acquired the remaining 50% ownership interest in Inland Center, an 867,000 square foot regional shopping center in San Bernardino, California, that it did not previously own for \$51,250. The purchase price was funded by a cash payment of \$26,250 and the assumption of the third party's share of the mortgage note payable on the property of \$25,000. Concurrent with the purchase of the joint venture interest, the Company paid off the \$50,000 mortgage note payable on the property. The cash payment was funded by borrowings under the Company's line of credit. Prior to the acquisition, the Company had accounted for its investment in Inland Center under the equity method of accounting. Since the date of acquisition, the Company has included Inland Center in its consolidated financial statements (See Note 13—Acquisitions).

On April 30, 2015, the Company entered into a 50/50 joint venture with Sears to own nine freestanding stores located at Arrowhead Towne Center, Chandler Fashion Center, Danbury Fair Mall, Deptford Mall, Freehold Raceway Mall, Los Cerritos Center, South Plains Mall, Vintage Faire Mall and Washington Square. The Company invested \$150,000 for a 50% ownership interest in the joint venture, which was funded by borrowings under the Company's line of credit.

On October 30, 2015, the Company sold a 40% ownership interest in Pacific Premier Retail LLC (the "PPR Portfolio"), which owns Lakewood Center, a 2,075,000 square foot regional shopping center in Lakewood, California; Los Cerritos Center, a 1,296,000 square foot regional shopping center in Cerritos, California; South Plains Mall, a 1,127,000 square foot regional shopping center in Lubbock, Texas; and Washington Square, a 1,442,000 square foot regional shopping center in Portland, Oregon, for a total sales price of \$1,258,643, resulting in a gain on the sale of assets of \$311,194. The sales price was funded by a cash payment of \$545,643 and the assumption of a pro rata share of the mortgage notes payable on the properties of \$713,000. The Company used the cash proceeds from the sales to pay down its line of credit and for general corporate purposes, which included funding the ASR and Special Dividend (See Note 12—Stockholders' Equity).

On January 6, 2016, the Company sold a 40% ownership interest in Arrowhead Towne Center, a 1,197,000 square foot regional shopping center in Glendale, Arizona, for \$289,496, resulting in a gain on the sale of assets of \$104,293. The sales price was funded by a cash payment of \$129,496 and the assumption of a pro rata share of the mortgage note payable on the property of \$160,000. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the Special Dividend (See Note 12—Stockholders' Equity).

On January 14, 2016, the Company formed a joint venture, whereby the Company sold a 49% ownership interest in Deptford Mall, a 1,040,000 square foot regional shopping center in Deptford, New Jersey; FlatIron Crossing, a 1,432,000 square foot regional shopping center in Broomfield, Colorado; and Twenty Ninth Street, an 852,000 square foot regional shopping center in Boulder, Colorado (the "MAC Heitman Portfolio"), for \$771,478, resulting in a gain on the sale of assets of \$340,741. The sales price was funded by a cash payment of \$478,608 and the assumption of a pro rata share of the mortgage note payable on the properties of \$292,870. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On March 1, 2016, the Company, through a 50/50 joint venture, acquired Country Club Plaza, a 1,300,000 square foot regional shopping center in Kansas City, Missouri for a total purchase price of \$660,000. The Company funded its pro rata share of the purchase price of \$330,000 with borrowings under its line of credit. On March 28, 2016, the joint venture placed a \$320,000 loan on the property that bears interest at an effective rate of 3.88% and matures on April 1, 2026. The Company used its pro rata share of the proceeds to pay down its line of credit.

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 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, 2016	December 31, 2015
Assets(1):		
Properties, net	\$ 9,246,945	\$ 6,334,442
Other assets	621,668	507,718
Total assets	<u>\$ 9,868,613</u>	<u>\$ 6,842,160</u>
Liabilities and partners' capital(1):		
Mortgage and other notes payable(2)	\$ 4,926,654	\$ 3,607,588
Other liabilities	442,846	355,634
Company's capital	2,435,483	1,585,796
Outside partners' capital	2,063,630	1,293,142
Total liabilities and partners' capital	<u>\$ 9,868,613</u>	<u>\$ 6,842,160</u>
Investments in unconsolidated joint ventures:		
Company's capital	\$ 2,435,483	\$ 1,585,796
Basis adjustment(3)	(611,962)	(77,701)
	<u>\$ 1,823,521</u>	<u>\$ 1,508,095</u>
Assets—Investments in unconsolidated joint ventures	\$ 1,844,516	\$ 1,532,552
Liabilities—Distributions in excess of investments in unconsolidated joint ventures	(20,995)	(24,457)
	<u>\$ 1,823,521</u>	<u>\$ 1,508,095</u>

(1) These amounts include the assets of \$3,258,293 and \$3,283,702 of Pacific Premier Retail LLC as of March 31, 2016 and December 31, 2015, respectively, and liabilities of \$1,919,760 and \$1,938,241 of Pacific Premier Retail LLC as of March 31, 2016 and December 31, 2015, respectively.

(2) Certain mortgage notes payable could become recourse debt to the Company should the joint venture be unable to discharge the obligations of the related debt. As of March 31, 2016 and December 31, 2015, a total of \$5,000 could become recourse debt to the Company. As of March 31, 2016 and December 31, 2015, the Company had an indemnity agreement from a joint venture partner for \$2,500 of the guaranteed amount.

Included in mortgage and other notes payable are amounts due to an affiliate of Northwestern Mutual Life ("NML") of \$458,843 and \$460,872 as of March 31, 2016 and December 31, 2015, 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 \$6,366 and \$8,508 for the three months ended March 31, 2016 and 2015, 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 \$4,457 and \$420 for the three months ended March 31, 2016 and 2015, 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:

	Pacific Premier Retail LLC (1)	Other Joint Ventures	Total
<i>Three Months Ended March 31, 2016</i>			
Revenues:			
Minimum rents	\$ 30,583	\$ 106,373	\$ 136,956
Percentage rents	759	1,753	2,512
Tenant recoveries	11,976	43,443	55,419
Other	2,838	10,352	13,190
Total revenues	46,156	161,921	208,077
Expenses:			
Shopping center and operating expenses	9,786	53,298	63,084
Interest expense	15,214	27,738	42,952
Depreciation and amortization	28,084	56,533	84,617
Total operating expenses	53,084	137,569	190,653
Loss on sale or write down of assets, net	—	(5)	(5)
Net (loss) income	\$ (6,928)	\$ 24,347	\$ 17,419
Company's equity in net (loss) income	\$ (1,244)	\$ 12,904	\$ 11,660
<i>Three Months Ended March 31, 2015</i>			
Revenues:			
Minimum rents	\$ —	\$ 67,522	\$ 67,522
Percentage rents	—	1,623	1,623
Tenant recoveries	—	32,363	32,363
Other	—	7,590	7,590
Total revenues	—	109,098	109,098
Expenses:			
Shopping center and operating expenses	—	42,178	42,178
Interest expense	—	20,383	20,383
Depreciation and amortization	—	29,670	29,670
Total operating expenses	—	92,231	92,231
Net income	\$ —	\$ 16,867	\$ 16,867
Company's equity in net income	\$ —	\$ 8,274	\$ 8,274

- (1) These amounts exclude the results of operations from January 1, 2015 to March 31, 2015, as Pacific Premier Retail LLC was wholly-owned during that period. On October 30, 2015, as a result of the PPR Portfolio transaction discussed above, Pacific Premier Retail LLC was converted from wholly-owned to an unconsolidated joint venture.

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. Property, net:

Property, net consists of the following:

	March 31, 2016	December 31, 2015
Land	\$ 1,658,466	\$ 1,894,717
Buildings and improvements	6,595,692	7,752,892
Tenant improvements	573,863	637,355
Equipment and furnishings	161,891	169,841
Construction in progress	264,431	234,851
	<u>9,254,343</u>	<u>10,689,656</u>
Less accumulated depreciation	<u>(1,727,691)</u>	<u>(1,892,744)</u>
	<u>\$ 7,526,652</u>	<u>\$ 8,796,912</u>

Depreciation expense was \$69,903 and \$90,197 for the three months ended March 31, 2016 and 2015, respectively.

The gain on sale or write down of assets, net for the three months ended March 31, 2016 includes a gain of \$104,293 on the sale of a 40% ownership interest in Arrowhead Towne Center (See Note 4—Investments in Unconsolidated Joint Ventures), \$340,741 on the sale of a 49% ownership interest in the MAC Heitman Portfolio (See Note 4—Investments in Unconsolidated Joint Ventures) and a gain of \$2,412 on the sale of land offset in part by a \$12,294 adjustment to contingent consideration (See Note 13—Acquisitions) and \$696 on the write-off of development costs.

The gain on sale or write down of assets, net for the three months ended March 31, 2015 includes a gain of \$1,056 on the sale of land offset in part by a loss of \$121 on the sale of assets.

6. Tenant and Other Receivables, net:

Included in tenant and other receivables, net is an allowance for doubtful accounts of \$2,684 and \$3,072 at March 31, 2016 and December 31, 2015, respectively. Also included in tenant and other receivables, net are accrued percentage rents of \$1,157 and \$10,940 at March 31, 2016 and December 31, 2015, respectively, and a deferred rent receivable due to straight-line rent adjustments of \$54,079 and \$60,790 at March 31, 2016 and December 31, 2015, respectively.

On March 17, 2014, in connection with the sale of Lake Square Mall, the Company issued a note receivable for \$6,500 that bears interest at an effective rate of 6.5%, matures on March 17, 2018 and is collateralized by a trust deed on Lake Square Mall. At March 31, 2016 and December 31, 2015, the note had a balance of \$6,331 and \$6,351, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

7. Deferred Charges and Other Assets, net:

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

	March 31, 2016	December 31, 2015
Leasing	\$ 224,302	\$ 248,709
Intangible assets:		
In-place lease values	159,057	196,969
Leasing commissions and legal costs	37,556	52,000
Above-market leases	210,733	220,847
Deferred tax assets	37,591	38,847
Deferred compensation plan assets	37,818	37,341
Other assets	53,363	70,070
	<u>760,420</u>	<u>864,783</u>
Less accumulated amortization(1)	(255,256)	(300,492)
	<u>\$ 505,164</u>	<u>\$ 564,291</u>

- (1) Accumulated amortization includes \$84,501 and \$109,453 relating to in-place lease values, leasing commissions and legal costs at March 31, 2016 and December 31, 2015, respectively. Amortization expense of in-place lease values, leasing commissions and legal costs was \$8,847 and \$21,678 for the three months ended March 31, 2016 and 2015, respectively.

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

	March 31, 2016	December 31, 2015
<i>Above-Market Leases</i>		
Original allocated value	\$ 210,733	\$ 220,847
Less accumulated amortization	(70,277)	(73,520)
	<u>\$ 140,456</u>	<u>\$ 147,327</u>
<i>Below-Market Leases(1)</i>		
Original allocated value	\$ 202,454	\$ 227,063
Less accumulated amortization	(91,718)	(101,872)
	<u>\$ 110,736</u>	<u>\$ 125,191</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 amounts)

(Unaudited)

8. Mortgage Notes Payable:

Mortgage notes payable at March 31, 2016 and December 31, 2015 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, 2016		December 31, 2015				
	Related Party	Other	Related Party	Other			
Arrowhead Towne Center(5)	\$ —	\$ —	\$ —	\$ 221,194	—	\$ —	—
Chandler Fashion Center(6)	—	199,784	—	199,766	3.77%	625	2019
Danbury Fair Mall	110,307	110,307	111,078	111,079	5.53%	1,538	2020
Deptford Mall(7)	—	—	—	193,337	—	—	—
Deptford Mall(8)	—	—	—	13,999	—	—	—
Fashion Outlets of Chicago	—	198,688	—	198,653	2.10%	323	2020
Fashion Outlets of Niagara Falls USA	—	117,903	—	117,708	4.89%	727	2020
Flagstaff Mall(9)	—	37,000	—	37,000	8.97%	153	2015
FlatIron Crossing(7)	—	—	—	254,075	—	—	—
Freehold Raceway Mall(6)	—	223,805	—	224,836	4.20%	1,132	2018
Green Acres Mall	—	302,428	—	303,960	3.61%	1,447	2021
Kings Plaza Shopping Center	—	463,952	—	466,266	3.67%	2,229	2019
Northgate Mall(10)	—	63,777	—	63,783	3.32%	143	2017
Oaks, The	—	204,492	—	205,555	4.14%	1,064	2022
Pacific View	—	129,419	—	130,108	4.08%	668	2022
Queens Center	—	600,000	—	600,000	3.49%	1,744	2025
Santa Monica Place	—	223,509	—	224,815	2.99%	1,004	2018
SanTan Village Regional Center	—	129,911	—	130,638	3.14%	589	2019
Stonewood Center	—	104,023	—	105,494	1.80%	640	2017
Superstition Springs Center(11)	—	67,674	—	67,749	2.26%	154	2016
Towne Mall	—	21,860	—	21,956	4.48%	117	2022
Tucson La Encantada	69,628	—	69,991	—	4.23%	368	2022
Victor Valley, Mall of	—	114,515	—	114,500	4.00%	380	2024
Vintage Faire Mall	—	273,125	—	274,417	3.55%	1,255	2026
Westside Pavilion	—	145,942	—	146,630	4.49%	783	2022
	<u>\$ 179,935</u>	<u>\$ 3,732,114</u>	<u>\$ 181,069</u>	<u>\$ 4,427,518</u>			

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Mortgage Notes Payable: (Continued)

- (1) The mortgage notes payable balances include the unamortized debt premiums (discounts). Debt premiums (discounts) represent the excess (deficiency) of the fair value of debt over (under) 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. Debt premiums (discounts) consist of the following:

Property Pledged as Collateral	March 31, 2016	December 31, 2015
Arrowhead Towne Center	\$ —	\$ 8,494
Deptford Mall	—	(3)
Fashion Outlets of Niagara Falls USA	4,254	4,486
Stonewood Center	4,467	5,168
Superstition Springs Center	184	263
	<u>\$ 8,905</u>	<u>\$ 18,408</u>

The mortgage notes payable balances 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 \$13,182 and \$16,025 at March 31, 2016 and December 31, 2015, respectively.

- (2) The interest rate disclosed represents the effective interest rate, including the debt premiums (discounts) 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) On January 6, 2016, the Company replaced the existing loan on the property with a new \$400,000 loan that bears interest at an effective rate of 4.05% and matures on February 1, 2028, which resulted in a loss of \$3,575 on the early extinguishment of debt. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the underlying property (See Note 4—Investments in Unconsolidated Joint Ventures).
- (6) A 49.9% interest in the loan has been assumed by a third party in connection with a co-venture arrangement (See Note 10—Co-Venture Arrangement).
- (7) On January 14, 2016, a 49% interest in the loan was assumed by a third party in connection with the sale of a 49% ownership interest in the MAC Heitman Portfolio (See Note 4—Investments in Unconsolidated Joint Ventures).
- (8) On March 1, 2016, the Company paid off in full the loan on the property.
- (9) On November 1, 2015, this non-recourse loan went into maturity default. The Company is negotiating with the loan servicer, which will likely result in a transition of the property to the loan servicer or a receiver.
- (10) The loan bears interest at LIBOR plus 2.25% and matures on March 1, 2017. At March 31, 2016 and December 31, 2015, the total interest rate was 3.32% and 3.30%, respectively.
- (11) The loan bears interest at LIBOR plus 2.30% and matures on October 28, 2016. At March 31, 2016 and December 31, 2015, the total interest rate was 2.26% and 2.17%, respectively.

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

Most of the Company's mortgage notes payable are secured by the properties on which they are placed and are non-recourse to the Company. As of March 31, 2016 and December 31, 2015, a total of \$13,500 of the mortgage notes payable could become recourse to the Company.

The Company expects that all loan maturities during the next twelve months, except for the loan on Flagstaff Mall, will be refinanced, restructured, extended and/or paid-off from the Company's line of credit or with cash on hand. The mortgage note payable on Flagstaff Mall, which went into maturity default on November 1, 2015, is a non-recourse loan. The Company is working with the loan servicer and expects the property will be transferred to the loan servicer or a receiver.

Total interest expense capitalized was \$2,303 and \$2,629 during the three months ended March 31, 2016 and 2015, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Mortgage Notes Payable: (Continued)

Related party mortgage notes payable are amounts due to an affiliate of NML. See Note 16—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, 2016 and December 31, 2015 was \$3,951,798 and \$4,628,781, 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.

9. 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 1.38% to 2.0%, depending on the Company's overall leverage level, and matures on August 6, 2018. Based on the Company's leverage level as of March 31, 2016, the borrowing rate on the facility was LIBOR plus 1.50%. As of March 31, 2016 and December 31, 2015, borrowings under the line of credit, were \$745,000 and \$650,000, respectively, less unamortized deferred finance costs of \$6,299 and \$6,967, respectively, at an average interest rate of 2.11% and 1.95%, respectively. The estimated fair value (Level 2 measurement) of the line of credit at March 31, 2016 and December 31, 2015 was \$739,417 and \$640,260, 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 was to mature on March 29, 2016. The maturity date of the note has been extended to May 30, 2016. The note payable is collateralized by a portion of a development reimbursement agreement with the City of Surprise, Arizona. At March 31, 2016 and December 31, 2015, the note had a balance of \$8,218 and \$9,130, respectively. The estimated fair value (Level 2 measurement) of the note at March 31, 2016 and December 31, 2015 was \$8,244 and \$9,168, 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, 2016 and December 31, 2015, the Company was in compliance with all applicable financial loan covenants.

10. Co-Venture Arrangement:

On September 30, 2009, the Company formed a joint venture, whereby a third party acquired a 49.9% interest in Freehold Raceway Mall, a 1,670,000 square foot regional shopping center in Freehold, New Jersey, and Chandler Fashion Center, a 1,319,000 square foot regional shopping center in Chandler, Arizona.

As a result of the Company having certain rights under the agreement to repurchase the assets after the seventh year of the venture formation, the transaction did not qualify for sale treatment. The Company, however, is not obligated to repurchase the assets. The transaction has been accounted for as a profit-sharing 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 amount of \$168,154, representing the net cash proceeds received from the third party. The co-venture obligation is increased for the allocation of income to the co-venture partner and decreased for distributions to the co-venture partner. The co-venture obligation was \$61,940 and \$63,756 at March 31, 2016 and December 31, 2015, respectively.

11. 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

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share amounts)****(Unaudited)****11. Noncontrolling Interests: (Continued)**

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, 2016 and December 31, 2015. The remaining 7% limited partnership interest as of March 31, 2016 and December 31, 2015 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, 2016 and December 31, 2015, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was \$860,925 and \$870,625, 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.

12. Stockholders' Equity:*Stock Buyback Program:*

On September 30, 2015, the Company's Board of Directors authorized the repurchase of up to \$1,200,000 of the Company's outstanding common shares over the period ending September 30, 2017, as market conditions warrant. Repurchases may be made through open market purchases, privately negotiated transactions, structured or derivative transactions, including accelerated stock repurchase transactions, or other methods of acquiring shares and pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934, from time to time as permitted by securities laws and other legal requirements.

On November 12, 2015, the Company entered into an accelerated share repurchase program ("ASR") to repurchase \$400,000 of the Company's common stock. In accordance with the ASR, the Company made a prepayment of \$400,000 and received an initial share delivery of 4,140,788 shares. On January 19, 2016, the ASR was completed and the Company received an additional delivery of 970,609 shares. The average price of the 5,111,397 shares repurchased under the ASR was \$78.26 per share. The ASR was funded from proceeds in connection with the financing and sale of the ownership interest in the PPR Portfolio (See Note 4—Investments in Unconsolidated Joint Ventures).

On February 17, 2016, the Company entered into an ASR to repurchase an additional \$400,000 of the Company's common stock. In accordance with the ASR, the Company made a prepayment of \$400,000 and received an initial share delivery of 4,222,193 shares. On April 19, 2016, the ASR was completed and the Company received an additional delivery of 861,235 shares. The average price of the 5,083,428 shares repurchased under the ASR was \$78.69 per share. The ASR was funded from borrowings under the Company's line of credit, which had been recently paid down from the proceeds from the recently completed financings and sale of ownership interests (See Note 4—Investments in Unconsolidated Joint Ventures).

Special Dividends:

On October 30, 2015, the Company declared two special dividends/distributions ("Special Dividend"), each of \$2.00 per share of common stock and per OP Unit. The first Special Dividend was paid on December 8, 2015 to common stockholders and OP Unit holders of record on November 12, 2015. The second Special Dividend was paid on January 6, 2016 to common stockholders and OP Unit holders of record on November 12, 2015. The Special Dividends were funded from proceeds in connection with the financing and sale of ownership interests in the PPR Portfolio and Arrowhead Towne Center (See Note 4—Investments in Unconsolidated Joint Ventures).

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

12. Stockholders' Equity: (Continued)

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 Shares"). Sales of the ATM Shares can be made in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an "at the market" offering, which includes sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange. The Company agreed to pay each sales agent a commission that was not to exceed, but could have been lower than, 2% of the gross proceeds of the ATM Shares sold through such sales agent under the distribution agreement.

As of March 31, 2016, \$500,000 of the ATM Shares were available to be sold under the ATM Program. Actual future sales of the ATM Shares under the ATM Program will depend upon a variety of factors including but not limited to market conditions, the trading price of the Company's common stock and the Company's capital needs. The Company has no obligation to sell the ATM Shares under the ATM Program.

13. Acquisitions:

Fashion Outlets of Chicago:

On October 31, 2014, the Company purchased AWE/Talisman's ownership interest in its consolidated joint venture in Fashion Outlets of Chicago for \$69,987. The purchase price was funded by a cash payment of \$55,867 and the settlement of the balance on notes receivables of \$14,120. The cash payment was funded by borrowings under the Company's line of credit. The purchase agreement includes contingent consideration based on the financial performance of Fashion Outlets of Chicago at an agreed upon date in 2016. The Company estimated the fair value of the contingent consideration as of March 31, 2016 to be \$23,459, which has been included in other accrued liabilities. As a result of this acquisition, the noncontrolling interest of \$76,141 was reversed.

Inland Center:

On February 17, 2015, the Company acquired the remaining 50% ownership interest in Inland Center that it did not previously own for \$51,250. The purchase price was funded by a cash payment of \$26,250 and the assumption of the third party's share of the mortgage note payable on the property of \$25,000. Prior to the acquisition, the Company had accounted for its investment under the equity method of accounting (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of Inland Center. The acquisition was completed in order to obtain 100% ownership and control over this asset.

The following is a summary of the allocation of the fair value of Inland Center:

Property	\$ 91,871
Deferred charges	9,752
Other assets	5,782
Total assets acquired	107,405
Mortgage note payable	50,000
Other accrued liabilities	4,905
Total liabilities assumed	54,905
Fair value of acquired net assets (at 100% ownership)	\$ 52,500

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

13. Acquisitions: (Continued)

The Company determined that the purchase price represented the fair value of the additional ownership interest in Inland Center that was acquired.

Fair value of existing ownership interest (at 50% ownership)	\$	26,250
Carrying value of investment		(4,161)
Gain on remeasurement of assets	\$	<u>22,089</u>

The following is the reconciliation of the purchase price to the fair value of the acquired net assets:

Purchase price	\$	51,250
Less debt assumed		(25,000)
Carrying value of investment		4,161
Gain on remeasurement of assets		22,089
Fair value of acquired net assets (at 100% ownership)	\$	<u>52,500</u>

Since the date of acquisition, the Company has included Inland Center in its consolidated financial statements.

14. Dispositions:

The following are recent dispositions of properties:

On June 30, 2015, the Company conveyed Great Northern Mall, an 895,000 square foot regional shopping center in Clay, New York, to the mortgage lender by a deed-in-lieu of foreclosure and was discharged from the mortgage note payable. The loan was nonrecourse to the Company. As a result, the Company recognized a loss on the extinguishment of debt of \$1,627.

On November 19, 2015, the Company sold Panorama Mall, a 312,000 square foot community center in Panorama City, California, for \$98,000, resulting in a gain on the sale of assets of \$73,726. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

15. Commitments and Contingencies:

The Company has certain properties that are subject to non-cancelable operating ground 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. Ground lease rent expense was \$2,511 and \$2,945 for the three months ended March 31, 2016 and 2015, respectively. No contingent rent was incurred during the three months ended March 31, 2016 or 2015.

As of March 31, 2016, the Company was contingently liable for \$61,002 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, 2016, the Company had \$62,832 in outstanding obligations which it believes will be settled in the next twelve months.

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share amounts)****(Unaudited)****16. 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,	
	2016	2015
Management fees	\$ 3,953	\$ 2,211
Development and leasing fees	2,961	1,892
	<u>\$ 6,914</u>	<u>\$ 4,103</u>

Certain mortgage notes on the properties are held by NML (See Note 8—Mortgage Notes Payable). Interest expense in connection with these notes was \$2,272 and \$2,729 for the three months ended March 31, 2016 and 2015, respectively. Included in accounts payable and accrued expenses is interest payable on these notes of \$751 and \$756 at March 31, 2016 and December 31, 2015, respectively.

Due from affiliates includes prepaid and/or unreimbursed costs and fees from unconsolidated joint ventures due to the Management Companies. As of March 31, 2016 and December 31, 2015, the amounts due (from) to the unconsolidated joint ventures was \$(2,865) and \$7,467, respectively.

In addition, due from affiliates at March 31, 2016 and December 31, 2015 included a note receivable from RED/303 LLC ("RED") that bears interest at 5.25% and matures on May 30, 2016. Interest income earned on this note was \$117 and \$137 for the three months ended March 31, 2016 and 2015, respectively. The balance on this note was \$8,222 and \$9,252 at March 31, 2016 and December 31, 2015, 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 a development agreement.

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 \$521 and \$433 for the three months ended March 31, 2016 and 2015, respectively. The balance on this note was \$67,730 and \$67,209 at March 31, 2016 and December 31, 2015, respectively. Lennar Corporation is considered a related party because it has an ownership interest in Fashion Outlets of San Francisco.

17. Share and Unit-Based Plans:

Under the Long-Term Incentive Plan ("LTIP"), each award recipient is issued a form of operating partnership 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.

On January 1, 2016, the Company granted 58,786 LTIP Units with a grant date fair value of \$80.69 per LTIP Unit that will vest in equal annual installments over a service period ending December 31, 2018. Concurrently, the Company granted 266,899 market-indexed LTIP Units ("2016 LTIP Units") at a grant date fair value of \$53.32 per LTIP Unit that vest over a service period ending December 31, 2018. The fair value of the 2016 LTIP Units was estimated on the date of grant using a Monte Carlo Simulation model that assumed a risk free interest rate of 1.32% and an expected volatility of 20.31%.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

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

On March 4, 2016, the Company granted 154,686 LTIP Units at a fair value of \$79.20 per LTIP Unit that were fully vested on the grant date.

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

	For the Three Months Ended March 31,	
	2016	2015
LTIP Units	\$ 17,399	\$ 15,228
Stock awards	20	75
Stock units	3,372	3,197
Stock options	4	4
Phantom stock units	604	311
	<u>\$ 21,399</u>	<u>\$ 18,815</u>

The Company capitalized share and unit-based compensation costs of \$4,959 and \$4,347 for the three months ended March 31, 2016 and 2015, respectively. Unrecognized compensation costs of share and unit-based plans at March 31, 2016 consisted of \$17,955 from LTIP Units, \$6,628 from stock units, \$23 from stock options and \$746 from phantom stock units.

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

	LTIP Units		Stock Awards		Phantom Stock Units		Stock Units	
	Units	Value(1)	Shares	Value(1)	Units	Value(1)	Units	Value(1)
Balance at January 1, 2016	56,315	\$ 73.24	1,612	\$ 62.01	—	\$ —	132,086	\$ 74.58
Granted	480,371	65.00	—	—	14,534	80.42	85,045	79.24
Vested	(154,686)	79.20	(1,612)	62.01	(5,237)	80.83	(67,703)	71.64
Forfeited	—	—	—	—	—	—	—	—
Balance at March 31, 2016	<u>382,000</u>	<u>\$ 60.47</u>	<u>—</u>	<u>\$ —</u>	<u>9,297</u>	<u>\$ 80.20</u>	<u>149,428</u>	<u>\$ 78.55</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, 2016	417,783	\$ 55.13	10,314	\$ 58.15
Granted	—	—	—	—
Exercised	(25,988)	52.77	—	—
Special dividend adjustment	10,185	53.88	251	56.77
Balance at March 31, 2016	<u>401,980</u>	<u>\$ 53.88</u>	<u>10,565</u>	<u>\$ 56.77</u>

(1) Value represents the weighted average exercise price.

THE MACERICH COMPANY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(Dollars in thousands, except per share amounts)****(Unaudited)****18. 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,	
	2016	2015
Current	\$ —	\$ —
Deferred	(1,317)	935
Income tax (expense) benefit	<u>\$ (1,317)</u>	<u>\$ 935</u>

The net operating loss carryforwards are currently scheduled to expire through 2035, beginning in 2024. Net deferred tax assets of \$37,591 and \$38,847 were included in deferred charges and other assets, net at March 31, 2016 and December 31, 2015, respectively.

The tax years 2011 through 2015 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.

19. Subsequent Events:

On April 13, 2016, the Company sold Capitola Mall, a 586,000 square foot regional shopping center in Capitola, California, for \$93,000. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On April 19, 2016, the Company completed an ASR and took delivery of an additional 861,235 shares. Upon the completion of the ASR, the Company repurchased a total of 5,083,428 shares with an average price of \$78.69 per share (See Note 12—Stockholders' Equity).

On April 26, 2016, the Company announced a dividend/distribution of \$0.68 per share for common stockholders and OP Unit holders of record on May 5, 2016. All dividends/distributions will be paid 100% in cash on June 3, 2016.

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, 2015, 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, 2016, the Operating Partnership owned or had an ownership interest in 52 regional shopping centers and seven community/power shopping centers aggregating approximately 56 million square feet of gross leasable area. These 59 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, 2016 and 2015. It compares the results of operations and cash flows for the three months ended March 31, 2016 to the results of operations and cash flows for the three months ended March 31, 2015. 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 February 17, 2015, the Company acquired the remaining 50% ownership interest in Inland Center, an 867,000 square foot regional shopping center in San Bernardino, California, that it did not previously own for \$51.3 million. The purchase price was funded by a cash payment of \$26.3 million and the assumption of the third party's share of the mortgage note payable on the property of \$25.0 million. Concurrent with the purchase of the joint venture interest, the Company paid off the \$50.0 million loan on the property. The cash payment was funded by borrowings under the Company's line of credit. As a result of the acquisition, the Company recognized a gain on the remeasurement of assets of \$22.1 million.

On April 30, 2015, the Company entered into a 50/50 joint venture with Sears to own nine freestanding stores located at Arrowhead Towne Center, Chandler Fashion Center, Danbury Fair Mall, Deptford Mall, Freehold Raceway Mall, Los Cerritos Center, South Plains Mall, Vintage Faire Mall and Washington Square. The Company invested \$150.0 million for a 50% ownership interest in the joint venture, which was funded by borrowings under the Company's line of credit.

On October 30, 2015, the Company sold a 40% ownership interest in Pacific Premier Retail LLC (the "PPR Portfolio"), which owns Lakewood Center, a 2,075,000 square foot regional shopping center in Lakewood, California; Los Cerritos Center, a 1,296,000 square foot regional shopping center in Cerritos, California; South Plains Mall, a 1,127,000 square foot regional shopping center in Lubbock, Texas; and Washington Square, a 1,442,000 square foot regional shopping center in Portland, Oregon, for a total sales price of \$1.3 billion, resulting in a gain on the sale of assets of \$311.2 million. The sales price was funded by a cash payment of \$545.6 million and the assumption of a pro rata share of the mortgage notes payable on the properties of \$713.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the ASR and Special Dividend (See "Other Events and Transactions").

On November 19, 2015, the Company sold Panorama Mall, a 312,000 square foot community center in Panorama City, California, for \$98.0 million, resulting in a gain on the sale of assets of \$73.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On January 6, 2016, the Company sold a 40% ownership interest in Arrowhead Towne Center, a 1,197,000 square foot regional shopping center in Glendale, Arizona for \$289.5 million, resulting in a gain on the sale of assets of \$104.3 million. The sales price was funded by a cash payment of \$129.5 million and the assumption of a pro rata share of the mortgage note payable on the property of \$160.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the Special Dividend (See "Other Events and Transactions").

On January 14, 2016, the Company formed a joint venture, whereby the Company sold a 49% ownership interest in Deptford Mall, a 1,040,000 square foot regional shopping center in Deptford, New Jersey; FlatIron Crossing, a 1,432,000 square foot regional shopping center in Broomfield, Colorado; and Twenty Ninth Street, an 852,000 square foot regional shopping center in Boulder, Colorado (the "MAC Heitman Portfolio"), for \$771.5 million, resulting in a gain on the sale of assets of \$340.7 million. The sales price was funded by a cash payment of \$478.6 million and the assumption of a pro rata share of the mortgage note payable on the properties of \$292.9 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

The sale of ownership interests in the PPR Portfolio, Arrowhead Towne Center and MAC Heitman Portfolio are collectively referred to herein as the Joint Venture Transactions.

On March 1, 2016, the Company through a 50/50 joint venture, acquired Country Club Plaza, a 1,300,000 square foot regional shopping center in Kansas City, Missouri for a total purchase price of \$660.0 million. The Company funded its pro rata share of \$330.0 million with borrowings under its line of credit.

On April 13, 2016, the Company sold Capitola Mall, a 586,000 square foot regional shopping center in Capitola, California, for \$93.0 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes. Consequently, Capitola Mall has been excluded from certain 2016 performance metrics and related discussions, including tenant sales per square foot, occupancy rates and releasing spreads (See "Results of Operations").

Financing Activity:

On February 3, 2015, the Company's joint venture in The Market at Estrella Falls replaced the existing loan on the property with a new \$26.5 million loan that bears interest at LIBOR plus 1.70% and matures on February 5, 2020, including the exercise of a one-year extension option.

On February 19, 2015, the Company placed a \$280.0 million loan on Vintage Faire Mall that bears interest at an effective rate of 3.55% and matures on March 6, 2026.

On March 2, 2015, the Company paid off in full the loan on Lakewood Center, which resulted in gain of \$2.2 million on the early extinguishment of debt as a result of writing off the related debt premium. On May 12, 2015, the Company placed a new \$410.0 million loan on the property that bears interest at an effective rate of 4.15% and matures on June 1, 2026. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On March 3, 2015, the Company amended the loan on Fashion Outlets of Chicago. The amended \$200.0 million loan bears interest at LIBOR plus 1.50% and matures on March 31, 2020.

On October 5, 2015, the Company paid off in full the existing loan on Washington Square. On October 29, 2015, the Company placed a new \$550.0 million loan on the property that bears interest at an effective rate of 3.65% and matures on November 1, 2022. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On October 23, 2015, the Company placed a \$200.0 million loan on South Plains Mall that bears interest at an effective rate of 4.22% and matures on November 6, 2025. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On October 28, 2015, the Company's joint venture in The Shops at Atlas Park placed a \$57.8 million loan on the property that bears interest at LIBOR plus 2.25% and matures on October 22, 2020, including two one-year extension options.

On October 30, 2015, the Company replaced the existing loan on Los Cerritos Center with a new \$525.0 million loan that bears interest at an effective rate of 4.00% and matures on November 1, 2027, which resulted in a loss of \$0.9 million on the early extinguishment of debt. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On October 30, 2015, the Company obtained a \$100.0 million term loan ("PPR Term Loan") that bears interest at LIBOR plus 1.20% and matures on October 31, 2022. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On January 6, 2016, the Company replaced the existing loan on Arrowhead Towne Center with a new \$400.0 million loan that bears interest at an effective rate of 4.05% and matures on February 1, 2028, which resulted in a loss of \$3.6 million on the early extinguishment of debt. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the underlying property (See "Acquisitions and Dispositions").

On January 14, 2016, the Company placed a \$150.0 million loan on Twenty Ninth Street that bears interest at an effective rate of 4.10% and matures on February 6, 2026. Concurrently, a 49% interest in the loan was assumed by a third party in connection with the sale of a 49% ownership interest in the MAC Heitman Portfolio (See "Acquisitions and Dispositions").

On March 28, 2016, the Company's joint venture in Country Club Plaza placed a \$320.0 million loan on the property that bears interest at an effective rate of 3.88% and matures on April 1, 2026.

Redevelopment and Development Activities:

In February 2014, the Company's joint venture in Broadway Plaza started construction on the 235,000 square foot expansion of the 761,000 square foot regional shopping center in Walnut Creek, California. The joint venture completed a portion of the first phase of the project in November 2015 and expects the remaining portion of the first phase to be completed in the second quarter of 2016. The second phase will be completed through Summer 2018. The total cost of the project is estimated to be \$305.0 million, with \$152.5 million estimated to be the Company's pro rata share. The Company has funded \$105.5 million of the total \$211.0 million incurred by the joint venture as of March 31, 2016.

The Company is currently expanding Green Acres Mall, a 1,799,000 square foot regional center in Valley Stream, New York to include a 335,000 square foot power center. The project started in July 2015 and is expected to be completed in late 2016. As of March 31, 2016, the Company has incurred \$63.1 million in costs and estimates the total cost of the project to be approximately \$110.0 million.

The Company's joint venture is proceeding with the development of Fashion Outlets of Philadelphia, a redevelopment of the 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 \$33.1 million of the total \$66.1 million incurred by the joint venture as of March 31, 2016.

Other Transactions and Events:

On March 9, 2015, the Company received an unsolicited, conditional proposal from Simon Property Group, Inc. ("Simon") to acquire the Company. The Company's Board of Directors, after consulting with its financial, real estate and legal advisors, unanimously determined that the Simon proposal substantially undervalued the Company and was not in the best interests of the Company and its stockholders. On March 20, 2015, the Company received a revised, unsolicited proposal to acquire the Company from Simon, which Simon described as its best and final proposal. The Company's Board of Directors carefully reviewed the revised proposal with the assistance of its financial, real estate and legal advisors, and determined that the revised proposal continued to substantially undervalue the Company and that pursuing the proposed transaction at that time was not in the best interests of the Company and its stockholders.

On June 30, 2015, the Company conveyed Great Northern Mall, an 895,000 square foot regional shopping center in Clay, New York, to the mortgage lender by a deed-in-lieu of foreclosure and was discharged from the mortgage note payable. The mortgage note payable was a non-recourse loan. As a result, the Company recognized a loss of \$1.6 million on the extinguishment of debt.

On September 30, 2015, the Company's Board of Directors authorized the repurchase of up to \$1.2 billion of the Company's outstanding common shares over the period ending September 30, 2017, as market conditions warrant. On November 12, 2015, the Company entered into an accelerated share repurchase program ("ASR") to repurchase \$400.0 million of the Company's common stock. In accordance with the ASR, the Company made a prepayment of \$400.0 million and received an initial share delivery of 4,140,788 shares. On January 19, 2016, the ASR was completed and the Company received an additional delivery of 970,609 shares. The average price of the 5,111,397 shares repurchased under the ASR was \$78.26 per share. The ASR was funded from proceeds in connection with the financing and sale of the ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" and "Financing Activity").

On October 30, 2015, the Company declared two special dividends/distributions ("Special Dividend"), each of \$2.00 per share of common stock and per OP Unit. The first Special Dividend was paid on December 8, 2015 to stockholders and OP Unit holders of record on November 12, 2015. The second Special Dividend was paid on January 6, 2016 to common stockholders and OP Unit holders of record on November 12, 2015. The Special Dividends were funded from proceeds in connection with the financing and sale of ownership interests in the PPR Portfolio and Arrowhead Towne Center (See "Acquisitions and Dispositions" and "Financing Activity").

On November 1, 2015, the mortgage note payable on Flagstaff Mall, a 347,000 square foot regional shopping center in Flagstaff, Arizona, went into maturity default. The mortgage note payable is a non-recourse loan. The Company is negotiating with the loan servicer, which will likely result in a transition of Flagstaff Mall to the loan servicer or a receiver. Consequently, Flagstaff Mall has been excluded from certain 2015 and 2016 performance metrics and related discussions, including tenant sales per square foot, occupancy rates and releasing spreads (See "Results of Operations").

On February 17, 2016, the Company entered into an ASR to repurchase \$400.0 million of the Company's common stock. In accordance with the ASR, the Company made a prepayment of \$400.0 million and received an initial share delivery of 4,222,193 shares. On April 19, 2016, the ASR was completed and the Company received an additional delivery of 861,235 shares. The average price of the 5,083,428 shares repurchased under the ASR was \$78.69 per share. The ASR was funded from borrowings under the Company's line of credit, which had been recently paid down from the proceeds from the recently completed Joint Venture Transactions (See "Acquisitions and Dispositions" and "Financing Activity").

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 6% to 13% 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, 65% 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, 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"), those properties that have recently transitioned to or from equity method joint ventures to consolidated assets ("Joint Venture Centers") 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, the Joint Venture Centers and the Disposition Properties for the periods of comparison.

For the comparison of the three months ended March 31, 2016 to the three months ended March 31, 2015, the Redevelopment Properties are Paradise Valley Mall and Westside Pavilion.

For the comparison of the three months ended March 31, 2016 to the three months ended March 31, 2015, the Joint Venture Centers are Inland Center, the PPR Portfolio, Arrowhead Towne Center and the MAC Heitman Portfolio. The change in revenues and expenses at the Joint Venture Centers for the comparison of the three months ended March 31, 2016 to the three months ended March 31, 2015 is primarily due to the conversion of the PPR Portfolio, Arrowhead Towne Center and the MAC Heitman Portfolio from consolidated Centers to unconsolidated joint ventures.

For comparison of the three months ended March 31, 2016 to the three months ended March 31, 2015, the Disposition Properties are Panorama Mall and Great Northern 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) for regional shopping centers, occupancy rates (excluding large retail stores or "Anchors") for the Centers 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 \$607 for the twelve months ended March 31, 2015 to \$625 for the twelve months ended March 31, 2016. Occupancy rate decreased from 95.4% at March 31, 2015 to 95.1% at March 31, 2016. Releasing spreads increased 15.4% for the twelve months ended March 31, 2016. 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). As discussed above, Flagstaff Mall and Capitola Mall were excluded for the twelve months ended March 31, 2016 (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 \$7.68 per square foot (\$57.44 on new and renewal leases executed compared to \$49.76 on leases expiring), representing a 15.4% increase for the trailing twelve months ended March 31, 2016. The Company expects that releasing spreads will continue to be positive for the remainder of 2016 as it renews or relets leases that are scheduled to expire. These leases that are scheduled to expire represent 0.9 million square feet of the Centers, accounting for 10.3% of the gross leasable area ("GLA") of Mall Stores and Freestanding Stores, for spaces 10,000 square feet and under, as of March 31, 2016.

During the trailing twelve months ended March 31, 2016, the Company signed 351 new leases and 370 renewal leases comprising approximately 1.2 million square feet of GLA, of which 1.0 million square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was \$57.44 per square foot for the trailing twelve months ended March 31, 2016 with an average tenant allowance of \$15.40 per square foot.

Comparison of Three Months Ended March 31, 2016 and 2015

Revenues:

Minimum and percentage rents (collectively referred to as "rental revenue") decreased by \$39.9 million, or 20.6%, from 2015 to 2016. The decrease in rental revenue is attributed to a decrease of \$46.0 million from the Joint Venture Centers and \$2.9 million from the Disposition Properties offset in part by an increase of \$9.0 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 decreased from \$4.6 million in 2015 to \$1.6 million in 2016. The amortization of straight-line rents increased from \$0.4 million in 2015 to \$0.9 million in 2016. Lease termination income increased from \$2.1 million in 2015 to \$2.4 million in 2016.

Tenant recoveries decreased \$25.5 million, or 24.1%, from 2015 to 2016. This decrease in tenant recoveries is attributed to a decrease of \$22.5 million from the Joint Venture Centers, \$1.6 million from the Disposition Properties, \$0.8 million from the Same Centers and \$0.6 million from the Redevelopment Properties.

Management Companies' revenue increased from \$5.6 million in 2015 to \$8.6 million in 2016. The increase in Management Companies' revenue is primarily due to an increase in management fees as a result of the conversion from consolidated Centers to unconsolidated joint ventures of the PPR Portfolio in 2015, Arrowhead Towne Center in 2016 and the MAC Heitman Portfolio in 2016 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased \$22.3 million, or 22.0%, from 2015 to 2016. The decrease in shopping center and operating expenses is attributed to a decrease of \$18.2 million from the Joint Venture Centers, \$2.1 million from the Disposition Properties, \$1.2 million from the Same Centers and \$0.8 million from the Redevelopment Properties.

Management Companies' Operating Expenses:

Management Companies' operating expenses increased \$1.4 million from 2015 to 2016 due to an increase in share and unit-based compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses increased by \$0.2 million from 2015 to 2016.

Costs related to Unsolicited Takeover Offer:

The Company incurred \$13.6 million in costs in 2015 related to evaluating and responding to an unsolicited takeover offer (See "Other Transactions and Events" in Management's Overview and Summary) with no related expense in 2016.

Depreciation and Amortization:

Depreciation and amortization decreased \$33.7 million from 2015 to 2016. The decrease in depreciation and amortization is attributed to a decrease of \$32.2 million from the Joint Venture Centers, \$0.7 million from the Disposition Properties, \$0.4 million from the Redevelopment Properties and \$0.4 million from the Same Centers.

Interest Expense:

Interest expense decreased \$13.5 million from 2015 to 2016. The decrease in interest expense was primarily attributed to decreases of \$7.3 million from the Joint Venture Centers, \$2.9 million from the Same Centers, \$1.1 million from the Redevelopment Properties, \$0.8 million from the Disposition Properties, \$0.7 million from borrowings under the Company's line of credit and \$0.7 million from the term loan. The decrease in interest expense at the Same Centers is primarily due to the payoff of the mortgage note payable on Eastland Mall in December 2015.

The above interest expense items are net of capitalized interest, which decreased from \$2.6 million in 2015 to \$2.3 million in 2016.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures increased \$3.4 million from 2015 to 2016. The increase is primarily due to the opening of the Tysons Hyatt Regency and Tysons residential tower in 2015, the acquisition of the ownership interest in the Sears joint venture in 2015 and the acquisition of the ownership interest in Country Club Plaza in 2016 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Gain on Sale or Write Down of Assets, net:

Gain on sale or write down of assets, net increased \$433.5 million from 2015 to 2016. The increase in gain on sale or write down of assets, net is primarily attributed to the gain on the sale of a 49% interest in the MAC Heitman Portfolio of \$340.7 million in 2016 and the gain on the sale of a 40% interest in Arrowhead Towne Center of \$104.3 million in 2016 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Gain on Remeasurement of Assets:

The gain on remeasurement of assets of \$22.1 million in 2015 is attributed to the purchase of the remaining 50% ownership interest in Inland Center that the Company did not previously own (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Net Income:

Net income increased \$424.7 million from 2015 to 2016. The increase is primarily attributed to the increase in gain on sale or write down of assets of \$433.5 million offset in part by the decrease in remeasurement gain of \$22.1 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 increased 5.6% from \$133.5 million in 2015 to \$141.0 million in 2016. 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 \$162.1 million in 2015 to \$107.8 million in 2016. The decrease is primarily due to the conversion from consolidated Centers to unconsolidated joint ventures of the PPR Portfolio in 2015, Arrowhead Towne Center in 2016 and the MAC Heitman Portfolio in 2016 (See "Acquisitions and Dispositions" in Management's Overview and Summary), changes in assets and liabilities and the results as discussed above.

Investing Activities:

Cash provided by investing activities increased \$508.4 million from 2015 to 2016. The increase in cash used in investing activities is primarily attributed to an increase in cash proceeds from the sale of assets of \$599.2 million, an increase in distributions from unconsolidated joint ventures of \$168.8 million, a decrease in redevelopment and renovations of \$29.3 million and a decrease in the acquisitions of property of \$26.3 million offset in part by an increase in contributions to unconsolidated joint ventures of \$317.4 million.

The increase in cash proceeds from the sale of assets is attributed to the sales of ownership interests in Arrowhead Towne Center in 2016 and the MAC Heitman Portfolio in 2016 (See "Acquisitions and Dispositions" in Management's Overview and Summary). The increase in contributions to unconsolidated joint ventures is primarily due to the acquisition of the 50% ownership interest in Country Club Plaza in 2016 (See "Acquisitions and Dispositions" in Management's Overview and Summary). The increase in distributions from unconsolidated joint ventures is primarily due to the receipt of the Company's share of the proceeds from the loan placed on Country Club Plaza in 2016 (See "Financing Activity" in Management's Overview and Summary).

Financing Activities:

Cash used in financing activities increased \$467.4 million from 2015 to 2016. The increase in cash used in financing activities is primarily due to an increase in payments on mortgages, bank and other notes payable of \$1.0 billion, the repurchase of the Company's common stock of \$400.0 million (See "Other Transactions" in Management's Overview and Summary) and an increase in cash dividends and distributions of \$340.8 million offset in part by an increase in proceeds from mortgages, bank and other notes payable of \$1.3 billion.

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, working capital reserves and/or borrowings under its unsecured line of credit. The following tables summarize capital expenditures incurred at the Centers:

(Dollars in thousands)	For the Three Months Ended March 31,	
	2016	2015
Consolidated Centers:		
Acquisitions of property and equipment	\$ 5,311	\$ 30,105
Development, redevelopment, expansion and renovation of Centers	28,693	36,073
Tenant allowances	3,292	3,715
Deferred leasing charges	6,173	8,852
	<u>\$ 43,469</u>	<u>\$ 78,745</u>
Joint Venture Centers (at Company's pro rata share):		
Acquisitions of property and equipment	\$ 330,824	\$ 647
Development, redevelopment, expansion and renovation of Centers	24,143	25,812
Tenant allowances	2,864	626
Deferred leasing charges	1,876	786
	<u>\$ 359,707</u>	<u>\$ 27,871</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 2015 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 \$300 million and \$400 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 through equity offerings and issuances, property refinancings, joint venture transactions and the sale of non-core assets. For example, the Company recently completed the Joint Venture Transactions to which the Company sold ownership interests in eight properties with total cash proceeds to the Company of

approximately \$2.3 billion (See "Acquisitions and Dispositions" in Management's Overview and Summary), which included new debt or refinancings of existing debt on these properties with excess financing proceeds of approximately \$1.1 billion (See "Financing Activity" in Management's Overview and Summary). The Company used these proceeds to pay down its line of credit, fund the Special Dividend (See "Other Transactions and Events" in Management's Overview and Summary) and for other general corporate purposes, which included the repurchases of the Company's common stock under the recently authorized 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, depositary shares, debt securities, warrants, rights, stock purchase contracts and units that may be sold from time to time by the Company.

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 and its \$1.5 billion line of credit, 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 has 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 million (the "ATM Shares"). Sales of the ATM Shares can be made in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an "at the market" offering, which includes sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange.

The Company did not sell any shares under the ATM Program during the three months ended March 31, 2016.

As of March 31, 2016, \$500 million of the ATM Shares were available to be sold under the ATM Program. Actual future sales of the ATM Shares will depend upon a variety of factors including but not limited to market conditions, the trading price of the Company's common stock and the Company's capital needs. The Company has no obligation to sell the ATM Shares under the ATM Program.

The Company's total outstanding loan indebtedness at March 31, 2016 was \$7.1 billion (consisting of \$4.7 billion of consolidated debt, less \$0.2 billion of noncontrolling interests, plus \$2.7 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, except for the loan on Flagstaff Mall, will be refinanced, restructured, extended and/or paid off from the Company's line of credit or cash on hand.

The Company has a \$1.5 billion revolving line of credit facility that provides for an interest rate of LIBOR plus a spread of 1.38% to 2.0%, depending on the Company's overall leverage levels, and matures on August 6, 2018. Based on the Company's leverage level as of March 31, 2016, the borrowing rate on the facility was LIBOR plus 1.50%. In addition, 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. At March 31, 2016, total borrowings under the line of credit were \$745.0 million less unamortized deferred finance costs of \$6.3 million with an average effective interest rate of 2.11%.

Cash dividends and distributions for the three months ended March 31, 2016 were \$452.2 million, which included \$337.7 million of the Special Dividend (See "Other Transactions and Events" in Management's Overview and Summary). A total of \$107.8 million was funded by operations. The remaining \$344.4 million was funded from proceeds from the sale of assets, which were included in the cash flows from investing activities section of the Company's Consolidated Statement of Cash Flows.

At March 31, 2016, the Company was in compliance with all applicable loan covenants under its agreements.

At March 31, 2016, the Company had cash and cash equivalents of \$106.5 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.

In addition, certain joint ventures also have secured debt that could become recourse debt to the Company or its subsidiaries, in excess of the Company's pro rata share, should the joint ventures be unable to discharge the obligations of the related debt. At March 31, 2016, the balance of the debt that could be recourse to the Company was \$5.0 million offset in part by an indemnity agreement from a joint venture partner for \$2.5 million. The maturity of the recourse debt, net of the indemnification, is \$2.5 million in 2019.

Additionally, as of March 31, 2016, the Company was contingently liable for \$61.0 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, 2016 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)	\$ 5,858,123	\$ 205,422	\$ 1,415,187	\$ 2,673,855	\$ 1,563,659
Operating lease obligations(2)	341,089	15,695	25,381	19,178	280,835
Purchase obligations(2)	62,832	62,832	—	—	—
Other long-term liabilities	328,836	291,791	3,470	3,842	29,733
	<u>\$ 6,590,880</u>	<u>\$ 575,740</u>	<u>\$ 1,444,038</u>	<u>\$ 2,696,875</u>	<u>\$ 1,874,227</u>

(1) Interest payments on floating rate debt were based on rates in effect at March 31, 2016.

(2) See Note 15—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 Generally Accepted Accounting Principles ("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. 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 FFO and FFO-diluted to net income. 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, 2016 and 2015 and FFO and FFO-diluted to FFO and FFO-diluted, excluding extinguishment of debt and costs related to unsolicited takeover offer for the three months ended March 31, 2016 and 2015 (dollars and shares in thousands):

	For the Three Months Ended March 31,	
	2016	2015
Net income attributable to the Company	\$ 420,915	\$ 24,611
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	29,985	1,635
Gain on sale or write down of assets, net—consolidated assets	(434,456)	(935)
Gain on remeasurement of assets—consolidated assets	—	(22,103)
Add: noncontrolling interests share of gain on sale or write down of assets—consolidated assets	—	112
Add: gain on sale of undepreciated assets—consolidated assets	2,412	944
Loss on sale or write down of assets—unconsolidated joint ventures, net(1)	4	—
Add: loss on sale of undepreciated assets—unconsolidated joint ventures(1)	(4)	—
Depreciation and amortization—consolidated assets	86,931	120,618
Less: noncontrolling interests in depreciation and amortization—consolidated assets	(3,694)	(3,791)
Depreciation and amortization—unconsolidated joint ventures(1)	41,876	15,611
Less: depreciation on personal property	(2,940)	(3,168)
FFO attributable to common stockholders and unit holders—basic and diluted	141,029	133,534
Loss (gain) on extinguishment of debt, net—consolidated assets	3,575	(2,245)
FFO attributable to common stockholders and unit holders excluding extinguishment of debt, net—diluted	144,604	131,289
Costs related to unsolicited takeover offer	—	13,572
FFO attributable to common stockholders and unit holders excluding extinguishment of debt and costs related to unsolicited takeover offer—diluted	<u>\$ 144,604</u>	<u>\$ 144,861</u>
Weighted average number of FFO shares outstanding for:		
FFO attributable to common stockholders and unit holders—basic (2)	162,805	168,852
Adjustments for impact of dilutive securities in computing FFO-diluted:		
Share and unit based compensation plans	119	208
FFO attributable to common stockholders and unit holders—diluted (3)	<u>162,924</u>	<u>169,060</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 10.8 million and 10.5 million OP Units for the three months ended March 31, 2016 and 2015, 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, 2016 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,								
	2017	2018	2019	2020	2021	Thereafter			
CONSOLIDATED CENTERS:									
Long-term debt:									
Fixed rate	\$ 67,605	\$ 582,645	\$ 50,304	\$ 793,149	\$ 594,791	\$ 1,504,605	\$ 3,593,099	\$ 3,627,220	
Average interest rate	4.03%	3.34%	4.08%	3.64%	4.47%	3.92%	3.86%		
Floating rate	131,446	—	745,000	200,000	—	—	1,076,446	1,072,239	
Average interest rate	2.78%	—%	2.11%	2.10%	—%	—%	2.19%		
Total debt—Consolidated Centers	<u>\$ 199,051</u>	<u>\$ 582,645</u>	<u>\$ 795,304</u>	<u>\$ 993,149</u>	<u>\$ 594,791</u>	<u>\$ 1,504,605</u>	<u>\$ 4,669,545</u>	<u>\$ 4,699,459</u>	
UNCONSOLIDATED JOINT VENTURE CENTERS:									
Long-term debt (at Company's pro rata share):									
Fixed rate	\$ 177,102	\$ 38,038	\$ 38,986	\$ 44,566	\$ 159,530	\$ 2,047,676	\$ 2,505,898	\$ 2,499,426	
Average interest rate	6.65%	3.75%	3.75%	3.75%	3.10%	3.88%	4.01%		
Floating rate	1,159	65,360	9,419	10,182	31,782	52,500	170,402	164,506	
Average interest rate	2.50%	2.53%	2.33%	2.47%	2.50%	1.64%	2.23%		
Total debt—Unconsolidated Joint Venture Centers	<u>\$ 178,261</u>	<u>\$ 103,398</u>	<u>\$ 48,405</u>	<u>\$ 54,748</u>	<u>\$ 191,312</u>	<u>\$ 2,100,176</u>	<u>\$ 2,676,300</u>	<u>\$ 2,663,932</u>	

The consolidated Centers' total fixed rate debt at March 31, 2016 and December 31, 2015 was \$3.6 billion and \$4.3 billion, respectively. The average interest rate on such fixed rate debt at March 31, 2016 and December 31, 2015 was 3.86% and 3.80%, respectively. The consolidated Centers' total floating rate debt at March 31, 2016 and December 31, 2015 was \$1.1 billion and \$1.0 billion, respectively. The average interest rate on such floating rate debt at March 31, 2016 and December 31, 2015 was 2.19% and 2.03%, respectively.

The Company's pro rata share of the unconsolidated joint venture Centers' fixed rate debt at March 31, 2016 and December 31, 2015 was \$2.5 billion and \$1.8 billion, respectively. The average interest rate on such fixed rate debt at March 31, 2016 and December 31, 2015 was 4.01% and 4.13%, respectively. The Company's pro rata share of the unconsolidated joint venture Centers' floating rate debt at March 31, 2016 and December 31, 2015 was \$170.4 million and \$170.5 million, respectively. The average interest rate on such floating rate debt at March 31, 2016 and December 31, 2015 was 2.23% and 2.06%, 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 \$12.5 million per year based on \$1.2 billion of floating rate debt outstanding at March 31, 2016.

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 8—Mortgage Notes Payable and Note 9—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, 2016, 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, 2015.

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

On February 29, 2016 and March 15, 2016, the Company, as general partner of the Operating Partnership, issued 89,090 and 2,500 shares of common stock of the Company, respectively, upon the redemption of 91,590 common partnership units of the Operating Partnership. These shares of common stock were issued in a private placement to two limited partners of the Operating Partnership, each 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 (1)	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(2)
January 1, 2016 to January 31, 2016	970,609 (3)	\$ 78.26	970,609 (3)	\$ 800,000,000
February 1, 2016 to February 29, 2016	4,222,193 (4)	78.69	4,222,193 (4)	400,000,000 (4)
March 1, 2016 to March 31, 2016	—	—	—	400,000,000
	<u>5,192,802</u>	<u>\$ 78.61</u>	<u>5,192,802</u>	

(1) The average price paid per share is calculated on a trade date basis.

(2) On September 30, 2015, the Company's Board of Directors authorized the repurchase of up to \$1.2 billion of the Company's outstanding common shares over the period ending September 30, 2017, as market conditions warrant. Repurchases may be made through open market purchases, privately negotiated transactions, structured or derivative transactions, including accelerated stock repurchase transactions, or other methods of acquiring shares from time to time as permitted by securities law and other legal requirements.

(3) On January 19, 2016, the ASR to repurchase \$400.0 million of the Company's common stock that began on November 12, 2015 was completed and the Company received an additional delivery of 970,609 shares (See Note 12—Stockholders' Equity in the Company's Notes to the Consolidated Financial Statements).

(4) On February 17, 2016, the Company entered into an additional ASR to repurchase \$400.0 million of the Company's common stock. In accordance with the ASR (See Note 12—Stockholders' Equity in the Company's Notes to the Consolidated Financial Statements), the Company made a prepayment of \$400.0 million and received an initial share delivery of 4,222,193 shares. On April 19, 2016, the ASR was completed and the Company received an additional delivery of 861,235 shares.

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)).
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).
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 *	Form of LTIP Unit Award Agreement under 2003 Equity Incentive Plan (service-based).
10.2 *	Form of LTIP Unit Award Agreement under 2003 Equity Incentive Plan (performance-based).
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.

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 6, 2016

THE MACERICH COMPANY
[2016] LTIP UNIT AWARD AGREEMENT
(SERVICE-BASED)

[2016] LTIP UNIT AWARD AGREEMENT (Service-Based) made as of the date set forth on Schedule A hereto between The Macerich Company, a Maryland corporation (the “Company”), its subsidiary The Macerich Partnership, L.P., a Delaware limited partnership and the entity through which the Company conducts substantially all of its operations (the “Partnership”), and the party listed on Schedule A (the “Grantee”).

RECITALS

A. The Grantee is a key employee of the Company or one of its Subsidiaries or affiliates and provides services to the Partnership.

B. Pursuant to its Long-Term Incentive Plan (“LTIP”) the Company can award units of limited partnership interest of the Partnership designated as “LTIP Units” in the Partnership Agreement (as defined herein) under The Macerich Company 2003 Equity Incentive Plan, as amended (the “2003 Plan”), to provide certain key employees of the Company or its Subsidiaries and affiliates, including the Grantee, in connection with their employment with the long-term incentive compensation described in this Award Agreement (this “Agreement” or “Award Agreement”), and thereby provide additional incentive for them to promote the progress and success of the business of the Company and its Subsidiaries and affiliates, including the Partnership, while increasing the total return to the Company’s stockholders. [2016] LTIP Units (SB) (as defined herein) have been awarded by the Compensation Committee (the “Committee”) of the Board of Directors of the Company (the “Board”) pursuant to authority delegated to it by the Board as set forth in the Committee’s charter, including authority to make grants of equity interests in the Partnership which may, under certain circumstances, become exchangeable for shares of the Company’s Common Stock reserved for issuance under the 2003 Plan, or any successor equity plan (as any such plan may be amended, modified or supplemented from time to time, collectively the “Stock Plan”). This Agreement evidences an award to the Grantee under the LTIP (this “Award”), which is subject to the terms and conditions set forth herein.

C. The Grantee was selected by the Committee to receive this Award as one of a select group of highly compensated or management employees who, through the effective execution of their assigned duties and responsibilities, are in a position to have a direct and measurable impact on the Company’s long-term financial results. Effective as of the grant date specified in Schedule A hereto, the Committee awarded to the Grantee the number of [2016] LTIP Units (SB) (as defined herein) set forth in Schedule A.

NOW, THEREFORE, the Company, the Partnership and the Grantee agree as follows:

1. **Administration**. The LTIP and all awards thereunder, including this Award, shall be administered by the Committee, which in the administration of the LTIP shall have all the powers and authority it has in the administration of the Stock Plan, as set forth in the Stock Plan.

The Committee may from time to time adopt any rules or procedures it deems necessary or desirable for the proper and efficient administration of the LTIP, consistent with the terms hereof and of the Stock Plan. The Committee's determinations and interpretations with respect to the LTIP and this Agreement shall be final and binding on all parties.

2. **Definitions.** Capitalized terms used herein without definitions shall have the meanings given to those terms in the Stock Plan. In addition, as used herein:

“Award [2016] LTIP Units (SB)” has the meaning set forth in Section 3(a).

“Cause” for termination of the Grantee's employment means that the Company, acting in good faith based upon the information then known to the Company, determines that the Grantee has:

- (a) failed to perform in a material respect without proper cause his obligations under the Grantee's Service Agreement (if one exists);
- (b) been convicted of or pled guilty or *nolo contendere* to a felony; or
- (c) committed an act of fraud, dishonesty or gross misconduct which is materially injurious to 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 the Chief Executive Officer of the Company or based upon the advice of counsel or independent accountants for the Company shall be conclusively presumed for purposes of this Agreement to be done, or omitted to be done, by the Grantee in good faith and in the best interests of the Company. The cessation of employment of the Grantee shall not be deemed to be for Cause under clause (a) or (c) above unless and until there shall have been delivered to the Grantee a copy of a resolution duly adopted by the affirmative vote of at least a majority of the entire membership of the Applicable Board (excluding the Grantee and any relative of the Grantee, if the Grantee or such relative is a member of the Applicable Board) at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to the Grantee and the Grantee is given an opportunity, together with counsel for the Grantee, to be heard before the Applicable Board), finding that, in the good faith opinion of the Applicable Board, the Grantee is guilty of the conduct described in clause (a) or (c) above, and specifying the particulars thereof in reasonable detail. For purposes of the definition of Cause, “Applicable Board” means the Board or, if the Company is not the ultimate parent corporation of the Company and its Affiliates and is not publicly-traded, the board of directors of the ultimate parent of the Company.

“Change of Control” means any of the following:

- (a) The acquisition by any 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 of 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 (c)(i), (c)(ii) and (c)(iii) below;

(b) Individuals who, as of the date hereof, 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 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;

(c) 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, (i) 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, (ii) 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 (iii) 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

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Stock” means shares of the Company’s common stock, par value \$0.01 per share, either currently existing or authorized hereafter.

“Competitive Activities” means that the Grantee, directly or indirectly, whether as owner, partner, shareholder, consultant, agent, employee, co-venturer or otherwise, engages, participates, assists or invests in any Competing Business (as hereinafter defined). The term “Competing Business” shall mean a publicly-traded real estate investment trust that is identified by the National Association of Real Estate Investment Trusts as a “mall REIT” (other than the surviving or resulting entity upon a Change of Control or any of its affiliates). Notwithstanding the foregoing, the Grantee may own equity securities of an entity which constitutes or is affiliated with a Competing Business, so long as their value does not exceed two percent (2%) of the aggregate equity market capitalization of the Competing Business.

“Continuous Service” means the continuous service to the Company or any Subsidiary or affiliate, without interruption or termination, in any capacity of employee, or, with the written consent of the Committee, consultant. Continuous Service shall not be considered interrupted in the case of (A) any approved leave of absence, (B) transfers among the Company and any Subsidiary or affiliate, or any successor, in any capacity of employee, or with the written consent of the Committee, consultant, or (C) any change in status as long as the individual remains in the service of the Company and any Subsidiary or affiliate in any capacity of employee, member of the Board or (if the Company specifically agrees in writing that the Continuous Service is not uninterrupted) a consultant. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

“Disability” means (1) a “permanent and total disability” within the meaning of Section 22(e)(3) of the Code, or (2) the absence of the Grantee from his duties with the Company on a full-time basis for a period of nine 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 the Grantee or his 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 the Grantee from performing his or her duties.

“Effective Date” means January 1, [2016].

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Good Reason” means an action taken by the Company, without the Grantee’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 Company within 30 days after receipt by the Company of written notice from the Grantee

provided to the Company within 90 days (the “Cure Period”) of the Grantee’s knowledge of the occurrence of an event or circumstance set forth in clauses (a) through (e) below specifying in reasonable detail such occurrence:

(a) the assignment to the Grantee of any duties materially inconsistent in any respect with the Grantee’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);

(b) a change in the Grantee’s principal office location to a location further away from the Grantee’s home which is more than 30 miles from the Grantee’s current principal office;

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

(d) any one or more reductions in the Grantee’s Base Salary that, individually or in the aggregate, exceed 10% of the Grantee’s Base Salary; or

(e) any material breach by the Company of the Grantee’s Service Agreement (if one exists).

In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Grantee’s “separation from service” (within the meaning of Section 409A of the Code) must occur, if at all, within two years following the occurrence of such condition in order for such termination as a result of such condition to constitute a termination for Good Reason. If the Grantee suffers a Disability or dies following the occurrence of any of the events described in clauses (a) through (e) above and the Grantee has given the Company the requisite written notice but the Company has failed to remedy the situation prior to such physical or mental incapacity or death, the Grantee’s physical or mental incapacity or death shall not affect the ability of the Grantee or his heirs or beneficiaries, as applicable, to treat the Grantee’s termination of employment as a termination for Good Reason. For purposes of the definition of Good Reason, the term “Base Salary” means the annual base rate of compensation payable to Grantee by the Company as of the Grantee’s date of termination, before deductions or voluntary deferrals authorized by the Grantee or required by law to be withheld from the Grantee by the Company. Salary excludes all other extra pay such as

overtime, pensions, severance payments, bonuses, stock incentives, living or other allowances, and other perquisites.

“[2016] LTIP Units (SB)” means units of limited partnership interest of the Partnership designated as “LTIP Units” in the Partnership Agreement awarded pursuant to this Agreement under the LTIP having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption set forth in the Partnership Agreement.

“Partnership Agreement” means the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of March 16, 1994, among the Company, as general partner, and the limited partners who are parties thereto, as amended from time to time.

“Person” means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, other entity or “group” (as defined in the Exchange Act).

“Retirement” means: (A) if the Grantee is a party to a Service Agreement immediately prior to such event, and “Retirement” is defined therein, then “Retirement” shall have the meaning set forth in such Service Agreement, or (B) if the Grantee is not party to a Service Agreement immediately prior to such event and/or the Grantee’s Service Agreement does not define “Retirement,” then “Retirement” shall mean the Grantee’s termination of employment with the Company and its Subsidiaries after attainment of age 55 and completion of five (5) years of employment with the Company and/or a Subsidiary, provided that following Retirement the Grantee does not engage in Competitive Activities during the balance of the Performance Period; provided, however, that if the Grantee would be eligible for Retirement pursuant to clause (B) as of the date of this Agreement, the Grantee will not be entitled to the benefits provided in this Agreement in the event of Retirement until the first anniversary of the date of this Agreement.

“Qualified Termination” means a termination of the Grantee’s employment (A) by the Company for no reason, or for any reason other than for Cause, death or Disability, (B) by the Grantee for Good Reason or (C) upon the Grantee’s Retirement.

“Service Agreement” means, as of a particular date, any employment, consulting or similar service agreement, including, without limitation, management continuity agreement, then in effect between the Grantee, on the one hand, and the Company or one of its affiliates, on the other hand, as amended or supplemented through such date.

“Units” means Partnership Units (as defined in the Partnership Agreement) that are outstanding or are issuable upon the conversion, exercise, exchange or redemption of any securities of any kind convertible, exercisable, exchangeable or redeemable for Partnership Units.

“Vesting Date” means each of the vesting dates set forth in Section 4.

“Vesting Schedule” means the vesting schedule set forth in Section 4.

3. **Award of [2016] LTIP Units (SB).** On the terms and conditions set forth in this Agreement, as well as the terms and conditions of the Stock Plan, the Grantee is hereby granted this Award consisting of the number of [2016] LTIP Units (SB) set forth on Schedule A hereto, which is incorporated herein by reference (the "Award [2016] LTIP Units (SB)").

(a) Award [2016] LTIP Units (SB) shall constitute and be treated as the property of the Grantee as of the applicable grant date, subject to the terms of this Agreement and the Partnership Agreement. Every grant of Award [2016] LTIP Units (SB) to the Grantee pursuant to this Award shall be set forth in minutes of the meetings of the Committee. Award [2016] LTIP Units (SB) will be: (A) subject to vesting and/or forfeiture to the extent provided in Section 4; and (B) subject to restrictions on transfer as provided in Section 8 hereof.

4. **Vesting of Award [2016] LTIP Units (SB).**

(a) Except as otherwise provided in Section 5 hereof and/or the Stock Plan, the Award [2016] LTIP Units (SB) shall become vested in the amounts provided in Schedule A hereto, provided that the Continuous Service of the Grantee continues through and on the relevant Vesting Date.

(b) The Grantee agrees to provide Continuous Service to the Company in consideration for the conditional rights to the unvested Award [2016] LTIP Units (SB). Except as otherwise provided in Section 5 or pursuant to the Stock Plan, the Vesting Schedule provided in Schedule A hereto requires Continuous Service through each applicable Vesting Date as a condition to the vesting of the applicable installment and rights and benefits under this Agreement. Partial service, even if substantial, during any vesting period will not entitle the Grantee to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or service as provided in Section 5 below or under the Stock Plan.

5. **Change of Control or Termination of Grantee's Service Relationship.**

(a) If the Grantee is a party to a Service Agreement, the provisions of this Section 5 shall govern the vesting of the Grantee's Award [2016] LTIP Units (SB) exclusively in the event of a Change of Control or termination of the Grantee's service relationship with the Company or any Subsidiary or affiliate, unless the Service Agreement contains provisions that expressly refer to this Section 5 and provides that those provisions of the Service Agreement shall instead govern the vesting of the Grantee's Award [2016] LTIP Units (SB). The foregoing sentence will be deemed an amendment to any applicable Service Agreement to the extent required to apply its terms consistently with this Section 5. In the event an entity ceases to be a Subsidiary or affiliate of the Company, such action shall be deemed to be a termination of employment of all employees of that entity for purposes of this Agreement, provided that the Committee, in its sole and absolute discretion, may make provision in such circumstances for accelerated vesting of some or all of the Grantee's remaining unvested Award [2016] LTIP Units (SB) that have not previously been forfeited effective immediately prior to such event.

(b) In the event of a Change of Control or a termination of Grantee's employment as a result of the Grantee's death or Disability, the unvested Award [2016] LTIP Units subject to this Agreement that have not been previously forfeited shall automatically and immediately vest as of the date of the Change of Control, Grantee's death or Disability (or effective immediately prior to such event to the extent necessary in order to enable the realization of the benefits of such acceleration), subject to the provisions of Sections 6.4 and 6.5 of the Stock Plan.

(c) In the event of a Qualified Termination, then any portion of his Award [2016] LTIP Units (SB) that has not then vested shall continue to vest in accordance with the Vesting Schedule, subject to the provisions of Sections 6.4 and 6.5 of the Stock Plan.

(d) Notwithstanding the foregoing, in the event vesting pursuant to this Section 5 is determined to constitute "nonqualified deferred compensation" subject to Section 409A of the Code, then, to the extent the Grantee is a "specified employee" under Section 409A of the Code subject to the six-month delay thereunder, any such vesting or related payments to be made during the six-month period commencing on the Grantee's "separation from service" (as defined in Section 409A of the Code) shall be delayed until the expiration of such six-month period.

(e) In the event of a termination of employment or other cessation of the Grantee's Continuous Service other than a Qualified Termination, Grantee's death or Disability, effective as of the date of such termination or cessation, all Award [2016] LTIP Units (SB) except for those that had previously become vested pursuant to Section 4 hereof and Schedule A hereto shall automatically and immediately be forfeited by the Grantee. Any forfeited Award [2016] LTIP Units (SB) shall, without payment of any consideration by the Partnership, automatically and without notice be and become null and void, and neither the Grantee nor any of his successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Award [2016] LTIP Units (SB).

6. **Payments by Award Recipients.** No amount shall be payable to the Company or the Partnership by the Grantee at any time in respect of this Award.

7. **Distributions.** Distributions on Award [2016] LTIP Units (SB) will be paid in accordance with the Partnership Agreement as modified hereby as follows: The LTIP Unit Distribution Participation Date (as defined in the Partnership Agreement) with respect to the Award [2016] LTIP Units (SB) shall be the Effective Date and the Award [2016] LTIP Units (SB) shall be entitled to the full distribution payable on Units outstanding as of the record date for the quarterly distribution in which the Effective Date falls even though the Award [2016] LTIP Units (SB) will not have been outstanding for the whole quarterly period. All distributions paid with respect to Award [2016] LTIP Units (SB) shall be fully vested and non-forfeitable when paid whether the underlying Award [2016] LTIP Units (SB) are vested or unvested.

(a) To the extent that the Partnership makes distributions to holders of Units partially in cash and partially in additional Units or other securities, unless the Committee in its sole discretion determines to allow the Grantee to make a different election, the Grantee shall be

deemed to have elected with respect to all Award [2016] LTIP Units (SB) eligible to receive such distribution to receive 10% of such distribution in cash and 90% in Units.

8. **Restrictions on Transfer.** None of the Award [2016] LTIP Units (SB) shall be sold, assigned, transferred, pledged or otherwise disposed of or encumbered (whether voluntarily or involuntarily or by judgment, levy, attachment, garnishment or other legal or equitable proceeding) (each such action a “Transfer”), or redeemed in accordance with the Partnership Agreement (a) prior to vesting, and (b) unless such Transfer is in compliance with all applicable securities laws (including, without limitation, the Securities Act of 1933, as amended (the “Securities Act”)), and the applicable terms and conditions of the Partnership Agreement; and provided, further, that the Transferee agrees in writing with the Company and the Partnership not to make any further Transfer of such vested Award [2016] LTIP Units (SB) or Award [2016] LTIP Units (SB) that have been converted into Units (“Converted LTIP Units”) other than as permitted by this Section 8. In connection with any Transfer of Award [2016] LTIP Units (SB) or Converted LTIP Units, the Partnership may require the Grantee to provide an opinion of counsel, satisfactory to the Partnership, that such Transfer is in compliance with all federal and state securities laws (including, without limitation, the Securities Act). Any attempted Transfer of Award [2016] LTIP Units (SB) not in accordance with the terms and conditions of this Section 8 shall be null and void, and the Partnership shall not reflect on its records any change in record ownership of any Award [2016] LTIP Units (SB) as a result of any such Transfer, shall otherwise refuse to recognize any such Transfer and shall not in any way give effect to any such Transfer of any Award [2016] LTIP Units (SB). The restrictions on Transfer in this Section 8 shall not be interpreted to prohibit the Grantee from designating one or more beneficiaries to receive the Grantee’s LTIP Units or Converted LTIP Units that are payable in the event of the Grantee’s death. Any such beneficiary designation shall be on a form provided or approved by the Company.

9. **Changes in Capital Structure.** Without duplication with the provisions of Section 6.2 of the Stock Plan, if (a) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company, spin-off of a Subsidiary, business unit or significant portion of assets or other fundamental transaction similar thereto, (b) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, significant repurchases of stock, or other similar change in the capital structure of the Company shall occur, (c) any extraordinary dividend or other distribution to holders of shares of Common Stock or Units other than regular cash dividends shall be made, or (d) any other event shall occur that in each case in the good faith judgment of the Committee necessitates action by way of appropriate equitable adjustment in the terms of this Award, the LTIP or the Award [2016] LTIP Units (SB), then the Committee shall take such action as it deems necessary to maintain the Grantee’s rights hereunder so that they are substantially proportionate to the rights existing under this Award, the LTIP and the terms of the Award [2016] LTIP Units (SB) prior to such event, including, without limitation: (i) adjustments in the Award [2016] LTIP Units (SB) or other pertinent terms of this Award; and (ii) substitution of other awards under the Stock Plan or otherwise. The Grantee shall have the right to vote the Award [2016] LTIP Units (SB) if and

when voting is allowed under the Partnership Agreement, regardless of whether vesting has occurred.

10. **Miscellaneous.**

(a) **Amendments; Modifications.** This Agreement may be amended or modified only with the consent of the Company and the Partnership; provided that any such amendment or modification materially and adversely affecting the rights of the Grantee hereunder must be consented to by the Grantee to be effective as against him; and provided, further, that the Grantee acknowledges that the Stock Plan may be amended or discontinued in accordance with Section 6.6 thereof and that this Agreement may be amended or canceled by the Committee, on behalf of the Company and the Partnership, for the purpose of satisfying changes in law or for any other lawful purpose, so long as no such action shall impair the Grantee's rights under this Agreement without the Grantee's written consent. Notwithstanding the foregoing, this Agreement may be amended in writing signed only by the Company to correct any errors or ambiguities in this Agreement and/or to make such changes that do not materially adversely affect the Grantee's rights hereunder. No promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, with respect to the subject matter hereof, have been made by the parties which are not set forth expressly in this Agreement. This grant shall in no way affect the Grantee's participation or benefits under any other plan or benefit program maintained or provided by the Company.

(b) **Incorporation of Stock Plan; Committee Determinations.** The provisions of the Stock Plan are hereby incorporated by reference as if set forth herein. In the event of a conflict between this Agreement and the Stock Plan, this Agreement shall be controlling and determinative. The Committee will make the determinations and certifications required by this Award as promptly as reasonably practicable following the occurrence of the event or events necessitating such determinations or certifications.

(c) **Status as a Partner.** As of the grant date set forth on Schedule A, the Grantee shall be admitted as a partner of the Partnership with beneficial ownership of the number of Award [2016] LTIP Units (SB) issued to the Grantee as of such date pursuant to Section 3(a) hereof by: (A) signing and delivering to the Partnership a copy of this Agreement; and (B) signing, as a Limited Partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as Exhibit A).

(d) **Status of Award [2016] LTIP Units (SB) under the Stock Plan.** Insofar as the LTIP has been established as an incentive program of the Company and the Partnership, the Award [2016] LTIP Units (SB) are both issued as equity securities of the Partnership and granted as awards under the Stock Plan. The Company will have the right at its option, as set forth in the Partnership Agreement, to issue shares of Common Stock in exchange for Units into which Award [2016] LTIP Units (SB) may have been converted pursuant to the Partnership Agreement, subject to certain limitations set forth in the Partnership Agreement, and such shares of Common Stock, if issued, will be issued under the Stock Plan. The Grantee must be eligible to receive the Award [2016] LTIP Units (SB) in compliance with applicable federal and state securities laws

and to that effect is required to complete, execute and deliver certain covenants, representations and warranties (attached as Exhibit B). The Grantee acknowledges that the Grantee will have no right to approve or disapprove such determination by the Committee.

(e) Legend. The records of the Partnership evidencing the Award [2016] LTIP Units (SB) shall bear an appropriate legend, as determined by the Partnership in its sole discretion, to the effect that such Award [2016] LTIP Units (SB) are subject to restrictions as set forth herein, in the Stock Plan and in the Partnership Agreement.

(f) Compliance With Securities Laws. The Partnership and the Grantee will make reasonable efforts to comply with all applicable securities laws. In addition, notwithstanding any provision of this Agreement to the contrary, no Award [2016] LTIP Units (SB) will become vested or be issued at a time that such vesting or issuance would result in a violation of any such laws.

(g) Investment Representations; Registration. The Grantee hereby makes the covenants, representations and warranties set forth on Exhibit B attached hereto. All of such covenants, warranties and representations shall survive the execution and delivery of this Agreement by the Grantee. The Partnership will have no obligation to register under the Securities Act any Award [2016] LTIP Units (SB) or any other securities issued pursuant to this Agreement or upon conversion or exchange of Award [2016] LTIP Units (SB). The Grantee agrees that any resale of the shares of Common Stock received upon the exchange of Units into which Award [2016] LTIP Units (SB) may be converted shall not occur during the “blackout periods” forbidding sales of Company securities, as set forth in the then applicable Company employee manual or insider trading policy. In addition, any resale shall be made in compliance with the registration requirements of the Securities Act or an applicable exemption therefrom, including, without limitation, the exemption provided by Rule 144 promulgated thereunder (or any successor rule).

(h) Section 83(b) Election. In connection with the issuance of Award [2016] LTIP Units (SB) under this Award pursuant to Section 3 hereof the Grantee may (but is not required to) make an election to include in gross income in the year of transfer the applicable Award [2016] LTIP Units (SB) pursuant to Section 83(b) of the Code substantially in the form attached hereto as Exhibit C and, if such an election is made, the Grantee shall provide to the Company a copy thereof and supply to the Company such other information as the Company is required to maintain or file in accordance with the regulations promulgated thereunder.

(i) Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not so held invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

(j) Governing Law. This Agreement is made under, and will be construed in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws of such state.

(k) No Obligation to Continue Position as an Employee, Consultant or Advisor. Neither the Company nor any affiliate is obligated by or as a result of this Agreement to continue to have the Grantee as an employee, consultant or advisor and this Agreement shall not interfere in any way with the right of the Company or any affiliate to terminate the Grantee's service relationship at any time.

(l) Notices. Any notice to be given to the Company shall be addressed to the Secretary of the Company at its principal place of business and any notice to be given the Grantee shall be addressed to the Grantee at the Grantee's address as it appears on the employment records of the Company, or at such other address as the Company or the Grantee may hereafter designate in writing to the other.

(m) Withholding and Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for income tax purposes or subject to the Federal Insurance Contributions Act withholding with respect to this Award, the Grantee will pay to the Company or, if appropriate, any of its affiliates, or make arrangements satisfactory to the Committee regarding the payment of, any United States federal, state or local or foreign taxes of any kind required by law to be withheld with respect to such amount. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company and its affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Grantee.

(n) Headings. The headings of paragraphs hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

(o) Counterparts. This Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

(p) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and any successors to the Company and the Partnership, on the one hand, and any successors to the Grantee, on the other hand, by will or the laws of descent and distribution, but this Agreement shall not otherwise be assignable or otherwise subject to hypothecation by the Grantee.

(q) 409A. This Agreement shall be construed, administered and interpreted in accordance with a good faith interpretation of Section 409A of the Code. Any provision of this Agreement that is inconsistent with Section 409A of the Code, or that may result in penalties under Section 409A of the Code, shall be amended, in consultation with the Grantee and with the reasonable cooperation of the Grantee and the Company, in the least restrictive manner necessary to (i) exclude the Award [2016] LTIP Units (SB) from the definition of "deferred compensation"

within the meaning of such Section 409A or (ii) comply with the provisions of Section 409A, other applicable provision(s) of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions, in each case without diminution in the value of the benefits granted hereby to the Grantee.

(r) Complete Agreement. This Agreement (together with those agreements and documents expressly referred to herein, for the purposes referred to herein) embody the complete and entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any and all prior promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, which may relate to the subject matter hereof in any way.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Award Agreement to be executed as of the 1st day of January, [2016].

THE MACERICH COMPANY

By: ___

THE MACERICH PARTNERSHIP, L.P.

By: The Macerich Company,
its general partner

By: ___

GRANTEE

EXHIBIT A

FORM OF LIMITED PARTNER SIGNATURE PAGE

The Grantee, desiring to become one of the within named Limited Partners of The Macerich Company, L.P., hereby accepts all of the terms and conditions of (including, without limitation, the provisions related to powers of attorney), and becomes a party to, the Agreement of Limited Partnership, dated as of March 16, 1994, of The Macerich Partnership, L.P., as amended (the "Partnership Agreement"). The Grantee agrees that this signature page may be attached to any counterpart of the Partnership Agreement and further agrees as follows (where the term "Limited Partner" refers to the Grantee:

1. The Limited Partner hereby confirms that it has reviewed the terms of the Partnership Agreement and affirms and agrees that it is bound by each of the terms and conditions of the Partnership Agreement, including, without limitation, the provisions thereof relating to limitations and restrictions on the transfer of Partnership Units. Without limitation of the foregoing, the Limited Partner is deemed to have made all of the acknowledgements, waivers and agreements set forth in Sections 10.6 and 13.11 of the Partnership Agreement.
2. The Limited Partner hereby confirms that it is acquiring the Partnership Units for its own account as principal, for investment and not with a view to resale or distribution, and that the Partnership Units may not be transferred or otherwise disposed of by the Limited Partner otherwise than in a transaction pursuant to a registration statement filed by the Partnership (which it has no obligation to file) or that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the General Partner may refuse to transfer any Partnership Units as to which evidence of such registration or exemption from registration satisfactory to the General Partner is not provided to it, which evidence may include the requirement of a legal opinion regarding the exemption from such registration. If the General Partner delivers to the Limited Partner shares of common stock of the General Partner ("Common Shares") upon redemption of any Partnership Units, the Common Shares will be acquired for the Limited Partner's own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by the Limited Partner otherwise than in a transaction pursuant to a registration statement filed by the General Partner with respect to such Common Shares (which it has no obligation under the Partnership Agreement to file) or that is exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the General Partner may refuse to transfer any Common Shares as to which evidence of such registration or exemption from such registration satisfactory to the General Partner is not provided to it, which evidence may include the requirement of a legal opinion regarding the exemption from such registration.
3. The Limited Partner hereby affirms that it has appointed the General Partner, any liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, in accordance with Section 6.10 of the Partnership Agreement, which section is hereby incorporated by reference. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the Limited Partner and shall extend to the Limited Partner's heirs, executors, administrators, legal representatives, successors and assigns.
4. The Limited Partner hereby irrevocably consents in advance to any amendment to the Partnership Agreement, as may be recommended by the General Partner, intended to avoid the Partnership being treated as a publicly-traded partnership within the meaning of

Section 7704 of the Internal Revenue Code, including, without limitation, (a) any amendment to the provisions of Section 9.1 or the Redemption Rights Exhibit of the Partnership Agreement intended to increase the waiting period between the delivery of a notice of redemption and the redemption date to up to sixty (60) days or (b) any other amendment to the Partnership Agreement intended to make the redemption and transfer provisions, with respect to certain redemptions and transfers, more similar to the provisions described in Treasury Regulations Section 1.7704-1(f).

5. The Limited Partner hereby appoints the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, to execute and deliver any amendment referred to in the foregoing paragraph 4(a) on the Limited Partner's behalf. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the Limited Partner and shall extend to the Limited Partner's heirs, executors, administrators, legal representatives, successors and assigns.

6. The Limited Partner agrees that it will not transfer any interest in the Partnership Units (i) through a national, non-U.S., regional, local or other securities exchange or (ii) an over-the-counter market (including an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise) or (iii) to or through (a) a person, such as a broker or dealer, that makes a market in, or regularly quotes prices for, interests in the Partnership or (b) a person that regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to any interests in the Partnership and stands ready to effect transactions at the quoted prices for itself or on behalf of others.

7. The Limited Partner acknowledges that the General Partner shall be a third party beneficiary of the representations, covenants and agreements set forth in Sections 4 and 5 hereof. The Limited Partner agrees that it will transfer, whether by assignment or otherwise, Partnership Units only to the General Partner or to transferees that provide the Partnership and the General Partner with the representations and covenants set forth in Sections 4 and 5 hereof.

8. This Acceptance shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Signature Line for Limited Partner:

Name _____

Date: _____

Address of Limited Partner: _____

EXHIBIT B

GRANTEE'S COVENANTS, REPRESENTATIONS AND WARRANTIES

The Grantee hereby represents, warrants and covenants as follows:

- (a) The Grantee has received and had an opportunity to review the following documents (the "Background Documents"):
- (i) The Company's latest Annual Report to Stockholders;
 - (ii) The Company's Proxy Statement for its most recent Annual Meeting of Stockholders;
 - (iii) The Company's Report on Form 10-K for the fiscal year most recently ended;
 - (iv) The Company's Form 10-Q, if any, for the most recently ended quarter filed by the Company with the Securities and Exchange Commission since the filing of the Form 10-K described in clause (iii) above;
 - (v) Each of the Company's Current Report(s) on Form 8-K, if any, filed since the end of the fiscal year most recently ended for which a Form 10-K has been filed by the Company;
 - (vi) The Partnership Agreement;
 - (vii) The Stock Plan; and
 - (viii) The Company's Articles of Amendment and Restatement, as amended.

The Grantee also acknowledges that any delivery of the Background Documents and other information relating to the Company and the Partnership prior to the determination by the Partnership of the suitability of the Grantee as a holder of Award [2016] LTIP Units (SB) shall not constitute an offer of Award [2016] LTIP Units (SB) until such determination of suitability shall be made.

(b) The Grantee hereby represents and warrants that

(i) The Grantee either (A) is an “accredited investor” as defined in Rule 501(a) under the Securities Act, or (B) by reason of the business and financial experience of the Grantee, together with the business and financial experience of those persons, if any, retained by the Grantee to represent or advise him with respect to the grant to him of Award [2016] LTIP Units (SB), the potential conversion of Award [2016] LTIP Units (SB) into units of limited partnership of the Partnership (“**Common Units**”) and the potential redemption of such Common Units for shares the Company’s common stock (“**REIT Shares**”), has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the Grantee (I) is capable of evaluating the merits and risks of an investment in the Partnership and potential investment in the Company and of making an informed investment decision, (II) is capable of protecting his own interest or has engaged representatives or advisors to assist him in protecting his interests, and (III) is capable of bearing the economic risk of such investment.

(ii) The Grantee, after due inquiry, hereby certifies that for purposes of Rule 506(d) and Rule 506(e) of the Securities Act, he is not subject to any felony or misdemeanor conviction related to any securities matter; any federal or state order, judgment, decree or injunction related to any securities, insurance, banking or U.S. Postal Service matter; any SEC disciplinary or cease and desist order; or any suspension, expulsion or bar related to a registered national securities exchange, national or affiliated securities association or member thereof, whether it occurred or was issued before, on or after September 23, 2013, and agrees that he will notify the Company immediately upon becoming aware that the foregoing is not, or is no longer, complete and accurate in every material respect, including as a result of events occurring after the date hereof.

(iii) The Grantee understands that (A) the Grantee is responsible for consulting his own tax advisors with respect to the application of the U.S. federal income tax laws, and the tax laws of any state, local or other taxing jurisdiction to which the Grantee is or by reason of the award of Award [2016] LTIP Units (SB) may become subject, to his particular situation; (B) the Grantee has not received or relied upon business or tax advice from the Company, the Partnership or any of their respective employees, agents, consultants or advisors, in their capacity as such; (C) the Grantee provides services to the Partnership on a regular basis and in such capacity has access to such information, and has such experience of and involvement in the business and operations of the Partnership, as the Grantee believes to be necessary and appropriate to make an informed decision to accept the award of Award [2016] LTIP Units (SB); and (D) an investment in the Partnership and/or the Company involves substantial risks. The Grantee has been given the opportunity to make a thorough investigation of matters relevant to the Award [2016] LTIP Units (SB) and has been furnished with, and has reviewed and understands, materials relating to the Partnership and the Company and their respective activities (including, but not limited to, the Background Documents). The Grantee has been afforded the opportunity to obtain any additional information (including any exhibits to the Background Documents) deemed necessary by the Grantee to verify the accuracy of information conveyed to the Grantee. The Grantee confirms that all documents, records, and books pertaining to his receipt of Award [2016] LTIP Units (SB) which were requested by the Grantee have been made available or delivered to the Grantee. The Grantee has had an opportunity to ask questions of and receive answers from the Partnership and the Company, or from a person or persons acting on their behalf, concerning the terms and conditions of the Award [2016] LTIP Units (SB). **The Grantee has relied upon, and is making its decision solely upon, the Background Documents and other written information provided to the Grantee by the Partnership or the Company.**

(iv) The Award [2016] LTIP Units (SB) to be issued, the Common Units issuable upon conversion of the Award [2016] LTIP Units (SB) and any REIT Shares issued in connection with the redemption of any such Common Units will be acquired for the account of the Grantee for investment only and not with a current view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein, without prejudice, however, to the Grantee’s right (subject to the terms of the Award [2016] LTIP Units (SB), the Stock Plan, the agreement of limited partnership of the Partnership, the articles of organization of the Company, as amended, and the Award Agreement) at all times to sell or otherwise dispose of all or any part of his Award [2016] LTIP Units (SB), Common Units or REIT Shares in compliance with the Securities Act, and applicable state securities laws, and subject, nevertheless, to the disposition of his assets being at all times within his control.

(v) The Grantee acknowledges that (A) neither the Award [2016] LTIP Units (SB) to be issued, nor the Common Units issuable upon conversion of the Award [2016] LTIP Units (SB), have been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such Award [2016] LTIP Units (SB) or Common Units are represented by certificates, such certificates will bear a legend to such effect, (B) the reliance by the Partnership and the Company on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Grantee contained herein, (C) such Award [2016] LTIP Units (SB) or Common Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (D) there is no public market for such Award [2016] LTIP Units (SB) and Common Units and (E) neither the Partnership nor the Company has any obligation or intention to register such Award [2016] LTIP Units (SB) or the Common Units issuable upon conversion of the Award [2016] LTIP Units (SB) under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws, except, that, upon the redemption of the Common Units for REIT Shares, the Company may issue such REIT Shares under the Stock Plan and pursuant to a Registration Statement on Form S-8 under the Securities Act, to the extent that (I) the Grantee is eligible to receive such REIT Shares under the Stock Plan at the time of such issuance, (II) the Company has filed a Form S-8 Registration Statement with the Securities and Exchange Commission registering the issuance of such REIT Shares and (III) such Form S-8 is effective at the time of the issuance of such REIT Shares. The Grantee hereby acknowledges that because of the restrictions on transfer or assignment of such Award [2016] LTIP Units (SB) acquired hereby and the Common Units issuable upon conversion of the Award [2016] LTIP Units (SB) which are set forth in the Partnership Agreement or this Agreement, the Grantee may have to bear the economic risk of his ownership of the Award [2016] LTIP Units (SB) acquired hereby and the Common Units issuable upon conversion of the Award [2016] LTIP Units (SB) for an indefinite period of time.

(vi) The Grantee has determined that the Award [2016] LTIP Units (SB) are a suitable investment for the Grantee.

(vii) No representations or warranties have been made to the Grantee by the Partnership or the Company, or any officer, director, stockholder, agent, or affiliate of any of them, and the Grantee has received no information relating to an investment in the Partnership or the Award [2016] LTIP Units (SB) except the information specified in paragraph (b) above.

(c) So long as the Grantee holds any Award [2016] LTIP Units (SB), the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of Award [2016] LTIP Units (SB) as the Partnership may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code, applicable to the Partnership or to comply with requirements of any other appropriate taxing authority.

(d) The Grantee hereby agrees to make an election under Section 83(b) of the Code with respect to the Award [2016] LTIP Units (SB) awarded hereunder, and has delivered with this Agreement a completed, executed copy of the election form attached hereto as Exhibit C. The Grantee agrees to file the election (or to permit the Partnership to file such election on the Grantee's behalf) within thirty (30) days after the award of the Award [2016] LTIP Units (SB) hereunder with the IRS Service Center at which such Grantee files his personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which Award [2016] LTIP Units (SB) are issued or awarded to the Grantee.

(e) The address set forth on the signature page of this Agreement is the address of the Grantee's principal residence, and the Grantee has no present intention of becoming a resident of any country, state or jurisdiction other than the country and state in which such residence is sited.

EXHIBIT C

ELECTION TO INCLUDE IN GROSS INCOME IN YEAR OF TRANSFER OF PROPERTY PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, Treasury Regulations Section 1.83-2 promulgated thereunder, and Rev. Proc. 2012-29, 2012-28 IRB, 06/26/2012, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, address and taxpayer identification number of the undersigned are:

Name: _____ (the "Taxpayer")

Address: _____

Social Security No./Taxpayer Identification No.: _____

Taxable Year: Calendar Year [2016]

2. Description of property with respect to which the election is being made:

The election is being made with respect to _____ [2016] LTIP Units (SB) in The Macerich Partnership, L.P. (the "Partnership").

3. The date on which the [2016] LTIP Units (SB) were transferred to the undersigned is _____, [2016].

4. Nature of restrictions to which the [2016] LTIP Units (SB) are subject:

(a) Until the [2016] LTIP Units (SB) vest, the Taxpayer may not transfer in any manner any portion of the [2016] LTIP Units (SB) without the consent of the Partnership.

(b) The Taxpayer's [2016] LTIP Units (SB) vest in accordance with the vesting provisions described in the Schedule attached hereto. Unvested [2016] LTIP Units (SB) are forfeited in accordance with the vesting provisions described in the Schedule attached hereto.

5. The fair market value at time of transfer (determined without regard to any restrictions other than a nonlapse restriction as defined in Treasury Regulations Section 1.83-3(h)) of the [2016] LTIP Units (SB) with respect to which this election is being made was \$0 per [2016] LTIP Unit (SB).

6. The amount paid by the Taxpayer for the [2016] LTIP Units (SB) was \$0 per [2016] LTIP Unit (SB).

7. The amount to include in gross income is \$0.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Dated: _____

SCHEDULE TO 83(b) ELECTION

Vesting Provisions of [2016] LTIP Units (SB)

LTIP Units are subject to service-based vesting with 33 1/3% of such units vesting on [December 30, 2016], [December 29, 2017] and [December 31, 2018]. The above vesting is conditioned upon the Taxpayer remaining an employee of The Macerich Company (the "Company") through the applicable vesting dates, and subject to acceleration or continued vesting in the event of a change of control of the Company or termination of the Taxpayer's service relationship with the Company under specified circumstances. Unvested LTIP Units are subject to forfeiture in the event of failure to vest based on the passage of time and continued employment with the Company or its subsidiaries.

Date of Award Agreement:	January 1, [2016]
Name of Grantee:	
Number of [2016] LTIP Units (SB) Subject to Grant:	
Grant Date:	January 1, [2016]

Vesting Schedule:

<u>Vesting Date</u>	Number of Award LTIP Units Becoming Vested	Cumulative <u>Percentage Vested</u>
[December 30, 2016]	_____ (33 1/3%)	33 1/3%
[December 29, 2017]	_____ (33 1/3%) (25%)	66 2/3%
[December 31, 2018]	_____ (33 1/3%) (25%)	100%

Initials of Company representative: _____

Initials of Grantee: _____

THE MACERICH COMPANY
[2016] LTIP UNIT AWARD AGREEMENT
(PERFORMANCE-BASED)

[2016] LTIP UNIT AWARD AGREEMENT (Performance-Based) made as of the date set forth on Schedule A hereto between The Macerich Company, a Maryland corporation (the "Company"), its subsidiary The Macerich Partnership, L.P., a Delaware limited partnership and the entity through which the Company conducts substantially all of its operations (the "Partnership"), and the party listed on Schedule A (the "Grantee").

RECITALS

A. The Grantee is a key employee of the Company or one of its Subsidiaries or affiliates and provides services to the Partnership.

B. Pursuant to its Long-Term Incentive Plan ("LTIP") the Company can award units of limited partnership interest of the Partnership designated as "LTIP Units" in the Partnership Agreement (as defined herein) under The Macerich Company 2003 Equity Incentive Plan, as amended (the "2003 Plan"), to provide certain key employees of the Company or its Subsidiaries and affiliates, including the Grantee, in connection with their employment with the long-term incentive compensation described in this Award Agreement (this "Agreement" or "Award Agreement"), and thereby provide additional incentive for them to promote the progress and success of the business of the Company and its Subsidiaries and affiliates, including the Partnership, while increasing the total return to the Company's stockholders. [2016] LTIP Units (PB) (as defined herein) have been awarded by the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board") pursuant to authority delegated to it by the Board as set forth in the Committee's charter, including authority to make grants of equity interests in the Partnership which may, under certain circumstances, become exchangeable for shares of the Company's Common Stock reserved for issuance under the 2003 Plan, or any successor equity plan (as any such plan may be amended, modified or supplemented from time to time, collectively the "Stock Plan"). This Agreement evidences an award to the Grantee under the LTIP (this "Award"), which is subject to the terms and conditions set forth herein.

C. The Grantee was selected by the Committee to receive this Award as one of a select group of highly compensated or management employees who, through the effective execution of their assigned duties and responsibilities, are in a position to have a direct and measurable impact on the Company's long-term financial results. Effective as of the grant date specified in Schedule A hereto, the Committee awarded to the Grantee the number of [2016] LTIP Units (PB) (as defined herein) set forth in Schedule A.

NOW, THEREFORE, the Company, the Partnership and the Grantee agree as follows:

1. **Administration.** The LTIP and all awards thereunder, including this Award, shall be administered by the Committee, which in the administration of the LTIP shall have all the powers and authority it has in the administration of the Stock Plan, as set forth in the Stock Plan. The Committee may from time to time adopt any rules or procedures it deems necessary or

desirable for the proper and efficient administration of the LTIP, consistent with the terms hereof and of the Stock Plan. The Committee's determinations and interpretations with respect to the LTIP and this Agreement shall be final and binding on all parties.

2. **Definitions.** Capitalized terms used herein without definitions shall have the meanings given to those terms in the Stock Plan. In addition, as used herein:

“Award [2016] LTIP Units (PB)” has the meaning set forth in Section 3(a).

“Cause” for termination of the Grantee's employment means that the Company, acting in good faith based upon the information then known to the Company, determines that the Grantee has:

- (a) failed to perform in a material respect without proper cause his obligations under the Grantee's Service Agreement (if one exists);
- (b) been convicted of or pled guilty or *nolo contendere* to a felony; or
- (c) committed an act of fraud, dishonesty or gross misconduct which is materially injurious to 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 the Chief Executive Officer of the Company or based upon the advice of counsel or independent accountants for the Company shall be conclusively presumed for purposes of this Agreement to be done, or omitted to be done, by the Grantee in good faith and in the best interests of the Company. The cessation of employment of the Grantee shall not be deemed to be for Cause under clause (a) or (c) above unless and until there shall have been delivered to the Grantee a copy of a resolution duly adopted by the affirmative vote of at least a majority of the entire membership of the Applicable Board (excluding the Grantee and any relative of the Grantee, if the Grantee or such relative is a member of the Applicable Board) at a meeting of the Applicable Board called and held for such purpose (after reasonable notice is provided to the Grantee and the Grantee is given an opportunity, together with counsel for the Grantee, to be heard before the Applicable Board), finding that, in the good faith opinion of the Applicable Board, the Grantee is guilty of the conduct described in clause (a) or (c) above, and specifying the particulars thereof in reasonable detail. For purposes of the definition of Cause, “Applicable Board” means the Board or, if the Company is not the ultimate parent corporation of the Company and its Affiliates and is not publicly-traded, the board of directors of the ultimate parent of the Company.

“Change of Control” means any of the following:

- (a) The acquisition by any 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 of 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 (c)(i), (c)(ii) and (c)(iii) below;

(b) Individuals who, as of the date hereof, 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 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;

(c) 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, (i) 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, (ii) 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 (iii) 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

(d) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Stock” means shares of the Company’s common stock, par value \$0.01 per share, either currently existing or authorized hereafter.

“Competitive Activities” means that the Grantee, directly or indirectly, whether as owner, partner, shareholder, consultant, agent, employee, co-venturer or otherwise, engages, participates, assists or invests in any Competing Business (as hereinafter defined). The term “Competing Business” shall mean a publicly-traded real estate investment trust that is identified by the National Association of Real Estate Investment Trusts as a “mall REIT” (other than the Company or a surviving or resulting entity upon a Change of Control, or any of their respective affiliates). Notwithstanding the foregoing, the Grantee may own equity securities of an entity which constitutes, or is affiliated with, a Competing Business, so long as their value does not exceed five percent (5%) of the aggregate equity market capitalization of the Competing Business.

“Continuous Service” means the continuous service to the Company or any Subsidiary or affiliate, without interruption or termination, in any capacity of employee, or, with the written consent of the Committee, consultant. Continuous Service shall not be considered interrupted in the case of (A) any approved leave of absence, (B) transfers among the Company and any Subsidiary or affiliate, or any successor, in any capacity of employee, or with the written consent of the Committee, consultant, or (C) any change in status as long as the individual remains in the service of the Company and any Subsidiary or affiliate in any capacity of employee, member of the Board or (if the Company specifically agrees in writing that the Continuous Service is not uninterrupted) a consultant. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

“Current Distributions” has the meaning set forth in Section 7(b).

“Contingent Distributions” has the meaning set forth in Section 7(c).

“Disability” means (A) a “permanent and total disability” within the meaning of Section 22(e)(3) of the Code, or (B) the absence of the Grantee from his duties with the Company on a full-time basis for a period of nine 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 the Grantee or his 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 the Grantee from performing his or her duties.

“Effective Date” means January 1, [2016].

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means, as of any given date, the fair market value of a security determined by the Committee using any reasonable method and in good faith (such determination will be made in a manner that satisfies Section 409A of the Code and in good-faith as required by Section 422(c)(1) of the Code); provided that (A) if the security is then listed on a national stock exchange, the fair market value of such security on any date shall be the closing sales price per Share on the principal national stock exchange on which the security is listed on such date (or, if such date is not a trading date on which there was a sale of such security on such exchange, the last preceding date on which there was a sale of such security on such exchange), (B) if the security is not then listed on a national stock exchange but is then traded on an over-the-counter market, the fair market value of such security on any date shall be the average of the closing bid and asked prices for such security in the principal over-the-counter market on which such security is traded on such date (or, if such date is not a trading date on which there was a sale of such security on such market, for the last preceding date on which there was a sale of such security in such market), or (C) if the security is not then listed on a national stock exchange or traded on an over-the-counter market, the fair market value of such security on any date shall be such value as the Committee in its discretion may in good faith determine; provided that, where Shares are so listed or traded, the Committee may make such discretionary determinations where Shares have not been traded for 10 trading days.

“Good Reason” means an action taken by the Company, without the Grantee’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 Company within 30 days after receipt by the Company of written notice from the Grantee provided to the Company within 90 days (the “Cure Period”) of the Grantee’s knowledge of the occurrence of an event or circumstance set forth in clauses (a) through (e) below specifying in reasonable detail such occurrence:

(a) the assignment to the Grantee of any duties materially inconsistent in any respect with the Grantee’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);

(b) a change in the Grantee’s principal office location to a location further away from the Grantee’s home which is more than 30 miles from the Grantee’s current principal office;

(c) the taking of any action by the Company to eliminate benefit plans in which the Grantee participated in or was eligible to participate in immediately prior to a Change of Control without providing substitutes therefor, to materially reduce benefits thereunder or to substantially diminish the aggregate value of the incentive awards or other fringe benefits; provided that if neither a surviving entity nor its parent following a Change of Control is a publicly-held company, the failure to provide stock-based benefits shall not be deemed good reason if benefits of comparable value using recognized valuation methodology are substituted

therefor; and provided further that a reduction or elimination in the aggregate of not more than 10% in aggregate benefits in connection with across the board reductions or modifications affecting similarly situated persons of executive rank in the Company or a combined organization shall not constitute Good Reason;

(d) any one or more reductions in the Grantee's Base Salary that, individually or in the aggregate, exceed 10% of the Grantee's Base Salary; or

(e) any material breach by the Company of the Grantee's Service Agreement (if one exists).

In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, the Grantee's "separation from service" (within the meaning of Section 409A of the Code) must occur, if at all, within two years following the occurrence of such condition in order for such termination as a result of such condition to constitute a termination for Good Reason. If the Grantee suffers a Disability or dies following the occurrence of any of the events described in clauses (a) through (e) above and the Grantee has given the Company the requisite written notice but the Company has failed to remedy the situation prior to such physical or mental incapacity or death, the Grantee's physical or mental incapacity or death shall not affect the ability of the Grantee or his heirs or beneficiaries, as applicable, to treat the Grantee's termination of employment as a termination for Good Reason. For purposes of the definition of Good Reason, the term "Base Salary" means the annual base rate of compensation payable to Grantee by the Company as of the Grantee's date of termination, before deductions or voluntary deferrals authorized by the Grantee or required by law to be withheld from the Grantee by the Company. Salary excludes all other extra pay such as overtime, pensions, severance payments, bonuses, stock incentives, living or other allowances, and other perquisites.

"[2016] LTIP Units (PB)" means units of limited partnership interest of the Partnership designated as "LTIP Units" in the Partnership Agreement awarded pursuant to this Agreement under the LTIP having the rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption set forth in the Partnership Agreement.

"Partial Service Factor" means a factor carried out to the sixth decimal, but never greater than one (1.000000), to be used in calculating the number of Award [2016] LTIP Units (PB) that become vested pursuant to Section 5(c) hereof in the event of the Grantee's Qualified Termination, death, Disability or Retirement during the Performance Period, determined by dividing (A) the number of calendar days that have elapsed since the Effective Date to and including the date of the Grantee's Qualified Termination, death or Disability by (B) 365.

"Partnership Agreement" means the Amended and Restated Limited Partnership Agreement of the Partnership, dated as of March 16, 1994, among the Company, as general partner, and the limited partners who are parties thereto, as amended from time to time.

"Peer REIT" means each of the business entities qualified as real estate investment trusts ("REITs") that are publicly-traded "equity REITs." It is the current intention of the Committee

to use the Peer REITs identified by the National Association of Real Estate Investment Trusts (“NAREIT”) to determine the Peer REIT Total Return for each Peer REIT. If the Committee determines that NAREIT no longer identifies Peer REITs, or that NAREIT’s identification of Peer REITs is no longer suitable for the purposes of this Agreement, then the Committee in its good faith reasonable discretion shall select Peer REITs identified by another reputable business organization for purposes of this Agreement. REITs classified as “mortgage REITs” are not included in the definition of Peer REIT. The Committee may in its sole and absolute discretion exclude from the group of Peer REITs designated as set forth above, any REIT (A) that is in bankruptcy at any point during the Performance Period or (B) that did not qualify as a Peer REIT during the entire Performance Period. In lieu of excluding such Peer REIT altogether, the Committee may adjust the calculation of Peer REIT Total Return for any REIT described in (A) or (B) of the preceding sentence, to the extent determined by the Committee in its reasonable discretion. The Committee does not have the discretion to adjust the Peer REIT Total Return for matters other than as described above.

“Peer REIT Total Return” means, for a Peer REIT, with respect to the Performance Period, the absolute total stockholder return of the common equity of such Peer REIT during the Performance Period, calculated in the same manner as Total Return is calculated for the Company.

[“Performance Period” means, the period commencing on (and including) January 1, [2016] and concluding on (and including) the earliest of (a) December 31, [2018], or (b) the date of a Change of Control.

[“Performance Period” means, the period commencing on (and including) January 1, [2016] and concluding on (and including) December 31, [2018].]

“Person” means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, other entity or “group” (as defined in the Exchange Act).

“Qualified Termination” means a termination of the Grantee’s employment (A) by the Company for no reason, or for any reason other than for Cause, death or Disability, or (B) by the Grantee for Good Reason.

“Retirement” means: (A) if the Grantee is a party to a Service Agreement immediately prior to such event, and “Retirement” is defined therein, then “Retirement” shall have the meaning set forth in such Service Agreement, or (B) if the Grantee is not party to a Service Agreement immediately prior to such event and/or the Grantee’s Service Agreement does not define “Retirement,” then “Retirement” shall mean the Grantee’s voluntary termination of employment with the Company and its Subsidiaries after attainment of age 55 and completion of five (5) years of employment with the Company and/or a Subsidiary, provided that following Retirement the Grantee does not engage in Competitive Activities during the balance of the Performance Period; provided, however, that if the Grantee would be eligible for Retirement pursuant to clause (B) as of the date of this Agreement, the Grantee will not be entitled to the

benefits provided in this Agreement in the event of Retirement until the first anniversary of the date of this Agreement.

“Service Agreement” means, as of a particular date, any employment, consulting or similar service agreement, including, without limitation, management continuity agreement, then in effect between the Grantee, on the one hand, and the Company or one of its affiliates, on the other hand, as amended or supplemented through such date.

“Share” means a share of Common Stock, subject to adjustments pursuant to Section 6.2 of the Stock Plan.

“Share Price” means, as of a particular date, the Fair Market Value of one Share on such date (or, if such date is not a trading day, the most recent trading day immediately preceding such date); provided further, however, that if such date is the date upon which a Transactional Sale Event occurs, the Share Price as of such date shall be equal to the fair market value in cash, as determined by the Committee, of the total consideration paid or payable in the transaction resulting in the Transactional Sale Event for one Share.

“Total Return” means, with respect to the Performance Period, the compounded total annual return that would have been realized by a stockholder who (A) bought one Share on the first day of the Performance Period at the Share Price on the date immediately preceding such day, (B) reinvested each dividend and other distribution declared during such period of time with respect to such Share (and any other Shares previously received upon reinvestment of dividends or other distributions) in additional Shares at the Fair Market Value on the applicable dividend payment date, and (C) sold all the Shares described in clauses (A) and (B) on the last day of the Performance Period at the Share Price on such date. As set forth in, and pursuant to, Section 9 hereof, appropriate adjustments to the Total Return shall be made to take into account all stock dividends, stock splits, reverse stock splits and the other events set forth in Section 9 hereof that occur during the Performance Period. In calculating Total Return, it is the current intention of the Committee to use total return to stockholders data for the Company and the Peer REITs available from one or more third party sources, though the Committee reserves the right in its reasonable discretion to retain the services of a consultant to analyze relevant data or perform necessary calculations for purposes of this Award. If the Committee delegates the calculation of Total Return to a valuation or other expert, including matters such as the determination of dividend reinvestment and the inclusion or exclusion of REITs as Peer REITs, the Committee is entitled to rely on such valuation or other expert.

“Transactional Sale Event” means (A) a Change of Control described in clause (a) of the definition thereof as a result of a tender offer for Shares or (B) a Change of Control described in clause (c) of the definition thereof.

“Units” means Partnership Units (as defined in the Partnership Agreement) that are outstanding or are issuable upon the conversion, exercise, exchange or redemption of any securities of any kind convertible, exercisable, exchangeable or redeemable for Partnership Units.

3. **Award of [2016] LTIP Units (PB).**

(a) On the terms and conditions set forth in this Agreement, as well as the terms and conditions of the Stock Plan, the Grantee is hereby granted this Award consisting of the number of [2016] LTIP Units (PB) set forth on Schedule A hereto, which is incorporated herein by reference (the "Award [2016] LTIP Units (PB)").

(b) [2016] LTIP Units (PB) shall constitute and be treated as the property of the Grantee as of the applicable grant date, subject to the terms of this Agreement and the Partnership Agreement. Every grant of [2016] LTIP Units (PB) to the Grantee pursuant to this Award shall be set forth in minutes of the meetings of the Committee. [2016] LTIP Units (PB) will be: (A) subject to vesting and/or forfeiture to the extent provided in Sections 4 and 5 hereof; and (B) subject to restrictions on transfer as provided in Section 8 hereof.

4. **Vesting of [2016] LTIP Units (PB).**

(a) Except as otherwise set forth in this Section 4 and Section 5 below, the percentage of the Grantee's Award [2016] LTIP Units (PB) that will become vested at the end of the Performance Period [or at such other date as provided in Section 5 hereof] will be based on the percentile rank of the Company's Total Return relative to the Peer REIT Total Return for the Peer REITs for the Performance Period as set forth below.

<u>Percentile Rank</u>	<u>Percentage of Award Earned</u>
At or above the 75 th percentile	100% of the Award [2016] LTIP Units (PB)
At the 50 th percentile	66-2/3% of the Award [2016] LTIP Units (PB)
At the 25 th percentile	33-1/3% of the Award [2016] LTIP Units (PB)
Below the 25 th percentile	0% of the Award [2016] LTIP Units (PB)

The percentile rank above shall be calculated using the following conventions:

$$\text{Percentile Rank} = \frac{X}{Y}$$

Where:

X = the number of Peer REITs with a Peer REIT Total Return lower than the Company's Total Return during the Performance Period.

Y = the total number of Peer REITs minus 1.

If Percentile Rank as calculated above is a not a whole number, then the award earned shall be calculated as if the calculation resulted in a percentile rank equal to the next higher whole integer.

If the percentile rank falls between the 25th and 75th percentiles, the percentage of the Grantee's Award [2016] LTIP Units (PB) that become vested will be calculated using linear interpolation, such that for every additional percentile of rank between the 25th and 75th percentiles an

additional 1.33334% of the Award [2016] LTIP Units (PB) will be earned. For example: at the 34th percentile rank 45.334% of the Award [2016] LTIP Units (PB) will be earned $\{33.334\% + [(9/25) \times (33.334\%)] = 45.334\%$.

Subject to Section 5 hereof, vesting of the Grantee's [2016] LTIP Units (PB) shall occur as of the last day of the Performance Period regardless of when the Committee completes its determination of percentile rank or any other calculations or assessments related to its determination of the vesting percentage.

For the avoidance of doubt, assuming no Change of Control (*i.e.* the last day of the Performance period is December 31, [2018]), the intent of this Section 4(a) is that (i) the Company's Total Return will be calculated using as the first input the Share Price on December 31, 2015 and as the last input the Share Price on December 31, [2018], and (ii) each Peer REIT's Total Return will be calculated in the same manner with respect to the common equity of each such Peer REIT.

(b) The Committee may, upon consideration of the statistical data for the Peer REITs relative to Peer REIT Total Return for the Performance Period, exercise its reasonable discretion to allow for vesting of Award [2016] LTIP Units (PB) under Section 4(a) on a basis other than a strict mathematical calculation of percentile rank to the extent appropriate in light of the circumstances. By way of illustration, the foregoing would allow the Committee to provide for vesting to occur at a particular level if the Peer REIT Total Return of a number of Peer REITs is clustered within a narrow range such that the effect of the precise calculation of percentile rank would be that vesting would not occur or occur at a lower level. The Committee does not have the discretion to adjust downward the vesting of Award [2016] LTIP Units (PB).

(c) Any Award [2016] LTIP Units (PB) that do not become vested pursuant to this Section 4 shall, without payment of any consideration by the Partnership, automatically and without notice terminate, be forfeited and be and become null and void as of the end of the Performance Period, and neither the Grantee nor any of his successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Award [2016] LTIP Units (PB).

5. Change of Control or Termination of Grantee's Service Relationship.

(a) If the Grantee is a party to a Service Agreement, the provisions of Sections 5(b), 5(c), 5(d) and 5(e) below shall govern the vesting of the Grantee's Award [2016] LTIP Units (PB) exclusively in the event of a Change of Control or termination of the Grantee's service relationship with the Company or any Subsidiary or affiliate, unless the Service Agreement contains provisions that expressly refer to this Section 5 and provides that those provisions of the Service Agreement shall instead govern the vesting of the Grantee's Award [2016] LTIP Units (PB). The foregoing sentence will be deemed an amendment to any applicable Service Agreement to the extent required to apply its terms consistently with this Section 5, such that, by way of illustration, any provisions of the Service Agreement with respect to accelerated vesting or payout of the Grantee's bonus or incentive compensation awards in the event of certain types of terminations of Grantee's service relationship (such as, for example,

termination at the end of the term, termination without Cause by the employer or termination for Good Reason by the employee) shall not be interpreted as requiring that any calculations set forth in Section 4 hereof be performed, or vesting occur with respect to this Award other than as specifically provided in this Section 5. In the event an entity ceases to be a Subsidiary or affiliate of the Company, such action shall be deemed to be a termination of employment of all employees of that entity for purposes of this Agreement, provided that the Committee, in its sole and absolute discretion, may make provision in such circumstances for accelerated vesting of some or all of the Grantee's unvested Award [2016] LTIP Units (PB) that have not previously been forfeited.

(b) In the event of a Change of Control prior to December 31, [2018], then:

(i) [the calculations provided in Section 4 hereof shall be performed effective as of the date of the Change of Control as if the Performance Period ended on such date and following the date of the Change of Control no further calculations pursuant to Section 4 hereof shall be performed with respect to the Grantee;

(ii) if the Award [2016] LTIP Units (PB) remain outstanding after a Change of Control or equivalent replacement awards (as defined in Section 5(b)(iv) hereof) are substituted for the Award [2016] LTIP Units (PB) at the time of the Change of Control, then the number of Award [2016] LTIP Units (PB) that are deemed earned as of the date of the Change of Control pursuant to the calculations provided in Section 4 shall remain subject to vesting tied to the Grantee's Continuous Service until December 31, [2018] as if no Change of Control had occurred, except that the Grantee shall become fully vested in such Award [2016] LTIP Units (PB) immediately (A) upon the Grantee's Qualified Termination in connection with or within twenty-four (24) months after the Change of Control, or (B) upon the Grantee's death, Disability or Retirement;

(iii) if neither the Award [2016] LTIP Units (PB) remain outstanding after a Change of Control nor equivalent replacement awards (as defined in Section 5(b)(iv) hereof) are substituted for the Award [2016] LTIP Units (PB) at the time of the Change of Control, then the Grantee shall become fully vested in the number of Award [2016] LTIP Units (PB) that are earned pursuant to the calculations provided in Section 4 as of the date of the Change of Control; and

(iv) an award shall qualify as an "equivalent replacement award" if the following conditions are met in the good faith discretion of the Committee:

(A) the replacement award is of the same type as the Award [2016] LTIP Units (PB) being replaced, including, without limitation, income tax attributes relating to the extent and timing of recognition of taxable income, gain or loss by the Grantee;

- (B) the replacement award has a value equal to the Fair Market Value of the Award LTIP Units being replaced as of the effective date of the Change of Control;
- (C) the equity securities issuable upon the conversion, exercise, exchange or redemption of the replacement award, or securities underlying the replacement award, as applicable, are listed on a national stock exchange;
- (D) the replacement award contains terms relating to vesting (including with respect to the Grantee's Qualified Termination, death, Disability or Retirement) that are substantially identical to those of the Award [2016] LTIP Units (PB); and
- (E) the other terms and conditions of the replacement award are not less favorable to the Grantee than the terms and conditions of the Award [2016] LTIP Units (PB).]

(i) [if the Award [2016] LTIP Units (PB) remain outstanding after a Change of Control or equivalent replacement awards (as defined in Section 5(b)(iii) hereof) are substituted for the Award [2016] LTIP Units (PB) at the time of the Change of Control, then:

- (A) the calculations provided in Section 4 hereof shall be performed as of the end of the Performance Period as if the Change of Control had not occurred; and
- (B) vesting tied to the Grantee's Continuous Service will occur upon the earlier of (i) the end of the Performance Period or (ii) the date of the Grantee's Qualified Termination, death, Disability or Retirement; provided, however, that the number of earned Award [2016] LTIP Units (PB) shall not be determined until the end of the Performance Period as provided in Section 4;

(ii) if neither the Award [2016] LTIP Units (PB) remain outstanding after a Change of Control nor equivalent replacement awards are substituted for Award [2016] LTIP Units (PB) at the time of the Change of Control, then:

- (A) the calculations provided in Section 4 hereof shall be performed effective as of the date of the Change of Control as if the Performance Period ended on such date; and

(B) the Grantee shall become fully vested in the number of Award [2016] LTIP Units (PB) that are earned pursuant to the calculations provided in Section 4 hereof as of the effective date of the Change of Control; and

(iii) an award qualifies as an “equivalent replacement award” if the following conditions are met in the good faith discretion of the Committee:

- (A) the replacement award is of the same type as the Award [2016] LTIP Units (PB) being replaced, including, without limitation, income tax attributes relating to the extent and timing of recognition of taxable income, gain or loss by the Grantee;
- (B) the equity securities issuable upon the conversion, exercise, exchange or redemption of the replacement award, or securities underlying the replacement award, as applicable, are listed on a national stock exchange;
- (C) the replacement award contains terms relating to vesting (including with respect to a Qualified Termination) that are substantially identical to those of the Award [2016] LTIP Units (PB);
- (D) with respect to the measurement of Total Return, the compounded total annual return that would have been realized by a stockholder who bought one Share on the first day of the Performance Period, reinvested all dividends and other distributions, and liquidated the entire investment on the last day of the Performance Period shall be measured assuming that such stockholder participated in the transaction constituting a Change of Control on the terms applicable to the majority of stockholders and had continued to hold the investment (whether in securities of the Company or the surviving or resulting entity after the Change of Control transaction or in other property received as part of the Change of Control transaction (which in the case of cash shall be deemed reinvested at market rates of return for investments with duration and risk appropriate under the circumstances), with appropriate adjustments to take into account stock dividends, stock splits, reverse stock splits and the other events set forth in Section 9 that occur during the Performance Period both before, upon and after the effective date of the Change of Control transaction; and
- (E) the other terms and conditions of the replacement award are not less favorable to the Grantee than the terms and conditions of the Award [2016] LTIP Units (PB).]

(c) In the event of the Grantee's Qualified Termination, death, Disability or Retirement prior to the end of the Performance Period, conditioned upon the execution and delivery by the Grantee of a customary release of claims and covenant not to solicit employees of the Company or its Subsidiaries or Affiliates following termination, the Grantee will not forfeit the Award [2016] LTIP Units (PB) upon such event, but the following provisions of this Section 5(c) shall modify the determination of vesting for the Grantee:

(i) the calculations provided in Section 4 hereof shall be performed as of the end of the Performance Period as if Qualified Termination, death, Disability or Retirement had not occurred;

(ii) if the Grantee's Qualified Termination, death or Disability occurs before the first anniversary of the Effective Date, the number of Award [2016] LTIP Units (PB) resulting from the calculations provided in Section 4 hereof shall be multiplied by the Partial Service Factor (with the resulting number being rounded to the nearest whole LTIP Unit or, in the case of 0.5 of a unit, up to the next whole unit), and such adjusted number of Award [2016] LTIP Units (PB) shall become vested; and

(iii) if the Grantee's Qualified Termination, death, Disability or Retirement occurs after the first anniversary of the Effective Date, then there will be no reduction in the number of Award [2016] LTIP Units (PB) resulting from the calculations provided in Section 4 hereof.

(d) For the avoidance of doubt, if the Grantee becomes engaged in Competitive Activities following the effective date of Retirement and before the end of the Performance Period, then the provisions of Section 5(b) or 5(c) will not apply, and the provisions of Section 5(f) will apply.

(e) If the Grantee's employment with the Company or a Subsidiary or affiliate terminates as a result of retirement under circumstances other than as described in Section 5(c) above, the Committee may, on a case-by-case basis and in its sole discretion, provide for accelerated or continued vesting of some or all of the Grantee's unvested Award [2016] LTIP Units (PB) that have not previously been forfeited effective prior to the effective date of retirement.

(f) In the event of a termination of employment or other cessation of the Grantee's Continuous Service prior to the end of the Performance Period other than as provided in Section 5(b) or 5(c), effective as of the date of such termination or cessation, all [2016] LTIP Units (PB) except for those that had previously been earned pursuant to Section 4 hereof and become vested pursuant to this Section 5 shall automatically and immediately be forfeited by the Grantee. Any forfeited Award [2016] LTIP Units (PB) shall, without payment of any consideration by the Partnership, automatically and without notice be and become null and void, and neither the Grantee nor any of his successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such forfeited Award [2016] LTIP Units (PB).

6. **Payments by Award Recipients.** No amount shall be payable to the Company or the Partnership by the Grantee at any time in respect of this Award.

7. **Distributions.** Distributions on [2016] LTIP Units (PB) will be paid in accordance with the Partnership Agreement as modified hereby as follows:

(a) The LTIP Unit Distribution Participation Date (as defined in the Partnership Agreement) with respect to those [2016] LTIP Units (PB) that have become vested in accordance with Sections 4 or 5 hereof shall be the effective date of vesting of Award [2016] LTIP Units (PB) (*i.e.* the last day of the Performance Period [or such other date as provided in Section 5 hereof]). Vested [2016] LTIP Units (PB) shall be entitled to receive the full distribution payable on Units outstanding as of the record date next following the date set forth in the preceding sentence, whether or not they will have been outstanding for the whole period.

(b) Prior to the LTIP Unit Distribution Participation Date provided in Section 7(a) above, Award [2016] LTIP Units (PB) shall be entitled to receive 10% of regular periodic distributions payable to holders of Units (the "Current Distributions") and 0% of special, extraordinary or other distributions made not in the ordinary course.

(c) An amount equal to (i) the difference between (x) all distributions (regular, special, extraordinary or otherwise) paid with respect to one Unit between the date of grant of the Award [2016] LTIP Units (PB) and the LTIP Unit Distribution Participation Date provided in Section 7(a) and (y) the Current Distributions paid with respect to one Award [2016] LTIP Unit up to the LTIP Unit Distribution Participation Date provided in Section 7(a) (such difference, the "Contingent Distributions") multiplied by (ii) the number of Award [2016] LTIP Units (PB) shall be credited to a notional (unfunded) account for the benefit of the Grantee on the books and records of the Partnership subject to vesting. As promptly as practicable after the LTIP Unit Distribution Participation Date, an amount equal to the Contingent Distributions that would have been paid with respect to those Award [2016] LTIP Units (PB) that have become vested pursuant to Sections 4 or 5 hereof shall be paid to the Grantee. Any portion of the notional account that is not payable to the Grantee shall be forfeited and revert to the Partnership free and clear of any claims by the Grantee.

(d) To the extent that the Partnership makes distributions to holders of Units partially in cash and partially in additional Units or other securities, unless the Committee in its sole discretion determines to allow the Grantee to make a different election, the Grantee shall be deemed to have elected with respect to all [2016] LTIP Units (PB) eligible to receive such distribution to receive 10% of such distribution in cash and 90% in Units, with the cash component constituting the Current Distribution prior to the LTIP Unit Distribution Participation Date.

8. **Restrictions on Transfer.** None of the [2016] LTIP Units (PB) shall be sold, assigned, transferred, pledged or otherwise disposed of or encumbered (whether voluntarily or involuntarily or by judgment, levy, attachment, garnishment or other legal or equitable proceeding) (each such action a "Transfer"), or redeemed in accordance with the Partnership Agreement (a) until after they have become vested pursuant to Sections 4 or 5 hereof other than

in connection with a Change of Control, and (b) unless such Transfer is in compliance with all applicable securities laws (including, without limitation, the Securities Act of 1933, as amended (the "Securities Act")), and such Transfer is in accordance with the applicable terms and conditions of the Partnership Agreement; provided, however, that clause (a) above shall not apply with respect to (i) the conversion into Units of [2016] LTIP Units (PB) that have become vested in accordance with Sections 4 or 5 hereof ("Converted LTIP Units") or (ii) any Transfer either of [2016] LTIP Units (PB) that have become vested in accordance with Sections 4 or 5 hereof or of Converted LTIP Units, so long as such Transfer is (A) permitted under the Partnership Agreement and (B) in connection with donative, estate or tax planning by the Grantee; and provided, further, that the Transferee agrees in writing with the Company and the Partnership not to make any further Transfer of such vested [2016] LTIP Units (PB) or Converted LTIP Units other than as permitted by this Section 8. In connection with any Transfer of [2016] LTIP Units (PB), the Partnership may require the Grantee to provide an opinion of counsel, satisfactory to the Partnership, that such Transfer is in compliance with all federal and state securities laws (including, without limitation, the Securities Act). Any attempted Transfer of [2016] LTIP Units (PB) not in accordance with the terms and conditions of this Section 8 shall be null and void, and the Partnership shall not reflect on its records any change in record ownership of any [2016] LTIP Units (PB) as a result of any such Transfer, shall otherwise refuse to recognize any such Transfer and shall not in any way give effect to any such Transfer of any [2016] LTIP Units (PB). The restrictions on Transfer in this Section 8 shall not be interpreted to prohibit the Grantee from designating one or more beneficiaries to receive the Grantee's LTIP Units or Converted LTIP Units that are payable in the event of the Grantee's death. Any such beneficiary designation shall be on a form provided or approved by the Company.

9. **Changes in Capital Structure.** Without duplication with the provisions of Section 6.2 of the Stock Plan, if (a) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or stock of the Company, spin-off of a Subsidiary, business unit or significant portion of assets or other fundamental transaction similar thereto, (b) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, significant repurchases of stock, or other similar change in the capital structure of the Company shall occur, (c) any extraordinary dividend or other distribution to holders of shares of Common Stock or Units other than regular cash dividends shall be made, or (d) any other event shall occur that in each case in the good faith judgment of the Committee necessitates action by way of appropriate equitable adjustment in the terms of this Award, the LTIP or the [2016] LTIP Units (PB), then the Committee shall take such action as it deems necessary to maintain the Grantee's rights hereunder so that they are substantially proportionate to the rights existing under this Award, the LTIP and the terms of the [2016] LTIP Units (PB) prior to such event, including, without limitation: (i) adjustments in the Award [2016] LTIP Units (PB), Share Price, Total Return or other pertinent terms of this Award; and (ii) substitution of other awards under the Stock Plan or otherwise. The Grantee shall have the right to vote the [2016] LTIP Units (PB) if and when voting is allowed under the Partnership Agreement, regardless of whether vesting has occurred.

10. **Miscellaneous.**

(a) Amendments; Modifications. This Agreement may be amended or modified only with the consent of the Company and the Partnership; provided that any such amendment or modification materially and adversely affecting the rights of the Grantee hereunder must be consented to by the Grantee to be effective as against him; and provided, further, that the Grantee acknowledges that the Stock Plan may be amended or discontinued in accordance with Section 6.6 thereof and that this Agreement may be amended or canceled by the Committee, on behalf of the Company and the Partnership, for the purpose of satisfying changes in law or for any other lawful purpose, so long as no such action shall impair the Grantee's rights under this Agreement without the Grantee's written consent. Notwithstanding the foregoing, this Agreement may be amended in writing signed only by the Company to correct any errors or ambiguities in this Agreement and/or to make such changes that do not materially adversely affect the Grantee's rights hereunder. No promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, with respect to the subject matter hereof, have been made by the parties which are not set forth expressly in this Agreement. This grant shall in no way affect the Grantee's participation or benefits under any other plan or benefit program maintained or provided by the Company.

(b) Incorporation of Stock Plan; Committee Determinations. The provisions of the Stock Plan are hereby incorporated by reference as if set forth herein. In the event of a conflict between this Agreement and the Stock Plan, this Agreement shall be controlling and determinative. The Committee will make the determinations and certifications required by this Award as promptly as reasonably practicable following the occurrence of the event or events necessitating such determinations or certifications. In the event of a Change of Control, the Committee will perform any calculations set forth in Section 4 or Section 5 hereof required in connection with such Change of Control and make any determinations relevant to vesting with respect to this Award within a period of time that enables the Company to conclude whether Award [2016] LTIP Units (PB) become vested or are forfeited.

(c) Status as a Partner. As of the grant date set forth on Schedule A, the Grantee shall be admitted as a partner of the Partnership with beneficial ownership of the number of Award [2016] LTIP Units (PB) issued to the Grantee as of such date pursuant to Section 3(a) hereof by: (A) signing and delivering to the Partnership a copy of this Agreement; and (B) signing, as a Limited Partner, and delivering to the Partnership a counterpart signature page to the Partnership Agreement (attached hereto as Exhibit A).

(d) Status of [2016] LTIP Units (PB) under the Stock Plan. Insofar as the LTIP has been established as an incentive program of the Company and the Partnership, the [2016] LTIP Units (PB) are both issued as equity securities of the Partnership and granted as awards under the Stock Plan. The Company will have the right at its option, as set forth in the Partnership Agreement, to issue shares of Common Stock in exchange for Units into which [2016] LTIP Units (PB) may have been converted pursuant to the Partnership Agreement, subject to certain limitations set forth in the Partnership Agreement, and such shares of Common Stock, if issued, will be issued under the Stock Plan. The Grantee must be eligible to receive the [2016] LTIP Units (PB) in compliance with applicable federal and state securities laws and to that effect

is required to complete, execute and deliver certain covenants, representations and warranties (attached as Exhibit B). The Grantee acknowledges that the Grantee will have no right to approve or disapprove such determination by the Committee.

(e) Legend. The records of the Partnership evidencing the [2016] LTIP Units (PB) shall bear an appropriate legend, as determined by the Partnership in its sole discretion, to the effect that such [2016] LTIP Units (PB) are subject to restrictions as set forth herein, in the Stock Plan and in the Partnership Agreement.

(f) Compliance With Securities Laws. The Partnership and the Grantee will make reasonable efforts to comply with all applicable securities laws. In addition, notwithstanding any provision of this Agreement to the contrary, no [2016] LTIP Units (PB) will become vested or be issued at a time that such vesting or issuance would result in a violation of any such laws.

(g) Investment Representations; Registration. The Grantee hereby makes the covenants, representations and warranties set forth on Exhibit B attached hereto. All of such covenants, warranties and representations shall survive the execution and delivery of this Agreement by the Grantee. The Partnership will have no obligation to register under the Securities Act any [2016] LTIP Units (PB) or any other securities issued pursuant to this Agreement or upon conversion or exchange of [2016] LTIP Units (PB). The Grantee agrees that any resale of the shares of Common Stock received upon the exchange of Units into which [2016] LTIP Units (PB) may be converted shall not occur during the “blackout periods” forbidding sales of Company securities, as set forth in the then applicable Company employee manual or insider trading policy. In addition, any resale shall be made in compliance with the registration requirements of the Securities Act or an applicable exemption therefrom, including, without limitation, the exemption provided by Rule 144 promulgated thereunder (or any successor rule).

(h) Section 83(b) Election. In connection with the issuance of Award [2016] LTIP Units (PB) under this Award pursuant to Section 3 hereof the Grantee may (but is not required to) make an election to include in gross income in the year of transfer the applicable Award [2016] LTIP Units (PB) pursuant to Section 83(b) of the Code substantially in the form attached hereto as Exhibit C and, if such an election is made, the Grantee shall provide to the Company a copy thereof and supply to the Company such other information as the Company is required to maintain or file in accordance with the regulations promulgated thereunder.

(i) Severability. If, for any reason, any provision of this Agreement is held invalid, such invalidity shall not affect any other provision of this Agreement not so held invalid, and each such other provision shall to the full extent consistent with law continue in full force and effect. If any provision of this Agreement shall be held invalid in part, such invalidity shall in no way affect the rest of such provision not held so invalid, and the rest of such provision, together with all other provisions of this Agreement, shall to the full extent consistent with law continue in full force and effect.

(j) Governing Law. This Agreement is made under, and will be construed in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws of such state.

(k) No Obligation to Continue Position as an Employee, Consultant or Advisor. Neither the Company nor any affiliate is obligated by or as a result of this Agreement to continue to have the Grantee as an employee, consultant or advisor and this Agreement shall not interfere in any way with the right of the Company or any affiliate to terminate the Grantee's service relationship at any time.

(l) Notices. Any notice to be given to the Company shall be addressed to the Secretary of the Company at its principal place of business and any notice to be given the Grantee shall be addressed to the Grantee at the Grantee's address as it appears on the employment records of the Company, or at such other address as the Company or the Grantee may hereafter designate in writing to the other.

(m) Withholding and Taxes. No later than the date as of which an amount first becomes includible in the gross income of the Grantee for income tax purposes or subject to the Federal Insurance Contributions Act withholding with respect to this Award, the Grantee will pay to the Company or, if appropriate, any of its affiliates, or make arrangements satisfactory to the Committee regarding the payment of, any United States federal, state or local or foreign taxes of any kind required by law to be withheld with respect to such amount. The obligations of the Company under this Agreement will be conditional on such payment or arrangements, and the Company and its affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Grantee.

(n) Headings. The headings of paragraphs hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

(o) Counterparts. This Agreement may be executed in multiple counterparts with the same effect as if each of the signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

(p) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and any successors to the Company and the Partnership, on the one hand, and any successors to the Grantee, on the other hand, by will or the laws of descent and distribution, but this Agreement shall not otherwise be assignable or otherwise subject to hypothecation by the Grantee.

(q) 409A. This Agreement shall be construed, administered and interpreted in accordance with a good faith interpretation of Section 409A of the Code. Any provision of this Agreement that is inconsistent with Section 409A of the Code, or that may result in penalties under Section 409A of the Code, shall be amended, in consultation with the Grantee and with the reasonable cooperation of the Grantee and the Company, in the least restrictive manner necessary to (i) exclude the [2016] LTIP Units (PB) from the definition of "deferred compensation" within

the meaning of such Section 409A or (ii) comply with the provisions of Section 409A, other applicable provision(s) of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions, in each case without diminution in the value of the benefits granted hereby to the Grantee.

(r) Complete Agreement. This Agreement (together with those agreements and documents expressly referred to herein, for the purposes referred to herein) embody the complete and entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any and all prior promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, which may relate to the subject matter hereof in any way.

[signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Award Agreement to be executed as of the ____ day of _____, _____.

THE MACERICH COMPANY

By: ____

THE MACERICH PARTNERSHIP, L.P.

By: The Macerich Company,
its general partner

By: ____

GRANTEE

Name: _____

EXHIBIT A

FORM OF LIMITED PARTNER SIGNATURE PAGE

The Grantee, desiring to become one of the within named Limited Partners of The Macerich Company, L.P., hereby accepts all of the terms and conditions of (including, without limitation, the provisions related to powers of attorney), and becomes a party to, the Agreement of Limited Partnership, dated as of March 16, 1994, of The Macerich Partnership, L.P., as amended (the "Partnership Agreement"). The Grantee agrees that this signature page may be attached to any counterpart of the Partnership Agreement and further agrees as follows (where the term "Limited Partner" refers to the Grantee:

1. The Limited Partner hereby confirms that it has reviewed the terms of the Partnership Agreement and affirms and agrees that it is bound by each of the terms and conditions of the Partnership Agreement, including, without limitation, the provisions thereof relating to limitations and restrictions on the transfer of Partnership Units. Without limitation of the foregoing, the Limited Partner is deemed to have made all of the acknowledgements, waivers and agreements set forth in Section 10.6 and 13.11 of the Partnership Agreement.
2. The Limited Partner hereby confirms that it is acquiring the Partnership Units for its own account as principal, for investment and not with a view to resale or distribution, and that the Partnership Units may not be transferred or otherwise disposed of by the Limited Partner otherwise than in a transaction pursuant to a registration statement filed by the Partnership (which it has no obligation to file) or that is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and all applicable state and foreign securities laws, and the General Partner may refuse to transfer any Partnership Units as to which evidence of such registration or exemption from registration satisfactory to the General Partner is not provided to it, which evidence may include the requirement of a legal opinion regarding the exemption from such registration. If the General Partner delivers to the Limited Partner shares of common stock of the General Partner ("Common Shares") upon redemption of any Partnership Units, the Common Shares will be acquired for the Limited Partner's own account as principal, for investment and not with a view to resale or distribution, and the Common Shares may not be transferred or otherwise disposed of by the Limited Partner otherwise than in a transaction pursuant to a registration statement filed by the General Partner with respect to such Common Shares (which it has no obligation under the Partnership Agreement to file) or that is exempt from the registration requirements of the Securities Act and all applicable state and foreign securities laws, and the General Partner may refuse to transfer any Common Shares as to which evidence of such registration or exemption from such registration satisfactory to the General Partner is not provided to it, which evidence may include the requirement of a legal opinion regarding the exemption from such registration.
3. The Limited Partner hereby affirms that it has appointed the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, in accordance with Section 6.10 of the Partnership Agreement, which Section is hereby incorporated by reference. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the Limited Partner and shall extend to the Limited Partner's heirs, executors, administrators, legal representatives, successors and assigns.
4. The Limited Partner hereby irrevocably consents in advance to any amendment to the Partnership Agreement, as may be recommended by the General Partner, intended to avoid the Partnership being treated as a publicly-traded partnership within the meaning of

Section 7704 of the Internal Revenue Code, including, without limitation, (a) any amendment to the provisions of Section 9.1 or the Redemption Rights Exhibit of the Partnership Agreement intended to increase the waiting period between the delivery of a notice of redemption and the redemption date to up to sixty (60) days or (b) any other amendment to the Partnership Agreement intended to make the redemption and transfer provisions, with respect to certain redemptions and transfers, more similar to the provisions described in Treasury Regulations Section 1.7704 1(f).

5. The Limited Partner hereby appoints the General Partner, any Liquidator and authorized officers and attorneys-in-fact of each, and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, to execute and deliver any amendment referred to in the foregoing paragraph 4(a) on the Limited Partner's behalf. The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the death, incompetency, dissolution, disability, incapacity, bankruptcy or termination of the Limited Partner and shall extend to the Limited Partner's heirs, executors, administrators, legal representatives, successors and assigns.

6. The Limited Partner agrees that it will not transfer any interest in the Partnership Units (i) through a national, non-U.S., regional, local or other securities exchange or (ii) an over-the-counter market (including an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise) or (iii) to or through (a) a person, such as a broker or dealer, that makes a market in, or regularly quotes prices for, interests in the Partnership or (b) a person that regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to any interests in the Partnership and stands ready to effect transactions at the quoted prices for itself or on behalf of others.

7. The Limited Partner acknowledges that the General Partner shall be a third party beneficiary of the representations, covenants and agreements set forth in Sections 4 and 5 hereof. The Limited Partner agrees that it will transfer, whether by assignment or otherwise, Partnership Units only to the General Partner or to transferees that provide the Partnership and the General Partner with the representations and covenants set forth in Sections 4 and 5 hereof.

8. This Acceptance shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

Signature Line for Limited Partner:

Name _____

Date: _____

Address of Limited Partner: _____

EXHIBIT B

GRANTEE'S COVENANTS, REPRESENTATIONS AND WARRANTIES

The Grantee hereby represents, warrants and covenants as follows:

- (a) The Grantee has received and had an opportunity to review the following documents (the "Background Documents"):
- (i) The Company's latest Annual Report to Stockholders;
 - (ii) The Company's Proxy Statement for its most recent Annual Meeting of Stockholders;
 - (iii) The Company's Report on Form 10-K for the fiscal year most recently ended;
 - (iv) The Company's Form 10-Q, if any, for the most recently ended quarter filed by the Company with the Securities and Exchange Commission since the filing of the Form 10-K described in clause (iii) above;
 - (v) Each of the Company's Current Report(s) on Form 8-K, if any, filed since the end of the fiscal year most recently ended for which a Form 10-K has been filed by the Company;
 - (vi) The Partnership Agreement;
 - (vii) The Stock Plan; and
 - (viii) The Company's Articles of Amendment and Restatement, as amended.

The Grantee also acknowledges that any delivery of the Background Documents and other information relating to the Company and the Partnership prior to the determination by the Partnership of the suitability of the Grantee as a holder of [2016] LTIP Units (PB) shall not constitute an offer of [2016] LTIP Units (PB) until such determination of suitability shall be made.

(b) The Grantee hereby represents and warrants that

(i) The Grantee either (A) is an “accredited investor” as defined in Rule 501(a) under the Securities Act, or (B) by reason of the business and financial experience of the Grantee, together with the business and financial experience of those persons, if any, retained by the Grantee to represent or advise him with respect to the grant to him of [2016] LTIP Units (PB), the potential conversion of [2016] LTIP Units (PB) into units of limited partnership of the Partnership (“**Common Units**”) and the potential redemption of such Common Units for shares of the Company’s common stock (“**REIT Shares**”), has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that the Grantee (I) is capable of evaluating the merits and risks of an investment in the Partnership and potential investment in the Company and of making an informed investment decision, (II) is capable of protecting his own interest or has engaged representatives or advisors to assist him in protecting his interests, and (III) is capable of bearing the economic risk of such investment.

(ii) The Grantee, after due inquiry, hereby certifies that for purposes of Rule 506(d) and Rule 506(e) of the Securities Act, he is not subject to any felony or misdemeanor conviction related to any securities matter; any federal or state order, judgment, decree or injunction related to any securities, insurance, banking or U.S. Postal Service matter; any SEC disciplinary or cease and desist order; or any suspension, expulsion or bar related to a registered national securities exchange, national or affiliated securities association or member thereof, whether it occurred or was issued before, on or after September 23, 2013, and agrees that he will notify the Company immediately upon becoming aware that the foregoing is not, or is no longer, complete and accurate in every material respect, including as a result of events occurring after the date hereof.

(iii) The Grantee understands that (A) the Grantee is responsible for consulting his own tax advisors with respect to the application of the U.S. federal income tax laws, and the tax laws of any state, local or other taxing jurisdiction to which the Grantee is or by reason of the award of [2016] LTIP Units (PB) may become subject, to his particular situation; (B) the Grantee has not received or relied upon business or tax advice from the Company, the Partnership or any of their respective employees, agents, consultants or advisors, in their capacity as such; (C) the Grantee provides services to the Partnership on a regular basis and in such capacity has access to such information, and has such experience of and involvement in the business and operations of the Partnership, as the Grantee believes to be necessary and appropriate to make an informed decision to accept the award of [2016] LTIP Units (PB); and (D) an investment in the Partnership and/or the Company involves substantial risks. The Grantee has been given the opportunity to make a thorough investigation of matters relevant to the [2016] LTIP Units (PB) and has been furnished with, and has reviewed and understands, materials relating to the Partnership and the Company and their respective activities (including, but not limited to, the Background Documents). The Grantee has been afforded the opportunity to obtain any additional information (including any exhibits to the Background Documents) deemed necessary by the Grantee to verify the accuracy of information conveyed to the Grantee. The Grantee confirms that all documents, records, and books pertaining to his receipt of [2016] LTIP Units (PB) which were requested by the Grantee have been made available or delivered to the Grantee. The Grantee has had an opportunity to ask questions of and receive answers from the Partnership and the Company, or from a person or persons acting on their behalf, concerning the terms and conditions of the [2016] LTIP Units (PB). **The Grantee has relied upon, and is making its decision solely upon, the Background Documents and other written information provided to the Grantee by the Partnership or the Company.**

(iv) The [2016] LTIP Units (PB) to be issued, the Common Units issuable upon conversion of the [2016] LTIP Units (PB) and any REIT Shares issued in connection with the redemption of any such Common Units will be acquired for the account of the Grantee for investment only and not with a current view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein, without prejudice, however, to the Grantee’s right (subject to the terms of the [2016] LTIP Units (PB), the Stock Plan, the agreement of limited partnership of the Partnership, the articles of organization of the Company, as amended, and the Award Agreement) at all times to sell or otherwise dispose of all or any part of his [2016] LTIP Units (PB), Common Units or REIT Shares in compliance with the Securities Act, and applicable state securities laws, and subject, nevertheless, to the disposition of his assets being at all times within his control.

(v) The Grantee acknowledges that (A) neither the [2016] LTIP Units (PB) to be issued, nor the Common Units issuable upon conversion of the [2016] LTIP Units (PB), have been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such [2016] LTIP Units (PB) or Common Units are represented by certificates, such certificates will bear a legend to such effect, (B) the reliance by the Partnership and the Company on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of the Grantee contained herein, (C) such [2016] LTIP Units (PB) or Common Units, therefore, cannot be resold unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available, (D) there is no public market for such [2016] LTIP Units (PB) and Common Units and (E) neither the Partnership nor the Company has any obligation or intention to register such [2016] LTIP Units (PB) or the Common Units issuable upon conversion of the [2016] LTIP Units (PB) under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws, except, that, upon the redemption of the Common Units for REIT Shares, the Company may issue such REIT Shares under the Stock Plan and pursuant to a Registration Statement on Form S-8 under the Securities Act, to the extent that (I) the Grantee is eligible to receive such REIT Shares under the Stock Plan at the time of such issuance, (II) the Company has filed a Form S-8 Registration Statement with the Securities and Exchange Commission registering the issuance of such REIT Shares and (III) such Form S-8 is effective at the time of the issuance of such REIT Shares. The Grantee hereby acknowledges that because of the restrictions on transfer or assignment of such [2016] LTIP Units (PB) acquired hereby and the Common Units issuable upon conversion of the [2016] LTIP Units (PB) which are set forth in the Partnership Agreement or this Agreement, the Grantee may have to bear the economic risk of his ownership of the [2016] LTIP Units (PB) acquired hereby and the Common Units issuable upon conversion of the [2016] LTIP Units (PB) for an indefinite period of time.

(vi) The Grantee has determined that the [2016] LTIP Units (PB) are a suitable investment for the Grantee.

(vii) No representations or warranties have been made to the Grantee by the Partnership or the Company, or any officer, director, stockholder, agent, or affiliate of any of them, and the Grantee has received no information relating to an investment in the Partnership or the [2016] LTIP Units (PB) except the information specified in paragraph (b) above.

(c) So long as the Grantee holds any [2016] LTIP Units (PB), the Grantee shall disclose to the Partnership in writing such information as may be reasonably requested with respect to ownership of [2016] LTIP Units (PB) as the Partnership may deem reasonably necessary to ascertain and to establish compliance with provisions of the Code, applicable to the Partnership or to comply with requirements of any other appropriate taxing authority.

(d) The Grantee hereby agrees to make an election under Section 83(b) of the Code with respect to the [2016] LTIP Units (PB) awarded hereunder, and has delivered with this Agreement a completed, executed copy of the election form attached hereto as Exhibit C. The Grantee agrees to file the election (or to permit the Partnership to file such election on the Grantee's behalf) within thirty (30) days after the award of the [2016] LTIP Units (PB) hereunder with the IRS Service Center at which such Grantee files his personal income tax returns, and to file a copy of such election with the Grantee's U.S. federal income tax return for the taxable year in which [2016] LTIP Units (PB) are issued or awarded to the Grantee.

(e) The address set forth on the signature page of this Agreement is the address of the Grantee's principal residence, and the Grantee has no present intention of becoming a resident of any country, state or jurisdiction other than the country and state in which such residence is sited.

EXHIBIT C

ELECTION TO INCLUDE IN GROSS INCOME IN YEAR OF TRANSFER OF PROPERTY PURSUANT TO SECTION 83(b) OF THE INTERNAL REVENUE CODE

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, Treasury Regulations Section 1.83-2 promulgated thereunder, and Rev. Proc. 2012-29, 2012-28 IRB, 06/26/2012, to include in gross income as compensation for services the excess (if any) of the fair market value of the property described below over the amount paid for such property.

1. The name, address and taxpayer identification number of the undersigned are:

Name: _____ (the "Taxpayer")

Address: _____

Social Security No./Taxpayer Identification No.: _____

Taxable Year: Calendar Year [2016]

2. Description of property with respect to which the election is being made:

The election is being made with respect to _____ [2016] LTIP Units (PB) in The Macerich Partnership, L.P. (the "Partnership").

3. The date on which the [2016] LTIP Units (PB) were transferred to the undersigned is _____, [2016].

4. Nature of restrictions to which the [2016] LTIP Units (PB) are subject:

(a) Until the [2016] LTIP Units (PB) vest, the Taxpayer may not transfer in any manner any portion of the [2016] LTIP Units (PB) without the consent of the Partnership.

(b) The Taxpayer's [2016] LTIP Units (PB) vest in accordance with the vesting provisions described in the Schedule attached hereto. Unvested [2016] LTIP Units (PB) are forfeited in accordance with the vesting provisions described in the Schedule attached hereto.

5. The fair market value at time of transfer (determined without regard to any restrictions other than a nonlapse restriction as defined in Treasury Regulations Section 1.83-3(h)) of the [2016] LTIP Units (PB) with respect to which this election is being made was \$0 per [2016] LTIP Unit (PB).

6. The amount paid by the Taxpayer for the [2016] LTIP Units (PB) was \$0 per [2016] LTIP Unit (PB).

7. The amount to include in gross income is \$0.

The undersigned taxpayer will file this election with the Internal Revenue Service office with which taxpayer files his or her annual income tax return not later than 30 days after the date of transfer of the property. A copy of the election also will be furnished to the person for whom the services were performed. Additionally, the undersigned will include a copy of the election with his or her income tax return for the taxable year in which the property is transferred. The undersigned is the person performing the services in connection with which the property was transferred.

Dated: _____

SCHEDULE TO 83(b) ELECTION

Vesting Provisions of [2016] LTIP Units (PB)

The [2016] LTIP Units (PB) are subject to performance-based vesting. Performance-based vesting will be from 0-100% based on The Macerich Company's (the "Company") per-share total return to holders of common stock (the "Total Return") for the period from January 1, [2016] through December 31, [2018] (or earlier in certain circumstances). The [2016] LTIP Units (PB) may vest depending on the percentile rank of the Company in terms of Total Return relative to the Total Return of a group of peer REITs (the "Peer REITs"), as measured at the end of the performance period. Vesting of the [2016] LTIP Units (PB) will occur as follows:

<u>Percentile Rank</u>	<u>Award Earned (*)</u>
At or above the 75 th percentile	100%
At the 50 th percentile	66-2/3%
At the 25 th percentile	33-1/3%
Below the 25 th percentile	0%

(*) Linear interpolation between the 25th and 75th percentiles.

The above vesting is conditioned upon the Taxpayer remaining an employee of the Company through the applicable vesting date, subject to acceleration under specified circumstances. Unvested [2016] LTIP Units (PB) are subject to forfeiture in the event of failure to vest.

**SCHEDULE A TO [2016] LTIP UNIT AWARD AGREEMENT
(PERFORMANCE-BASED)**

Date of Award Agreement:	
Name of Grantee:	
Number of [2016] LTIP Units (PB) Subject to Grant:	
Grant Date:	

Initials of Company representative: _____

Initials of Grantee: _____

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, 2016 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 6, 2016

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, 2016 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 6, 2016

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, 2016 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 6, 2016

/s/ ARTHUR M. COPPOLA

Chairman and Chief Executive Officer

/s/ THOMAS E. O'HERN

Senior Executive Vice President and Chief Financial Officer