

KAY
JEWELERS



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MACERICH HAPPENINGS

INSIDE: Macerich Celebrates *CultureArte* | Talking Holiday with Dana Telsey | Macerich Partners with Blackhawk Network | Meet Bob Beffa, Senior VP Real Estate





Macerich Launches *CultureArte*, A Star-studded Celebration of Hispanic Heritage Month

High-Profile Pilot Event at Queens Center Will Expand to Los Angeles & Phoenix in 2014

Queens Center in New York City, one of the country's top-performing malls, capped off a highly successful celebration of Hispanic Heritage Month with the launch of *CultureArte*, a star-studded, two-day weekend event. The first *CultureArte* drew thousands of shoppers by honoring the richness and diversity of Latin culture through music, dance, fashion and beauty.

Key elements of *CultureArte* included live dance performances by salsa superstars Yesenia Adame and Rodrigo Guzman, as seen on "Dancing with the Stars," an exclusive concert by Aurora & Zon del Barrio with Chocolate, featuring Larry Harlow, and a high-energy fashion show from Macy's, JCPenney, Club Monaco, Steve Madden, Caparros Shoes, and Aveda's Natural Look Salon. Top national sponsors included Universal Music Latino, Univision Radio, Microsoft and more. Every hour offered something new and exciting to delight and entertain shoppers at two stages and an interactive sponsor area.

Buoyed by enthusiastic crowds, the first *CultureArte* stacked up as a success according to a number of metrics:

- Nearly 120,000 people came to the mall on Saturday and Sunday – a 7% increase.
- Major New York news outlets covered the event, including NBC4, NY1, KOZI-TV, *Queens Courier*, *Queens Tribune*, *Western Queens Gazette* and *El Correo*.

More Honors for Santa Monica Place

This fall one of Macerich's outstanding retail properties, Santa Monica Place, received the "seal of approval" from the International Council of Shopping Centers – literally – in the form of a permanent plaque acknowledging the property's extraordinary accomplishments in design and development, as well as its efforts in sustainability and green technology.

This honor builds on the many awards already netted by Macerich for Santa Monica Place, including ICSC's most prestigious award, the Best-of-the-Best VIVA Award for excellence in design and development, which the company took home in May 2013.

"Santa Monica Place is an exceptional shopping center, and has set a benchmark in both design and sustainability," said Michael P. Kercheval, president and CEO of ICSC. "We want to celebrate this outstanding center and encourage continued creativity and innovation in the industry."

Santa Place continues to excel not only in design, but also in terms of sales performance. "It is truly gratifying to create a project that succeeds on so many levels – from its inspired design and how it has made downtown Santa Monica an even more vital destination to the success our world-class retailers and restaurants continue to experience at Santa Monica Place every day," said Randy Brant, EVP, Real Estate, for Macerich.



- Two Hispanic media outlets, *Vanidades* magazine and Univision, provided significant free promotion and event coverage via print and online platforms.
- Social media engagement soared – Facebook activity was up 359%, total reach up 366%, reach from *CultureArte* specific posts up 2982% and “new page likes” up 260%.

“Macerich focuses on top U.S. markets with attractive demographics, and today this includes significant numbers of Hispanic shoppers,” said Kurt Ivey, Vice President, Marketing, Macerich. “We are very pleased to celebrate Hispanic Heritage Month in a modern and meaningful way with *CultureArte*, a sophisticated, high-energy program that also provides strong opportunities to involve retailers and national sponsors in reaching this increasingly important set of consumers.”

Based on the success of the first-ever *CultureArte* in Queens, Macerich looks forward to introducing the program to shoppers in other key markets next year, including Los Angeles and Phoenix.

New York is the second largest Hispanic market in the United States, and the shopper base surrounding Queens Center is nearly 36% Hispanic. In all, Queens Center experiences more than 27 million shopper visits each year – drawn in great part

from its diverse and robust urban environment. Overall, Hispanic purchasing power in the United States is growing faster than any other group, and is currently valued at \$1.2 trillion annually.

“The Latin influence is a vibrant part of New York City, and is a key inspiration in today’s fashion, food, entertainment and more,” said John Scaturro, Marketing Manager, Queens Center. Queens Center and our retailers believe *CultureArte* is a wonderful way to connect with Hispanic shoppers and celebrate the extraordinary contributions of this culture in our community.”

Beyond *CultureArte*, Macerich celebrated Hispanic Heritage Month across the portfolio with a national sweepstakes in partnership with Universal Music Latino, offering a trip for two to attend Latin Grammys at Mandalay Bay in Las Vegas on November 21.

Truly connecting with shoppers – and providing a platform for retailers and sponsors to do the same – is the goal of *CultureArte*. This quote from Queens Center shopper Catalina Dolores from Jackson Heights, Queens, which appeared in a glowing, post-event feature story in the *Queens Courier*, shows the program met its goal: “It’s just wonderful coming to see my culture being honored and celebrated at an event like this. I just can’t stop wanting to get up and dance.”



Industry Roundtable:

Talking Holiday with Dana Telsey, Bob Perlmutter and Kim Choukalas

When a top retail analyst gets together with Macerich's head of specialty store leasing and one of the company's top leasing pros, the conversation about holiday and retail trends is fast-moving and insightful.

Here are highlights from the animated discussion when *Happenings* brought together Dana Telsey, CEO and Chief Research Officer of the Telsey Advisory Group, Bob Perlmutter, EVP of Leasing for Macerich, and Kim Choukalas, VP of Leasing for Macerich.

Let's cut to the chase – what are the top trends you see defining the upcoming holiday season?

Dana: This will be the “P” season -- the #1 trend is Promotion. First of all, there are six fewer shopping days. Retailers have a goal of as many big days, big events as possible, as early as possible. They will try to connect with shoppers' desire for newness to gain share of wallet.

Kim: Each year the season seems to start a little earlier. We see retailers preparing the sales floor for the holiday in August/September. The holiday season is critical to a retailer's success and the focus of that success is top of mind.

Bob: With the midnight openings, and even 8 p.m. openings on Thanksgiving night, it might as well be Black Tuesday, Wednesday and Black Thursday – Black Week.

How are retailers strategizing for success in Q4 this year?

Kim: One thing I'm confident we'll see is an elevated level of customer service. Stores are fighting for every dollar, and they are committed to build customer loyalty, including increasing the level of customer service. Stores will be targeting loyal customers with special promotions, coupons and bounce-backs.

Dana: I think it's marketing – and efficiency in marketing – using a multi-channel operation to maximize sales. They'll text if the customer is texting. Or something different if the customer is on the web. Or in the store. Retailers will meet the needs and desires of the customers when they want to shop and where they want to shop.

What's hot right now? What stores are succeeding right now, and why?

Dana: Accessories are what's hot right now. In most apparel, the label is on the inside, but with accessories, the label is in the outside. That's why Michael Kors, Kate Spade and Tory Burch are winning right now. Activewear is also quite popular now; Lululemon and Athleta are also doing very well.

Bob: There is a core group of mall tenants that have generally had a pretty good run. I'm thinking about Victoria's Secret/PINK, Kay Jewelers and Footlocker. They have been expanding their store fleets and reinvesting in existing stores which is a very healthy sign.

In teen brands, there is some new competition from brands like Brandy Melville and established concepts such as PacSun and Charlotte Russe are showing nice increases.

Kim: Retailers see the benefits of focusing on keeping the quality, loyal customers they already have. This new strategy is a priority over the desire to attract new consumers.

Is there a breakthrough gift or type of merchandise you think will dominate this year?

Dana: It's accessories. And hard goods, like video games, to a degree. If it gets colder, we might even have a “sweater” Christmas.

Bob: Athletic wear as a fashion trend that should continue. Athleta and Lorna Jane are expanding. Under Armour recently signed a lease for a retail store at Tysons Corner. Lululemon continues to do well, but the whole segment is growing.

Could you talk about a retailer that is surprising you right now in terms of their approach?

Bob: To me, it's Michael Kors, which continues to show sustained sales growth.

Dana: That's in part because Michael Kors moved from apparel to accessories. Apparel is not as high a margin segment as accessories.

Obviously Macerich is very excited about the possibilities offered by the outlet segment. Have you had a chance to visit Fashion Outlets of Chicago? What did you think?

Dana: Outlets are another platform for retailers. What sets Fashion Outlets of Chicago apart is the excitement about the brands, from Tory Burch to all the others. I was there the second weekend it was open before my flight. All the lights really are very exciting – the huge sign at night. It's pretty amazing.



Bob: What's interesting about Fashion Outlets of Chicago is its location – it's not in a tertiary or suburban location. It's similar to a traditional two-level mall. Leasing is critical to this kind of project and we saw a great reception from the designer tenants which led to a very strong opening. We believe you will see more of this kind of footprint in the business going forward.

Speaking specifically about Macerich, the company has recently acquired Kings Plaza and Green Acres in New York, and is expanding Tysons Corner in a very significant, mixed-use plan, and moving ahead on plans to expand Broadway Plaza in Northern California. Are these investments and priorities a fit with where the industry is headed?

Dana: Of course! It's the urbanization of the consumer, and the need for urban retail locations that offer an appealing assortment of goods and uses for a wide range of consumers. The reason these places are different is that they are built to capture a wide demographic range from young people to their parents, and their grandparents, all in one place.

It started with Santa Monica Place and its rejuvenation. Macerich has taken these learnings to properties in Phoenix and to the Fashion Outlets of Chicago. They've based a lot of their thinking on making this kind of high-impact square footage serve as a footprint to attract the consumer to their centers and communicate with them in a multi-channel manner.

Bob: There are different ways we're approaching this – at Tysons Corner, one of the most productive shopping centers in the country, we're looking to gain market share not in the traditional

way of building more retail space, but by bringing mass transit and mixed-uses to the project. We are adding a class A office building, a full service hotel and a residential high-rise anchoring a new public plaza. We're building sales not by adding traditional retail, but by incorporating complementary uses. Conversely at Broadway Plaza we are building additional retail space to gain market share. We are almost doubling the size of our specialty store offerings to complement our existing anchors of Macy's, Nordstrom and Neiman Marcus. These additional offerings will capture market share that we are currently not fully satisfying.

Will smartphones be even more integral to shopping this holiday season? Which retailers are embracing this social phenomenon in effective ways?

Dana: The amount of spending via mobile is accelerating. How do you describe an item for a smartphone – you have two sentences. What is the phraseology? You need a sharper approach. Some companies – Williams-Sonoma – in apparel, Gap, are doing new and innovative things. J.Crew is also particularly impressive.

Kim: Smartphones are changing customer service for a lot of retailers. They are moving away from traditional avenues of marketing allowing them to directly communicate with their consumers quickly and directly. Additionally, smart phones have given consumers the ability to educate themselves on pricing, policies, etc.

Dana: It's changing checkout. You can have items shipped to the store and the customer can pick them up. Retailers are using their four walls differently. Mobile checkout is turning sales associates more

towards customers to spend more time with them. Nordstrom is using iPhones to complete transactions. The new Boston Proper concept is being designed without cash registers – they'll use an iPad. Mobile transactions are growing by 36% annually right now.

Where will we see retailer expansions in the coming year -- which retailers, and where?

Dana: Bob already talked about Brandy Melville, which is a big new name – whether small, medium or large. Michael Kors. Lululemon. In cosmetics, Sephora. PINK, part of Victoria's Secret, has a lot of room for expansion.

Bob: Lululemon's Ivviva – for girls ages 4 to 14 – essentially it's for the moms who love Lululemon and their daughters. Foreign-based outlets – H&M, Zara, Uniqlo. And, we are seeing some brands coming out of department stores into in-line space – John Varvatos and Diane Von Furstenberg, for instance. There are a number of brands that are seeking to grow beyond their department store platforms.

Is there anything anyone would like to add?

Bob: What's exciting is the originality of our industry, which constantly reinvents itself. Just look at the impact Apple has made on the retail environment.

Dana: And you can always reinvent yourself – and we see this all the time. One season can be bad, and the next good. The one constant is change; reinvent, remerchandise and remodel.

Sterling Strategies Help Top Jewelry Retail Brands Shine

An Interview with Dave Clunk, SVP-Designate, Real Estate and Store Planning, Sterling Jewelers Inc.

With more than 1,400 stores in all 50 states – including two of the top-selling jewelry retailers, Kay Jewelers and Jared The Galleria of Jewelry – Sterling Jewelers truly “rocks” the category, which accounts for a glittering \$71 billion in annual sales in the United States.

Happenings talked with Dave Clunk, Sterling’s longtime VP of Real Estate, who in February will take the reins as SVP, Real Estate and Store Planning, about how Sterling’s jewelry stores are thriving at center court and elsewhere in the evolving shopping center landscape.

Q: Please tell us about your two biggest brands, Kay Jewelers and Jared The Galleria of Jewelry. How are these brands different and how are they growing?

A: Kay and Jared are both top jewelry brands – Kay is the #1 jewelry brand by sales in the United States, and Jared is the #4 brand. Kay stores operate in different models – enclosed malls, power centers and now outlets. Jared is a larger, free-standing store and is a true destination shopping experience. The larger footprint allows for a broader, deeper merchandise mix.

The customers also are different. We have sophisticated consumer data capture, so we know there is very little overlap in terms of the customers for each brand, even though most brands are located in the same markets. Jared serves the upper middle market, the Jared customer tends to have a higher household income and since Jared is a destination store, the potential customer visits the store with a greater intention of making a jewelry purchase. Kay targets the middle market and the Kay customer has a lower household income, and we can

flex our merchandise assortments up or down depending on the demographics of a particular location.

Both brands are on an exciting growth trajectory: This year Sterling is opening 75-85 new stores. Approximately 70 will be Kay and up to 15 will be Jared, where the deal cycles are a little longer. With last year’s acquisition of Ultra outlet stores, we now have an outlet presence that we are building on. In fact, we have very successful stores in two Macerich outlet properties – Fashion Outlets of Chicago and Fashion Outlets of Niagara.

Q: How does store design impact sales for your brands?

A: Jewelry is the ultimate discretionary purchase, and it’s also a highly emotional purchase. But in the past, jewelry retailers constructed stores that intimidated most shoppers with details like imposing marble storefronts, dark colors and mirrors. The look was very masculine. In 1996, we came up with a new store design for Kay that really changed the game. We took down walls, added lots of warm wood and lighter colors and put our showcases right up to the lease lines. It’s much more inviting. I’ve had mall people say, “Your store looks like a living room,” and I say “thank you.” That’s exactly what we want. Women drive a significant amount of jewelry purchase decisions, and we want them to feel extremely comfortable and welcome in our stores. However, we haven’t rested on that success...in 2012 we developed our next generation of store design for Kay which we believe will again change the game within the industry. Look for the design in new Kay stores and remodels in 2014.

Q: As Sterling’s longtime VP of Real Estate, how do you choose locations for Kay and the other brands?

By committee. We have a strategic, multi-faceted Real Estate Committee which continuously seeks to optimize and maximize the Company’s real estate portfolio, considers proposals for new store locations, as well as, remodels and relocations.



A necklace from the Neil Lane Designs™



A necklace from the Open Hearts Waves by Jane Seymour™

Because we're in nearly 800 malls in the United States, to us, the best indicator of how we'll perform is how the other retailers are performing. As far as co-tenancies, we look at other mall-based retailers who tend to locate in the same centers as our stores – names like Bath & Body Works, Victoria's Secret, American Eagle, Forever 21, Aeropostale, and anchors like Macy's, Dillard's and Nordstrom. If their volume is good at a given property, we can predict how ours will be. Geographically, we prefer to locate our mall stores in center court, on corners, and we look at proximity to the busiest entrances and also to food courts, because we are always interested in maximizing foot traffic.

Q: How are Kay and Jared preparing for the Holidays? Are you doing anything different this year?

A: The holiday selling season is the most important selling season of the year for us. In September we kicked off the season with our annual Store Managers' Leadership Conference in Orlando with about 2,000 people – basically every store manager in the U.S. plus district managers and key executives from the UK in attendance. Supporting our teams in the field is critical: We always talk about how the last 24 inches, the width of a showcase, is the most important part of our supply chain. Everything we sell is under lock and key – each piece has to be taken out by a team member and then presented to a customer. The emotional connection and rapport our team members have to establish is essential, and we think we do this better than most anyone.

The right holiday marketing program also is extremely important. Our advertising budget is bigger this year, in line with the fact that this is the first full year after our Ultra Diamonds acquisition and the store portfolio is larger. We're focused on expanding the program on the different products we feature, such as Open Hearts by Jane Seymour® and Neil Lane Designs™. We're also starting earlier – we typically wait until

November to launch our holiday advertising, but this year we started in October with the college football season, for example.

Q: Please talk about your career arc and your upcoming new role at Sterling – what are you most looking forward to?

A: This is my 30th year in the shopping center industry. For the first seven years of my career I worked for a small shopping center company. Then I was the director of development for Arthur Treacher's Fish & Chips, and after that I worked as a leasing manager for Camelot Music before joining Sterling. This wide-ranging background helps me understand how deals are structured and what makes for success on all sides.

When I joined Sterling in 1996, we had about 750 stores and less than a billion dollars in sales. Now we are close to 1,500 stores and will likely be well over \$3 billion in sales by the end of the year. As SVP of Real Estate and Store Planning, I am most looking forward to the continuous refinement of our real estate strategy – how do we continue to grow our two big brands, Kay and Jared, and then also how do we execute at the store level and continue to improve upon store design and support Field Operations? How do our team members relate to customers through the in-store experience? I am very fortunate that I work for a company such as Sterling Jewelers whose corporate values are aligned with mine. This has allowed the Real Estate and Store Planning departments to grow into what I believe are the best in the jewelry industry and in my opinion some of the best in all of retail. Just as relationships and establishing personal connections are important in our stores, they are also very important to the work that I do. Our success happens through the longstanding, personal relationships we have with our counterparts at companies like Macerich. There are people I've known at Macerich going back 30 years, and I really value these positive partnerships. Something I believe is that our success happens together.



More is More: Exciting Expansion at Broadway Plaza

What's better than Broadway Plaza? More Broadway Plaza. That's the thinking behind an exciting 300,000 square feet of updated retail, new parking garages and added pedestrian amenities being proposed for Broadway Plaza, Macerich's top-drawing shopping destination in Northern California's East Bay.

Set along flower-filled streets in downtown Walnut Creek, Broadway Plaza outperforms many competing regional shopping centers in terms of sales, perhaps because it offers one of the most charming shopping environments anywhere. For more than 60 years, Broadway Plaza has been a retail magnet for the affluent communities east of San Francisco and its appeal undiminished – in fact, the property offers a recently expanded Nordstrom and added a new Neiman Marcus department store just last year.

“When a property connects with a region and with retailers the way Broadway

Plaza does, it makes sense to invest in its future,” said Garrett Newland, Vice President, Development, for Macerich. “That’s just what we’re doing with this thoughtful proposal that updates and expands the retail environment at Broadway Plaza, while protecting the scale and charm that make it everyone’s favorite.”

In line with the property’s recent department store updates, Macy’s is consolidating their Men’s store into a two-level expansion of their main store as part of the overall plans.

Within Broadway Plaza’s planned expansion, many of the original, 1950s retail shop spaces will be replaced with modern structures that will more easily adapt to the needs of today’s retailers. “Broadway Plaza, the crown jewel of the East Bay, is a shopping destination,” said Erin Byrne, who has leased Broadway Plaza since 1999. “A large portion of the expansion takes place on Broadway Lane, where right-size space is set to be created for retailers and restaurants that have long pursued Walnut Creek. This repositioning creates a downtown shopping environment that is synonymous to and rivals the best Bay Area retail streets. At grand opening, Broadway Plaza will be the country’s only shopping center that is host to three sparkling new department stores in an urban setting, with the convenience

of the suburbs and the beauty of the Northern California outdoors,” Byrne added.

The proposed site plan and architectural design create a signature retail, shopping and dining destination that links to downtown Walnut Creek and retains the appealing scale of today’s shopping center. New gathering spaces, public art, generous landscaping and shade, respite seating areas and charming paseos are central to the Northern California allure of the expanded project. Updated for continued success over years to come, Broadway Plaza’s open-air design will provide a comfortable atmosphere all year, featuring multiple buildings interconnected by a mix of abundant green spaces, lush landscaping and water features.

Importantly, the center’s updated format will offer long-term flexibility to adapt to the needs of the surrounding community as well as changes in the retail industry. The new design focuses on streetscape retail, where each building will serve as a “blank canvas,” allowing retailers to express their individual brands through unique architectural design. Ultimately, this visually enticing array of modern streetscape retail – remade to be modern and timeless, too – will feel right at home at Broadway Plaza, where street retail has never been out of fashion.

Macerich Partners with Blackhawk to Offer More Gift Card Selection

More brand choices, delivered effortlessly – that’s the gift card advantage delivered by Blackhawk Network, Macerich’s new gift card partner – just in time for Holiday 2013. Macerich is offering new Visa-branded gift cards at shopping centers across the portfolio, as well as Blackhawk’s signature *Gift Card Mall* concept.

Blackhawk Network is a leading provider of prepaid and financial payments products for consumers and businesses and the company’s *Gift Card Mall* offers the industry’s most popular prepaid gift cards, providing consumers the brands they know and trust through the convenience of one-stop shopping. Millions

of shoppers already are familiar with the high-profile *Gift Card Mall* at leading grocery stores, big box retailers, convenience stores, specialty stores, and other digital channels, including GiftCardMall.com. Now they will get to experience the same convenience shopping for gift cards at regional shopping centers.

“We are very pleased to bring Macerich’s gift card program to exciting new levels in partnership with Blackhawk, which enjoys a well-deserved reputation as an industry leader thanks to its excellent service and worldwide distribution network,” said Ken Volk, Chief Marketing Officer, Macerich. “Shoppers appreciate selection, as well as convenience, and our properties now offer Mall Gift Cards branded by Visa, as well as a host of additional gift cards from popular retailers and restaurants in a customized mix for every center.”

American Express Gift Cards will continue to be honored by merchants accepting American Express, as long



as unspent funds remain on consumers’ cards.

“During the holidays, and always, the goal for our shopping centers is to be shoppers’ go-to destinations for everything they want – from great experiences and exciting merchandise at their favorite retailers to the best in gift cards,” said Volk. “Our new program with Blackhawk gives shoppers even more of what they want at our properties, and offers retailers an added, high-visibility sales platform for their gift cards.”

A Look at What’s New

Some of the most recent openings across our portfolio

ARDEN FAIR

- Lululemon athletica

THE SHOPS AT ATLAS PARK

- The Time Shop
- Miracle Ear

BILTMORE FASHION PARK

- Amenzone

CAPITOLA MALL

- ULTA Beauty

CHANDLER FASHION CENTER

- Oil and Vinegar
- Crazy 8
- Edible Arrangements
- Shoe Palace

DANBURY FAIR MALL

- Red Robin Gourmet Burgers and Brews
- Kusulyn

DEPTFORD MALL

- Vans

DESERT SKY MALL

- L.A Insurance

EASTLAND MALL

- Locker Room by Lids

FASHION OUTLETS OF CHICAGO

- Diane Von Furstenberg
- Gibson’s Wine Bar
- Joe’s Jeans
- Moaz Vegetarian
- Monuer
- Trina Turk
- Zegna Outlet

FLATIRON CROSSING

- PINK, by Victoria’s Secret
- Green Leaf’s

FREEHOLD RACEWAY MALL

- Game Day Sports
- Nike Yardline at Champs

FRESNO FASHION FAIR

- Magic Moments Portrait Studios
- Michael Kors
- Select Comfort
- GNC

GREEN ACRES

- Foot Locker House of Hoops

LA ENCANTADA

- Gigi Bridal Boutique
- Goldies

LAKE SQUARE MALL

- Sprint Store by Arch
- Ichiban Buffet

LAKEWOOD CENTER

- Doc Popcorn
- Nutri Stop
- Togo’s
- Xtreme Boardshop
- Potato Corner
- Top Nailine

LOS CERRITOS CENTER

- Michael Kors
- Prinkipia Yogurt
- OROGOLD
- PINK, by Victoria’s Secret

THE SHOPS AT NORTH BRIDGE

- Seasons 52

THE OAKS

- Sweet XO
- Michael Kors

PACIFIC VIEW

- OROGOLD

PANORAMA MALL

- Metro PCS

QUEENS CENTER

- Talk N’ Fix

THE CENTRE AT SALISBURY

- Jake’s Wayback Burgers
- Tutti Frutti Frozen Yogurt

SANTAN VILLAGE

- Tropical Smoothie Café
- Wok Box

SCOTTSDALE FASHION SQUARE

- Zara
- OROGOLD Cosmetics

SOUTH PLAINS MALL

- Simply MAC
- Maurices
- Brow Art 23

STONEWOOD CENTER

- Casanova
- Potato Center

SUPERSTITION SPRINGS CENTER

- T.J. Maxx

TWENTY NINTH STREET

- H&M

TYSONS CORNER CENTER

- Under Armour

THE MALL AT VICTOR VALLEY

- Dick’s Sporting Goods

WILTON MALL

- Bow Tie Cinemas

Panorama Mall Grows to Meet Retailer Demand

Construction is slated to begin in early 2014 on the 42,000 square-foot “Promenade at Panorama,” an outdoor lifestyle addition to the compact, 313,000 square-foot, one-level mall in this densely populated community in suburban Los Angeles. The center has a great track record when it comes to helping national retailers to succeed, including Forever 21, The Children’s Place, Footlocker and many others, which is capturing the attention of other high-profile national retailers. PS by Aero and Aeropostale recently opened and both stores are exceeding initial sales projections at Panorama Mall.

“Panorama Mall is doing such a terrific job in connecting with the interests and shopping preferences of Hispanic shoppers in this part of Los Angeles – from hosting cultural celebrations to programming a full calendar of live entertainment,” said Jose Legaspi, an expert in Hispanic retail who consults with Macerich. “All of this happens on a center stage that has become a ‘virtual anchor’ in attracting whole families that make shopping together a regular part of each week. Sales and traffic have been so strong, that, as a result, we are running out of room at Panorama Mall.”

The new outdoor addition at the property is slated to open by fall 2014, and will be geared to its audience with a design inspired by Spanish Colonial architecture complete with stone paving accents, archways, charming tile accents and wrought-iron street lamps. Patio dining will spill into the Promenade and families will be able to enjoy lots of comfortable seating areas and other amenities.



Eataly at The Shops at North Bridge Set to Open by Year End

The nation’s second Eataly – and the largest, at 63,000 square feet on two levels – has set the table to open later this year at Macerich’s The Shops at North Bridge in Chicago. Last month, one of the concept’s famous owners, chef Mario Batali, told a Chicago audience as reported in *Eater* that the concept will be, “a great little Italian town in the middle of Chicago that has great gelato.”

But gelato is just the beginning. Eataly at The Shops at North Bridge will feature a wide range of restaurants focused on pizza and pasta, wine and mozzarella, fish, meat, and even a “friggatoria,” devoted exclusively to fried foods! Not to mention a grocery, produce market, butcher and more. The new Chicago Eataly is the latest star attraction for the Nordstrom-anchored retail powerhouse on Michigan Avenue, which already offers destination dining.

Foodies all over Chicago – and visitors from all over the world – can’t wait to mangia. Watch for the next issue of *Happenings* for grand opening photos that will make mouths water.



Leading Department Store Relationships: Macerich's Bob Beffa



Like few people in the industry, Bob Beffa understands the yin and yang of department store and shopping center relationships, and how complementary forces can create great shopping experiences.

Now in his seventh year as Senior Vice President of Real Estate for Macerich, Beffa previously helped guide the strategic growth plans for some of May Department Stores Company's largest operating divisions, a background that provides considerable insight about how department stores view their real estate assets.

"Department stores have always been the cornerstone of successful regional and super-regional shopping centers, not only in terms of institutional value, but also critical mass, synergy, and drawing power," says Beffa. "When you think of the depth and assortment of brands within each category of merchandise, including the differentiating power of private label, all supported by tremendous buying power, credit card penetration, the predictive analytics of their planning and allocating systems, and multi-platform marketing efforts to drive customers to their stores and websites, I think department stores are uniquely positioned to deliver on the value proposition."

He adds, "What is particularly interesting at this moment in time is the effort to crack the code on how to blend or complement the in-store and on-line experience in terms of being in-stock, being price neutral, and being able to deliver the merchandise the same day."

But there's little doubt department stores have always demonstrated the power and creativity to fine-tune customer offerings, from developing private labels to differentiate their goods to regularly introducing new designers. Says Beffa, "One of the more recent compelling changes is department stores entering into new partnerships with retailers from other countries to sell their merchandise in-store and online. These types of collaborations help to drive traffic with newness and expanded merchandising ideas."

Beffa says he and his team work hard to drive those key partnerships and to lead through service. "One of the things that drew me to Macerich was that it placed great value on its relationships with the department stores. The department stores are both our partners and our customers," he says. "As our partners, we have been able to work together and achieve great things at our shopping centers through creativity, integrity, and trust – the foundation of our relationships. When they are our customers, we have an equally important responsibility to bring all of our internal disciplines together – development, leasing,

finance, property management, marketing, security, and so on – to create fun, interesting and dynamic shopping centers where the department stores (and all retailers) can be successful – not only in terms of top performing stores, but also in terms of extending their brands to their customers."

Macerich's portfolio of top tier regional and super-regional shopping centers is natural terrain for today's department stores, but so is the newest shopping center iteration exemplified by the upscale, state-of-the-art outlet project, Fashion Outlets of Chicago, where an array of department store outlet brands is center stage. In truth, department stores are using every productive channel to reach their customers.

"Department stores today are focusing their strategies on three primary distribution channels – full price, outlet and online – and they see all three as complementary and synergistic," says Beffa. "The consistent message from the department stores is that, when a customer shops all three channels, that customer shops more frequently and spends more on average than the customer who shops only one of the channels. With respect to Fashion Outlets of Chicago, feedback from the department stores has been overwhelmingly positive – 'exceeding expectations...running ahead of plan...among the strongest openings ever.' Our retail partners are very pleased with the results."

Across the spectrum of brands, the department store sector is far from static: With new plans for expansion and growth, new direction and new ownership in others, there is excitement and momentum in this key retail segment.

Says Beffa, "Department store activity has been strong lately – the desire to grow the top line is now supported with balance sheets, operating cash flows, and credit ratings that are much stronger today than they were a few years ago. For example, Nordstrom has announced a number of new full-line stores, including expansion into Canada and entry into Manhattan, remodeling existing stores and accelerating the growth of its Nordstrom Rack stores. Growth also is coming through acquisition, such as the uniting of Hudson's Bay, Lord & Taylor and Saks, which perhaps positions these established brands for future full-line and outlet store growth."

Beffa clearly enjoys his role at Macerich. "Good fortune has smiled on me. I get to come to work every day and work alongside very talented and dedicated people who are black belts at what they do. After almost 30 years in this industry, I can honestly say that I wish I was just starting."



Macerich Malls Tie a Bow Around Holiday 2013

With majestic trees, sparking lights, jam-packed entertainment line-ups and Santas with real twinkles in their eyes (and real beards, too) – Macerich malls are ready for the holidays. Shoppers and retailers are planning for an early start to this shorter-than-usual holiday season and Macerich centers are right there with them, primed and polished for a productive finish to 2013.

Retailers are eager to get rolling early this year with appealing promotions and strong merchandise selections – and Macerich centers also are prepared to engage shoppers “early and often” with powerful seasonal events, activities and the look and feel of the holidays that only top shopping centers can deliver. Favorite amenities get even better at many centers this year, with new opportunities for families to not only capture the perfect portrait with Santa, but also to take Family Portraits for use on holiday cards

and more. Several centers will also have a Santa Fly By feature where customers wait in a virtual line, shopping or dining until their turn to see Santa comes up!

And a new Macerich mobile app debuting in time for the holidays is designed to help shoppers at every property get their jingle on thanks to an enhanced digital experience. A whole new look and feel make product searches easy with images, prices and descriptions, plus a voice-activated Virtual Concierge enables guests to locate sales, restrooms, movies, amenities, products and more. The app’s new features will cater to the majority of Macerich property website users who access sites from their mobile devices.

Early Openings Expand

This year, more Macerich centers than ever before are joining the early opening trend with more Midnight Madness openings that bring the whole array of shopping opportunities into play, just when shoppers are ready for the next big thing. Interestingly, even some of the most upscale properties are jumping in: For example, Arizona’s retail powerhouse Scottsdale Fashion Square is planning a posh, red-carpet ready midnight opening on November 29. In all, 41 Macerich properties will be part of Midnight Madness for Holiday 2013. And every Macerich center is offering expanded hours of operation for Black Friday and

throughout the season to maximize shopping opportunities.

New Platform for Retailer Gift Card Sales

Gift cards continue to be a popular holiday gift to give and receive, and this year, Macerich properties are delivering more selection and more convenience. Just arrived, Macerich’s new Gift Card Mall offers Visa® Mall Gift Cards, as well as a wide selection of gift cards for popular retailers and restaurants, in a customized mix for each center, providing retailers with a well-positioned new sales platform.

More Sweepstakes Fun

Back by popular demand, Macerich is again reaching out to shoppers with its Naughty or Nice Sweepstakes, offering one grand prize winner a \$10,000 mall shopping spree. As well, 500 instant winners each will receive a \$10 gift card.

More Shopping, Fewer Days

With this year’s calendar crunch, shoppers undoubtedly will be hoping to get more done in less time – and still be thoroughly entertained and dazzled in the process. Macerich shopping centers are set to deliver more excitement and more holiday convenience – all to help our retail partners reach their Q4 goals.



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