

### MACERICH® HAPPENINGS

INSIDE: Get to Know CEO Randy Garutti and What's Shakin' at Shake Shack, Meet Three New VPs of Macerich Leasing, and Hit the Runway with Kings Plaza at Fashion Week Brooklyn



# Building Sustainability into Broadway Plaza Expansion



When Broadway Plaza celebrates the opening of its major expansion late this summer – twice as much shop space, brand new parking garages, the first waves of 50 new retailers, plus updated amenities and finishes – the iconic open-air property also will introduce a much more sustainable shopping environment.

Here, particularly green is good. Always in step with its enviable trade area of affluent, educated and environmentally committed Northern California shoppers, the new Broadway Plaza is incorporating core sustainability values. The multi-phased 315,000 square-foot expansion is targeting LEED® Gold certification from the U.S. Green Building Council.

"Not only does our expansion at Broadway Plaza welcome more retailers and their latest concepts, including two-level flagships, but it also aligns with Macerich's ambitious environmental goals and the interests of our retail partners and shoppers," said Bob Perlmutter, Senior Executive Vice President and COO, Macerich.

Built into the expanded Broadway Plaza in San Francisco's East Bay are far-reaching green building practices designed to reduce water usage by 40%, reduce energy consumption by 30% and recycle 95% of demolition and construction materials.

Among the expanded property's key sustainability features are:

- Solar panel system (photovoltaic) to provide cooler building operating temperatures and produce renewable energy on site
- Solar heat and radiation-reducing pavement and roofing materials to reduce the heat-island effect
- Property-wide energy management system (EMS) to reduce energy consumption

- Energy-efficient lighting and HVAC systems
- Thermal-efficient glass, glazing and wall construction types to reduce temperature migration and the energy needed for heating and cooling
- Storm water diversion systems, including permeable pavers and planter retention basins
- Restrooms designed to conserve water
- · On-site showers for employees who bike to work

Macerich, already a well-recognized industry innovator in sustainability, is adding to its powerful environmental credentials with the expansion of Broadway Plaza. Last year Macerich received the prestigious "Leader in the Light" award from NAREIT as Retail Leader for the second year in a row. Also in 2015, Macerich earned a spot on the Climate "A List," as ranked by CDP (formerly the Carbon Disclosure Project), which places the company globally in the top 5% of all companies for sustainability performance.

"As we continue to elevate our one-of-a-kind portfolio of A level malls and trophy properties – including Broadway Plaza, where we are growing within the same footprint by adding density – sustainability is an important measure of quality," added Perlmutter. "All of our investments in sustainability serve to reduce our environmental impact and heighten performance, while also broadening the appeal of our market-dominant retail properties."

For more details on Macerich's environmental stewardship, view the 2015 Sustainability Report at www.macerich.com/about/sustainability

## Kings Plaza's Star Turn at Fashion Week Brooklyn

Kings Plaza shared the spotlight with established and aspiring fashion designers from across the globe during Fashion Week Brooklyn, the high-profile, borough-wide event May 1-8.

As part of the 10th anniversary showcase for Fashion Week Brooklyn (FWBK), Kings Plaza was a hot venue for special events including the Retailers Runway Show, featuring nearly 20 of the property's specialty and department stores. Kings Plaza also hosted a series of open casting calls for members of the community to walk in the pre-fashion week, Earth Day-inspired designer competition called Recycle the Runway, which took place at the center April 22.

"Fashion Week Brooklyn is THE fashion event for the borough," said Dawn Simon, Area Senior Marketing Manager, Macerich. "It's edgy, fun and well attended – and Kings Plaza had a great role to play in involving our retailers and the community in this exciting and diverse celebration of new fashion."





#### From Clicks to Bricks: E-tailers Get Real at Macerich Properties

Macerich's one-of-a-kind properties in top markets are attracting some of the web's most innovative e-tail concepts. This summer Blue Nile, the online jewelry and diamond merchant, is introducing new stores at Washington Square outside Portland and at Tysons Corner Center – two of just four physical locations the brand is opening this year.

"Our properties are well positioned to draw major e-tailers and catalog brands looking to grow their businesses with physical stores," said Bari Cohen, Leasing VP for Macerich. "For example, Blue Nile is the biggest online jewelry retailer and having a select number of stores in top-performing, high-traffic malls – so people can touch, feel and admire diamonds before they buy them – makes perfect sense."

Blue Nile is just one of a growing set of e-tailers moving from clicks to bricks with Macerich. Already, familiar brands including Soft Surroundings, Sundance, Ballard Designs and other top catalog and e-tail companies have found physical homes at Macerich's market-dominant properties.

This past September, the premium women's footwear and handbag e-tailer Sole Society opened its first-ever physical store at Santa Monica Place. The boutique combines online and in real life retail therapy with digital kiosks that act as a "virtual concierge," allowing people to shop in store and have their merchandise delivered to them within two days.

Look for more e-tail-to-retail success stories coming soon to Macerich malls.



#### Meet Macerich's New Leasing VPs

Three on-the-rise leasing executives – Bari Cohen, Justin Cole and Melissa Freas – have just been named VPs and all bring an unbeatable combination of experience, enthusiasm and client focus to their new roles.

Cohen and Cole together are Macerich's Leasing VPs for the East region reporting to FK Grunert; Freas joins Kim Choukalas as Leasing VPs for the West region reporting to Andy Cook and Michael Guerin. This spring, Macerich realigned its Leasing Department as two regions – East and West – to streamline the process for retailers and deliver greater consistency and faster communications. (Macerich's Chicago properties are part of the East region; the West region includes properties in Arizona, Colorado, Missouri and Texas; Outlets remain a stand-alone group.)

Long Island native Bari Cohen joined Macerich in 2008 as a leasing associate for Queens Center. Prior to Macerich, Cohen worked in retail brokerage in Manhattan for Newmark Grubb Knight Frank. What does Cohen like best about her current role? "I love that every day is different. Seeing the merchandise plans we put together for individual properties come together is very exciting, and I really value the relationships I have built with my colleagues here and with our retail partners."

Another New Yorker, Poughkeepsie native Justin Cole joined Macerich in 2006 to focus on specialty leasing at Queens Center. Earlier he worked on Palisades Center for private developer, Pyramid. For Cole, the best part of leasing is integrating the views of retailers in all aspects of shopping center operations and development.

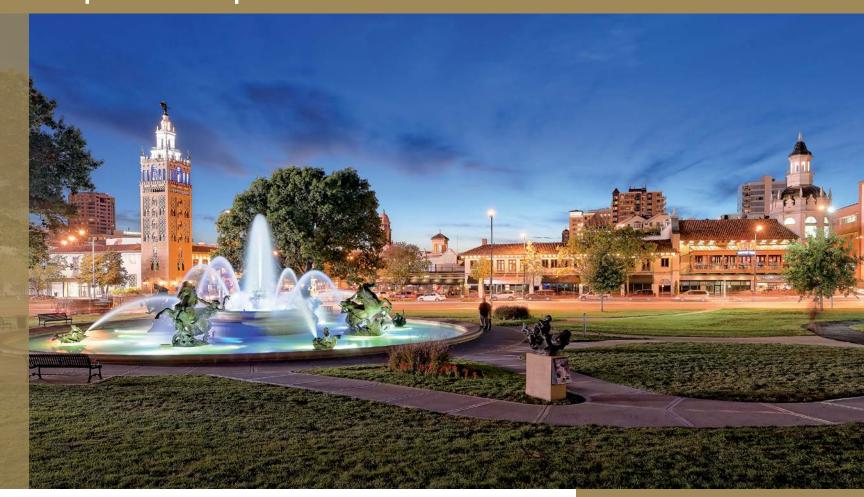
"I like working with people from other Macerich departments to help create shopping center experiences," said Cole. "For example, at Kings Plaza the leasing team had a strong role in shaping important updates – from the soft seating and device charging stations to décor and lighting – in addition to the merchandise plan. We know what our retailer partners are looking for and it is very satisfying to represent their interests as we continue to elevate our properties."

Melissa Freas started with Macerich on the other side of the country in 2001, and her first leasing assignment with the company was at Vintage Faire Mall in Modesto. Freas appreciates the A-Z nature of leasing and the variety. "I like the balance between the creative – the merchandising – and the quantitative aspects of negotiating leases and rents. Every year I learn about so many interesting businesses and what drives their decision-making. From the local juice tenant to Michael Kors, it's great to understand the thinking of vastly different retailers."

New retail ideas and concepts are what this trio finds most exciting about their work. Cohen cites first-to-portfolio deals for Alex & Ani and Ballard Designs at Tysons Corner Center. Cole points to the growth of healthful, fast-casual fare in malls that is reinventing traditional food courts. For Freas, it's the addition of state-of-the-art Harkins Theatres to both Scottsdale Fashion Square and Los Cerritos Center that really captures malls' increasing role as hubs for entertainment, as well as retail.

"It's very exciting to bring new uses to our properties that bring more people to our centers to do more things," said Freas. "Adding Drybar to Tysons Corner Center or bringing SoulCycle to Broadway Plaza, where there are so many compelling changes happening right now – all of this demonstrates how our trophy properties are connecting with shoppers today."

#### Pipeline Update



#### Country Club Plaza Fits Macerich to a 'Tee'

Few properties meet the definition of "one-of-a-kind" and "trophy" – hallmarks of the Macerich portfolio – better than Country Club Plaza in Kansas City, Missouri. So it makes perfect sense that Macerich, in partnership with Taubman, in March completed the purchase of this landmark, 15-block, mixed-use destination.

"After admiring Country Club Plaza for more than 40 years, we were very pleased to acquire this remarkable property in partnership with Taubman," said Art Coppola, Chairman and CEO, Macerich. "This historic property has changed hands only once since it opened in the 1920s, and we are excited about the opportunities ahead for Country Club Plaza, especially now that it belongs to two highly experienced retail property owners."

Originally constructed in 1922, Country Club Plaza is an iconic, Spanish-inspired, 1.3 million square-foot destination with best-in-class retail, exclusive boutiques, gourmet dining and Class A office space. The Plaza is set in Kansas City's upscale Country Club District. The retail portion offers 804,000 square feet of GLA featuring 45 unique-to-market tenants, with key retailers including Apple, H&M, Tesla and Lululemon. The Capital Grille and The Cheesecake Factory top the menu of dynamic restaurants.

The 468,000 square-foot office portion of the property comprises the 10-story Valencia tower, home to Lockton Companies, the world's largest privately owned, independent owned insurance brokerage firm, plus additional office space located above the ground-level retail.

"The marketplace knows that Macerich is all about top-quality properties that deliver for retailers and provide unique experiences for shoppers," said Coppola. "Country Club Plaza is one of the first shopping centers in the entire country, and its authentic appeal and long history as a highly productive retail destination make this an outstanding addition to our portfolio of A malls."

#### Country Club Plaza by the numbers

Key stats tell a compelling story about Country Club Plaza and its exceptional market:

- 55 acres and 18 mixed-use buildings filled with top brands
- More than 120 shops and 25 dining options
- 18+ companies on site and 40,000+ office workers within blocks
- The #1 tourist destination in the Kansas City area, with more than 2,200 nearby hotel rooms
- 12+ million shoppers visit annually



Happenings talked with Randy Garutti, CEO of Shake Shack, about the world of better burgers and how Shake Shack is serving up musthave experiences for today's sophisticated eaters.

Q: Few could have predicted Shake Shack's tremendous rise to become one of hottest restaurant concepts anywhere. How would you describe the Shake Shack mystique?

A: I think we hit a nerve. Remember it was 2004 when we opened the first Shake Shack, and people were just starting to care a lot about food. It was the start of the Food Network, there was new attention to celebrity chefs everything was changing about food at that time. The idea behind Shake Shack was to take the classic from the old American roadside burger place and make it better with great ingredients. What happened was people said, "I don't really want fast food anymore, but I love a great burger. When I do eat a burger, I want it to be good." That's what Shake Shack captured.

We separate ourselves from the fold through our focus on high-quality ingredients, top-quality preparation and an experience that is right for each community. We make each Shake Shack to be a great community gathering experience. We bring people together. It helps to have a really good burger, without a doubt. You can imagine we have higher foods costs than most other companies like us. And higher labor costs. But the purpose for these costs comes from our focus of making people happy with thoughtful sourcing and extra hospitality that we've come to expect from the fast casual experience. At Shake Shack you have the same chocolate, the same quality, the same thoughtfulness as in one of Union Square Hospitality Group's fine dining restaurants. For \$20, it's a great experience for two. The world has shifted. We all appreciate fine dining, but now there is a desire to also enjoy the best quality food, done at a very high level, in a very accessible experience.

Q: We read an admiring article about your company titled, "Location is Shake Shack Inc.'s Secret Sauce." Can you please tell us how you choose restaurant locations?

A: Number one, Shake Shack has to be a community gathering place, where people from every walk of life come together. We want to be in a busy mall or a great city location, like we have with Macerich in Chicago. We want to be at a crossroads and for the location to be something special. Our filter is that we want only the right locations – only the right mall, the right location in that mall. And in a time when what drives mall traffic is changing, we are an experiential brand that brings something unique, something compelling.

So whether it's at The Shops at North Bridge in Chicago or Tysons Corner Center, two really rewarding urban settings – or at Scottsdale Fashion Square, where we are changing the experience at one of the mall's entrances, we want to be where people gather. At Kierland Commons, the Shack will seem to be springing out of the grass. For Shake Shack, our locations have to be thoughtful and hit the right notes.

Q: Your company does a brilliant job in terms of mixing in local ingredients and menu items even as you scale across the country. Why is this localization important for Shake Shack?

**A:** The bigger we get, the smaller we need to act. So for the 90th Shack, our focus is just like the first. It's cool, it has the best pie for our local concretes (frozen custard

### Shaking Up the World of Better Burgers

Q&A with Randy Garutti, CEO, Shake Shack

Talk about humble beginnings. The phenomenon known as Shake Shack started in 2001 as a hot dog cart to support NYC's Madison Square Park. Fast forward to 2016, and this now-public company has plans to open 14 Shake Shacks per year in the U.S., and is already a fixture internationally from London and Tokyo to Istanbul.

blended with mix-ins), the best coffee – nothing is an afterthought. Each new location needs to deliver on the core menu items everyone expects at Shake Shack, but also incorporate small, artisanal products from that community. So it's actually from there. In part, that's why every Shake Shack is different.

Q: Can you describe the Shake Shack consumer? What do they value, what do they look for?

Our customers are people who, when they want to eat a burger, want to do it right and in a special place. You know, what's happened in this social media age is that everything has become a shared experience. It's become part of everything we do. So we're forced to make good choices — down to the kind of lunch you're having — because you're going to take a picture of it and share it. For so many reasons you care about the choices you make. And it means something about you when you walk into a Shake Shack.

**Q:** Please tell us more about you and your career.

A: I started working in restaurants when I was 13. It was a local bagel shop in New Jersey, and I was making egg and cheese sandwiches. I was fortunate enough to go to Cornell (School of Hotel Administration) and I worked for Marriott, for Chili's, for Chart House - and they moved me to Hawaii. Then Canlis in Seattle was my first fine dining restaurant. I met Danny Meyer and got to move home, and worked with Union Square Hospitality for 16 years. I really found a love for opening restaurants. But I never dreamed I would be CEO of a public company. It's a very different job from managing a restaurant. This was not my dream job growing up. But it helps very much that I understand the restaurant universe, and how people experience restaurants.

I believe working in restaurants is a noble profession. We spend our days serving other people. Every person in the world should work in a restaurant at least once – you learn a lot about taking care of people.

Q: Prior to Shake Shack you were COO of the whole, 1,000-employee Union Square Hospitality Group. Can you talk about that iconic company and your relationship with Danny Meyer?

A: Danny Meyer is the greatest. In so many ways he is my mentor for how to care for a business. He is everything you read about him. He is such a generous person who cares about other people's success. You know his idea is "enlightened hospitality," and he built his company – and Shake Shack, too – with this ethos. Each of us grew up in this – with Shake Shack it's like you graduated and moved out of the house, but Union Square is still our family. I can still come home for Thanksgiving.

**Q:** In your opinion, what's missing from the country's restaurant scene, what opportunities do you see?

**A:** It's not about what's missing, but how it's done. People want total transparency, incredible thoughtfulness, local sourcing, sincere hospitality, a place where it's easy to be.

Most of us are tied to our phones. Most of us don't talk to our friends on the phone. We text them. How often are we interacting face-to-face with those around us? We have fewer real experiences than we want. I think restaurants have the single most crucial role in society today because we are setting the table for human experiences. We nurture humanity. In a restaurant, you interact over a meal, and restaurants help fulfill a human need to be with other people.





