

PRIMARK



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MACERICH®

HAPPENINGS

INSIDE: Get to Know Tom Meager and What's Prime Territory for Primark in the U.S., See What's New from Green Acres Commons to More Clicks to Bricks, and Meet Macerich's Three Development SVPs.



JOHN HARRISON



DOUG MORROW



SCOTT NELSON

Developing Opportunities: Meet Macerich SVPs John Harrison, Doug Morrow and Scott Nelson

Reinventing the outlet segment to be closer in and higher end. Turning Santa Monica Place inside out to become an iconic luxury destination. Building an entire vertical mixed-use hub around one of the nation's top-performing malls at Tysons Corner. With project after project, Macerich demonstrates industry-leading redevelopment expertise.

Today, as always, property redevelopment drives a great deal of the action and value creation at Macerich, whether it is the major expansion of Broadway Plaza or remaking The Gallery as Fashion Outlets of Philadelphia.

Heading up Macerich's development efforts are three SVPs of Development – John Harrison, Doug Morrow and Scott Nelson. Here's how it breaks down: Harrison and Morrow divide responsibilities in the East, with Harrison handling projects in Chicago, Philadelphia, Kings Plaza in Brooklyn and Tysons Corner Center, while Morrow handles everything else in this busy region. Scott Nelson guides all development projects in the West, including the newest addition to Macerich's portfolio, Country Club Plaza in Kansas City.

Each of the three can point to successful projects where Macerich has repurposed underperforming spaces and reimagined anchor locations to bring value for retailers and deliver exciting experiences for shoppers. "This paradigm is something you see all across the portfolio," said

Nelson. "The overarching purpose of redevelopment is to make appealing spaces for productive retailers and end users such that they can connect with their shoppers and meet their business goals."

Morrow notes that even before Tysons added powerful office, residential and hotel uses, the mall itself made important changes to boost its already-strong appeal and productivity. "We took the former JCPenney anchor space and brought in different kinds of tenants and experiences that increased mall performance dramatically. We added one of the country's top-performing AMC Theatres, a restaurant corridor and a variety of inline spaces for new-to-market specialty stores."

Harrison adds: "What's important, if you look at our playbook, is that Macerich has always acquired great properties and then redeveloped them to capture all the value a project has. We repurpose, enhance, add mixed-use – all to drive more value for retailers and for our company."

Macerich has a viewpoint about anchor space that can be seen as counter-intuitive. "We actually want to get anchor space back when those anchors are no longer productive," said Morrow. "Repurposing an

under performing anchor is easy for us because we have dominant properties in really great markets."

Nelson agrees. "We're less susceptible to negative market forces because our properties and markets are all places where great

retailers want to be. Look at Los Cerritos Center in Southern California. We worked with Nordstrom to create a new, larger location for their store and then leveraged the old Nordstrom space to add new retailers, restaurants and a state-of-the-art movie theater which came together as an energized and activated redevelopment. At the end of the day, developers are charged with being in lockstep with Leasing, which in turn is in lockstep with the retailers. One of development's key roles is really to act as a service provider to the front-end engine of Leasing."

Harrison adds that developing in the nation's most desirable markets isn't always easy, but it is something Macerich excels at. "Our properties are in higher barrier to entry markets, so there often is lots more politics and entitlement work involved. We work hard to control our own destiny – look at Broadway Plaza, Village at Corte Madera and even Twenty Ninth Street in Boulder. Many places where we have real estate are challenging places to accomplish development. But succeeding in these attractive environments is also part of the Macerich playbook. And this benefits not only our company, but also our retail partners who want to reach shoppers in these top markets."

Sustainability Update

Wringing Savings Out of Water Use

Committing to reducing water waste by 10% at Macerich is a big gulp, but this is a critical component of the company's award-winning Sustainability efforts.

Interestingly, while the impetus for conserving water is the ongoing drought in the Southwest, three of Macerich's top five water-saving properties are located on the East Coast.

Through the end of May, Macerich was well on its way to achieving its goal, having saved 29 million gallons over the same period in 2015 (before the traditionally water use-intensive months of summer). For context, in 2014 Macerich used more than a billion gallons of water across the portfolio.

Five key components of water conservation at Macerich are:

1. Tuning up irrigation schedules
2. Adding low-flow faucets, fixtures and waterless urinals
3. Embracing xeriscape design practices
4. Implementing smart irrigation systems
5. Updating fountains to use reclaimed, recycled or recirculated water (or even repurposing fountains to eliminate water use entirely)

"We're sharply focused on a wide range of environmental practices to reduce our footprint and use fewer resources, including water," said Jeff Bedell, VP of Sustainability for Macerich. "Our targets are aggressive, but everything we do is designed to maintain beautiful, comfortable properties for our shoppers and retailers, while striving to be good stewards of the environment."

To learn more about Macerich's industry-leading Sustainability program, view the company's 2015 Sustainability Report. www.macerich.com/Macerich2015SustainabilityReport/

From Clicks to Bricks: Combatant Gentlemen Opens at Santa Monica Place



Combatant Gentlemen, the vertically integrated e-tail menswear brand, this summer opened its first-ever physical retail store at Santa Monica Place.

This is the latest e-tail to retail success story for Macerich's iconic Southern California property, which last fall welcomed the first-ever physical store for Sole Society, among other tech-forward new concepts including WithMe.

For the 2,200 square-foot Santa Monica Place store, Combatant Gentlemen has created an experiential space that reflects the brand's "fashion tech" positioning. "We've experimented with pop-up shops, traveling Made-to-Measures and other temporary offline experiences, which have all been hugely successful," said Vishal Melwani, CEO, Creative Director and Co-Founder at Combat Gent. "We're always asking our customers what they want and need from us. Creating retail stores has been top-of-mind since Combat Gent was born."

The new store offers Combat Gent's entire ready-to-wear collection including suits, tuxedos, outerwear, dress pants, tops, bottoms, accessories and shoes. The store also provides customers with a unique,

high-touch experience complete with Made-to-Order suiting from touchscreen displays as well as custom Made-to-Measure suiting by appointment with trained stylists and in-store tailoring services.

"Santa Monica Place is a natural incubator for e-tail to retail and other forward-looking experiences," said Michael Guerin, SVP, Leasing for Macerich. "We are seeing a paradigm shift as pure play e-tailers are realizing their omni-channel strategies by capitalizing on great addresses like Santa Monica Place. This property, which is right in the heart of Silicon Beach, enables concepts like Combat Gents to capture the organic visibility provided by this unique environment."

Founded in 2012 by a third-generation tailor, Combatant Gentlemen, or Combat Gent, is one of the first design-to-delivery menswear brands offering premium yet affordable essentials, such as 100% Italian wool suits starting at \$160. How's that for taking off the gloves?

Pipeline Update



New Retailers Opening at Green Acres Commons

Upscale Long Islanders and trend-forward Queens shoppers are finding lots more to love at Green Acres.

Green Acres Commons, the brand-new, 350,000 square-foot outdoor shopping destination now under construction next to Green Acres Mall, just named five new retailers – 24 Hour Fitness, Capital One, DXL Destination XL, Sonic Drive-In and Ulta Beauty.

These five new retailers will join Ashley Furniture Homestore, BJ's Brewhouse, Burlington, Buffalo Wild Wings, DICK'S Sporting Goods (which recently opened) and Five Below, with stores opening this summer and through the fall at Green Acres Commons. To date, a total of 11 new retailers have been named for the outdoor shopping destination, which is now 90% leased.

Green Acres Commons is being developed to meet shopper demand for more, easy-to-access big-box favorites and everyday services. "Our goal with the new Green Acres Commons is to deliver more of the retailers and services desired by this attractive market," said Joe Floccari, Senior Property Manager, Green Acres Mall. "Together, the Commons and Green Acres Mall will offer more than 2.1 million square feet of great shopping and dining for this exceptional set of communities."

Complementing all the terrific new stores and restaurants already open or opening soon at Green Acres is a slate of new guest amenities designed to boost comfort, safety and convenience at this well-located property.

On the safety side, Green Acres has added new lighting and parking lot upgrades

including state-of-the-art security features such as CCTV and license plate readers. These improvements, coupled with the mall's enhanced relationship with Nassau County Police Department's Fifth Precinct and additional police patrols, mean shoppers can expect a safe, well-monitored and comfortable shopping experience throughout Green Acres.

When it comes to elevating the retail attractions, the property completed a redevelopment and remerchandising of the south side of the property, including a new entrance for Old Navy and an expanded H&M. Other enhancements include new and improved seating, upgraded entrance walkways and doors, plus free Wi-Fi.

The official Grand Opening celebration for Green Acres Commons is Oct. 6-9.

More Fun and Games at FlatIron Crossing

Taking advantage of the ever-present Colorado sunshine, FlatIron Crossing has introduced several architectural changes including an inviting, new outdoor Food Court Plaza located at the mall's #1 entrance.

bean bag toss, giant chess and checkerboards, ping pong and giant Jenga.

"In-person, social experiences are increasingly important for shoppers today and our new Food Court Plaza will nourish everyone – not only as a high-profile place for event activations with great dining options, but also with more fun and games aimed at a key demographic," said Heather

Drake, Senior Marketing Manager, FlatIron Crossing.

The new Food Court Plaza is the first phase of a multi-phase effort to welcome more high-quality dining and entertainment uses at this well-positioned center that dominates the attractive market between Denver and Boulder.

Kings Plaza to Redevelop Sears, Add Primark and Zara

Two sought-after European retailers, Primark and Zara, will join Macerich's market-dominant Kings Plaza in Brooklyn. Primark will anchor a redevelopment that includes the complete transformation of the Sears building at Kings Plaza. Construction is set to begin in early 2017.

Since acquiring Kings Plaza at the end of 2012, Macerich has been elevating every aspect of this uniquely positioned, 1.1 million square-foot enclosed mall.

"Transforming this space at Kings Plaza gives us tremendous opportunity to bring

in a slate of market-leading new specialty retailers starting with Primark and Zara, and evolve the customer experience in line with what Brooklyn's trend-forward shoppers look for," said Doug Healey, Executive Vice President, Leasing, Macerich. "Just as Macerich accomplished with our Queens Center property – now consistently among the country's highest-performing regional malls in terms of sales per square foot – we are elevating both the merchandise mix and the overall experience at Kings Plaza, which dominates another densely populated New York City borough."

Key details of the redevelopment include a three-level Primark on the north half of the building; a two-level Zara adjacent to the mall entrance, the first Brooklyn locations announced for both retailers; plus room for several more high-profile retailers and restaurants. Beyond the addition of great retail brands, the redevelopment will include a new Flatbush Avenue entrance with a sweeping, four-level glass curtain wall to provide more natural light and greater visibility. The project also includes two new escalators and elevators, and striking building façade and exterior improvements.

More Growth at The Oaks

The Oaks continues its growth as a vibrant, market-dominant retail destination in desirable Thousand Oaks. Exciting changes include new fast-casual restaurants, big new retail names and expansions of some key property favorites.

In October, DICK'S Sporting Goods opens its new, 44k sf anchor store near the Outdoor Village on the North side of the mall. In November, Arhaus will bring its signature approach to home furnishings to the Outdoor Village in a 21k sf, first-to-market store.

What's New

This summer and fall, the property debuts three new restaurants in a brand-new building near Muvico Theatres: Urban Plates, Chipotle and Pizza Rev. As well, the mall welcomes DeLiteFul, a popular low carb concept.

What's Changing

A larger, new concept Apple store is set to open in September, featuring "smart" elements to best showcase the technology brand's array of merchandise. Other high-profile activity includes an expanded space

for The Cheesecake Factory, relocations of Forever 21 and Lovesac, plus new store designs for francesca's and Hallmark.

"The Oaks really has it all – a superb location in this affluent Southern California suburb, gorgeous design and an elevated mix of retail and restaurant names," said Michael Guerin, SVP, Leasing for Macerich. "Now, with even more great dining, exciting new anchors in Arhaus and DICK'S, plus expanded locations for top performers Apple, The Cheesecake Factory and more, this outstanding property is set to continue delivering for the market and for retailers."



Primark Hits the Mark in U.S.

Q&A with Tom Meager, Group Director of Real Estate, Primark

Primark, the Dublin-based retail phenomenon with more than 300 stores in 11 countries, is gaining a strong foothold in the United States. Less than a year after opening its first U.S. location in Boston, the leading European retailer that delivers “Amazing Fashion, Amazing Prices” has opened five of 10 planned stores in this country.

Already Primark has opened stores at two top-performing Macerich malls – Danbury Fair and Freehold Raceway Mall – with construction set to begin in early 2017 at Kings Plaza in Brooklyn.

Happenings talked with Tom Meager, Group Director of Real Estate, about Primark’s carefully considered U.S. strategy, its focus on ethical trading and how the brand pushes the envelope where price meets style.

Q: Please tell us about Primark’s focus on the East Coast – every open and announced location to date is in this part of the country – and what’s next for Primark’s U.S. expansion.

A: We chose the Northeast for a number of reasons, including density of population and the region’s importance in total U.S. sales, as well as having four seasons similar to Europe. Plus it’s relatively quick to reach Europe, a factor of importance when you’re opening your first stores in a new market.

We know our proposition appeals across borders, just look at Europe. So it was likely to translate across the entire U.S. We took the decision to open 10 stores, supported by a new 670,000 sf distribution center located east of Philadelphia in Bethlehem, PA. Our thought was to get these 10 stores open and learn from those.

Q: How are you finding the U.S. so far?

A: The early signs are very promising. We’re learning a lot of lessons – most are positive, but there are some interesting nuances. For example we are discovering

menswear is stronger than we anticipated, and formal suits have done so well that we are considering adding more ranges as the seasons come around.

Generally, people have been amazed. The feedback from our customers has been overwhelmingly positive. They can’t believe the fashion, the quality, breadth of offering and the prices. Footfall and sales density have increased steadily as awareness of the Primark brand, which understandably started at a low level, continues to grow.

Q: Certainly your first stores with Macerich incorporate Sears locations. Can you please talk about your strategy with Sears and why this U.S. real estate makes sense for your brand?

A: As part of our initial exploratory work and due diligence in the Northeast, the advantages of Sears locations became evident. They had a lot of large, well-located real estate in strong malls, which they also owned or controlled, which offered us a relatively straightforward way into these properties as it was not necessary to combine a number of smaller store units to create one large unit. This had the advantage of meaning the deals had more certainty and were economically viable. A final benefit, and one which is of critical importance to the success of any Primark store, is that the store must have great delivery loading facilities. This is so important because we have deliveries on a daily basis, and as anchor stores the Sears boxes have large well-planned loading areas. This combination of factors influenced our

strategy and made Sears locations a very attractive initial opportunity.

Q: In an era when online shopping drives much of the industry discussion, Primark is continuing to expand in new markets with physical stores. What do physical stores do for you?

A: Our store environment plays a very important part in inspiring our customers and engaging them in the fun and fashion of Primark. We don’t feel anyone can match our combination of great fashion, at great prices, in great shopping environments.

We thoroughly believe in physical stores, which enable shoppers to tangibly interact with different product groups. All the products you see on a mannequin are right there on display, so we make it easy for customers to get excited about our product and make spontaneous purchases. This interaction is unique to bricks and mortar and has never been replicated by the internet as online is still very much about silo purchases.

However, over 70% of our product is showcased on our non-transactional website so customers can see our offering online and then come to our great stores to make purchases.

Q: Can you talk more about the thinking behind Primark’s “non-transactional website?”

A: Omni-channel is relevant to us and we have as part of our social platform an area called Primania, where fans of

Primark can upload their Primark looks and interact with other users, creating rich content and a really engaged community. This generates a lot of excitement about our products but bricks and mortar has a unique position in the human psyche. Technology is brilliant, but there is something incredibly exciting about paying your money and walking out with your package. The immediate gratification and in-person experience can’t today be replicated on the internet. Our website even tells you where your nearest Primark store is and a real time clock tells our customers how much time they have to shop before the specific store closes. Our website does everything but sell product.

There’s no doubt that the industry is currently spending a phenomenal amount on postage, both outward and on returns. Many retailers are now either adding the cost of shipping to their prices or are leaving the customer to pay for any returns themselves directly. For us, we want to keep our prices as keen as possible and encourage people to come into the store. Our prices will remain low because we operate differently from many other retailers. We do almost no advertising, have a much lower margin than many competitors, and make savings by buying in volume, which, supported by an efficient supply chain, means the cost-savings can be passed back to our customers through our low prices.

Q: Primark has been ranked as ‘Leader’ status by the UK’s Ethical Trading Initiative (ETI) since 2011. How is this important to your value system?

A: We’re committed to ensuring that the people who make our products work in good conditions, are treated properly and are paid a fair wage. Like almost every other fashion retailer on the high street, our

products are made in countries including Bangladesh, India, Pakistan and China.

We have a strict Code of Conduct designed to ensure that the suppliers we work with respect the rights of their workforce. We are one of the few retailers that have a dedicated department responsible for ethical trading, which is made up of more than 60 (soon to rise to 85) highly experienced individuals who work across our supply chain to ensure our standards are met.

Q: Let’s talk more about you and your professional background. Clearly you are very involved in the retail industry, as a former President of the British Council of Shopping Centres and the current Chair of the annual MAPIC property awards committee.

A: I have a long history in retail real estate and previous to joining Primark held senior positions at Marks & Spencer and Lidl (German supermarket chain). I’ve been at Primark for over 13 years now and have overall responsibility for all Group Real Estate matters throughout our portfolio. When I joined the business we only had 116 stores in Ireland and the UK, and today we have 312 stores, trading in over 12 million square feet of net retail space in over 11 countries.

Q: What do you like about what you do?

A: Retail touches and concerns us all. It’s really nice to walk around our trading countries (now including the U.S.!) and see the stores on the high streets and in the malls, which you, as part of a collaborative team, were responsible for creating. There is a tangible direct reward for what we do in the retail property industry. At Primark – with more than 62,000 happy and motivated staff and hundreds of thousands of very happy customers – what’s not to like?



Nintendo Packs the House at Macerich Malls

Nintendo is one of the hottest brands this summer and Macerich landed three of just 12 spots for the season's high-traffic, high-profile 2016 Play Nintendo Tour.

Thousands of kids and families visited Arrowhead Towne Center, FlatIron Crossing and Tysons Corner Center to play Nintendo 3DS games starring Mario, Kirby and Donkey Kong in colorful, large-scale sets. Guests also participated in exciting contests, photo opps and more.

"The Nintendo events exemplify the power of our top retail properties to draw terrific brands and experience-seeking shoppers," said David Madrid, AVP, Business Development, Macerich. "Our team is focused on securing exactly this type of exciting, one-of-a-kind event that people put on their calendars as a must-do."

One retailer that certainly benefited is Vans, which earlier this summer released an extensive collection of footwear, apparel and accessories celebrating the early days of video games in partnership with Nintendo.



Introducing MARS, WithMe's Fast, Flexible Way to Build Your Brand

WithMe™, the smart, immersive store concept designed to feature an always-changing, highly curated selection of traditional and pure-play retail brands, is now taking reservations for select Macerich common areas.

Two of WithMe's micro automated retail stores (MARS) will land at The Oaks around Labor Day, with more rolling out across Macerich's portfolio of top-performing centers. A huge part of what makes the WithMe platform appealing for retailers and e-tailers is the plug-and-play design that can get a retailer up and running in just a couple of days, including staff, backend sales logistics and robust customer analytics. Term commitments start at just 90 days.

Turnkey MARS allow brands and retailers to quickly increase touch points to consumers in prime high-traffic locations. The WithMe automated micro stores in Macerich common areas lets a consumer immerse themselves in the brand; discover, browse and buy merchandise; have items delivered in store or at home; and return purchases to any store in the network.

"WithMe provides an exceptionally well-designed high-tech platform that's flexible enough for any brand to activate quickly and cost effectively to engage with new customers and brand loyalists," said Eric Salo, Chief Strategy Officer, Macerich. "For premier e-tailers looking to reach their customers through a high-quality store, or for established brands and retailers taking advantage of maximum foot traffic to roll out a new product line, WithMe micro stores in Macerich common areas offer a captivating, highly functional design to deliver shoppers an engaging experience."

To learn more about upcoming availability at WithMe MARS locations at Macerich properties, visit www.with.me or contact Jason Chen at Jason.Chen@with.me or 800-278-5419 x704.



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