

A man with short brown hair, wearing a dark blue suit jacket over a light blue button-down shirt, stands in a warehouse. Behind him are numerous wooden pallets stacked with large rolls of fabric in various colors and patterns. The lighting is warm and focused on the man.

Dennis Nelson
Buckle's CEO

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 **MACERICH**
HAPPENINGS

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Blockbuster Opening for Fashion Outlets of Chicago

New Outlet Experience Breaks the Mold – and Breaks Records

The highly anticipated Fashion Outlets of Chicago opened its doors on August 1 – and it was a grand opening in every sense of the word.

Hundreds of thousands of shoppers visited the sparkling new property that opened nearly 95% leased with anchors Bloomingdale's The Outlet Store, Forever 21, Neiman Marcus Last Call and Saks Fifth Avenue OFF 5th. The property's entire roster of more than 130 high-end and favorite retail names – from Gucci and Prada to Giorgio Armani, Michael Kors, Tory Burch, Coach, Vince and more – captured more than shoppers' attention. Many stores posted weekend sales that

beat plan multiple times over and, in several examples, smashed company records.

Fashion Outlets of Chicago is a breakthrough property that combines the outlet brands of top-tier retailers with a high-end shopping environment, set in the heart of the Chicago market just minutes from O'Hare International Airport. The amenity-rich atmosphere incorporates appealing contemporary artworks, fine dining, modern structured parking, and BAGS, a special service for travelers to check bags, print boarding passes and find easy shuttle service to and from the airport.

"We saw at grand opening that our high expectations for success at this property were well founded," said Ed Coppola, President, Macerich. "Not only is Fashion

Outlets of Chicago drawing sophisticated local shoppers from across this densely populated, vibrant market, but it also is attracting international visitors who seek out these great brands. This property sets a new standard for outlet shopping."

Media reports agreed, with dozens of news stories lauding the new property. *The Huffington Post*, writing on August 1, summed up the experience as follows. "The Fashion Outlets of Chicago in suburban Rosemont is a glossy mix of high-end retailers like Le Creuset, Barney's Warehouse, Bloomingdale's and Tory Burch with a dash of air travel-friendliness and art gallery cool."

Racked National, also writing on opening day, highlighted the stores. "The variety can only be described in one word: unreal. Whether you want the usual mall suspects





Dana Anderson, Ed Coppola, Tom O'Hern and Art Coppola on the floor of the New York Stock Exchange, March 1994.

(think Forever 21, Gap) or higher-end labels like Prada and Gucci, you will leave satisfied. It's like Oak Street meets Michigan Avenue with some Bucktown thrown in."

On opening day, one happy shopper told the *Chicago Tribune*, "I love this mall – it's like a regular mall, but discounted. I love the artsy feel."

Energy-filled photos from grand opening weekend at Fashion Outlets of Chicago tell the story of a property that creates a new, robust platform for retailer success. Here, long lines of avid shoppers found just what they were looking for – world-class luxury brands in an unusually upscale, conveniently located setting that delivers value alongside a highly satisfying experience.

Macerich Joins Top U.S. Companies in S&P 500

Macerich reached a significant milestone this year when the company was named to one of the premier stock indices in the United States –The Standard and Poor's 500 (S&P 500).

Arthur Coppola, Chairman and CEO of Macerich, said the S&P inclusion means more exposure for the company. "There are many investors that only want to invest in S&P 500 companies, so it just clearly broadens the appeal to the investment community," he said.

Coppola also said inclusion in the S&P 500 is as much of a positive reflection on the entire REIT industry as it is on his company. The addition of Macerich brings the total number of REITs now listed on the S&P 500 to 17. Macerich is the second retail REIT. "This represents a growing recognition of the attractiveness of the REIT model and of REITs maturing in our industry and the fact that our industry has performed well in the broader markets and in all indices," Coppola said in an interview with REIT.com.

"It is an honor to join the index as one of the 500 leading public companies in the U.S.," said Tom O'Hern, Senior Executive Vice President, Chief Financial Officer and Treasurer, for Macerich. "We have worked hard and accomplished much since our IPO in March 1994 as a public company, when we had a modest total market capitalization of \$750 million. Over the past 19 years we have grown to a total market capitalization of more than \$15 billion. Today Macerich is one of the top real estate companies in the country."

Macerich had been a member of the S&P MidCap 400 index since 2005.

The S&P 500, or the Standard & Poor's 500, is a stock market index based on the market capitalizations of 500 leading companies publicly traded in the U.S. stock market, as determined by Standard & Poor's. It differs from other U.S. stock market indices such as the Dow Jones Industrial Average and the NASDAQ due to its diverse constituency and weighting methodology. It is one of the most commonly followed equity indices and many consider it the best representation of the market as well as a bellwether for the U.S. economy.



Rolling Out the Red Carpet for International Tourists

For visitors from around the world, it's a very good time to go shopping in the United States. Macerich is making the most of this uptick in global visitor interest with expanded tourism marketing and a new, one-stop digital resource.

The all-new business-to-business website, macerichtourism.com, is an easy-to-use entry point for tour operators, hotels, meeting planners and travel trade media for everything tourism at key Macerich properties. What's particularly engaging is that the program is multi-lingual: Every page of the website can be viewed in Chinese, Japanese, French, Italian, German or Spanish.

The heightened focus on international tourism is perfectly timed with more global interest than ever in U.S. shopping destinations. Kate Birchler, AVP of Tourism Marketing for Macerich, recently returned from the U.S. Travel Association's annual International Pow Wow, the travel industry's premier international marketplace and the largest generator of travel to the United States.

The mood at the Las Vegas meeting was resoundingly positive. "I had meetings

all day, every day and it was so refreshing to hear the enthusiasm for visiting our markets and for our favorite reason – shopping," said Birchler. "What's new and exciting for our industry is that these travelers don't come and shop – they are coming TO shop. Shopping has long been the number one vacation activity, but now shopping is actually driving visits to the U.S. Savvy international shoppers know they can come here and shop the brands they love," she added.

Beyond the brands and the prices, for shoppers on vacation, it's all about having a memorable, personalized experience and Macerich is delivering. Among Macerich's regional tourism centers are Santa Monica Place, Scottsdale Fashion Square, The Shops at North Bridge in Chicago, Tysons Corner Center just outside Washington, D.C., Fashion Outlets of Niagara Falls and the recently opened Fashion Outlets of Chicago.

At the heart of the program is Shopping & Dining Visitor Rewards – a complimentary booklet full of special offers, discounts and experiences from participating stores and restaurants at Macerich's tourism properties. New this year: The rewards booklet now also is available digitally via smart phone in addition to traditional paper form.

"The special savings are just the beginning of what we offer to tour operators and hotel partners for

their clients," said Birchler. "Unique experiences also are very appealing. For example, enjoying complimentary champagne or chocolates at a luxury retailer equates to a memorable experience for visitors. It's just as meaningful, and in some ways more lasting than a terrific deal."

Birchler cites Macerich's Shop & Stay and Shop & Play commissionable packages as excellent ways the company customizes combinations of site-specific experiences for visitors and a commission for travel industry partners. Both the experiential packages and the booklets are great ways for retailers and restaurants at key Macerich centers to benefit from pre- and post-arrival awareness, in addition to incremental traffic and sales.

You can reach Birchler via the website or you just might find her at the mall. "Yesterday I was shopping at Scottsdale Fashion Square," she said. "I happened to see a motor coach filled with what looked like international teenagers arrive and the group headed straight for the directories. Of course I followed them, and introduced myself to the tour guide. As it turns out, this was a group of foreign exchange students and now when this company brings four more groups just like this one to the property later this year, we'll be able to do something special for them that also benefits our retailers. That's what we do, and that's what the Macerich Tourism program is all about."



Santa Monica Place – Santa Monica, California



Scottsdale Fashion Square – Scottsdale, Arizona

Maximizing Financial Relationships: Macerich's Scott Kingsmore



Making the most of Macerich's portfolio of outstanding regional malls isn't only about the right retail mix and just-so property refinements for shopping centers in some of the country's top markets. It's also about making sure there is a solid structure of financial management that allows the company to do it all.

And that's Scott Kingsmore's world – managing Macerich's \$7 billion debt portfolio, which includes raising capital to buy, build, redevelop and refinance its mall portfolio, managing financial projections and reporting and more.

As Senior Vice President of Finance, Kingsmore says his balance-sheet oriented domain is certainly about the financings through which his department helps Macerich reach its goals, but it's also about relationships. "One of the more important things we can pay attention to as a company is effectively managing our relationships of all types and within all disciplines," said Kingsmore. "Real estate is a relatively small universe, and we continue to prosper as an enterprise by virtue of the positive relationships we continue to cultivate with our financial partners and with all of our business partners in general."

Kingsmore's history with the company reaches back to when he served as Macerich's auditor at PricewaterhouseCoopers, a period when Macerich was preparing for its 1994 IPO. He then joined Macerich, drawn by the company's positive culture and environment, and became part of the financing team that

has helped power the company's growth from its Southern California roots to its place as one of the nation's leading shopping center companies.

A pillar of Macerich's approach, according to Kingsmore, is its conservative balance sheet strategy. "We typically finance our assets to modest levels at 60-65% loan-to-value, and strike an appropriate balance between financing leverage and the earnings impact of debt within our portfolio," said Kingsmore. "Extending the average term of our loan portfolio is always a top priority, but that is moderated by the type of financing appropriate for any given asset, depending on the strategic plans for each property."

Being well positioned for the recent low interest rate environment has allowed Macerich to optimize its financings. "We have taken advantage of a tremendously favorable interest rate and borrowing climate to log some huge wins," said Kingsmore. "Since January 2012, we closed over \$3 billion of transactions, with an average interest rate of 3.44% and an average loan life of 8.4 years. During this same time, we successfully reduced our average portfolio interest rate from 5% to 4.13% – in short, we significantly shored up the balance sheet by locking in long-term debt for historically low rates, which provides very meaningful long-term earnings stability."

Getting ready for whatever is next in the financial markets is inevitably part of the plan, and monetary and political policy always has the potential to reshape the financing landscape. But Kingsmore says Macerich – given its advantageous refinancings and the positive growth trajectory of the portfolio – is very well positioned: "Fundamentals within Macerich's real estate portfolio and its balance sheet are at a high water-mark."



A Visit with Dennis Nelson

President and CEO
of Buckle

For BTS or any time, Buckle builds on enjoyable in-store experiences

In the heart of the back-to-school shopping season, as fashion's focus turns reliably to denim, *Happenings* talked with Dennis Nelson, long-term President and CEO of Buckle.

Based in Kearney, Nebraska, Buckle has grown from a single store in the early 1970s to over 450 stores in 43 states today, fueled by America's ongoing love affair with denim and a commitment to helping every guest find their favorite pair of jeans.

Nelson shares his views about denim as the essential fashion staple, his own career in retail and how Buckle gets fitted for consistent success.

Q: Denim has been the foundation of Buckle's brand for more than 40 years. Please talk about denim's role in the success of your company.

A: Our growth story runs right alongside the explosion of denim as a wardrobe essential beginning in the 1970s. Denim

is a great product and fabric to work with. At Buckle we're different because we are a true destination for denim.

Our stores offer over 1,000 styles of denim from 20+ different brands, which is a wider selection than anywhere else in the mall. In terms of our mix, our stores offer both private labels as well as exclusive styles and fits in our branded denim.

Our guests look to us for distinctive and new fits, washes and styles coupled with tremendous service to make sure the fit is just right.

Q: Tell us more about your guests and what they seek in their experience at Buckle.

A: Our guests shop our stores for an enjoyable shopping experience. Buckle is known for offering a wide and ever-changing variety that comes with great style and service. We help guests find their favorite fits and we are always bringing in new product to keep the experience fresh and exciting. What's important is that our styles are new but feel familiar. Guests appreciate the variety of brands and styles and know

the experience within the store will be enjoyable.

Q: How important is back-to-school for your brand? How has this shopping season changed over the years?

A: As we have expanded, the season has really spread out. It ranges from July through September in different parts of the country. For us, BTS accounts for approximately 25 percent of annual sales and the four weeks of August alone are approximately 10 percent. In the early days it was a larger percentage of our business, but now guests shop more often and are back in the stores throughout the fall rather than doing the majority of their shopping at the start of the season. The tax-free events in some states also are big for us.

Q: With stores in 43 states, Buckle is succeeding as a bricks-and-mortar retailer. Please talk about how you integrate digital sales channels with traditional retail.

A: Service is our big advantage so we really want people to experience our stores. We utilize our online presence to support the in-store experience. What

A Look at What's New

Some of the most recent openings across our portfolio

THE SHOPS AT ATLAS PARK:
Charlotte Russe • Forever 21

BILTMORE FASHION PARK:
The Limited • Tumi

CASCADE MALL:
T.J. Maxx

DANBURY FAIR MALL:
Arhaus Furniture • BGR The Burger Joint • PacSun • Crumbs Bake Shop

DEPTFORD MALL:
Starbucks • Brand Jewelers

EASTLAND MALL:
Brow Art 23 • Tilly's

FLATIRON CROSSING:
2nd & Charles • The Limited

FREEHOLD RACEWAY MALL:
Traffic Shoes • LEGO • Crumbs Bake Shop • Chick-fil-A • Cups Frozen Yogurt That's Hot • Soma Intimates

FRESNO FASHION FAIR:
Francesca's Collections • Teavana

GREAT NORTHERN MALL:
Teen World

KINGS PLAZA:
Champs Sports



this means is that we use technology to bring guests into our stores so we can then focus on what we do best, which is to provide great personal service. To enhance our in-person service, the stores use iPads and several custom-developed applications to place special orders and perform other value-added functions for our guests. We've found these tools to be a great complement to the guests' in-person experience.

An estimated 7.5 percent of our sales are online sales. We look at online shopping behaviors and use technology to connect with potential customers and invite them for an in-store Get Fitted appointment. It's all about getting people into our stores to experience our service and selection.

Q: Your company has a real focus on employee rewards and retention. Can you tell us about this?

A: We value our people at Buckle and this is a big part of our entrepreneurial culture. We know our people are talented and dedicated, so we invest in education and tools to help them succeed and then reward their performance.

For instance, we bring our managers together three times a year to build skills and provide knowledge. Our managers do all the hiring, so we help them with interviewing skills and coaching techniques. We also reward performance with regular opportunities for added compensation and bonuses, including for store managers a percentage of net profits of their stores.

Making this an enjoyable and rewarding company to work for helps ensure we have strong, tenured teammates and consistent leadership both in our corporate office and within our sales leadership team. For example, our vice presidents of sales, finance, men's merchandising and women's merchandising have all been with us for over 25 years; Brett Milkie, our vice president of leasing, just celebrated his 21st anniversary; our district sales leaders average over 20 years of Buckle experience; and more than half our store managers have been with us for over 4 years. People build careers with us and we consider our ability to retain great people a key strategic advantage.

Q: Speaking of employees, did you know in 1970 that a career in retail would be right for you? Did you ever imagine you would spend the bulk of your professional career in one place? This is so refreshing and unusual today.

A: I am just one example of someone who has built a rewarding and exciting career at Buckle from the ground up. I started in 1970 as a sales associate while I was still in college. I was planning to teach, but after a stint of student teaching, I realized I preferred what I was doing in retail and I made it my full-time career. In fact, I had the opportunity to be involved in sales, marketing, buying, finding locations, opening new stores – and the more I worked in all the different parts of the business, the more I enjoyed it and knew I was in the right place. Throughout my entire career I've been surrounded by an outstanding team of talented and driven individuals as well as many long-standing and valued business partners. Retail is a fast-changing business, constantly full of new challenges – making my experience in the industry and with Buckle both incredibly enjoyable and rewarding.

LAKWOOD CENTER:

The Men's Wearhouse • Round 1 Bowling and Amusement • Cell Planet • Gengis Kitan • Finish Line • Pink • Ulta Salon

THE SHOPS AT NORTH BRIDGE:

Chico's

THE OAKS:

PB Teen • Orogold • Le Caprice • Champs Sports • Foot locker – House of Hoops

PACIFIC VIEW:

P.S. from Aeropostale

PANORAMA MALL:

Cinnabon • Aeropostale • P.S. Aeropostale

QUEENS CENTER:

True Religion

SANTA MONICA PLACE:

Kate Spade New York • Sbarro, Fresh Italian Cooking • Redwood Grille • LeSportsac

SOUTHTRIDGE MALL:

Marshall's

STONEWOOD CENTER:

National University

TOWNE MALL:

Shoe Dept. Encore

TWENTY NINTH STREET:

ZAGG InvisibleSHIELD • Five Guys Burgers and Fries • Madewell

TYSONS CORNER CENTER:

Nestle Toll House Café • Crumbs Bake Shop

VALLEY RIVER CENTER:

BJ's Restaurant and Brewhouse

THE MALL OF VICTOR VALLEY:

Justice

WILTON MALL:

Crazy 8 • Gamexchange

More Park, More Parking for The Shops at Atlas Park

Macerich is putting more “park” in The Shops at Atlas Park, its well-positioned outdoor property in Queens, New York. In a targeted redevelopment aimed at making the center more inviting for local residents while heightening visibility and access for retailers, this summer the company opened a 10,000 square-foot Center Green in the heart of the project.

It’s not just the park, it’s also more convenient parking: The redevelopment

includes 90 new, up-front parking spaces, all close to retailers’ doors.

“We took a beautiful-to-look-at valet parking area and made it 100 percent more welcoming as a green gathering space for our community,” said Liza Diaz, Property Manager for The Shops at Atlas Park. “In our busy urban area, a serene and comfortable park-like space is a major asset for our property and we’re already seeing our neighborhood embrace the experience.”

The new Center Green has been welcoming local residents since it opened in early July with everything from Movies on the Green and Concerts on the Green to Reading on the Green, where local librarians present story times for young families.

Importantly, The Shops at Atlas Park is also bringing new retail power to the property, with the June opening

of Charlotte Russe and the September opening of a 15,000 square-foot Forever 21. The Shops at Atlas Park currently features more than 375,000 square feet of retail and office space, anchors Regal Cinemas and New York Sports Club, and retailers and restaurants including California Pizza Kitchen, Chico’s, Gymboree, Starbucks, J. Jill, Jos. A Bank, Johnny Rockets and White House |Black Market.

“We understand what shoppers in New York City want, and in addition to their favorite retailers, restaurants and entertainment offerings, that’s a real sense of place and a destination that enriches their community,” said Dawn Simon, Area Senior Marketing Manager for Macerich’s New York City properties. “The refreshing changes at Atlas Park make this center more central to life here in Glendale – and this meets our retailers’ goals, too.”



The Shops at Atlas Park – Glendale, New York



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