

# HAPPENINGS

Jamie Hodari  
CEO, Industrious

## Inside

Go inside the amenity-rich coworking concept Industrious, discover new plans for former Sears boxes and meet Macerich CEO Tom O'Hern.



Industrious at Scottsdale Fashion Square opened in Q1 and beat the company's projections by 100 percent.

# Industrious Delivers a Great Day of Work – at the Mall

Industrious wants people to love coming to work. This premium, hospitality-driven national coworking leader provides thoughtfully designed spaces, appealing services and special amenities that come together to reshape the world of 9 to 5. With over 80 locations across 40 U.S. cities, the fast-growing company offers flexible workspaces for companies of all sizes ranging from solopreneurs to Fortune 500 brands.

Jamie Hodari, CEO and Co-founder of Industrious, spoke about what makes for a great day at the office and how his company's groundbreaking partnership with Macerich is bringing more amenities than ever before to the modern workplace.

## How does Industrious stand out in the growing coworking field – what is your value proposition?

A lot of coworking concepts “sell” different inputs – different features or specific design elements – but to me, this misses the mark. What Industrious promises is an outcome: a great day at work for your employees. Companies will have happier, more engaged employees and this is the biggest distinction in my mind. No one else is really trying to hold themselves to this high of a standard.

## Please tell us about your growth plans.

There are several major components of our network growth. First, we’re expanding our density in the cities we’re already in. For example, opening our eighth location in Chicago. We’re finding more and more that this is important to our customers. Next, we’re continuing to expand broadly the scope of our network across the country in all sorts of cities and suburbs. International growth is also in our plans.

But most notable of all are our mall deployments with Macerich. We’ve been blown away by Scottsdale Fashion Square and the reception for this location among clients. If you think about why someone would be excited to work in a mall environment, it’s about being adjacent to so many great experiences.

## Tell us more about the impact of the mall experience for people who work at Industrious.

What makes for a great day at work includes having different spaces and experiences to move through. This is the core of what Industrious offers. This means the more highly amenitized the mall is, the better. It’s more meaningful. We think Macerich is as good as it gets in this area. We are the premium provider in the coworking segment, and I think Macerich is the premium provider in the mall space.

At Industrious at Scottsdale Fashion Square, you can work at your regular desk, you can go to a focus room if you want to write in a quiet setting, or if you want a loud, bustling space you can go to the café area. What Scottsdale Fashion Square brings to the equation are great places to walk and find sunshine, and you can have lunch at an amazing restaurant. Maybe you have a friend who visits at 4 p.m. and you can walk around in a very cool setting.

What all this means is that work isn’t just an isolated experience – when your workplace is integrated into other types of places that you love, this changes the experience of work for the better.

## Did anything surprise you about the Scottsdale Fashion Square opening?

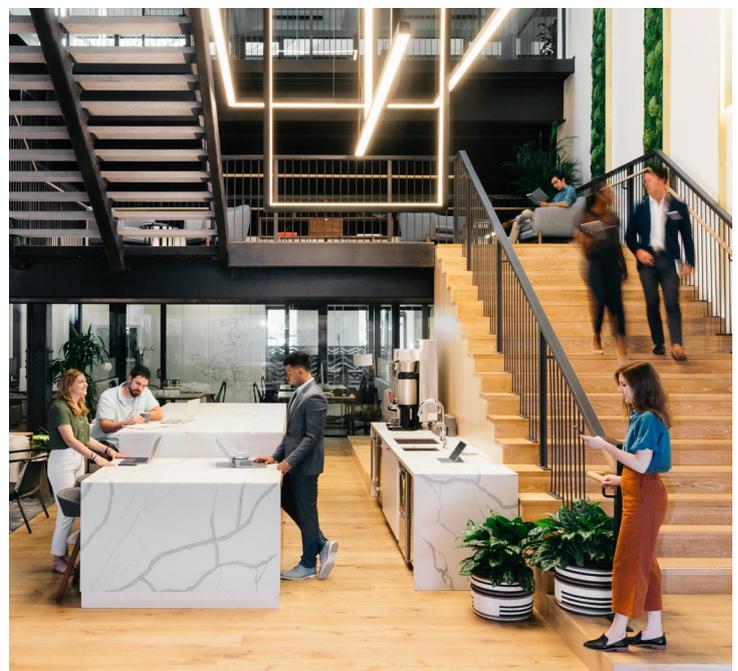
Scottsdale Fashion Square was one of the best-performing openings we’ve had among the last 25 launches, not only because we opened at more than double the average occupancy in our numbers. This is a very predictable, data-driven business. So for something to beat our projections by 100 percent is extremely unusual. The customer has spoken. The appetite for working in a top mall setting is even bigger than we ever imagined.

## Your next opening with Macerich is set for Q4 at Broadway Plaza, just above great retail including lululemon. What appeals to you about this Northern California property?

One of the biggest advances in people’s understanding of the workplace is the overlap between work and wellness. I believe we are going to be able to explore really interesting integrations with some of the brands, like lululemon at Broadway Plaza. For instance, I can imagine a sales team working at Industrious doing a private SoulCycle class for teambuilding.

The best workplace experience is not one thing – it’s a collection of experiences that add up day after day, month after month to form your overall experience. Our success in finding very experience-driven settings is the key that underpins all of this.

Macerich’s ability to deliver experience-forward properties is the core of what makes them such an appealing partner for this endeavor.



# Macerich CEO Tom O'Hern: 'An Exciting Time in Our Business'

Few new Chief Executive Officers know their companies as well as Tom O'Hern. He took the reins officially on day one of 2019, but he has been integral to the growth and success of Macerich since the mid-1990s as Chief Financial Officer. An accomplished strategist with in-depth financing expertise and a bent for collaboration, O'Hern brings a competitive approach to running one of the country's most respected retail REITs.

You've discussed the industry's major shift to quality - quality of real estate, quality of experiences and quality retail concepts. Could you please talk more about this and how Macerich is in sync with this trend?

There is a very significant difference between A-quality malls and anything less. Our portfolio is over 90% A quality, arguably the best pure play, domestic A-level mall portfolio in the country. So we have access to every emerging brand expanding into brick and mortar, such as Kendra Scott, Aesop, Alex and Ani, BoxLunch and TravisMathew, just to name a few. And we continue to sign deals with top digitally native brands that have led the way, including Bonobos, Casper, Indochino, Morphe, Peloton, UNTUCKit and Warby Parker. We have significant experience in welcoming and nurturing the success of these up-and-coming brands at our properties.

The O'Hern Family (L to R): Auggie, Maggie, Dugan (Yellow Lab), Lori, Dexter (Giant Schnauzer), Tom, Hunter (Black Lab), Tommy and Ellie.



You've been a key executive at Macerich for many years and recently you've discussed how you value both continuity and fresh ideas. Can you please elaborate on this?

I believe in surrounding myself with talented people. They are experienced and smart and I want to hear their ideas. My leadership style is to lead a collaborative team all striving for the same goals. I am very competitive and I like to win - and I surround myself with colleagues who also want to win.

How would you like the beginning of your tenure as CEO at Macerich to be defined?

Having been with MAC for 26 years, working closely with Ed and Art Coppola to build Macerich from a relatively small, pre-IPO company to where we are today - the second-largest, publicly traded U.S. mall company - the transition to my new role has been smooth and efficient.

I am pleased to continue working alongside Ed and with many of my other long-time colleagues. I consider myself a stabilizing force as we move through the transitional year of 2019 and look forward to returning to a more historical level of same center earnings growth in 2020 and beyond. In addition, by virtue of the Sears' bankruptcy, we have some of the best redevelopment opportunities that we have seen in the past 20 years. I'm also looking forward to building even closer ties with our key retail and brand partners.

What do you think is particularly exciting about how top Macerich properties are evolving right now?

It is a good time to be in the A-quality mall business, despite the negative headlines. We have more tenants and brands looking for space than we have ever had. In addition to emerging brands and digitally native retailers, we have an elevated level of new and expanding food and beverage operators, there is high demand from theaters, and other entertainment concepts like Pinstripes, Two Bit Circus, The Void and Round1 are looking for A-level mall locations like never before.

We are adding hotels to our properties, and have added Industrious, a leading coworking company, with plans for many more of our malls to have similar concepts. You will also see us, at select properties, adding multifamily residential elements. As well, health and fitness concepts are becoming a bigger part of our portfolio. We recently announced Arizona's first Equinox at Scottsdale Fashion Square, and an upscale Life Time at Broadway Plaza. It is an exciting time in our business. These new uses bring a heightened energy level and even more people to our centers - a valuable, built-in shopper base that continues to grow.

Can you please talk more about how densification/new uses are reshaping the best retail properties and how this benefits retailers?

The new uses not only densify and energize a center, they bring in more people. Industrious at Scottsdale Fashion Square, for example, has about 400 people working in their space on a daily basis. A high-end fitness center can bring in 2,000 to 3,000 members a week. And hotels can attract over 1,000 new consumers per week - all of them primed for retail, dining and entertainment experiences at our properties.

Please tell us a little about your outside-of-work pursuits and interests - we understand you have competed in IRONMAN Triathlons.

Well, the IRONMAN days are long over. But I still stay in shape and am a big believer in living a balanced life that includes fitness. I am a family man - a wife of 30 years, four kids and three dogs, and I try to spend time with my family, even my adult kids, every week. I believe in giving back and have been involved in many charitable endeavors and boards, including our local public school district's education foundation board, church finance council and I am presently on the board of a local hospital foundation. When my boys were younger, I coached football, basketball and baseball. I have always had the attitude of work hard, play hard and have no regrets.

What is your philosophy for the company?

I value collaboration. What this means is that I want to be - and I want Macerich to be - a responsive, flexible partner for retailers and brands as they work to meet their business goals. I am a believer in figuring out how to get issues resolved and get deals done.

# Elevated Experiences at Scottsdale Fashion Square

After refining its elevated, expanded luxury wing this past fall, Scottsdale Fashion Square continues to add a wealth of exciting, delicious, invigorating and Instagrammable experiences – all drawing waves of enthusiastic visitors who crave the unique.

At the top of this stellar list of new experiences is Arizona's first and only Nobu, which defines upscale destination dining and is currently under construction. Also announced for Scottsdale Fashion Square is the market's debut Equinox, the high-end fitness concept that has raised the bar for exercise and wellness.

Already open is a much larger, experience-rich lululemon featuring a custom embroidery bar, and a stunning new, nearly all glass Apple flagship. This sophisticated Apple environment delivers more natural light, plus more experiential and educational offerings on two levels with more room than ever for people to interact with each other and with Apple's products.

Right next door to Apple is an exciting, multi-level Industrious, the amenity-filled premium coworking space that enjoyed a smashingly successful Q1 opening – proving yet again that people want to work, play, shop, dine and be entertained where the action is.

Also at Scottsdale Fashion Square, emerging retail concepts, such as Chubbies, Peloton, UNTUCKit Morphe, and Arizona's first Capital One Café, are bringing their own unique, tech-forward in-store experiences to the region's discerning shoppers.

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“MACERICH'S TOP PROPERTIES IN TOP MARKETS, LIKE SCOTTSDALE FASHION SQUARE, CONTINUE TO ATTRACT EXCEPTIONAL EXPERIENCES THAT COMPLEMENT OUR BEST-IN-CLASS RETAIL OFFERINGS.”

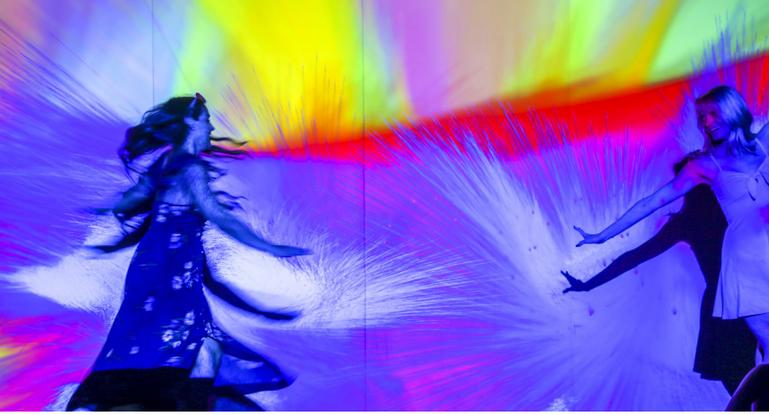
- Michael Guerin  
Senior Vice President, Leasing, Macerich

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Apple (left)  
Caesars Republic Scottsdale (below)





Wonderspaces

One-of-a-kind art experiences are also a key part of what makes the best retail settings thrive today – and Scottsdale Fashion Square is on the forefront with the first permanent location for Wonderspaces. What started in Southern California earning rave reviews as a pop-up art experience is now open in Scottsdale, offering ticketed, always-changing, curated installations from world-class artists.

The next breakthrough luxury element planned for Scottsdale Fashion Square is the first-ever, non-gaming hotel flag from Caesars Entertainment, designed to bring an ultimate experience to the brand's high-spending, worldwide clientele. The magnificent, 266-room Caesars Republic Scottsdale is slated to break ground in late 2019.

## Luxury Wing Earns Top Arizona Real Estate Award

The updated and expanded luxury wing at Scottsdale Fashion Square became an instant favorite among devotees of the best global luxury brands when it debuted in November.

Now the redevelopment has a few more fans: This spring, the home of Arizona's first Saint Laurent store in addition to Louis Vuitton, Gucci and dozens of other top luxury names earned the prestigious 2019 AZRE RED Award for "Best Retail Project."

How's that for the Luxardo Maraschino cherry on top?



# Plans in Place to Redevelop

From the Philadelphia suburbs to California's Central Valley, Macerich has exciting plans to redevelop former Sears locations into vibrant, experience-forward new attractions.

Replacing low-traffic, low-volume - but supremely well-positioned - Sears boxes with appealing new uses provides a lasting adrenaline rush for top properties poised to benefit by adding in-demand retail, dining and entertainment concepts.

"People don't always realize how integral Sears stores were to the creation of some of the best malls in the country," said Doug Healey, Executive Vice President, Leasing, Macerich. "What this means is that they occupied the very best real estate in property after property. Fast forward to today, and when you own and operate many of these top properties, capturing Sears' exceptional locations makes it easy to welcome today's top concepts in a wide variety of categories."

Right now at Deptford Mall in New Jersey just outside Philadelphia, Macerich has leases in place and is ready to recast the former Sears box into a powerful set of new attractions - including new big box uses, experiential retail, and a range of other desirable, small-format specialty retailers.

Another location ready to redeploy its former Sears box is Vintage Faire in Modesto, CA. The market-dominant retail property for a vast swath of California's Central Valley, Vintage Faire in recent years has added an outdoor dining and lifestyle element, alongside its high-performing Apple, H&M, White House Black Market, Guess, Macy's and many other popular stores.

These redevelopment projects follow in the footsteps of Macerich's success at Kings Plaza in Brooklyn. Kings Plaza is the latest example of Macerich's ability to replace an underperforming department store with

Kings Plaza before (right) and after (below) the Sears redevelopment.



# Sears Locations at Macerich

vastly more relevant and better performing retailers. In summer 2018, Macerich completed its redevelopment of the former four-level Sears store with Primark and Zara, both new to the Brooklyn market, and Burlington and JCPenney. These four new retailers are expected to generate significantly more sales volume and traffic than a single Sears box.

“At top properties in top markets, like Macerich’s, the opportunity to recapture underperforming Sears locations is a lot like opening up a beautiful box on Christmas morning,” added Healey. “It’s exciting, it’s inspiring and it’s going to lead to even more success for our malls and the thriving retailers who already call these great properties home.”





# Green Experiences Thrive at Macerich Properties

Great experiences at Macerich properties are increasingly “green.” Across our portfolio and across the calendar, we’re engaging shoppers with programs and opportunities that match their own environmental mindsets.

Fun, interactive and worthwhile on-site events run the gamut from A to Z – actually W:

- **Arrowhead Towne Center** will host a summer-long, mall-wide Denim Drive, with retailers offering discounts on new items when shoppers bring in their old denim for recycling.
- **Kings Plaza** is stepping out this fall with a “Trashion” show, featuring models wearing items made of recycled materials, alongside an environmental art exhibit.
- **Los Cerritos Center** invited shoppers to be part of the property’s Earth Day Coastal Clean-up with the Long Beach Parks Recreation and Marine department.
- **Our Southern California Properties** hosted an e-waste collection event this spring for shoppers to bring in their unwanted computers, cell phones, printers and other hard-to-recycle electronics.
- **Washington Square** celebrated Earth Day with over 500 guests and local partners who provided educational activities and giveaways supporting a sustainable lifestyle. An “I Pledge” cart provided guests with a personalized way to support sustainability.

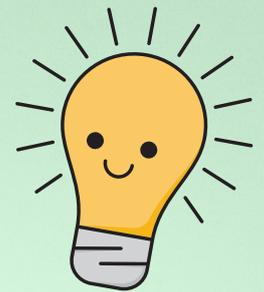
# Every Day is Earth Day at Kids Club

Every day, Macerich is focused on sustainability in ways both big and small. And now, for our smallest guests, we have retooled our popular Kids Club to offer year-round fun with engaging programming focused on supporting a stronger future.

Beginning this June with a favorite refrain, “Reduce, Reuse, Recycle,” the new sustainability-focused Kids Club will explore how healthy people, communities and the environment are linked under an umbrella theme of “Healthy People, Healthy Planet.”

“Macerich is our industry’s clear leader in sustainability, so we want to explore these values with families in our markets reinforcing the message of a stronger future for our children,” said Kurt Ivey, Vice President, Marketing, Macerich. “We like being in sync with our shoppers and Kids Club is a great way to reflect these shared interests.”

Macerich developed each program in partnership with a pre-K educator skilled in teaching interactive concepts that appeal to kids 3-8. Marketing Managers at all participating centers will be able to customize program elements to make each Kids Club adventure just right for their unique communities.



# Celebrating 10 Years of Sustainability Achievements

Right now, Macerich is celebrating 10 years of our award-winning sustainability program – check out our newest Sustainability Report, now live on [macerich.com](http://macerich.com).

Here are some highlights:

- Cut annual water usage by 278 million gallons since 2014
- Produced 50 million kWh of clean energy on site in 2018
- Installed 219 electric vehicle charging stations across 30 properties
- Recycled 6,500 tons of cardboard in 2018
- Named the only U.S. retail real estate company to earn a solid “A” on CDP’s 2018 Climate A List

These accomplishments and much more help us make a meaningful difference when it comes to dramatically reducing our carbon footprint and conserving environmental resources – values we know we share with our retail and brand partners.

Not only is the sustainability work we all do great for the planet, it also matters to shoppers. In fact, Macerich’s markets include many of the most affluent, urban and suburban – and environmentally attuned – communities in the country.

