

HAPPENINGS

Tim Shannehan
Chief Revenue Officer,
Peloton

Inside

Clip in to experience Peloton's rapid climb, check out luxury updates now underway at Scottsdale Fashion Square and meet Macerich's first Chief Digital Officer Kevin McKenzie.



Riding High with Peloton

At home yet connected to community. Silence beyond the headphones while booming music pumps the energy. Stationary bikes with limitless views and a world of custom content.

That's Peloton – the billion-dollar fitness and media brand that is upending conventional fitness models – and finding real success at the country's top malls.

Happenings talked with Peloton Chief Revenue Officer Tim Shannehan about what is fueling Peloton's dizzying ride to the top and how high-performing retail settings offer the brand an inside track.

Why are physical retail settings important to Peloton?

First, the bike is different than anything else in the market. But what also differentiates Peloton is our highly engaging, instructor-led classes streaming live from New York City – and we need to give people the opportunity to experience that. When they come in to the store, they

put the headphones on, they see the 22-inch screen, the motivating instructors, the music, the leaderboard and performance metrics – the light bulb goes off. They see that they can have all this in the comfort of their own homes. Introducing this experience in the showroom is an important consumer touchpoint and a critical part of our sales strategy.

What else do showrooms do for you?

Our showrooms are also a very important way for our virtual community to come together. We host quarterly events with our home riders where we have a Peloton instructor appearance, a DJ, an apparel sale, snacks and hundreds of home riders. If you're having an anniversary – let's say it's your 100th ride – we bring in cupcakes and balloons to celebrate with you. We just did rides to benefit those impacted by Hurricane Harvey and Hurricane Irma from our studio in New York – and our home riders could choose to do these rides live in the showroom.

You're opening a new showroom at Macerich's Tysons Corner Center just outside Washington, D.C., double the size of your original location at the mall. Why do top malls, like Tysons, work for Peloton?

We're very bullish on Tysons. We believe in great malls and lifestyle centers. These are tried-and-true destinations that are a big part of consumers' lives. We also like to be near other modern, experiential brands that focus on omnichannel, with a bent toward tech, fitness and lifestyle. And the best malls bring these kinds of brands together in one place.

Top mall owners like Macerich also are putting in all kinds of new experiences – high-end food concepts, digital amenities – things you wouldn't have seen in the past. Our belief is that these centers are very much a part of the fabric of local communities and properties like Tysons are evolving and innovating for the long term in sync with modern shoppers.

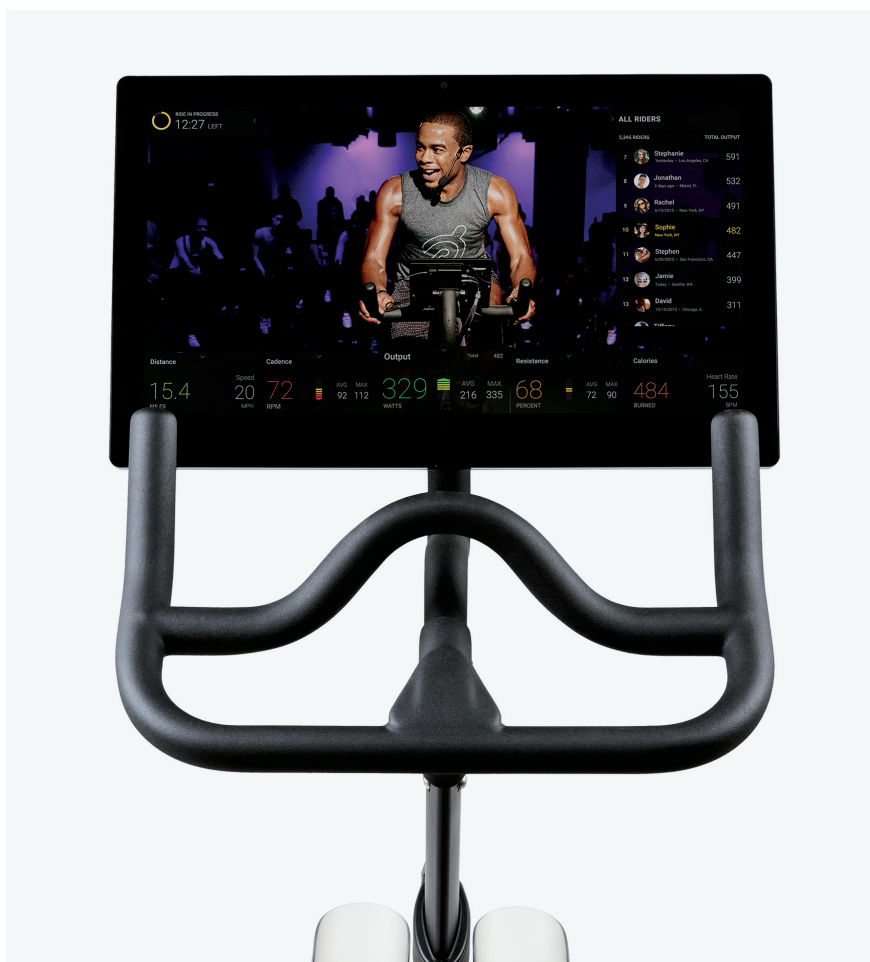
We actually opened our location at Tysons the same day I started with the company three years ago. Macerich saw our potential early on and we are grateful. As our concept has evolved and our community has grown, we knew we needed a larger space for local consumers to engage in the full Peloton experience.

What are your broader expansion plans?

Retail is working for us. We're very excited about this as part of the consumer's journey with the Peloton brand. We will end this year with 30 showrooms, and we plan to grow aggressively – in new markets across the country and deeper in our existing markets.

What else is next for Peloton?

Our members care deeply about living an active, healthy lifestyle and they want variety. You will see us doing more with yoga, for example, and this year we launched "Beyond the Ride" content. You can take a 10-minute cardio jumpstart or a 45-minute shadowboxing class. You're going to see us continue to evolve and expand our offerings.



Meet Kevin McKenzie, Macerich's First Chief Digital Officer



Keep the change. For Macerich's first Chief Digital Officer Kevin McKenzie, the company's unique ability to always adapt and succeed is a big part of what drew him to his new role.

"I have deep respect for this company that has been able to thrive in the constantly changing retail landscape for over 40 years. And I really believe in Art's (Chairman and CEO Art Coppola) vision for Macerich to lead in omnichannel retail real estate," says McKenzie.

McKenzie joined Macerich this spring. "My job is to strategize and develop businesses, technologies and people to create new opportunities that capitalize on the fact that consumers now shop with computers in their pockets. The smartphone phenomenon gives us unique ways to create tremendous benefits for our retail partners."

It's the focus on retailers that most intrigues McKenzie about his new position. "Of course, we're building new digital experiences for shoppers, but through the groundbreaking use of tracking, sensors and other data points, the work we're doing for retailers is what's so exciting. We'll be able to share everything retailers now learn about their shoppers online and much more based on how shoppers interact with the physical world of our properties."

McKenzie also believes Macerich is remarkably well positioned to leverage what he sees as a next wave of destination concepts – showrooms for high-profile digitally native brands like Munchery and Airbnb. "It's not only digitally born brands in familiar mall categories like apparel or footwear. People are going to see well-known digital names that offer services, subscriptions or experiences. Our top malls in top markets are really well suited to help these brands acquire new customers and build deeper relationships with their current customers by engaging them in the physical world."

Shopping has been a constant in McKenzie's 22-year career as a digital entrepreneur and corporate executive. Among his professional achievements, he founded NinthDecimal, an omnichannel intelligence company that helps marketers understand the convergence of people's digital and physical lives.

McKenzie's own physical world centers on San Francisco, where he is now building his team for Macerich. "We live in the East Bay and my wife, kids and I all shop at Broadway Plaza. I love that what I consider 'my' mall is one of Macerich's signature properties."

Luxury Updates Now Underway at Scottsdale Fashion Square

Luxury squared – when it comes to Scottsdale Fashion Square – means luxury expanded and thoroughly re-imagined. It's all happening now in the luxury wing anchored by Neiman Marcus and Dillard's.

Construction launched this fall to redefine the luxury shopping experience at Macerich's iconic Arizona property, already the region's undisputed luxury leader. Key elements reframing the luxury experience include a striking new north entrance and arrival point, two-story storefronts and destination restaurants with spill-out, café seating. Upscale new amenities will include resort-level restrooms, fine furnishings and finishes, a dedicated luxury valet, personal stylists and more.

Just announced for the project is the first-ever Ocean 44, a high-end seafood concept from the Mastro family, long considered Arizona restaurant royalty. The

12,000 square-foot stand-alone restaurant will be set near the sweeping new luxury wing entrance, and is planned to open at the same time as the luxury renovations are complete in fall 2018.

Jeff Mastro described his family's new concept to the *Phoenix Business Journal*: "Think oysters with caviar, and the biggest shrimp you can find, roasted shellfish appetizers and fresh fish with delicious flavor profiles, we are traveling the world to find seafood at an ultra-grade."

Exciting restaurant experiences are a key part of the elevated, all-day energy Macerich is building into its headline-making luxury project. "With Ocean 44 and other new-to-market restaurants, we anticipate generating several hundred thousand new customer visits to the new north entrance alone," says Guy Mercurio, VP, National Restaurant Leasing for Macerich.

Scottsdale Fashion Square's current concentration of luxury and contemporary brands includes Burberry, Escada, Gucci, Louis Vuitton, Salvatore Ferragamo, St. John, Cartier, Bulgari, Bottega Veneta, CH Carolina Herrera, David Yurman, DVF, Jimmy Choo, Prada, and Neiman Marcus. The shopping center already is home to 48 retailers and restaurants that are exclusive to the Arizona market.

Here's more news: The property has just earned important entitlements that will allow Macerich to realize its vision for building new vertical mixed-use elements at Scottsdale Fashion Square, with new zoning approvals for significantly added height, in future phases.

To learn more about luxury leasing opportunities at Scottsdale Fashion Square, please contact Kim.Choukalas@macerich.com, 602-953-6435.





Philadelphia Story: New AMC Theatres, City's Largest H&M

Our own Philadelphia story continues to take shape: Fashion District Philadelphia, slated to be downtown's largest cohesive retail destination, has signed a state-of-the-art AMC Theatres and a 38,000 square-foot, three-story H&M.

These top brands will join the highly successful Century 21 department store, which made the pioneering move to open its first store outside the NY Metro area at this project, now being developed by Macerich and PREIT and slated to open in 2018.

"Based on strong retail demand among flagship brands, in addition to designer

outlets, we opted to change the project's name to Fashion District Philadelphia to reflect the more expansive mix of retail, entertainment and dining that is driving this game-changing development," says Jamie Bourbeau, SVP, Outlets, Macerich. "We're excited that our property will deliver Philadelphia's first 'dine-and-recline' movie theater experience, as well as the city's largest H&M and so much more."

Fashion District Philadelphia will feature a unique combination of flagship brands, designer outlets and first-to-market retail, plus destination dining, marquee entertainment and a collection of

commissioned art installations – all in a single, centralized downtown location.

Just steps away from the heart of Philadelphia's historic district, this one-of-a-kind property being designed for both locals and tourists will offer extensive amenities, onsite parking and access to Philadelphia's three major public transit systems, providing unrivaled convenience and accessibility.

For leasing information, please contact Teri Furry, AVP, Outlet Leasing, teri.furry@macerich.com and 703-847-7322. See more at www.fashiondistrictphiladelphia.com.





Tysons Welcomes Exciting New Retail

Exciting brands and Tysons Corner Center just go together. This fall, a slate of great new stores is open at Macerich's top-drawing retail hub just outside Washington, D.C.

Four new names at Tysons include Superdry, the maverick clothing brand from Britain; Shinola, the Detroit-based design brand and makers of watches, bicycles, leather goods, journals, jewelry and audio equipment of the highest quality; Charles Tyrwhitt, the British menswear brand that touts flawless design, quality and fit, at remarkable value; and the ever-popular Origins, the brand famous for natural skin care products.

"Tysons Corner Center continues to be a magnet for innovative retail concepts, including many first-to-market stores," says FK Grunert, SVP of Leasing, Macerich. "When emerging brands – from great e-tail concepts to growing international names and more – want to build closer relationships with shoppers, dynamic retail destinations like Tysons Corner Center are an important part of their omnichannel strategies."

And some growing brands want even more of a good thing: Peloton, known for top-level spin experiences at home, is planning to open a new larger showroom at Tysons, the region's proven high-performance retail platform.

Macerich Launching New Digital Directories

Another high-touch experience is coming to Macerich just in time for holiday. Adding to the reach and power of the already-successful large-format digital media network in 10+ Macerich shopping centers is a new network of small-format, double-sided digital units.

Featuring interactive wayfinding directories and full-motion video advertising screens for media messaging, the new small-format digital network will debut at 18 top Macerich properties in mid-November.

These highly intuitive double-sided displays will deliver a state-of-the-art experience for shoppers and retailers alike. One side of the digital unit includes a high-caliber interactive mall directory with powerful touchscreen search capabilities for store locations and mall amenities, as well as point-to-point directions. On the other side, highly visible digital screens with full-motion

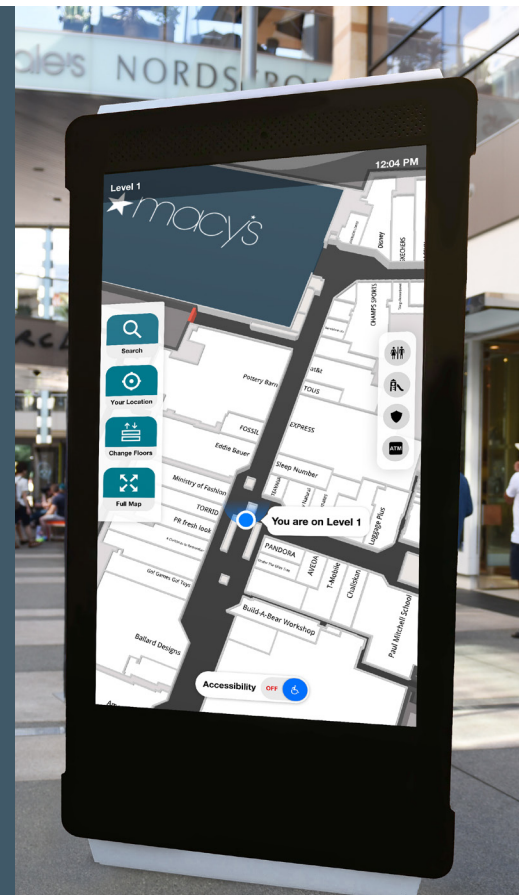
video offer a compelling platform for retailers and brands to present advertising and promotional messaging.

"With up to 16 two-sided digital directories per property, we're pleased to deliver unprecedented opportunities for stores and brand partners to share their messages with shoppers at Macerich's market-leading malls," says Kurt Ivey, VP of Marketing for Macerich. "These responsive, easy-to-use directories will be a magnet for shoppers as well as a great new tool for our retail partners."

For information on how your brand can connect with shoppers through the new digital directories, please contact:

Advertising Opportunities – Brooke Manno,
Brooke.Manno@macerich.com

Wayfinding & Store Event Listings – Tess Van Gorder,
Tess.VanGorder@macerich.com



Taking a 'Bough' for Sustainability

Sometimes you *can* see the forest for the trees. This month, Macerich and Chairman and CEO Art Coppola are receiving the Evergreen Award for Visionary Leadership from TreePeople, an impactful environmental organization.

TreePeople aims to transform Los Angeles into a climate-ready, water-secure model for the future that works equitably to protect people and the planet.

Macerich is the headline honoree at TreePeople's 30th anniversary gala in early October, *An Evening Under the Harvest Moon*. This high-profile event with more than 500 attendees features a performance by rock legend Jackson Browne.

"We are headquartered in Santa Monica, one of the most forward-thinking environmentally focused communities in the country," says Coppola. "This helped us see early on that companies have an opportunity and a responsibility to act in ways that limit our impact on the environment. I'm proud of Macerich's industry leadership in sustainability and how we work with terrific partners like TreePeople."



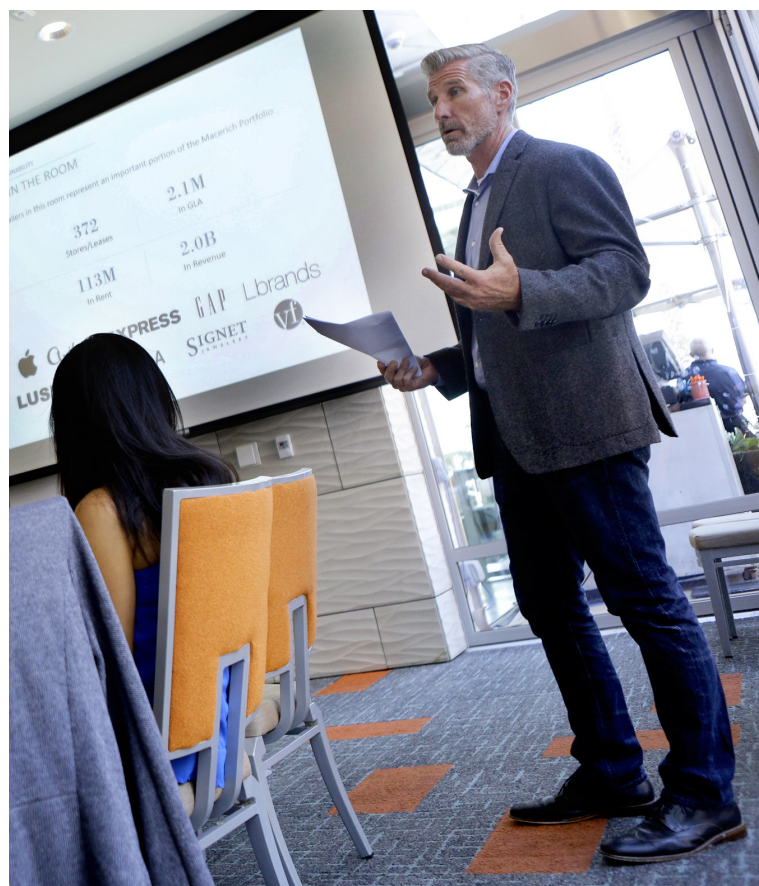
Bringing Retailers Together for Macerich's First Sustainability Summit

Building on its industry leadership in sustainability, Macerich hosted its first Sustainability Summit for retailers in Santa Monica in August. Two days of working sessions with an exclusive group focused on processes and partnerships geared to increasing sustainability results for retailers and malls.

Key participants included executives from Apple, Aritzia, Express, Gap, L Brands, Lush, Signet Jewelers and VF, plus ICSC and Retail Industry Leaders Association (RILA).

Topics ranged from energy management and water conservation to waste management, green building and more. Working groups began to identify actionable changes, best practices and new programs to forward shared sustainability goals.

"Sustainability is a strong, ongoing focus for Macerich in everything we do," says Jeff Bedell, VP of Sustainability for Macerich. "This summit is an important step in furthering what we can achieve collectively, with our retailers, to minimize overall environmental impacts. Collaboration matters, because while landlords control a great deal of a property's environmental policy and follow-through, retailers typically are responsible for their own sustainability efforts at the store level. We're looking forward to our continued work together."



Jeff Bedell, VP of Sustainability for Macerich